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 Sawant	Executive Director & CFO	- Non-Promoter Executive Director (w.e.f. 22.04.2010)

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
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 Eighth Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held on Friday, July 8, 2011 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, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Admiral Madhvendra Singh (Retd), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjiv N. Shah, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Nathan R. Chowgule, 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 a Special Resolution:

   "**RESOLVED** 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) and further to the approval granted by the shareholders at the 47th Annual General Meeting of the Company held on July 9, 2010, approval of the Company be and is hereby accorded to the appointment and payment of remuneration of Mr. Mangesh Sawant as the Whole-time Director of the Company, designated as 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 designation and/or remuneration subject to the provisions of 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 considered necessary or expedient 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 21, 2011

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 July1, 2011 to July 8, 2011, 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 8, 2011 and to those shareholders holding shares in dematerialized form as per the details made available to the Company as on June 30, 2011 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 any of the years since 2004-2005, 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)/ National Electronic Clearing Services (NECS) at the available SBI/ 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/NECS 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 Company's Share Transfer Agents. 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 2011-12 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.

12) Pursuant to the amended Clause 5A of the Listing Agreement, the Company has initiated steps to send reminders to the shareholders whose share certificates are returned to the Company undelivered. The shareholders are hereby once again requested to write to the Company, in case if they have not received their share certificates sent to the Company for processing of transfer or any other request.

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the form provided on last page of the Annual Report and send the same to Link Intime India Private Limited. Alternatively, they can send an E-mail to this effect to the Company's Share Transfer Agent at chowgulegogreen@linkintime.co.in or to the Company at joshi.csl@chowgule.co.in

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

Place : Mumbai,
Date : April 21, 2011

Suhas Joshi
Company Secretary

ANNEXURE TO THE NOTICE

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

Item No. 7:

SPECIAL BUSINESS

Mr. Mangesh Sawant was appointed as a Whole-time Director designated as Executive Director & CFO of the Company for a period of three years w.e.f. April 22, 2010 which was approved by the shareholders at the 47th Annual General Meeting held on July 9, 2010 by way of an ordinary resolution. The terms of appointment and remuneration were as enumerated in the notice of the 47th Annual General Meeting. In accordance with the said approval, the Board of Directors has given an increment to Mr. Mangesh Sawant at its meeting held on October 19, 2010. Pursuant to Schedule XIII to the Companies Act, 1956, in case of no profits or inadequacy of profits in any financial year, a company can pay remuneration, as Minimum Remuneration, to its Managerial Personnel up to the limits stipulated under Table B, Section II, Part II of the said Schedule, provided an approval of shareholders by way of Special Resolution is obtained. The Company has incurred a loss in the Financial Year 2010-11 and the remuneration payable to Mr. Sawant, as referred above, falls within the limits as prescribed in Table B, Section II, Part II of Schedule XIII to the Companies Act, 1956. In light of the above, approval of the shareholders by way of passing a Special Resolution is being sought to the appointment and terms of remuneration of Mr. Sawant as stated under:

A. Remuneration & Perquisites
   i) Basic Salary – ₹ 1,70,000/- in the scale of ₹ 1,25,000 – ₹ 15000 – ₹ 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 ₹ 60,000/- per annum.
   iv) Reimbursement of medical expenses incurred for self and family subject to maximum of ₹ 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.

B. Other Benefits – The Whole-time Director shall be eligible to the following, 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 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.

C. 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.

D. 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 Table B, Section II, Part II of Schedule XIII to the Companies Act, 1956.

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

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 Whole-time Director.

