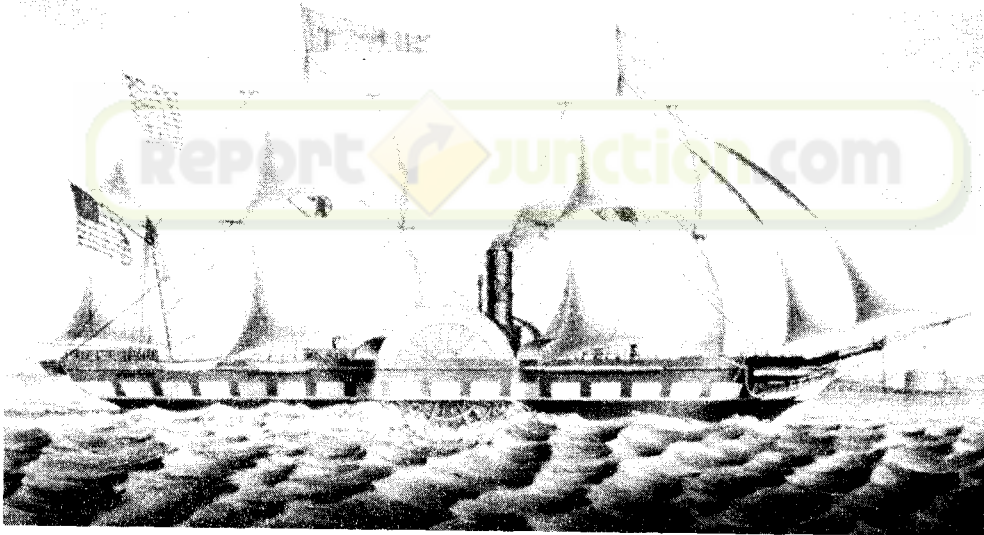


46TH ANNUAL REPORT 2008-09



Chowgule Steamships Limited

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CHOWGULE STEAMSHIPS LIMITED

BOARD OF DIRECTORS

Vijay V. Chowgule	Chairman	- Promoter Non-Executive Director
S. Y. Rege		- Independent Non-Executive Director
M. R. B. Punja		- Independent Non-Executive Director
D. N. Mungale		- Independent Non-Executive Director
Jaywant Y. Chowgule		- Promoter Non-Executive Director
Admiral Madhvendra Singh (Retd.)		- Independent Non-Executive Director
Sanjiv N. Shah		- Independent Non-Executive Director
Nathan R. Chowgule		- Promoter Non-Executive Director
M. P. Patwardhan		- Non-Promoter Non-Executive Director
Prof. Rohini V. Chowgule		- Promoter Non-Executive Director (w.e.f. 22.01.2009)

MANAGER (Pursuant to Section 269 of the Companies Act, 1956)

M. S. Sawant - Designated as CFO & Director (Operations)

Company Secretary & Compliance Officer

Suhas Joshi

Solicitors

Crawford Bayley & Co.

Auditors

S. B. Billimoria & Co.

Registered Office

Chowgule House,
Mormugao Harbour,
Goa - 403 803.

Corporate Office

4th Floor, Bakhtawar,
Nariman Point, Mumbai - 400 021.
Tel. : (022) 66202500 Fax : (022) 66202545
Email : joshi.csl@chowgule.co.in
Web : www.chowgulesteamships.co.in

Share Transfer Agents

Link Intime India Private Limited
(formerly 'Intime Spectrum Registry Limited')
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.
Tel. : (022) 2594 6970 / Fax : (022) 2594 6969
Email : rnt.helpdesk@linkintime.co.in

Contents

	Pages
Directors etc.	Inside Front Cover
Notice	1-2
Directors' Report / Corporate Governance Report / Auditors' Certificate	3-14
Auditors' Report	15-17
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules & Notes	21-35
Statement Pursuant to Section 212 & Details of subsidiary companies	36-37
Balance Sheet Abstract & Company's General Business Profile	38
Consolidated Financial Statements	39-56
Proxy Form / ECS Form	57
Fleet Profile	Inside Back Cover

A black and white portrait of an elderly man with white hair, smiling. He is wearing a dark suit, a white shirt, and a striped tie. His hands are clasped in front of him. The background is dark and textured.

