

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 (upto 22.04.2010)
Prof. Rohini V. Chowgule		- Promoter Non-Executive Director
Mangesh S. Sawant	Executive Director & CFO	- Non-Promoter Executive Director (w.e.f. 22.04.2010)

COMPANY SECRETARY & COMPLIANCE OFFICER

Suhas Joshi

SOLICITORS

Crawford Bayley & Co.

REGISTERED OFFICE

Chowgule House,
Mormugao Harbour,
Goa - 403 803.

AUDITORS

S. B. Billimoria & Co.

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
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

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CHOWGULE STEAMSHIPS LIMITED

NOTICE

NOTICE is hereby given that the Forty Seventh Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held on Friday, July 9, 2010 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, 2010 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. M.R.B. Punja, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Dhananjay N. Mungale, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Jaywant Y. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from 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 pursuant to Section 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force) approval of the Company is hereby accorded for increase in the remuneration of Mr. Mangesh S. Sawant, the erstwhile Manager, for the period from October 1, 2009 till April 21, 2010 as set out in the explanatory statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution.”

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 Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Mangesh S. Sawant, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr. Mangesh S. Sawant as Whole-time Director of the Company, designated as Executive Director & Chief Financial Officer (Executive Director & CFO), for a period of three years, with effect from April 22, 2010 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board”, which term shall deem to include any Committee of the Board constituted to exercise its powers including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration subject to the same not exceeding the limits specified in Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable for giving effect to this resolution.”

By order of the Board of Directors
For **Chowgule Steamships Limited**
Suhas Joshi
Company Secretary

Place : Mumbai,
Date : April 22, 2010

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.

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- 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 2, 2010 to July 9, 2010, both days inclusive. The dividend, as recommended by the Board, 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 9, 2010 and to those shareholders holding shares in dematerialized form as per the details made available to the Company as on July 2, 2010 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, who have so far not claimed their Dividend for the years 2004-2005, 2005-2006, 2006-2007, 2007-08 and 2008-09 are requested to immediately write to the Company's Share Transfer Agents.
- 9) Members holding shares in electronic form may please note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. 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 2010-11 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**
Suhas Joshi
Company Secretary

Place : Mumbai,
Date : April 22, 2010

ANNEXURE TO THE NOTICE

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

Item No. 7:

The members of the Company at the Annual General Meeting held on July 17, 2009 accorded their approval to the terms of appointment and remuneration of Mr. Mangesh S. Sawant as the Manager of the Company pursuant to Section 269 of the Companies Act, 1956.

Subsequently, at the meeting of the Board of Directors of the Company ("the Board") held on October 8, 2009, the remuneration payable to Mr. Sawant was increased w.e.f. October 1, 2009 as under:

Remuneration:

- (i) Basic Salary - Rs. 1,40,000/- p.m. in the scale of Rs.1,25,000/- – Rs. 15000/- - Rs. 2,00,000/- p.m.
- (ii) House Rent Allowance up to 30% of Basic Salary per month.
- (iii) Leave Travel Allowance of Rs. 60,000/- per annum.
- (iv) Medical reimbursement Rs. 40,000/- per annum.

All other terms and conditions of appointment of Mr. Sawant as the Manager, as approved by the Board and the shareholders at the Annual General Meeting held on July 17, 2009, remained unchanged.

Pursuant to the provisions of Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, approval of the members is required to be obtained for any increase in the remuneration to be paid to the Managerial Personnel. Accordingly, though Mr. Sawant has subsequently been appointed as Whole-time Director w.e.f. April 22, 2010, approval of members is being sought vide the resolution at item no.7 of the Notice for increase in his remuneration as Manager for the period between October 1, 2009 till April 21, 2010.

Save and except Mr. Sawant no other Director is in any way concerned or interested in passing of the resolution.

The Directors commend the Resolution as set out at Item No. 7 of the Notice for approval of the members.

Item No. 8:

The Board of Directors of the Company ("the Board"), at its meeting held on April 22, 2010 appointed Mr. Mangesh S. Sawant as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act). Accordingly, Mr. Sawant would hold office up to the date of the ensuing Annual General Meeting.

CHOWGULE STEAMSHIPS LIMITED

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 Mr. Sawant for the office of Director of the Company under the provisions of Section 257 of the Act.

A brief resume, expertise etc. of Mr. Sawant, 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.

Further, at the said meeting, considering his seniority, experience and expertise, the Board has, subject to approval of the members, also appointed Mr. Sawant, the erstwhile Manager, as the Whole-time Director of the Company, designated as Executive Director & CFO, for a period of three years w.e.f. April 22, 2010.