Information as required under Schedule XIII of the Companies Act, 1956 and clause 49 of the Listing Agreement is given below:

I. GENERAL INFORMATION

1) Nature of Industry: Shipping

2) Date or expected date of commencement of commercial production: Not applicable (Company is an existing company)

3) In case of new companies. Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable

4) Financial performance based on given indicators:

(₹ in Crores)

Particulars	F.Y. 2010-11	F.Y. 2009-10	F.Y. 2008-09
Total Revenue	36.29	42.96	127.70
Total Expenses	36.94	57.15	69.59
Profit/Loss after Tax	(1.01)	40.89	23.23
Dividend Rate	10%	15%	15%

5) Export performance and net foreign exchange collaboration:

Foreign exchange earnings amounted to ₹ 2859.18 Lacs as against foreign exchange outgo of ₹ 2504.63 Lacs for the financial year ended on March 31, 2011

6) Foreign investment or collaborators, if any: NIL

The Company is listed as on March 31, 2011, the foreign holdings in the Company were about 11.76%. There are no foreign collaborators.

II. INFORMATION ABOUT THE APPOINTTEE:

1) Back ground details:

Mr. Mangesh Sawant is a Commerce Graduate & Chartered Accountant. He has also passed ICWA final examination and LLB (Gen). Mr. Sawant joined the Company in 1986 as an Accounts Officer and rose to the level of CFO & Director (Operations) in 2007. In 2009, the Board appointed him as the Manager pursuant to Section 269 of the Companies Act, 1956, which position he held till April 22, 2010 when he was appointed as the Whole-time Director designated as Executive Director & CFO. Mr. Sawant has been involved in the business of the Company for more than two decades at senior management positions and thus has gained experience and expertise in various aspects of shipping business.

Before joining the Company, Mr. Sawant was employed with A.F. Fergueson & Co., Chartered Accountants, as Assistant Audit Manager since 1985. Mr. Sawant is not on the Board of any other public limited company. Mr. Sawant is a joint holder of 133 equity shares in the Company.

2) Past Remuneration:

In terms of the approval granted by the shareholders at the 47th Annual general Meeting held on July 9, 2010, Mr. Mangesh Sawant had been drawing remuneration as under:

Remuneration & Perquisites

i) Basic Salary - ₹ 1,40,000/- in the scale of ₹ 1,25,000 - ₹ 15000 - ₹ 2,00,000. The annual increments to be 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 ₹ 60,000/- per annum.

iv) Reimbursement of medical expenses incurred for self and family subject to maximum of ₹ 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.

In addition to the above, Mr. Sawant has also been entitled to the following which are not included in computation of ceiling on Remuneration:

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

Subsequently, in terms of the annual increments granted by the Board of Directors at its meeting held on October 19, 2010, the Basic Salary of Mr. Sawant was increased from ₹ 1,40,000/- per month to ₹ 1,70,000/- per month.

3) Job profile of the Whole time Directors and Suitability:

The responsibilities of the managerial personnel have substantially increased with the growth of the Company. Mr. Sawant has an outstanding career with rich and varied experience. He is designated as Executive director & CFO to handle operations of the Company and other day to day affairs of the company. He is vested with the powers of management subject to the control, direction, and supervision of the Board of Directors of the Company. Considering vast experience of Mr. Sawant in operations and shipping business, the company would be immensely benefitted by his oppointment as Exectutive Director & CFO.

4) Remuneration proposed : As stipulated in the explanatory statement herein above.

5) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:

The remuneration to senior executives in the industry has increased manifold. The Remuneration Committee while approving remuneration of the Executive Director & CFO has examined the remuneration of managerial personnel in the shipping companies of comparable size, financial position of the Company, the trends in industry, qualification, experience, responsibilities and past performance, etc. of the aforesaid Executive Director of the Company. The starting annual remuneration packages of margeral personal in other shipping companies of comparable size ranges between ₹ 35 Lacs to ₹ 40 Lacs.

6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

Mr. Sawant jointly holds 133 Equity shares of the Company and except drawing of remuneration as an Executive Director and CFO of the Company, Mr. Sawant does not have any pecuniary relationship with the Company or any managerial personnel.

III. OTHER INFORMATION

Reasons for loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms.

Shipping is a cyclical industry and is considerably influenced by prevalent economic scenario in world economy. The Company is engaged in providing vessels on time charter basis in international waters. The sluggish international freight market during the year under review has impacted the revenues of the Company and resulted in loss during the year.

The Company is hopeful that the things will improve slowly in future. The Company is taking all steps to improve margins wherever possible.

IV. DISCLOSURES

The Corporate Governance Report which forms part of the Director's Report contains details of remuneration paid to all Directors including remunaration, notice period, service contract etc. of the Executive Director & CFO.

The Board recommends the resolution for approval of the shareholders.

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

None of the Directors, except Mr. Mangesh Sawant is concerned or interested in this resolution. The Board commends the resolution for approval of the members.

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

Place : Mumbai,
Date : April 21, 2011

DIRECTORS' REPORT 2010-2011

To

The Shareholders,

Your Directors present the Forty Eighth Annual Report and the Audited Accounts for the year ended March 31, 2011.

1. FINANCIAL RESULTS & APPROPRIATIONS:

	2010-11 (₹ in Million)	2009-10 (₹ in Million)
Profit before Financial Charges, depreciation, Exceptional Item & Tax	122.209	31.224
Financial Charges	10.135	25.264
Depreciation	118.566	147.882
Profit/(Loss) before Exceptional Item & Tax	(6.492)	(141.922)
Profit/(Loss) on Sale of ships	(12.316)	615.635
Foreign Currency Translation difference	4.180	99.790
Profit/(Loss) before Taxation	(14.628)	573.503
Provision for Taxation – Current	(50.500)	(89.100)
MAT Credit entitlement	–	89.100
Income Tax of earlier years	–	2.522
Profit/(Loss) before Deferred Tax Provision	(65.128)	576.025
Provision for Deferred Tax (Net)	54.990	(167.134)
Profit/(Loss) after Tax	(10.138)	408.891
Brought forward from previous year	623.636	298.909
Available for Appropriation	613.498	707. 800
Transferred to General Reserve (statutory)	–	20.445
Proposed Dividend	36.308	54.463
Tax on Proposed Dividend	5.820	9.256
Balance Transferred to Balance Sheet	571.370	623.636

DIVIDEND

In view of the loss/ inadequacy of profits for the year under review, your Directors have recommended a Dividend of ₹ 1/- (10 %) per equity share on 3,63,08,425 equity shares for the financial year 2010-2011 out of the accumulated profits of the earlier years.

2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT

INTERNATIONAL FLEET

Dry bulk market collapsed in the last quarter of 2008 but the following year, 2009 turned out to be much better than expected. The first half of 2010 was steady but subsequently there has been downward pressure on freight rates due to the large number of new building deliveries. The BDI came down from 2991 in April 2010 to 1530 in March 2011. However the Company could get the benefit of better market since the vessel was contracted for employment in early 2010.

COASTAL FLEET

The freight rates on coastal trade continued to be very low as there has been no volume growth in coastal trade. On the other hand the operational cost of the coastal fleet had been increasing on the back of substantial increase in manpower and fuel costs. Considering the present static picture in the coastal trade in India and also in view of age of coastal vessels owned, the Company sold three vessels at suitable market price respectively. The Company, will however, keep on looking for opportunities in future for owning mini bulk carriers for operating on coast either in India or abroad.

COMPANY'S PERFORMANCE

After an unexpectedly good year in 2010, the dry bulk market slumped in the first quarter 2011 due to sluggish economic growth and relatively lower demand. The freight and charter hire receipts during the year amounted to ₹ 31.11 Crores as against ₹ 32.08 Crores during the previous year showing a decline of ₹ 0.97 Crores. The reduction in earnings during the year was primarily on account of sale of a panamax vessel in September 2009.

INDUSTRY REVIEW & FUTURE OUTLOOK

The developments in the world economy were not so very different from those in the shipping market. After the major collapse in 2009, when global GDP fell by 0.5%, there was a recovery due to stimulus packages provided by the govertments of various countries. Current forecast suggests global GDP growth of around 4.8% in 2010. However, these growth figures give a rather one-sided view of what is going on, because getting industrial output back to where it was in 2008 is not enough considering the fleet growth.

The bulk carrier market has done well in 2010. Although earnings have fallen sharply from the 2008 peak, they remain well above operating cost, with reasonable margin for recovery of capital cost. China continues to surprise with the scale and persistence of its growth, and the emergence of coal as a potential major future import cargo is encouraging.

In summary, bulk carriers have done well, despite the economic meltdown in late 2008. Earnings are down, but with interest rates at rock bottom are adequate to fund reasonable pre-crisis financing. The large order book is a major concern, but remains uncertain due to the combined impact of limited credit and the reduced collateral value of new vessels. China continues to provide growth drive to the world trade, much of which is concentrated in the dry bulk segment. But given supply side pressures, it will require extraordinary performance on all account to bring the shipping industry back into profitability.

PORT AND SHIP REPAIR PROJECTS AT JAIGAD

Chowgule Ports & Infrastructure Private Limited (CPIPL), a company co-promoted by Chowgule Steamships Limited and Chowgule And Company Private Limited (CCPL) is implementing the Port and Ship Repair Projects at Lavgan, Ratnagiri through its subsidiaries viz. Jaigad Ports Infrastructure Private Limited and Lavgan Dockyard Private Limited, respectively. Both these companies have achieved financial closure and the project implementation work is in full swing for both the projects.

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 continue to make strides. 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 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 ₹ 3,418.50 Lacs (US$ 7.50 million). The total outstanding loan at year end is ₹ 4,288.30 Lacs (US $ 9.50 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 Assets of ₹ 549.90 Lacs for the Financial Year 2010-2011, which is reflected in the Profit & Loss Account. The net Deferred Tax Liability of ₹ 3,140.77 Lacs as at March 31, 2011 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 have started from March 2011.

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

	2010-11 (In US $ million)	2009-10 (In US $ million)
Income	9.837	13.272
Gross Profit before depreciation	7.241	9.221
Depreciation	1.156	1.072
Net Profit	6.085	8.149

6. SUBSIDIARIES – EXEMPTION

In terms of general approval granted by the Central Government vide notification No.51/12/2007-CL–III dated 8th February, 2011 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 Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries. The Company will make available the Annual Accounts of these subsidiary companies and the related detail information upon request by any member of the Company.

7. INSURANCE

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

8. DIRECTORS

Admiral Madhvendra Singh, Mr. Sanjiv N. Shah and Mr. Nathan R. 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.

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 confirm 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 loss 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

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

13. PARTICULARS OF EMPLOYEES

There are no employees covered under Section 217 (2A) of the Companies Act, 1956 in respect of whom particulars are required to be furnished.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Notes forming part of accounts are self explanatory.

16. ACKNOWLEDGEMENT

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.

For **Chowgule Steamships Limited**

Place: Mumbai,
Date: April 21, 2011

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 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, 2011.

Place : Mumbai,
Dated : April 21, 2011

Mangesh 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. CSL's 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	–	• Executive	1
• Non Executive	4	• Non Executive	Nil
		(iii) • Independent Non Executive	5
Total	**4**		**6**

Grand Total = 10

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

In all, four Board Meetings were held during the financial year 2010-2011 on 22.04.2010, 09.07.2010, 19.10.2010 and 14.01.2011.

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	3	P
Admiral Madhvendra Singh (Retd)	4	P
Mr. Sanjiv N. Shah	3	P
Mr. Nathan R. Chowgule	4	P
Prof. Rohini V. Chowgule	4	P
Mr. M. P. Patwardhan#	1	NA
Mr. Mangesh Sawant*	3	P

Ceased to be a director w.e.f. April 22, 2010 * Appointed as an Executive Director & CFO w.e.f. Aril 22, 2010

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	3 – BM	1 – CM	0 – CC
Mr. S. Y. Rege	2 – BM	0 – CM	0 – CC
Mr. M.R.B. Punja	4 – BM	2 – CM	2 – CC
Mr. Dhananjay N. Mungale	10 – BM	8 – CM	2 – 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