Tribute to the Legend

Vishwasrao D. Chowgule

(25/08/1915 - 04/10/2008)

NOTICE

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held on Friday, July 17, 2009 at 11.00 A.M. at the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa 403 803 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2009 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Vijay V. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. Y. Rege, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. Patwardhan, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Prof. Rohini V. Chowgule, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing along with necessary amount as deposit from a member proposing the candidature of Prof. Rohini V. Chowgule for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
8. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, the consent of the Company be and is hereby accorded to the appointment of Mr. M.S. Sawant, CFO and Director (Operations) as the Manager of the Company w.e.f. September 1, 2008 for a period of 3 years on the terms and conditions and remuneration as stated in the explanatory statement to this resolution.
RESOLVED FURTHER THAT Mr. M.P. Patwardhan, Director, and /or Mr. Suhas Joshi, Company Secretary be and are hereby severally authorized to sign necessary documents, forms and papers and to do all such acts, deeds, matter and things as may be deemed necessary or expedient for giving effect to this resolution."

By order of the Board of Directors
For **Chowgule Steamships Limited**

Place : Mumbai,
Date : April 28, 2009

Suhas Joshi
Company Secretary

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be valid, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 2) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- 3) A brief profile of Directors seeking appointment / re-appointment at the Annual General Meeting is given in the Corporate Governance section of the Annual Report.
- 4) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- 5) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 6) The Register of Members and Share Transfer Books of the Company will remain closed from July 10, 2009 to July 17, 2009, both days inclusive. The Dividend as recommended by the Directors, if approved at the meeting, will be payable to those shareholders whose names shall appear on the Register of Members of the Company on July 17, 2009 and to those shareholders holding shares in dematerialized form as per the details made available to the Company as on July 9, 2009 by the Depositories.
- 7) Unclaimed Dividend up to the year 1994-95 has been transferred to the General Revenue Account of the Central Government. Those shareholders, who have so far not claimed or collected their dividend up to the above financial year, may claim their dividend from the Registrar of Companies, Goa, Daman & Diu.
- 8) Unclaimed Dividends for the years 1995-96 and 1996-97 have been duly transferred to the Investor Education and Protection Fund. Members have no right or claim whatsoever against the said amount. Members, who have so far not claimed their Dividend for the years 2004-2005, 2005-2006, 2006-2007 and 2007-08 are requested to immediately write to the Company's Share Transfer Agents.
- 9) Members holding shares in electronic form may please note that their dividend would be paid through Electronic Clearing Services (ECS) at the available RBI locations. The Dividend would be credited to their bank account as per the mandate given by the members to their Depository Participant (DP). In the absence of availability of ECS facility, the Dividend would be paid through warrants and the bank details furnished by the respective Depositories to the Company will be printed on the Dividend Warrants. Members holding shares in physical form and desirous of receiving their Dividend directly in their bank account through ECS are requested to intimate their ECS mandate to the Registrars and Transfer Agents of the Company. For this purpose, the members may fill in the necessary details as provided at the bottom portion of the Proxy Form. Members are advised, in their own interest, to have the shares dematerialized.
- 10) The shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and the listing fees in respect thereof for the year 2009-10 has been paid to BSE.
- 11) All enquiries and correspondence regarding transfer of shares, dematerialization, etc., should be made with the Share Transfer Agents of the Company, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

By order of the Board of Directors
For **Chowgule Steamships Limited**

Place : Mumbai,
Date : April 28, 2009

Suhas Joshi
Company Secretary

CHOWGULE STEAMSHIPS LIMITED

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7:

The Board of Directors of the Company (the Board), at its meeting held on January 22, 2009 appointed Prof. Rohini Vishwasrao Chowgule as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act). Accordingly, Prof. Rohini V. Chowgule holds office up to the date of this Annual General Meeting.

