

# 50TH ANNUAL REPORT 2012-13



## Chowgule Steamships Limited



# CHOWGULE STEAMSHIPS LIMITED

## BOARD OF DIRECTORS

Vijay V. Chowgule	Chairman	- Promoter Non-Executive Director
D. N. Mungale		- Independent Non-Executive Director
Jaywant Y. Chowgule		- Promoter Non-Executive Director
Admiral (Retd.) Madhvendra Singh		- Independent Non-Executive Director
Sanjiv N. Shah		- Independent Non-Executive Director
Nathan R. Chowgule		- Promoter Non-Executive Director
Prof. Rohini V. Chowgule		- Promoter Non-Executive Director
Ravindra Kulkarni		- Independent Non-Executive Director
Farokh Guzder		- Independent Non-Executive Director (w.e.f. 06.07.2012)
Mangesh Sawant	Executive Director & CFO	- Non-Promoter Executive Director

## COMPANY SECRETARY & COMPLIANCE OFFICER

Suhas Joshi

## SOLICITORS

Khaitan & 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 Fiftieth Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held on Friday, July 12, 2013 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, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaywant Y. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Admiral (Retd.) Madhvendra Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mangesh Sawant, who retires by rotation and, being eligible, offers himself for re-appointment.
5. 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

6. 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. Farokh Guzder, 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.”
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 Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, including any statutory modification and re-enactment thereof for the time being in force, and subject to such sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Mr. Mangesh Sawant as Whole-time Director designated as Executive Director & CFO of the Company for a further period of three years with effect from April 22, 2013 to April 21, 2016 on the terms & conditions and 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 being within the limits specified in Table B of Part II of Section II of Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.  
**RESOLVED FURTHER** that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things necessary to carry on the terms of this resolution; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.”

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

Place: Mumbai,  
Date : May 09, 2013

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 5, 2013 to July 12, 2013, both days inclusive.
- 7) Unclaimed Dividends up to the year 1994-95 have 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, 1996-97 and 2004-05 have been duly transferred to the Investor Education and Protection Fund. Members have no right or claim whatsoever against the said amount. Unclaimed dividend for the year 2005-06 is due for transfer to Investors Education & Protection Fund in September, 2013. Members, who have so far not claimed their Dividend for 2005-06 or any of the years thereafter, are requested to immediately write to the Company's Share Transfer Agents.
- 9) The shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and the listing fees in respect thereof for the year 2013-14 have been paid to BSE.
- 10) 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.
- 11) Members are requested to note that pursuant to amended Clause 5A (II) in the Listing Agreement with the Stock Exchange, the Company is required to transfer all the unclaimed shares into one folio in the name of 'Unclaimed Suspense Account' and these shares are to be dematerialized and kept with depository participants. In compliance of said clause, the Company has already issued three reminders dated February 25, 2012, February 21, 2013 and March 21, 2013 to the shareholders whose shares were unclaimed. The shares which have remained unclaimed, will be transferred into one folio in the name of "Unclaimed Suspense Account" and dematerialised in due course.

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

Place: Mumbai,  
Date : May 09, 2013

Suhas Joshi  
**Company Secretary**

## **ANNEXURE TO THE NOTICE**

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

#### **SPECIAL BUSINESS**

##### **Item No.6**

The Board of Directors of the Company (the Board), pursuant to the provisions of Section 260 of the Companies Act, 1956 ('the Act') appointed Mr. Farokh Guzdar as an Additional Director of the Company at its meeting held on July 6, 2012.

In terms of the provisions of Section 260 of the Act, Mr. Farokh Guzdar would hold office up to the date of this Annual General Meeting.

The Company has received a notice in writing under the provisions of Section 257 of the Act from a member along with a deposit of ₹ 500/-, proposing the candidature of Mr. Farokh Guzdar for the office of Director of the Company .

Mr. Farokh Guzdar is an industrialist and holds a B.A. Degree in Philosophy from University College London. After graduation, Mr. Guzdar joined N. S. Guzder & Co. Pvt. Ltd. as a Trainee in 1974.

N. S. Guzder & Co. Pvt. Ltd. is a successful Project Transportation and Freight Forwarding Company which has diversified into Construction, Repairs, Rehabilitation, corrosion litigation and high end coating works for factories, residential buildings, hospitals etc.

Mr. Guzdar has vast experience in areas connected to building construction and rehabilitation works and today holds the office as an Executive Director of N. S. Guzder & Co. Pvt. Ltd.

It will be in the interest of the Company, if Mr. Guzdar is appointed as a Director liable to retire by rotation, in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Mr. Guzdar, giving nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board or Committees, as stipulated under Clause 49 of Listing Agreement with the Bombay Stock Exchange, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board recommends the Resolution set out at Item No. 6 of the Notice for your approval.

None of the Directors, except Mr. Farokh Guzdar, is in any way concerned or interested in passing of the resolution.

# CHOWGULE STEAMSHIPS LIMITED

## Item No. 7

Mr. Mangesh Sawant was appointed as Executive Director & CFO for a period of three years w.e.f. April 22, 2010. Accordingly the term of Mr. Sawant as Executive Director & CFO expired on April 21, 2013. The Board of Directors as approved by the Remuneration Committee, has re-appointed Mr. Sawant as Executive Director & CFO of the Company for another term of three years w.e.f. April 22, 2013 on the terms and conditions as mentioned hereunder:

**A. Period** - The term of appointment is 3 (three) years w.e.f. April 22, 2013.

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. Appointment of Mr. Sawant as the Executive Director and CFO of the Company is subject to retirement by rotation. However, re-appointment of Mr. Sawant from time to time upon retirement by rotation as a Director shall not be treated as a break in service and shall be construed as continuation of his employment.

**B. Remuneration & Perquisites**

- i) Basic Salary— ₹ 2,50,000 per month in the scale of ₹ 2,50,000 - ₹ 25,000 - ₹3,25,000. 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 - ₹ 60,000/- per annum.
- iv) Reimbursement of medical expenses incurred for self and family - ₹40,000/- per annum.
- 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** – In addition, Mr. Sawant shall be eligible to the following benefits which shall not be included in computation of ceiling on Remuneration to the extent the same are not taxable under the Income Tax Act, 1961:

- (i) Contributions to Provident Fund and Superannuation Fund as per the Rules of the Company.
- (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 Executive Director & CFO.

**D.** Subject to the aforesaid, Mr. 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.** Where in any financial year during the currency of the tenure of the Mr. Sawant as Executive Director & CFO, if the Company has no profits or inadequacy of profits, the remuneration payable to him by way of salary and perquisites shall be subject to maximum amount permissible pursuant to limits prescribed under Table B of Section II of Part II of Schedule XIII to the Companies Act, 1956 or any such modification or re-enactment thereof or any similar provision introduced substituting the prevalent provision pursuant to any amendment or re-enactment of the Act.

**F.** The Executive Director & CFO 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 to the Companies Act, 1956, be altered and varied in such manner as may be agreed to between the Board and the Executive Director & CFO.

Mr. Mangesh Sawant has been re-appointed as a Whole-Time-Director designated as Executive Director & CFO for a period of three years w.e.f. April 22, 2013. Since, the Company has suffered a loss in the Financial Year 2012-13, the remuneration payable to Mr. Sawant, as referred above, falls within the limits as prescribed in Table B of Section II of Part II of Schedule XIII to the Companies Act, 1956. Accordingly, approval of the shareholders by way of Special Resolution is being sought to the terms of appointment and remuneration of Mr. Sawant.

**Information as required under Schedule XIII to 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	Year 2013	Year 2012	Year 2011
Total Revenue	21.33	29.20	36.29
Total Expenses	32.01	45.81	37.30
Profit/(Loss) after Tax	(10.68)	(16.61)	(1.01)
Dividend Rate	NIL	NIL	10%

Annual report for the year ended March 31, 2013 is attached with this notice

**5) Export performance and net foreign exchange collaboration:**

Foreign exchange earnings on FOB basis amounted to ₹ 13.30 crores as against foreign exchange outgo of ₹ 12.79 Crores for the financial year ended March 31, 2013

**6) Foreign investment collaborators, if any: NIL**

The Company is listed on BSE and as on March 31, 2013, the foreign holdings in the Company were about 11.20%. There are no foreign collaborators.

**II. INFORMATION ABOUT THE APPOINTEE:**

**1) Background 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. The Board appointed him as Manager in October 2009, pursuant to Section 269 of the Companies Act, 1956, which position he held till April 2010 when he was appointed as an Executive Director & CFO for the first term. The Board at its meeting held on January 17, 2013 has re-appointed Mr. Sawant as an Executive Director & CFO for a further term of three years w.e.f. April 22, 2013. 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. Fergusson & Co., Chartered Accountants, as Assistant Audit Manager since 1985. Mr. Sawant is not on the Board of any public limited company. Mr. Sawant is a joint holder of 133 equity shares in the Company.

**2) Past Remuneration, recognition or awaits, job profile and his suitability:**

In terms of the approval granted by the shareholders at their meeting held on July 9, 2010 and further amended vide the Special Resolution passed by the shareholders at the Annual General Meeting held on July 8, 2011, Mr. Sawant was drawing remuneration as under:

- a. Basic Salary - ₹ 200,000/- per month
- b. House Rent Allowance - 30% of Basic Salary
- c. Leave Travel Reimbursement for self and family subject to maximum up to ₹ 60,000/-
- d. Reimbursement of medical expenses incurred for self and family subject to maximum up to ₹ 40,000/- per annum.

In addition to the above, Mr. Sawant was also entitled to the following benefits which were not included in the computation of ceiling on remuneration to the extent the same were not taxable under the Income Tax Act, 1961:

- a. Contributions to Provident Fund and Superannuation Fund as per the Rules of the Company.
- b. Gratuity not exceeding one month's salary for each completed year of service.
- c. 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 to be billed by the Company to the Whole-time Director.

**3) Job Profile of Executive Director & CFO and Suitability**

The responsibilities of Managerial Personnel have increased substantially with the growth of the Company. Mr. Sawant has an outstanding career with the Company with rich and varied experience in all aspects of shipping industry. Mr. Sawant is designated as Executive Director and CFO and handles operations of the Company and also looks after day to day affairs. Mr. Sawant is vested with powers of management subject to the direction, supervision and control 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 re-appointment of Mr. Sawant as Executive Director & CFO.

**4) Remuneration proposed :** As stipulated in the resolution and explanatory statement

# CHOWGULE STEAMSHIPS LIMITED

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

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. Therefore, considering the general industry and the specific company profile, the proposed remuneration is in line with the prevalent industry levels and trends.

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

Mr. Mangesh Sawant holds 133 equity shares in the Company and except drawing of remuneration as a Executive Director & CFO. 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 economic growth together with excess tonnage in the 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 freight market will improve 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 remuneration of Executive Director & CFO, notice period service contract of the Executive Director & CFO etc.

Mr. Sawant is a director in Jaigad Logistics Private Limited and Kolhapur Terminals Private Limited.

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 passing of this resolution. The Board commends the resolution for approval of the members.

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

Place: Mumbai,  
Date : May 09, 2013

Suhas Joshi  
**Company Secretary**



## DIRECTORS' REPORT 2012-2013

To

The Shareholders,

Your Directors present the Fiftieth Annual Report and the Audited Accounts for the year ended March 31, 2013.

### 1. FINANCIAL RESULTS & APPROPRIATIONS:

(₹ in Lakhs)

	2012-13	2011-12
Profit/(Loss) before Financial Charges, Depreciation, Exceptional Item & Tax	(146.20)	1,318.26
Financial Charges	60.29	74.50
Depreciation	374.04	1,021.97
Profit/(Loss) before Exceptional Item & Tax	(580.53)	221.79
Profit on Sale of Land	269.30	–
Impairment	(994.36)	(2,600.11)
Foreign Currency Translation difference	(114.45)	(415.35)
Loss before Taxation	(1,420.04)	(2,793.67)
Provision for Taxation – Current	–	(314.00)
Loss before Deferred Tax Provision	(1,420.04)	(3,107.67)
Provision for Deferred Tax (Net)	352.00	1,446.77
Loss after Tax	(1,068.04)	(1,660.90)
Brought forward from previous year	4,054.20	5,713.70
Available for appropriation	2,986.16	4,052.80
Excess provision of dividend tax of earlier year	–	1.40
Balance Transferred to Balance Sheet	2,986.16	4,054.20

In view of the loss, the Board of Directors has not recommended any dividend for the year under review.

### 2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT

#### COMPANY'S PERFORMANCE

During the year under review the freight earnings and charter hire receipts amounted to ₹ 1,330.05 Lakhs as against ₹ 2,270.83 Lakhs during the previous year showing a decline of ₹ 940.78 Lakhs. The BDI which started the year at 1021 in April 2012 slipped to 876 by March 2013. The drop in earnings reflects the depressed shipping market especially Dry Bulk Market. The dry bulk freight markets have remained below 1000 mark for most of the year.

#### INDUSTRY REVIEW & FUTURE OUTLOOK

Demand for bulk carriers was not bad during the last four years despite economic problems worldwide. Dry bulk shipments registered a growth of about 22% during 2008-2012 i.e. about 5% p.a. growth in demand, primarily relied on two commodities viz. iron ore trade, which increased by 31% and coal which increased by 48% since 2008.

Bulk carriers continue to be delivered at a rate which 10 years ago would have been regarded as incredible. In 2009, 14.30 mdwt bulk carriers were delivered as against about 98 mdwt bulk carriers delivered in 2012, a seven fold increase. The bulk carrier fleet increased from 458 mdwt tonnes at the end of 2009 to 692 mdwt by the end of 2012. This is an increase of 51% in 3 years during which the volume of dry bulk trade was increased by about 20%. The order book for bulk carriers came down to 18.40% of the fleet at the end of 2012. Thus, there is a significant hidden surplus tonnage which must be dissipated before market can get back to the fair level of earnings.

#### PORT AND SHIP REPAIR PROJECTS AT JAIGAD

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, Ratnagiri through its SPVs viz. Angré Port Private Limited and Lavgan Dockyard Private Limited, respectively. Angré Port has obtained various statutory approvals for commencing activities and the port will be operational soon. The Company has, during the year, subscribed to the equity shares of Angré Port to the tune of ₹ 2.73 Crores. The construction of Ship Repair yard will be completed by end of the current year.

# CHOWGULE STEAMSHIPS LIMITED

## 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 Indian economy and many developed countries continue to make effort for speedy economic recovery. 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 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 ₹ 1,615.45 lakhs (US\$ 3 million). The total outstanding loan at year end is ₹ 1,918 lakhs (US \$ 3.50 million).

### 4. DEFERRED TAX LIABILITY

In terms of the Accounting Standard AS-22 issued by The Institute of Chartered Accountants of India, there is a reversal of Deferred Tax liabilities amounting to ₹ 352 lakhs for the Financial Year 2012-2013, which is reflected in the Statement of Profit & Loss. The net Deferred Tax Liability of ₹ 1,342 lakhs as at March 31, 2013 is reflected in the Balance Sheet.

### 5. SUBSIDIARIES

During the year under review Chowgule Steamships Overseas Limited raised US \$ 14.50 Million by way of Convertible Redeemable Shares (CRS) to meet its fund requirements for acquisition of vessel. Out of the above CRS, the Company has subscribed to CRS aggregating US \$ 5.5 Million. The CRS have tenure of 10 years and each CRS can be converted in one equity share at the option of the subscriber. 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 in Ordinary Shares (same as previous year) and US \$ 5.5 Million in CRS. CSOL, in terms of its expansion plan, has so far taken delivery of four new built vessels.

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

	<b>2012-13</b> <b>(In US \$ million)</b>	2011-12 (In US \$ million)
Income	13.370	13.155
Gross Profit before depreciation	(2.205)	(2.725)
Depreciation and impairment	(26.476)	(19.400)
Net Loss	(24.271)	(16.675)

### 6. SUBSIDIARIES – EXEMPTION

In terms of general approval granted by the Central Government vide notification No.5/12/2007-CL-III dated 8th February, 2011 under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Statement of Profit and Loss, 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.