A gist of material terms and conditions of appointment of Mr. Sawant as the Whole-time Director are as under:

A. Period

Mr. Mangesh S. Sawant, is being appointed as the Whole-time Director of the Company, designated as Executive Director & CFO, pursuant to the provisions of Section 269 of the Companies Act, 1956. The term of appointment will be 3 (three) years w.e.f. April 22, 2010. Either party may 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.

B. Remuneration & Perquisites

(i) Basic Salary—Rs.1,40,000 per month in the scale of Rs.1,25,000 –Rs. 15000- Rs. 2,00,000. The annual increments will be as decided by the Board of Directors.

(ii) House Rent Allowance up to 30% of Basic Salary per month.

(iii) Leave Travel reimbursement for self and family subject to maximum up to Rs. 60,000/- per annum.

(iv) Reimbursement of medical expenses incurred for self and family subject to maximum of Rs. 40,000/- in a financial year.

(v) Performance Related Incentive – 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.

C. Other Benefits – The Whole-time Director shall be eligible to the following benefits, which shall not be included in computation of ceiling on Remuneration:

(i) Contributions to Provident Fund and Superannuation Fund to the extent not taxable under the Income Tax Act, 1961.

(ii) Gratuity not exceeding one month's salary for each completed year of service.

(iii) Provision of car with driver for use on the Company's business and telephone at residence. The use of car for personal purpose and personal long distance calls shall be billed by the Company to the Whole-time Director.

D. Subject to aforesaid, the Whole-time Director 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. Where in any financial year during the currency of the tenure of the Whole-time Director, the Company has no profits or inadequacy of profits, the remuneration payable to the Whole-time Director by way of salary and perquisites shall be subject to limits prescribed under Schedule XIII to the Companies Act, 1956.

F. The Whole-time Director shall be entitled to reimbursement of travelling and entertainment expenses actually incurred for the purpose of business of the Company.

G. 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 of Directors and the Whole-time Director.

The above may be treated as an abstract of terms of appointment of Mr. Mangesh S. Sawant pursuant to Section 302 of the Companies Act, 1956.

In terms of the provisions of Schedule XIII to the Companies Act, 1956, the appointment and remuneration of the Whole-time Director 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, approval of the shareholders is being obtained vide the resolution at item No. 8 of the accompanying Notice to the terms of appointment including remuneration of Mr. Sawant as Whole-time Director of the Company.

Mr. Mangesh S. Sawant is interested in passing of the resolution as set out at Item No. 8 of the Notice which pertains to his appointment and remuneration payable to him. Save and except Mr. Sawant, no other Director is concerned or interested in passing of the resolution. The Directors commend the Resolution as set out at Item No. 8 of the Notice for approval of the members.

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

Suhas Joshi
Company Secretary

Place : Mumbai,
Date : April 22, 2010

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DIRECTORS' REPORT 2009-2010

To

The Shareholders,

Your Directors present the Forty Seventh Annual Report and the Audited Accounts for the year ended March 31, 2010.

1. FINANCIAL RESULTS & APPROPRIATIONS:

	2009-10 (Rs.in Million)	2008-09 (Rs.in Million)
Profit before Financial Charges, Depreciation, Exceptional Item & Tax	31.224	821.342
Financial Charges	25.264	57.351
Depreciation	147.882	182.942
Profit before Exceptional Item & Tax	(141.922)	581.049
Profit on Sale of a ship	615.635	–
Foreign Currency Translation Difference	99.790	(223.850)
Profit before Taxation	573.503	357.199
Provision for Taxation – Current	(89.100)	(179.515)
MAT Credit Entitlement	89.100	–
Provision for FBT	–	(0.429)
Income Tax of earlier years	2.522	(3.252)
Profit before Deferred Tax Provision	576.025	174.003
Provision for Deferred Tax (Liability Charged)/Asset Reversed	(167.134)	58.306
Profit after Tax	408.891	232.309
Brought forward from previous year	298.909	391.935
Available for Appropriation	707.800	624.244
Transferred to General Reserve (statutory)	20.445	11.616
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	623.636	298.909

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 2009-2010.

2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT

INTERNATIONAL FLEET

The year 2009-10 started with a gloomy outlook as the problems faced by all major economies continued to haunt them. With world industrial output down by 16% and steel production down by over 30%, it seemed inconceivable that there could be any strength in the market. However, despite slow down in western countries, Asia and especially China, continued on its growth path. The strength of the bulk carrier market was a particular surprise because it seemed completely at odds with the devastating decline in the world industrial production. The Chinese and other Asian economies including India contributed in bringing some semblance by increased trades in iron ore and coal imports. Thus, inspite of substantial growth in fleet during 2009 the dry bulk sector showed some improvement in the freight rates.