In terms of the provisions of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member, along with necessary amount as deposit, signifying his intention to propose the candidature of Prof. Rohini V. Chowgule for the office of Director of the Company.

A brief resume, expertise etc. of Prof. Rohini V. Chowgule, as stipulated under Clause 49 of Listing Agreement with Bombay Stock Exchange Ltd., are provided in the Report on Corporate Governance forming part of this Annual Report.

The Board recommends the Resolution set out at Item No. 7 of the Notice for your approval. Save and except Prof. Rohini V. Chowgule and Mr. Vijay V. Chowgule, Chairman, being relative of Prof. Rohini V. Chowgule, no other director is in any way, concerned or interested in passing of the resolution.

Item No. 8:

Mr. M. P. Patwardhan was appointed as the Managing Director of the Company for a period of 2 years w.e.f. September 1, 2006. Accordingly, the term of Mr. Patwardhan as the Managing Director expired on August 31, 2008. In deference to the desire expressed by Mr. Patwardhan, his term as the Managing Director of the Company was not extended / renewed.

The Board of Directors of the Company, vide their resolution passed on September 18, 2008, have appointed Mr. M.S. Sawant, CFO & Director (Operations) as the Manager of the Company for a period of 3 (three) years commencing from September 1, 2008 on the remuneration based on the recommendations of the Remuneration Committee.

Mr. M.S. Sawant, aged 49 years, is an Associate Member of the Institute of Chartered Accountants of India and a Graduate of Institute of Cost & Works Accountants of India. Mr. Sawant has been with the Company since 1986 and has held various positions in the Company. Apart from considerable experience in the industry, being associated with the Company for several years; he is well conversant with the affairs of the Company.

The brief terms of appointment and remuneration of Mr. Sawant as the Manager are as under:

A. Period

Mr. M.S. Sawant, CFO & Director (Operations) is being appointed/nominated as Manager of the Company under the Companies Act, 1956. The term of appointment will be 3 (three) years w.e.f. September 1, 2008. Either party to terminate the appointment by giving three months notice in writing to the other and neither party will have any claim against the other party for damages or compensation by reason of such termination. The appointment/nomination of Mr. Sawant as Manager of the Company shall not be treated as new employment contract with the Company and shall be construed as continuation of his present employment.

B. Remuneration & Perquisites

- (i) Salary – In the range of Rs. 50,000 p.m. – Rs. 5,000- Rs. 100,000/- p.m. Presently, the salary is Rs. 85,000/- p.m. The annual increments will be as decided by the Board of Directors.
- (ii) House Rent Allowance up to 30% of Salary.
- (iii) Leave Travel Allowance of Rs. 20,000/- per annum.
- (iv) Medical Allowance of Rs. 20,000/- per annum.
- (v) Performance Related Incentive/ Commission – As may be determined by the Board of Directors at the end of each financial year subject to overall ceiling pursuant to Section, 198 and 309 of the Companies Act, 1956.
- (vi) Car - The Manager will be provided with the Company's car with driver and telephone at residence. In case the Manager elects to use his transportation, then the Company shall reimburse him expenses up to Rs. 15,000/- per month on this account. The use of car for personal purpose and personal long distance calls, however, shall be charged by the Company to the Manager.

C. The Manager shall be entitled to contributions to Provident Fund, Superannuation and Gratuity benefits as per the Company's Rules.

D. Subject to aforesaid, Mr. M.S. Sawant will be governed by such other existing Service Rules as are applicable to Senior Management personnel of the Company as may be in force from time to time.

E. In the absence or inadequacy of profits in any financial year, the remuneration payable to the Manager by way of salary and perquisites shall not exceed the maximum limits prescribed under Schedule XIII of the Companies Act, 1956.

F. Modification of Terms

The terms and conditions of the appointment including the designation of the appointee may, subject to the conditions laid down in Schedule XIII of the Companies Act, 1956, be altered and varied in such manner as may be agreed to between the Board and the Manager.

In terms of the provisions of Schedule XIII to the Companies Act, 1956, the appointment and remuneration of Manager made in accordance with Part I and Part II of the said Schedule is subject to approval of the shareholders in a general meeting. Accordingly, vide the Resolution at Item No. 8 it is proposed to seek approval of the members for the appointment of Mr. M.S. Sawant, as the Manager of the Company.

The Board recommends the Resolution set out at Item No. 8 of the Notice for your approval.

None of the Directors is concerned or interested in passing of the above resolution.

By order of the Board of Directors
For **Chowgule Steamships Limited**

Place : Mumbai,
Date : April 28, 2009

Suhas Joshi
Company Secretary

DIRECTORS' REPORT 2008-2009

To
The Shareholders,
Your Directors present the Forty Sixth Annual Report and the Audited Accounts for the year ended March 31, 2009.

1. FINANCIAL RESULTS & APPROPRIATIONS:

	2008-09 (Rs. in million)	2007-08 (Rs. in million)
Profit before Financial Charges, Depreciation, Exceptional Item & Tax	821.342	538.836
Financial Charges	57.351	85.408
Depreciation	182.942	181.187
Profit before Exceptional Item & Tax	581.049	272.241
Foreign Currency Translation Difference	(223.850)	94.500
Profit/(Loss) before Taxation	357.199	366.741
Provision for Taxation – Current	(179.515)	(56.365)
Provision for FBT	(0.429)	(0.390)
Income Tax of earlier years	(3.252)	–
Profit before Deferred Tax Provision	174.003	309.986
Provision for Deferred Tax (Net)	58.306	(66.624)
Profit/(Loss) after Tax	232.309	243.362
Brought forward from previous year	391.935	224.460
Available for Appropriation	624.244	467.822
Transferred to General Reserve (Statutory)	11.616	12.168
Transferred to General Reserve (Others)	250.000	–
Proposed Dividend	54.463	54.463
Tax on Proposed Dividend	9.256	9.256
Balance Transferred to Balance Sheet	298.909	391.935

DIVIDEND

In view of the satisfactory financial results, your Directors have pleasure in recommending a Dividend of Rs.1.50 (15%) per equity share on 3,63,08,425 equity shares for the financial year 2008-2009.

2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT

INTERNATIONAL FLEET

The dry bulk market expanded in volume in the first half of 2008-09 on the back of very strong demand for iron ore from China and increased volume of coal import from India. But the later part of the year was a roller coaster period for Dry Bulk Shipping. From an all time high of 11793 points on May 20, 2008, BDI fell 94% to an all time low of 663 points on December 5, 2008. Demand for ships nearly dried up in the 4th quarter of 2008. The meltdown in the world financial markets aggravated following the collapse of major financial institutions, bringing Dry Bulk Super Cycle to an abrupt end.

Iron Ore and Coal account for 70% of Dry Bulk Seaborne trade. 70% of these cargoes are bound for China, Japan and South Korea, with China leading the way as the primary driver. Global financial meltdown in October 2008 led to freezing of trade finance activities and lines of credit. This meltdown badly damaged confidence and trust within the system.

Strong demand for commodities was the justification given by owners for driving the order book for dry bulk vessels to the level of 72% of the current fleet. Dry Bulk Fleet was further boosted by conversion of tankers into very large ore carriers. With the sharp and sudden reduction in the seaborne trade of dry-bulk, some of the charterers have either re-delivered the ships to the owners or sought drastic downward revision in the charter hire rates.