COASTAL FLEET

The freight rates on coastal trade continued to be very low as there is no volume growth in coastal trade. On the other hand the operational cost of the coastal fleet has increased on the back of substantial increase in manpower and fuel costs. The potential of small and midsize ports is still not exploited due to infrastructure constraints like rail and road connectivity, navigational channel, dredging etc. This has severely affected the growth of coastal trade in India.

CHOWGULE STEAMSHIPS LIMITED

COMPANY'S PERFORMANCE

During the year under review, the freight earnings and charter hire receipts amounted to Rs. 32.08 Crores as against Rs. 119.03 Crores during the previous year showing a decline of about Rs. 87 Crores. The substantial fall in the freight earnings since last quarter of 2008 has affected operations of the Company considerably. Further, the lower earnings are also on account of sale of one of the Panamax vessels of the Company in September, 2009. The freight markets have started showing signs of stability in the second half of 2009-10 and this development will be reflected in the earnings of the Company for the year 2010-11.

On the coastal front, freight rates have not shown any marked improvement either. 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 world economy seems to be recovering from the shackles of economic slow down. The industrial production which had bottomed out in April, 2009 has started slowly crawling back to regain the lost ground since then. However, the improvement seen is on a lower base and the output levels are much below the levels achieved during the boom period of 2007-08.

The bulk carrier market surprisingly has done well as compared to other shipping sectors. This was predominantly due to impressive performance of Chinese steel industries, which fed the movement of iron-ore as well as coal to a large extent. However, the steel demand and production in the other economies has been weak. This has led the bulk business to depend almost entirely on a single economy. The governments in Europe and America would have to continue providing support at all levels to strengthen their domestic economies, which will ultimately result in strengthening of demand. Much would depend on the pace of recovery of the economies of all major western countries.

At the beginning of the year 2009-10 it was expected that the dry bulk trade would decline by 5 % and fleet would grow by 8%. However, the industry fared slightly better as the decline in trade was only 1% against 5%. Although this is an improvement in the fundamentals, the gap remains large. With further substantial fleet growth expected during the 2010, the bulk carrier market will depend crucially on how the demand scenario develops.

JAIGAD PORT PROJECT

Chowgule Ports & Infrastructure Private Limited (CPIPL), a company co-promoted by Chowgule Steamships Limited and Chowgule & Company Private Limited (CCPL) is implementing the Port and Ship Repair Projects at Lavgan, Jaigad, Dist. Ratnagiri. CPIPL has put in place the respective teams for implementing these projects. The excavation work for the projects has already started and the major orders for construction work will be placed shortly.

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 economic recovery in Indian industry and many developed countries is showing some positive signs. As part of overall strategy however, the Governments in various countries continue to give priority for development of overall infrastructure. This bodes well for overall 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 charterers 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 charterers 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. 1,543.50 lakhs (US\$ 3 million). The total outstanding loan at year end is Rs. 7,748.60 lakhs (US \$ 17 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 Liability of Rs.1,671.34 lakhs for the financial year 2009-2010, which is reflected in the Profit & Loss Account. The net Deferred Tax Liability of Rs. 3,690.67 lakhs as at March 31, 2010 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 previous years, CSOL, in terms of its expansion plan, has signed contracts for acquisition of vessels. The deliveries of these vessels will start from July 2010 this year.

The financial highlights of CSOL's operations are as under:

	2009-10 (In US \$ million)	2008-09 (In US \$ million)
Income	13.272	27.246
Gross Profit before depreciation	9.221	22.864
Depreciation	1.072	1.072
Net Profit	8.149	21.792

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

At the meeting of Board of Directors (Board) held on April 22, 2010, Mr. M.P. Patwardhan, Director, relinquished office as a Director of the Company with immediate effect due to pre-occupation. The Board places on record its sincere appreciation for the advise and services rendered by Mr. Patwardhan during his tenure as a Director of the Company.

The Board at the said meeting has also appointed Mr. Mangesh S. Sawant, the erstwhile Manager pursuant to Section 269 of the Companies Act, 1956, as the Whole-time Director of the Company, designated as Executive Director & CFO, for a period of three years w.e.f. April 22, 2010. Approval of members is being sought to the appointment of Mr. Sawant as the Whole-time Director of the Company.

Mr. M.R.B. Punja, Mr. Dhananjay N. Mungale and Mr. Jaywant Y. Chowgule, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

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.