CHOWGULE STEAMSHIPS LIMITED

COASTAL FLEET

There was a robust growth in the Asian economies till first half of 2008. The Indian economy was growing at a rate over 8% per annum. Major ports have been working to their full capacity. The Maritime Boards of various states have taken effective steps for development of small ports along the coast. The share of non major ports in cargo handling is increasing every year. However, the full potential of small and mid-size ports is still not exploited due to infrastructure constraints like rail and road connectivity, navigational channel, etc.

Freight earnings on coastal movement of cargo are still not satisfactory as the movement of cargo is seasonal and erratic in nature. There is a sizeable increase in the cost of operations in view of increased manpower cost. The Government has recognised difficulties faced by the coastal operators in complying with stringent statutory rules which are at present applicable to international shipping. D.G. Shipping came out with notification permitting certain categories of vessels to ply on the coast which do not require to comply with stringent regulation and hence achieving reduction in the operating cost. This change will help the growth of coastal shipping.

COMPANY'S PERFORMANCE

The performance of the Company for the financial year 2008-09 is satisfactory in terms of improvement in the freight earnings as well as net profit. The Total Income increased to Rs. 119.03 crores as against Rs. 94.95 crores in the previous year showing an improvement of 25%. The improved earnings were as a result partly of the higher freight rates and partly due to depreciation of the rupee. The Profit prior to financial charges, depreciation and taxes amounted to Rs. 82.13 crores as against Rs. 53.88 crores during the previous year registering a growth of about 52.43%. However, Net Profit after Tax was at Rs.23.23 crores as against Rs. 24.34 crores in the previous year showing a decline of 4% as compared to the previous year on account of provision for foreign currency translation difference of Rs. 22.38 Crores as against gain of Rs. 9.45 crores recorded in the previous year.

The Company followed the policy of a blend of short period and long period time charters, which presented opportunities for the Company to take advantage of strong freight rates prevailing during the year. During the year, one of the international vessels completed dry-docking.

On the coastal front, freight rates have continued to remain strong. All efforts are being made to improve the performance of the vessels and keep them operational for maximum number of days.

INDUSTRY REVIEW & FUTURE OUTLOOK

The multitude of 'wild cards' contributed to the downward sliding dry freight market in 4th quarter 2008. The rate at which demand disappeared changed the sentiment from being super bullish to bearish.

The year 2009 will be challenging for shipping with increasing number of lay-ups, new building cancellations and charter party defaults. On a positive note, more than 70% of the order book is yet to commence construction and in the present scenario, part of the order may not get materialized. The last two quarters of 2008-09 have registered negative growth for the global economy on account of contraction of economies of the United States of America, Europe, United Kingdom and Japan. Alarmed by this development, Governments around the world responded by adjusting monetary policy and promising large fiscal outlays to jump start their respective economies. There will be time lag for economic recovery impacting the shipping markets. From all indications, it appears that the market will continue to be under pressure during the year 2009-10 with some volatility in the freight rates.

The challenge to ship owners will be to survive the down cycle which most likely will be a 'U-shaped recovery' unless we see a significant decrease in vessel supply, scrapping increases and demand for cargo covers back to the fore. However, as we are in the process of finalising this report, there are indications of some recovery on the economic front and a general perception is that the worst is over. The picture is unfolding and it is still too early to make prediction in the matter.

As regards coastal shipping, the freight rates are expected to remain at a reasonable level due to the large size of domestic economy. Additionally, the steps which are being taken by State Governments will go a long way in boosting coastal shipping in India.

As a reflection of lower interest rate regime in the United States and the liquidity position in international markets, the LIBOR has remained subdued for some time. In view of booking of LIBOR, based on its prevailing lower rates and also due to the policy of accelerated loan repayments from its earnings followed by the Company, the interest costs for the Company are expected to be lower in the year 2009-10.

JAIGAD PORT PROJECT

Chowgule Ports & Infrastructure Private Limited (CPIPL), a company co-promoted by Chowgule Steamships Limited and Chowgule & Company Private Limited (CCPL) will be implementing the Jaigad Port Project. Apart from the development of a port, a ship repair infrastructure is also being developed as part of the said project. Both these activities would be undertaken by subsidiaries of CPIPL. The total outlay of the said projects is estimated at approximately Rs.600 Crores and the same will be funded by way of loan and equity capital. The Company, CCPL and its associate companies would be investing in the capital of CPIPL. With a view to facilitate

such investment, the Company had obtained approval of the members pursuant to Section 372A read with Section 192A through postal ballot, the results of which were declared at the Annual General Meeting held on July 25, 2008.

CPIPL will shortly be filing the Detailed Project Report with Maharashtra Maritime Board as per schedule of implementation of the said projects. CPIPL is also exploring a possibility to forge an alliance with foreign entities having experience and expertise in port development and ship repair activities, which have shown keen interest. The alliance in any form with such entities will help CPIPL in acquiring domain knowledge in processes.

INTERNAL CONTROL SYSTEM

The Company has effective systems of internal controls, which are periodically reviewed by the Audit Committee of the Board of Directors.

GOVERNMENT POLICIES

The global economic meltdown has affected the Indian economy in all its spheres. As part of overall strategy to give boost to the economy, the Government would continue giving priority for development of overall infrastructure. This bodes well for coastal vessels trade.

INDUSTRIAL RELATIONS

The industrial relations during the year were very cordial and there were no industrial disputes.

THREATS, RISKS & CONCERNS

Freight Risks: The Hire income is subject to freight rate risks and therefore the Company follows the policy of mixture of short period and long period time charter contracts with first class charters to mitigate volatility in freight rates.

Interest Rate Risk: With a view to avoid uncertainty in the interest rate, the necessary forward cover is taken at regular intervals.

Forex Risk: As major portion of the Company's revenues is generated from international business in the US Dollar terms, the same creates a natural hedge against foreign exchange exposures.

The Company reviews Rupee - US Dollar parity on regular basis to protect itself from currency fluctuation risks.

Counter Party Risks: The Company engages into charter contracts only with the reputed charters to avoid the risks to the freight earnings.

Government Policies: The Company regularly reviews the changes in the applicable government policies affecting operations of the Company.

Human Resources: There is a scarcity of floating staff. In view of outsourcing of crew management, the Company gets the benefit of having efficient and cost effective floating staff from the Ship Manager's pool.

CAUTIONARY STATEMENT

The statements, expressions, information given in this Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be deemed as 'forward looking statements'. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include demand-supply conditions, changes in Government, global economic scenario, etc.

3. LOAN REPAYMENT

During the year, the Company has repaid loan of Rs. 2005.50 lakhs (US\$ 5 million). The total outstanding loan at year end is US \$ 20 million.

4. DEFERRED TAX LIABILITY

In terms of the Accounting Standard AS-22 issued by The Institute of Chartered Accountants of India, the Company has recognized Deferred Tax Asset of Rs. 583.06 lakhs for the Financial Year 2008-2009, which is reflected in the Profit & Loss Account.

The net Deferred Tax Liability of Rs. 2019.33 lakhs as at March 31, 2009 is reflected in the Balance Sheet.

5. SUBSIDIARIES

The total investment of the Company in the Share Capital of Chowgule Steamships Overseas Ltd. (CSOL), a wholly owned subsidiary, stands at US\$ 9.2 million (same as previous year). During the year, CSOL, in terms of its expansion plan, signed contracts for acquisition of 5 handy size vessels in addition to the 2 vessels contracted for in the earlier years. Subsequently, in view of decline in the international freight market, CSOL has negotiated for reduction in purchase prices of these vessels.

CHOWGULE STEAMSHIPS LIMITED

The financial highlights of CSOEs operations are as under:

	2008-09 (In US \$ million)	2007-08 (In US \$ million)
Income	27.246	25.113
Gross Profit before Depreciation	22.864	18.139
Depreciation	1.072	2.708
Net Profit before Sale of a Ship	21.792	15.431
Profit on Sale of a Ship	–	19.354
Net Profit	21.792	34.785

6. SUBSIDIARIES – EXEMPTION

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, and Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company. However, pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries.

7. INSURANCE

The fleet of the Company has been adequately insured against Marine and War Risks.

8. DIRECTORS

During the year, Shri. Vishwasrao D. Chowgule the Founder and the Former Chairman of the Company passed away on October 4, 2008 at Goa.

Shri. Vishwasrao Chowgule was a visionary industrialist and had many firsts to his credit as a business leader. Though he was passionate about his business goals, he had compassion in his dealings with his staff, colleagues and business associates. He was a true business pioneer in every sense. Shri. Vishwasrao Chowgule was an institution in himself and the most striking thing that one would perceive was his keen vision and alertness. Shri. Vishwasrao Chowgule was a humble & noble hearted person and still a competitive entrepreneur. The Company and the management shall ever remain grateful to this stalwart.

During the year, the term of Mr. M.P. Patwardhan as the Managing Director of the Company expired on August 31, 2008. In deference to his desire, his term as the Managing Director was not extended / renewed. The Company was immensely benefitted from the services of Mr. Patwardhan as the Managing Director of the Company. Mr. Patwardhan, however, continues to provide benefit of his experience to the company in the capacity as a non-executive director.

Mr. Vijay V. Chowgule, Mr. S. Y. Rege and Mr. M. P. Patwardhan, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Prof. Rohini V. Chowgule was appointed as an Additional Director of the Company at the Board Meeting held on January 22, 2009 and accordingly she holds office up to the date of Annual General Meeting. The Company has received a notice from a shareholder signifying his intention to propose candidature of Prof. Rohini V. Chowgule for the office of a Director. Your Directors recommend the appointment of Prof. Rohini V. Chowgule as a Director of the Company at the ensuing Annual General Meeting.

The background of the Directors proposed to be appointed / re-appointed at the Annual General Meeting pursuant to Clause 49 of the Listing Agreement is given in the Corporate Governance Report.

9. CORPORATE GOVERNANCE

In terms of the listing agreement with the Bombay Stock Exchange Ltd., the Corporate Governance Report is annexed hereto and forms a part of this Report.

10. CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The said Code has been hosted on the website of the Company. All the Board Members and Senior Management have affirmed compliance to the Code.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state as under:

"That

- a) In the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual accounts on a going concern basis."

12. AUDITORS

The shareholders are requested to appoint auditors for the ensuing year and to fix their remuneration. M/s. S.B. Billimoria & Company, Chartered Accountants, the retiring Auditors, being eligible, have given their consent for re-appointment.

13. THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED

The information required under Section 217 (2A) of the Companies Act, 1956 read with the Rules framed there under forms part of this report. In terms of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to the Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining a copy of the said information may write to the Company Secretary.

14. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

In accordance with the requirements of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the statement annexed hereto gives the particulars as required under the said rules and forms part of this report (Annexure I).

15. GENERAL

The Board of Directors expresses its appreciation for the help and co-operation extended by the Ministry of Surface Transport, Maharashtra Maritime Board, Ministry of Finance, the Directorate General of Shipping, Reserve Bank of India and the Company's Bankers and Agents. The Board of Directors also appreciates the loyal services rendered and co-operation extended by the Company's officers and staff, both ashore and afloat.

For **Chowgule Steamships Limited**

Place: Mumbai,
Date : April 28, 2009

VIJAY V. CHOWGULE
Chairman

TO THE MEMBERS OF CHOWGULE STEAMSHIPS LIMITED

Declaration by the Manager under Clause 49 of the Listing Agreement

I, M.S. Sawant, Manager pursuant to Section 269 of the Companies Act, 1956 designated as CFO & Director (Operations) of Chowgule Steamships Limited, confirm that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2009.

Place : Mumbai,
Dated : April 28, 2009

M.S. Sawant
CFO & Director (Operations)