CHOWGULE STEAMSHIPS LIMITED

10. CODE OF CONDUCT

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state 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 22, 2010

VIJAY V. CHOWGULE
Chairman

TO THE MEMBERS OF CHOWGULE STEAMSHIPS LIMITED

Declaration by the Executive Director & CFO under Clause 49 of the Listing Agreement

I, Mangesh S. Sawant, Executive Director & CFO 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, 2010.

Place : Mumbai,
Date : April 22, 2010

Mangesh S. Sawant
Executive Director & CFO

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

Chowgule Steamships Limited (CSL) believes that good corporate governance is essential to achieve long term corporate goals and to enhance shareholder value. Your Company believes in functioning in a transparent manner and believes in proper accountability, auditing, disclosure and reporting. CSEs operations and accounts are audited at two levels – Internal Audit and External Audit. CSL continues to follow procedures and practices in conformity with the Principles of Corporate Governance as enunciated in the listing agreement. The Board has also laid down a Code of Conduct for all the Board Members and senior management personnel of the Company.

2. BOARD OF DIRECTORS

(a) Composition / Category of Directors

(i) Promoter Directors		(ii) Non-promoter Director	
• Executive	–	• Non-Executive	1
• Non Executive	4		
		(iii) • Independent Non Executive	5
Total	4	Total	6

GRAND TOTAL : 10

(b) Attendance of each Director at the Board meetings:

In all, four Board Meetings were held during the financial year 2009-2010 viz. on 28.04.2009, 17.07.2009, 08.10.2009 and 21.01.2010.

The attendance of the Directors is as under:

Name	No. of Board Meeting attended	Attendance at the previous AGM
Mr. Vijay V. Chowgule	4	P
Mr. S. Y. Rege	3	A
Mr. M.R.B. Punja	4	P
Mr. Dhananjay N. Mungale	4	P
Mr. Jaywant Y. Chowgule	1	A
Admiral Madhvendra Singh (Retd)	3	P
Mr. Sanjiv N. Shah	4	P
Mr. Nathan R. Chowgule	4	P
Mr. M. P. Patwardhan	4	P
Prof. Rohini V. Chowgule	4	P

P : Present A : Absent

(c) Number of other companies or committees, the Director is a Director / Member.

Name of the Director	No. of other Public Ltd. Companies in which Director / Membership in other committees		
Mr. Vijay V. Chowgule	2 – BM	0 - CM	0 - CC
Mr. S. Y. Rege	2 – BM	0 - CM	0 - CC
Mr. M.R.B. Punja	6 – BM	4 - CM	3 - CC
Mr. Dhananjay N. Mungale	8 – BM	8 – CM	3 - CC
Mr. Jaywant Y. Chowgule	0 – BM	0 – CM	0 - CC
Admiral Madhvendra Singh (Retd)	0 – BM	0 – CM	0 - CC
Mr. Sanjiv N. Shah	2 – BM	2 - CM	0 - CC
Mr. Nathan R. Chowgule	0 – BM	0 – CM	0 - CC
Mr. M. P. Patwardhan	0 – BM	0 – CM	0 - CC
Prof. Rohini V. Chowgule	0 – BM	0 - CM	0 – CC

BM–Board Member, CM–Committee Member, CC–Chairman of the Committee

CHOWGULE STEAMSHIPS LIMITED

3. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Dhananjay N. Mungale, Mr. S.Y. Rege, Mr. Vijay V. Chowgule and Mr. Sanjiv N. Shah. Mr. Dhananjay N. Mungale is the Chairman of the Audit Committee. Mr. Dhananjay N. Mungale and Mr. Sanjiv N. Shah have the requisite financial and accounting background. The Audit Committee met on four occasions during the financial year and the attendance details of the Committee members are as under:

NAME	NO. OF MEETINGS ATTENDED
Mr. Dhananjay N. Mungale	4
Mr. S. Y. Rege	3
Mr. Vijay V. Chowgule	4
Mr. Sanjiv N. Shah	4

Mr. Mangesh S. Sawant, Executive Director & CFO attended all the meetings of the Audit Committee as an invitee. The representatives of External Auditors attended all the four meetings, whereas the representative of Internal Auditor attended two meetings. The Company Secretary of the Company assumes the role of Secretary to the Audit Committee.

The Company, though has not formally adopted, encourages the Whistle Blower Policy as enshrined in the Code of Conduct. None of the Company personnel has been denied access to the Audit Committee.

Terms of Reference of the Audit Committee

The brief terms of reference of Audit Committee are as under:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the amount of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgement by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the audit report, if any.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy, reporting structure, coverage and frequency of internal audit.
8. Discussion with internal auditors on any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Review the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses.