

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.

Annual Report 2009-2010

- 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

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.

The Audit Committee inter alia has the following powers:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. REMUNERATION OF DIRECTORS

- a. The Company did not have any Managing Director or a Whole-time Director during the year 2009-10.
- b. Disclosure pertaining to Sitting Fees and Shareholding in the Company.

Non-Executive Directors	Sitting Fees paid during the financial year	No. of Shares held in the Company
Mr. Vijay V. Chowgule	Rs. 190,000	755965
Mr. S. Y. Rege	Rs. 160,000	2421
Mr. M. R. B. Punja	Rs. 80,000	914
Mr. Dhananjay N. Mungale	Rs. 130,000	-
Mr. Jaywant Y. Chowgule	Rs. 20,000	29750
Admiral Madhavendra Singh (Retd)	Rs. 70,000	-
Mr. Sanjiv N. Shah	Rs. 120,000	-
Mr. Nathan R. Chowgule	Rs. 80,000	-
Mr. M. P. Patwardhan	Rs. 140,000	-
Prof. Rohini V. Chowgule	Rs. 1,40,000	207585

5. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Company's Shareholders' and Investors' Grievances Committee functions under the Chairmanship of Mr. S. Y. Rege and other members are Mr. Vijay V. Chowgule, Mr. M. P. Patwardhan and Prof. Rohini V. Chowgule. Mr. Suhas Joshi, Company Secretary, is the Compliance Officer. The Committee meets periodically to deal with share-related matters like transfers, transmission etc., and monitor redressal of complaints from the shareholders. The functions of transfer of shares, however, were delegated to the Committee of Officers with effect from November 2001, which meets fortnightly for considering applications for share-related matters. This Committee reports to the Shareholders' and Investors' Grievances Committee. The Shareholders' and Investors' Grievances Committee met on six occasions during the year under review.

At its meetings, the Committee goes into the details of the grievances, if any and, verifies that they have been attended to. During the financial year 2009-10, the Company received 83 complaints / queries from shareholders. As at March 31, 2010, all the complaints / queries were resolved. There were no shares pending for transfer from the shareholders as at March 31, 2010.

6. DIRECTORS

Mr. M.R.B. Punja, Mr. Dhananjay N. Mungale and Mr. Jaywant Y. Chowgule, Directors, retire by rotation and being eligible, have offered themselves for re-appointment. Mr. M.P. Patwardhan relinquished office as a Director of the Company w.e.f. April 22, 2010. Further, Mr. Mangesh S. Sawant has been appointed as a Whole-time Director of the Company w.e.f. April 22, 2010. Approval of the Shareholders is being sought for the appointment/reappointments of the above Directors.

Particulars of Directors are as under:

- A) Mr. M.R.B. Punja is former Chairman and Managing Director of Industrial Development Bank of India (IDBI). He has wide and varied experience in the areas of Financial Management, Information Systems, Business Re-structuring, Commercial, Industrial and General Administration. He has been a Director of the Company for about 21 years. Mr. Punja holds 914 equity shares in the Company

Mr. M.R.B. Punja is a Director on the Boards of the following public limited companies:

- | | |
|--|----------|
| i) Andhra Petrochemicals Limited | Chairman |
| ii) Suprajit Engineering Limited | Chairman |
| iii) Hindoostan Spinning & Weaving Mills Ltd. | Director |
| iv) Apollo Tyres Limited | Director |
| v) Deepak Nitrite Limited | Director |
| vi) Sushruta Medical Aid & Research Hospital Ltd | Director |

CHOWGULE STEAMSHIPS LIMITED

Mr. M.R.B. Punja is a member of other Committees of Directors as under :

i) Deepak Nitrite Limited	Audit Committee	Chairman
ii) Hindoostan Spinning & Weaving Mills Limited	Audit Committee	Member
iii) Suprajit Engineering Ltd.	Audit Committee	Chairman
iv) Apollo Tyres Limited	Audit Committee	Chairman

- B) Mr. Dhananjay N. Mungale holds Bachelor of Commerce & Bachelor of Law degrees and is also an Associate Member of the Institute of Chartered Accountants of India. He has rich experience in Banking & Financial Sectors. He is presently acting as Adviser to various Corporations and start up companies in India and Europe. He is on the Boards of the following public limited companies :

i) Caprihans India Limited	Director
ii) Camlin Limited	Director
iii) Indoco Remedies Limited	Director
iv) LIC Housing Finance Limited	Director
v) National Organic Chemicals Ltd.	Director
vi) Tamilnadu Petroproducts Limited	Director
vii) Mahindra & Mahindra Financial Services Ltd	Director
viii) Sical Logistics Ltd.	Director

Mr. Dhananjay N. Mungale is a member of other Committees of Directors as under :

i) Camlin Limited	Audit Committee	Chairman
ii) Indoco Remedies Limited	Audit Committee	Chairman
iii) Sical Logistics Ltd	Audit Committee	Chairman
iv) LIC Housing Finance Ltd.	Audit Committee	Member
v) Mahindra & Mahindra Financial Services Ltd.	Audit Committee	Member
	Shareholders' Grievance Committee	Member
vi) National Organic Chemicals Ltd.	Audit Committee	Member
vii) Tamilnadu Petroproducts Limited	Audit Committee	Member

Mr. Mungale does not hold any shares in the Company.

- C) Mr. Jaywant Y. Chowgule holds a Bachelor's Degree in Science. He was appointed Manager (Commercial) of Chowgule & Company Ltd. from September 01, 1984 and rose to the rank of Executive Vice President in July 1989 which position he held till September 2004. Presently he is a Director of Chowgule & Company Pvt. Ltd. He is also the Executive Director of Chowgule Brothers Pvt. Ltd. with effect from September 2004. He has rich experience in Commercial & Industrial Sectors. He is not on the Board of any public limited company. Mr. Jaywant Y. Chowgule holds 29750 equity shares in the Company.
- D) Mr. Mangesh S. 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 Whole-time Director. 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. Ferguson & Co., Chartered Accountants, as Assistant Audit Manager since 1985. Mr. Sawant is not on the Board of any public limited company. Mr. Sawant holds 133 equity shares in the Company.

7. GENERAL BODY MEETING

The previous three Annual General Meetings were held at the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa, as under.

<u>Day</u>	<u>Date</u>	<u>Time</u>
Friday	July 17, 2009	11.00 a.m.
Friday	July 25, 2008 (*)	11.00 a.m.
Friday	July 20, 2007	11.00 a.m.

(*) One Resolution pertaining to the inter corporate loans, investments and guarantees pursuant to Section 372A of the Companies Act, 1956 was put through the Postal Ballot and was passed with requisite majority. The Postal Ballots were scrutinized by Mr. V. N. Deodhar, Practicing Company Secretary.

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8. DISCLOSURES

There were no materially significant related party transactions save as disclosed in notes to account. There was no non-compliance by the Company of any of the regulations pertaining to the capital market during the previous three years.

9. MEANS OF COMMUNICATION

The quarterly / annual financial results are published in the Free Press Journal, Navshakti & Gomantak & Gomantak Times. The results are also hosted on the Company's Web Site: www.chowgulesteamships.co.in The Management Discussion and Analysis is a part of this Annual Report.

10.COMPLIANCE

The Company has complied with the mandatory requirements in terms of the Corporate Governance guidelines. The Company has not yet adopted the non-mandatory requirements.

11.GENERAL SHAREHOLDER INFORMATION

47th Annual General Meeting	: July 9, 2010
Venue	: Chowgule House, Mormugao Harbour, Goa-403803
Financial Year	: 2009-2010
Book Closure Date	: July 2, 2010 – July 9, 2010 (both days inclusive)
Dividend Payment Date	: July 19, 2010

Listed at the Bombay Stock Exchange Ltd. (Stock Code 501833), Rotunda Building, Dalal Street, Mumbai 400 001 (Tel. 2272 1233).

MARKET PRICE DATA DURING APRIL 2009 – MARCH 2010 (BSE)

Month	High (Rs.)	Low (Rs.)
April	32.60	21.25
May	43.65	27.60
June	50.00	34.00
July	41.40	28.25
August	63.20	35.70
September	63.40	49.15
October	54.00	41.20
November	51.50	39.00
December	48.00	40.40
January	53.00	42.90
February	47.00	37.35
March	48.35	37.30

PERFORMANCE IN COMPARISON WITH SENSEX IS GIVEN BELOW:

Date	Closing Sensex	% Movement Of Sensex Month To Month	Csl Closing Share Price (Rs.)	% Movement of Share Prices Month to Month
30.04.2009	11403.25	+ 17.45	28.15	+ 29.13
29.05.2009	14625.25	+ 28.25	41.40	+ 47.06
30.06.2009	14493.84	- 1.00	36.75	- 11.23
31.07.2009	15670.31	+ 8.12	37.00	+ 0.68
31.08.2009	15666.64	- 0.02	62.20	+ 68.10
30.09.2009	17126.84	+ 9.31	51.40	- 17.36
30.10.2009	15896.28	- 7.18	42.20	- 17.89
30.11.2009	16926.22	+ 6.47	44.30	+ 4.97
31.12.2009	17464.81	+ 3.17	44.00	- 0.68
29.01.2010	16357.96	- 6.33	45.50	+ 3.40
26.02.2010	16429.55	+ 0.44	38.55	- 15.27
31.03.2010	17527.77	+ 6.68	42.05	+ 9.07

CHOWGULE STEAMSHIPS LIMITED

DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2010 IS GIVEN BELOW:

Shareholding of Nominal Value of Rs.	Shareholders		Share Amount	
	Number	% to Total	In Rupees	% to Total
Upto 5000	24788	89.3810	31408840	8.6510
5001 - 10000	1558	5.6180	12778980	3.5200
10001 - 20000	648	2.3370	10126720	2.7890
20001 - 30000	225	0.8110	5888670	1.6210
30001 - 40000	85	0.3060	3075900	0.8470
40001 - 50000	121	0.4360	5815100	1.6010
50001 - 100000	142	0.5120	10313470	2.8410
100001 - And above	166	0.5990	283676570	78.1300
Total	27733	100.0000	363084250	100.0000

Category	No. of Shares	% Shareholding
Promoters/Person acting in concert	24603430	67.76
Banks, Financial Institution, Insurance Cos. etc	11491	0.03
Private Corporate Bodies	1170020	3.22
NRIs / OCBs / FIIs	585622	1.61
Mutual Funds & UTI	10423	0.03
Indian Public	9927439	27.35
TOTAL	36308425	100

About 35.51% (13874 shareholders) of the equity shares have been dematerialized as at March 31, 2010. Balance 64.49% (13859 shareholders) are in physical form.

Share Transfer Process

The Company's shares are under compulsory dematerialized list hence the shares traded on the stock exchange are transferable through depository system. Shares in physical form are processed for transfer by the share transfer agent viz. Link Intime India Pvt Ltd (Earlier known as Intime Spectrum Registry Limited) and are approved by the share transfer committee. The share transfers are processed within a period of 15 days from the date of its receipt.

Address for Correspondence:

Chowgule Steamships Limited
Bakhtawar, 4th Floor,
Nariman Point,
Mumbai 400 021.
Email : joshi.csl@chowgule.co.in

Link Intime India Private Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Email : rnt.helpdesk@linkintime.co.in

For and on behalf of the Board

Place : Mumbai,
Date : April 22, 2010

VIJAY V. CHOWGULE
Chairman

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ANNEXURE - I

Statement regarding Conservation of Energy, Technology, Absorption & Foreign Exchange Earnings and outgo as required under Clause (e) of Sub-Sec. (1) of Section 217 of the Companies Act, 1956 which forms part of the Directors' Report for the year ended March 31, 2010.

Item	Particulars	Comments
A.	Conservation of Energy	
	(a) Measures	The Company has a fairly young fleet of modern vessels and is well maintained operationally. There is hardly any scope for conservation measures.
	(b) Addl. Investment and proposals, if any, being implemented for reduction of energy consumption	Nil
	(c) Impact of the measures (a) and (a) above and consequent impact on cost of production	Nil
	(d) Total energy consumption and consumption per unit of production in Form 'A'	Not applicable to a Shipping Company
B.	Technology Absorption	
	(a) Efforts made in Technology absorption	Not applicable to a Shipping Company
	i) Research and Development	Nil
	ii) Technology absorption, adoption and innovation	Nil
C.	Foreign Exchange Earnings & Outgo	
	(a) Activities relating to exports, initiative taken to increase exports, development of new export plans	Not applicable
	(b) Total Foreign Exchange	
	i) Used (including loan repayments, interest, etc.)	Rs. 4,216.76 lakhs
	ii) Earned	Rs. 12,657.28 lakhs

CERTIFICATE

TO THE MEMBERS OF

CHOWGULE STEAMSHIPS LIMITED

We have examined the compliance of conditions of Corporate Governance by **CHOWGULE STEAMSHIPS LIMITED**, for the year, ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Ltd.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Z. F. Billimoria
Partner

Membership No. 42791

Place : Mumbai,

Date : April 22, 2010

CHOWGULE STEAMSHIPS LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF CHOWGULE STEAMSHIPS LIMITED

1. We have audited the attached Balance Sheet of **CHOWGULE STEAMSHIPS LIMITED** ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in above paragraph 3, we report as follows:
 - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director under Section 274 (1) (g) of the Companies Act, 1956.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Z. F. Billimoria
Partner

Membership No. 42791

Place : Mumbai,
Date : April 22, 2010

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (vi),(viii), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) According to the information and explanations given to us in respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no discrepancies were noticed on such verification.
 - (c) In our opinion, though the fixed assets disposed off during the year constitute a substantial part of the fixed assets of the Company, such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by independent ship managers, who manage the Company's fleet at reasonable intervals. In our opinion and having regard to the nature of the Company's business the interval of physical verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the independent ship managers, who manage the Company's fleet were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) According to the information and explanations given to us, the Company's inventories comprise stores, spare parts, fuel oil and lube oil on board the ship. Having regard to the nature of the Company's business and scale of operations, quantities are determined by physical count and it is not considered necessary to maintain records of movements of inventories of such items by the vessel in which they are carried. As quantities are determined by physical count and records of movement are not maintained on board the ship, the question of discrepancies on physical verification thereof does not arise.
- (iv) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) According to the information and explanations given to us, the function of purchase of inventories for the Company's fleet is outsourced to independent ship managers and the ship managers raise monthly debit notes for the costs incurred by them once a month which are reimbursed to them by the Company. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for verification of debit notes raised by the ship managers in respect of the purchase of inventories for the Company's fleet, the purchase of fixed assets and the sale of services. The nature of the Company's business is such that it does not involve sale of goods. During the course of our audit, we have neither observed nor have been informed about any major weaknesses in such internal control systems.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register, maintained under the said section has been so entered.
 - (b) There are no such contracts or arrangements which are in excess of Rs. 5 lacs to any party.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us, in respect of statutory dues and other dues:
 - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Customs Duty, Sales Tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There are no undisputed statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there were no disputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty, Service Tax and Cess as at 31st March, 2010, except that the Company has disputed Sales Tax claims aggregating Rs. 23,700 thousand pertaining to the Assessment Year 1995-96 and the matter is pending in an appeal before the Honourable High Court of Judicature at Madras. The Company has already deposited Rs. 4,740 thousand (including refunds withheld by the authorities) and executed a bond of Rs. 21,804 thousand in respect of the said claim.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued debentures that were outstanding during the year.
- (x) In our opinion and according to the information and explanations given to us, no new term loans were taken during the year. In respect of the term loan outstanding, these were, prima facie, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet we report, that funds raised on short-term basis have not been used during the year for long-term investment.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Z. F. Billimoria
Partner

Membership No. 42791

Place : Mumbai,
Date : April 22, 2010

CHOWGULE STEAMSHIPS LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
I SOURCES OF FUNDS			
1 Shareholders' Funds			
i. Capital	A	363,084	363,084
ii. Reserves & Surplus	B	1,475,503	1,137,895
		1,838,587	1,500,979
2 Loan Funds			
Secured Loans	C	775,262	1,030,560
3 Deferred Tax Liability (Net)			
		369,067	201,933
	TOTAL	2,982,916	2,733,472
II APPLICATION OF FUNDS			
1 Fixed Assets			
i. Gross Block	D	1,962,327	3,123,228
ii. Less: Depreciation		584,256	1,279,430
Net Block		1,378,071	1,843,798
iii. Add: Capital Work-in-Progress and advances for Capital Goods		1,139	41,969
		1,379,210	1,885,767
2 Investments			
	E	773,770	862,163
3 Current Assets, Loans & Advances			
i. Inventories	F	5,675	10,378
ii. Sundry Debtors	G	12,617	7,762
iii. Cash and Bank Balances	H	820,737	142,849
iv. Other Current Assets	I	600	4,089
v. Loans and Advances	J	119,493	31,884
		959,122	196,962
4 Less: Current Liabilities & Provisions			
i. Current Liabilities	K	61,887	144,879
ii. Provisions		67,299	66,541
		129,186	211,420
Net Current Assets / (Liabilities)		829,936	(14,458)
	TOTAL	2,982,916	2,733,472
Notes to the accounts	O		

Schedules referred to above form an integral part of this Balance Sheet and should be read in conjunction therewith.
In terms of our report attached.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : April 22, 2010

SUHAS JOSHI
Company Secretary

M. S. SAWANT
CFO & Director (Operations)

For and on behalf of the Board of Directors
VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

Annual Report 2009-2010

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	For the year ended 31-Mar-2010 (Rs. in '000)	For the year ended 31-Mar-2009 (Rs. in '000)
INCOME			
Operating Earnings	L	320,829	1,190,322
Other Income	L	108,803	86,674
		429,632	1,276,996
EXPENDITURE			
Operating and Other Expenses	M	398,408	455,654
Interest and Other Financial Charges	N	25,264	57,351
Depreciation (net of draw down from Revaluation Reserve)	D	147,882	182,942
		571,554	695,947
Profit / (Loss) before Taxation and exceptional items		(141,922)	581,049
Profit on Sale of Ship		615,635	-
Foreign Currency Translation Difference on Borrowings		99,790	(223,850)
		573,503	357,199
Profit before Taxation		573,503	357,199
Provision for Taxation - Current		(89,100)	(179,515)
Deferred Tax (Liability) Charged / Asset Reversed		(167,134)	58,306
Provision for Fringe Benefits Tax		-	(429)
Income Tax of Earlier Years		2,522	(3,252)
MAT Credit Entitlement		89,100	-
		408,891	232,309
Net Profit after Taxation		408,891	232,309
PROFIT & LOSS APPROPRIATION ACCOUNT			
Balance brought forward from previous year		298,909	391,935
		707,800	624,244
Profit available for Appropriation		707,800	624,244
Transferred to General Reserve (Statutory)		20,445	11,616
Transferred to General Reserve (Others)		-	250,000
Proposed Final Dividend		54,463	54,463
Tax on Proposed Final Dividend		9,256	9,256
		623,636	298,909
Balance transferred to Balance Sheet		623,636	298,909
Earning Per Share (See note no.13 in schedule 'O')		11.26	6.40
[Face Value Rs. 10 per share]			
Notes to the accounts	O		

Schedules referred to above form an integral part of this Profit and Loss Account and should be read in conjunction therewith.
In terms of our report attached.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : April 22, 2010

For and on behalf of the Board of Directors
VIJAY V. CHOWGULE
Chairman

SUHAS JOSHI
Company Secretary

M. S. SAWANT
CFO & Director (Operations)

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

CHOWGULE STEAMSHIPS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended 31-Mar-2010 (Rs. in '000)	Year ended 31-Mar-2009 (Rs. in '000)
A. Cash flow from operating activity		
Net Profit before tax and extraordinary items	573,503	357,199
Adjusted for:		
Depreciation	147,882	182,942
Provision for employee benefits	825	(1,416)
Reversal of provision for doubtful debts and advances	(31,301)	-
Sundry balance written off / (back)	11,322	374
Foreign exchange translation differences	(97,606)	212,535
Interest and dividend	(20,933)	(13,748)
Profit on sale of current investments	(10,161)	(1,341)
Loss/(Profit) on sale of fixed assets	(615,623)	312
Interest & other finance charges paid	25,264	57,351
Operating profit before working capital change	(16,828)	794,208
Adjusted for:		
(Increase)/decrease in trade & other receivables	20,933	(7,241)
(Increase)/decrease in inventories	4,703	(4,763)
Increase/(decrease) in trade payables	(82,222)	8,369
Operating profit / (loss) before tax payments	(73,414)	790,573
Taxes Paid	(92,328)	(182,808)
Net cash from / (used in) operating activities	(165,742)	607,765
B. Cash flow from investing activities		
Purchase of fixed assets	(16,169)	(1,324)
Movement in Capital Work-in-Progress	40,826	(6,329)
Sale of fixed assets	942,074	309
Sale of investments	776,127	792,438
Purchase of investments	(677,572)	(1,095,718)
Interest received	7,050	3,784
Dividend received	17,372	6,460
(Increase) / Decrease of FD's pledged with Banks	(682,986)	-
Net cash from investing activities	406,722	(300,380)
C. Cash flow from financing activities		
Net increase / (decrease) in overdraft balance	(1,158)	1,124
Repayment of borrowings	(154,350)	(200,550)
Reduction in liability consequent to realisation of exchange gain on foreign currency borrowings	2,760	2,950
Interest paid	(25,315)	(57,271)
Dividend & tax thereon paid	(62,832)	(63,718)
Net cash used in financing activities	(240,895)	(317,465)
Net increase/(decrease) in cash and cash equivalents	85	(10,080)
Opening cash and cash equivalents as at 1st April	61,840	58,921
Closing cash and cash equivalents as at 31st March	61,925	48,841
Effect of exchange rate changes on cash and cash equivalents		
Cash on hand and balances with banks	61,925	48,841
Effect of exchange rate change favourable / (adverse)	(5,184)	12,999
Cash & Cash Equivalents as restated	56,741	61,840
Foot Note:		
Cash & Cash Equivalents as above	56,741	61,840
Add: Restricted Bank Balances	3,746	2,859
Add: FD's pledged with banks	760,250	12,550
Add: FD's with maturity greater than 3 months	-	65,600
Cash and Bank balance as per Balance Sheet	820,737	142,849

In terms of our report attached.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : April 22, 2010

SUHAS JOSHI
Company Secretary
M. S. SAWANT
CFO & Director (Operations)

For and on behalf of the Board of Directors
VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

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SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'A'		
CAPITAL:		
Authorised:		
5,00,00,000 (2009 - 5,00,00,000) Equity Shares of Rs. 10/- each	500,000	500,000
25,00,00,000 (2009 - 25,00,00,000) Redeemable Preference Shares of Rs. 100/- each	250,000	250,000
	750,000	750,000
Issued, Subscribed and Called up:		
3,63,08,425 (2009 - 3,63,08,425) Equity Shares of Rs. 10/- each	363,084	363,084
Paid-up:		
3,63,08,425 (2009 - 3,63,08,425) Equity Shares of Rs. 10/- each	363,084	363,084
TOTAL	363,084	363,084

Note: Of the above, 34,65,000 (2009 - 34,65,000) shares of Rs. 10/- each have been allotted as fully paid up by way of bonus shares by capitalisation of Development Rebate Reserve.

Schedule 'B'

RESERVES & SURPLUS:

Capital Reserve:

Balance	1,196	1,196
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Revaluation Reserve:

Opening Balance	151,284	159,246
Less: Adjusted against corresponding depreciation charge (See note no 10 in schedule 'O')	(7,564)	(7,962)
	143,720	151,284

Capital Redemption Reserve:

Balance	3,000	3,000
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Share Premium:

Balance	292,201	292,201
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General Reserve (Statutory):

Opening Balance	124,105	112,489
Add: Transferred from Profit & Loss Account	20,445	11,616
	144,550	124,105

General Reserve (Other):

Opening Balance	267,200	17,200
Add: Transferred from Profit & Loss account	-	250,000
	267,200	267,200

Profit and Loss Account:

Balance as per Profit and Loss account attached to the Balance Sheet	623,636	298,909
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TOTAL

1,475,503

1,137,895

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'C'		
SECURED LOANS: (See note 4 in schedule 'O')		
From Bank:		
<i>Cash Credit:</i>		
From State Bank of India:		
Secured against hypothecation of book debts and stocks / stores aboard the vessels and first equitable mortgage on the Company's office premises	402	1,560
<i>Term Loan:</i>		
From DVB Bank, Singapore:		
Secured by mortgage of vessel (forming part of fleet) and pledge of deposit with the bank	774,860	1,029,000
TOTAL	775,262	1,030,560

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

Schedule 'D'

(Rs. in '000)

FIXED ASSETS	COST				DEPRECIATION			WRITTEN DOWN VALUE	
	Opening as at 01-Apr-09	Additions during the year	Deductions during the year	Closing as at 31-Mar-2010	For the year on original cost	Adjusted against corresponding draw down from revaluation reserve	Deductions during the year	Up to 31-Mar-2010	As at 31-Mar-2009
Land	4,263	15,591	-	19,854	-	-	-	-	4,263
Fleet	2,867,593	-	1,175,815	1,691,778	144,856	-	849,400	490,697	1,201,081
Building (See note no.9 in schedule 'O')									
Office Premises \$	208,686	-	-	208,686	26	7,201	-	71,356	137,330
Staff Quarters \$\$	11,043	-	-	11,043	10	363	-	3,966	7,077
Furniture and Fixtures	11,305	48	-	11,353	949	-	-	7,071	4,282
Office Equipments	15,801	530	203	16,128	1,651	-	189	8,778	7,350
Motor Cars	4,537	-	1,052	3,485	390	-	1,031	2,388	1,097
TOTAL	3,123,228	16,169	1,177,070	1,962,327	147,882	7,564	850,620	584,256	1,378,071
Previous Year	3,123,319	1,322	1,413	3,123,228	182,942	7,962	793	1,279,430	

\$ Includes cost of 5 shares (2009 - 5 shares) of Rs 50/- each fully paid in Bakhtawar Commercial Premises Co-operative Society Limited

\$\$ Includes cost of 5 shares (2009 - 5 shares) of Rs 50/- each fully paid in Dadar Paschim Apartments Co-operative Housing Society Limited and cost of 5 shares (2009 - 5 shares) of Rs 50/- each fully paid in Olympus Co-operative Housing Society Limited

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	Face Value	Nos.	As at 31-Mar-2010 (Rs. in '000)	Nos.	As at 31-Mar-2009 (Rs. in '000)
Schedule 'E'					
INVESTMENTS: (Refer note 1.ii in schedule 'O')					
LONG TERM:					
Investment in Subsidiary:					
Unquoted Equity Shares:					
Chowgule Steamships Overseas Limited	USD 1	9,200,000	419,179	9,200,000	419,179
Trade Investments:					
Quoted Equity Shares:					
Garware Offshore Services Limited	INR 10	50	1	50	1
Essar Shipping Limited	INR 10	700	3	700	3
Great Offshore Limited. #	INR 10	30	– \$	30	– \$
The Great Eastern Shipping Company Limited	INR 10	121	2	121	2
Varun Shipping Company Limited	INR 10	150	2	150	2
Shreyas Shipping Limited	INR 10	100	1	100	1
The Shipping Corporation of India Limited	INR 10	75	1	75	1
Non-Trade Investments:					
Unquoted Equity Shares:					
Chowgule Ports & Infrastructure Private Limited	INR 10	5,000	50	5,000	50
CMA Constructions & Properties Private Limited	INR 10	5,000	50	5,000	50
Quoted Equity Shares:					
Mahindra Lifespace Developers Limited #	INR 10	16	– \$	16	– \$
ICICI Bank Limited	INR 10	150	5	150	5
CURRENT:					
Unquoted:					
Mutual Fund Units					
Birla Sunlife Fixed Term Plan - Institutional - Series AO - Growth		–	–	10,000,000	100,000
Birla Sun Life Savings Fund - Institutional Weekly dividend reinvestment	INR 10	5,007,715	50,077	5,007,715	50,077
BSL Short Term Fund - Retail - Fortnightly Dividend		–	–	1,293,924	13,152
B321MD Birla Sun Life Dynamic Bond Fund - Retail Plan - Monthly Dividend	INR 10	10,921,331	113,199	–	–
DWS Money Plus Advantage Fund - Regular Plan - Growth	INR 10	1,668,238	20,000	–	–
Fidelity Fixed Maturity Plan Series 1 Plan A Institutional Growth		–	–	2,200,000	22,000
BPAG ICICI Prudential - Blended Plan A - Growth	INR 10	1,842,414	25,189	–	–
28Q ICICI Prudential Flexible Income Plan Premium - Weekly Dividend		–	–	809,600	8,560
GFRW IDFC Money Manager Fund - Treasury Plan A - Weekly Dividend	INR 10	14,963	150	1,551,423	15,630
G73 IDFC - SSIF - Short Term - Plan B - Fortnightly Dividend		–	–	16,108,884	164,900
G209 IDFC Arbitrage Fund Plan A Growth	INR 10	4,177,075	50,000	–	–
JARGA J P Morgan India Active Bond Fund - Retail - Growth Fund		–	–	3,691,247	37,000
Reliance Regular Saving Fund- Debt Plan - Institutional - Growth Plan	INR 10	1,970,086	25,000	–	–
S432 SBNPP Fixed Term Plan - F - Retail Growth		–	–	2,350,000	23,500
Templeton India Short Term Income- Retail Plan - Weekly Dividend - Reinvestment	INR 1,000	42,692	45,861	–	–
Templeton India Income Opportunites Fund - Growth	INR 10	2,429,260	25,000	–	–
Debentures					
DSP Merrill Lynch Capital Limited		–	–	81	8,050
TOTAL			773,770		862,163
Aggregate amount of quoted investments			15		15
Aggregate amount of unquoted investments			773,755		862,148
Aggregate market value of quoted investments			279		120
Aggregate Net Asset Value of units in Mutual Funds			367,645		445,933
# Received on splitting of shares of The Great Eastern Shipping Company Limited					
\$ Value less than Rs. 500					

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SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'F'		
INVENTORIES:		
(Refer note 1.iii in schedule 'O')		
Stores and Spare Parts	698	1,067
Fuel Oil and Lube Oil on Vessels	4,977	9,311
TOTAL	5,675	10,378

Schedule 'G'		
SUNDRY DEBTORS (UNSECURED):		
Considered Good		
Over six months	1,474	-
Others	11,143	7,762
	12,617	7,762
Considered doubtful		
Over six months	4,167	32,718
Less: Provision for doubtful Debts	4,167	32,718
	-	-
TOTAL	12,617	7,762

Schedule 'H'		
CASH AND BANK BALANCES:		
Balances with Scheduled Banks in-		
Current Account #	47,752	64,433
Call Account	235	266
Fixed Deposit Account ##	12,550	78,150
	60,537	142,849
Balances with Non Scheduled Banks in-		
Fixed deposit account \$	760,200	-
TOTAL	820,737	142,849

Includes Rs. 3,746 thousand (2009 - Rs.2,859 thousand) on dividend distribution account i.e. restricted.

Includes Rs. 50 thousand (2009 - Rs. 12,550 thousand) as Margin Money against Bank Guarantee.

\$ Deposit with DVB Bank, Germany and maximum amount outstanding during the year Rs. 760,200 thousand (2009 - Nil) and the same is pledged against term loan.

Schedule 'I'		
OTHER CURRENT ASSETS:		
Accrued Interest on Fixed Deposits with Banks	600	4,089
TOTAL	600	4,089

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'J'		
LOANS & ADVANCES: (Unsecured)		
Considered Good		
Advance Income Tax (Net of provision for tax)	19,809	14,131
MAT Credit Entitlement	89,100	-
Fringe Benefit Tax (Net of provision for tax)	60	54
Prepaid Expenses	2,012	4,997
Other advances Recoverable in Cash or in Kind or Value to be Received	8,512	12,702
	119,493	31,884
Considered Doubtful		
Other Advances Recoverable in Cash or in Kind or Value to be Received	-	2,750
Less: Provision for Doubtful Advances	-	2,750
TOTAL	119,493	31,884

Schedule 'K'

CURRENT LIABILITIES & PROVISIONS:

A. CURRENT LIABILITIES

Sundry Creditors

Dues to Micro and Small Enterprises
(Refer note 15 in schedule 'O')

Others

Security Deposits

Charter Hire (received in advance)

Investor Education and Protection Fund shall be credited
by the following amount:

Unclaimed Dividend

Other Liabilities

Interest Accrued but not due on Loans

-	-
45,691	44,998
-	60,720
8,682	9,543
3,746	2,859
3,739	26,679
29	80
61,887	144,879

B. PROVISIONS

For Proposed Dividend

For Tax on Proposed Dividend

For Gratuity

For Compensated Absence

For Fringe Benefit Tax (Net of advance tax)

54,463	54,463
9,256	9,256
2,284	1,570
1,295	1,184
1	68
67,299	66,541
129,186	211,420

TOTAL

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SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended 31-Mar-2010 (Rs. in '000)	For the year ended 31-Mar-2009 (Rs. in '000)
Schedule 'L'		
INCOME:		
Operating Earnings:		
Freight Earnings and Charter Hire Receipts etc. (Including chartered vessels)	320,829	1,190,322
Other Income:		
Interest on		
Bank Deposits [Tax deducted at source Rs. 38 thousand (2009 - Rs. 347 thousand)]	2,057	7,288
Debentures	1,477	-
Others	27	-
	3,561	7,288
Rent	45,154	69,080
Dividend Income		
From Long Term Investments	3	5
From Current Investments	17,369	6,455
Profit on sale of Current Investment including Unrealised Gain/(Loss) - Net	10,161	1,341
Provision no Longer Required	31,301	-
Miscellaneous Income	1,254	2,505
	108,803	86,674
TOTAL	429,632	1,276,996

Schedule 'M'

OPERATING AND OTHER EXPENSES:

(Including chartered vessels)

Salaries, Wages etc.:

Salaries, Wages, Bonus, Gratuity, etc.	8,075	6,992
Contribution to Employees' Provident Fund	487	662
Contribution to Superannuation Fund	397	85
Staff Welfare Expenses	380	460
Manning Cost	101,989	131,814
	111,328	140,013
Fuel, Oil and Water	12,542	24,203
Stores and Spare Parts consumed	20,864	22,436
Port Disbursement, Stevedorage, Light Dues etc.	2,697	1,849
Repairs and Survey Charges [Including repairs to building Rs. 690 thousand (2009-Rs. 775 thousand)]	17,555	24,377
Dry Docking Charges	52,009	66,952
Insurance & Protection Club Dues	22,412	26,225
Commission, Brokerage and Agency Fees	17,598	70,120
Postage, Telephone etc.	2,147	2,850
Rent	479	556
Rates and Taxes	288	312
Provision for Wealth Tax	-	27
Auditors' Remuneration		
For Statutory Audit	300	300
For Tax Audit	80	80
For Other Services	120	142
Service Tax on above	51	55
	551	577
Directors' Fees	1,130	930
Claims Paid	-	973
Ship Management Fees Paid	20,190	21,016
Crew Expenses	13,935	15,627
Foreign Currency Translation Differences	72,038	12,772
Sundry Balances Written Off	11,322	-
Miscellaneous Expenses	19,323	23,839
TOTAL	398,408	455,654

Schedule 'N'

INTEREST AND OTHER FINANCE CHARGES:

Interest on:

Loans for Fixed Period	23,326	54,992
Others	678	363
	24,004	55,355
Other Financial Charges	1,260	1,996
TOTAL	25,264	57,351

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE 'O'

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared and presented under the historical cost convention, except as indicated in i below, on an accrual basis of accounting in accordance with generally accepted accounting principles in India and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. The significant accounting policies adopted in the presentation of the Accounts are as under:

i. Fixed Assets and Depreciation

Fixed assets (other than buildings) are stated at purchase price and exchange differences arising on the conversion of foreign currency borrowings for the acquisition of ships from outside India at the year end date and exchange differences on the payment of those borrowings during the year are credited / debited to profit and loss account.

Buildings have been revalued on 31st March 2002.

The Company depreciates its fleet of ships on a straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. The cost of second hand ships and other capital additions thereto are depreciated with reference to their residual lives if such lives are lower than lives determined with reference to rates prescribed in Schedule XIV to the Companies Act, 1956. Other assets are depreciated on written down value basis at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on buildings has been provided on revalued amount. The additional depreciation on revaluation is recouped from the revaluation reserve.

ii. Investments

Investments are either classified as current or long-term investments. Current investments are carried at lower of cost or market value. Long-term investments are carried at cost of acquisition, net of diminution in value, if any, which is other than temporary.

iii. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is ascertained on a first-in-first-out basis.

iv. Unfinished Voyage

Unfinished voyages represent voyage charter earnings received, reduced by direct operating expenses, related to incomplete voyages as at the Balance Sheet date.

v. Revenue Recognition

Freight and demurrage earnings are recognised on a completed voyage basis. Time charter earnings are recognised in the year of accrual. Interest income is recognised on the time proportionate basis taking into account the amount outstanding and rate applicable.

Dividend income is recognised when the right to receive such dividend is established.

vi. Insurance Claims

Insurance claims for damages to ship's hull, machinery etc. are being accrued in the year of acceptance of the claim and are based on technical considerations.

vii. Employee Benefits

i) Short Term

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

ii) Long Term

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

a. Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

b. Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognized in the profit and loss account.

iii) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

viii. Transactions in Foreign Currency

- a. Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing on the date of the transaction at the commencement of the month in which the transaction takes place, if it approximates the actual rate on the date of the transaction. In other cases, the rates prevailing at the date of the transaction are used.
- b. As at balance sheet date:
 - i) foreign currency monetary items are reported using the closing rate;
 - ii) non-monetary items that are carried at historical cost and denominated in foreign currency are reported using the exchange rate at the date of the transaction; and
 - iii) non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

ix. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

x. Impairment of Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment loss is recognised immediately as income in the profit and loss account.

xi. Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

xii. Taxes on Income

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during

CHOWGULE STEAMSHIPS LIMITED

a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

2. Staff Costs for the year ended 31st March, 2010, include provision for employee benefits as given below consequent to the adoption of the revised Accounting Standard (AS) 15 on Employee Benefits: -

The amounts recognised in the balance sheet are as follows:

	2009-10 (Rs. in '000)	2008-09 (Rs. in '000)
Employee Benefits Obligations		
i) Present value of funded obligations	3,261	2,739
ii) Fair value of plan assets	977	1,169
iii) Net Liability	2,284	1,570
The amounts recognised in the statement of profit and loss are as follows:		
i) Current service cost	417	259
ii) Interest on obligation	163	241
iii) Expected return on plan assets	(92)	(139)
iv) Net actuarial losses recognised in year	508	472
v) Adjustment on account of opening balance	(147)	(3)
vi) Expenses recognized in the statement of profit and loss	849	830
Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:		
i) Opening defined benefit obligation	2,739	4,116
ii) Service cost	417	259
iii) Interest cost	163	241
iv) Actuarial losses	416	333
v) Benefits paid	(474)	(2,210)
vi) Closing defined benefit obligation	3,261	2,739
Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
i) Opening fair value of plan assets	1,169	2,308
ii) Adjustment to Opening Balance	147	3
iii) Expected return	92	139
iv) Actuarial losses	(92)	(139)
v) Contribution by employer	135	133
vi) Benefits paid	(474)	(1,275)
vii) Closing fair value of plan assets	977	1,169

The Company has the Gratuity Fund administered and managed by the Life Insurance Corporation of India (LIC). The fair value of the plan assets are based on the LIC Fund balance position as at the balance sheet date. The composition and the categories of plan assets are unavailable with the Company.

The principal actuarial assumptions at the balance sheet date are as follows:

	2009-10	2008-09
i) Discount rate at 31st March	8.00%	6.50%
ii) Expected return on plan assets at 31st March	8.00%	8.00%
iii) Rate of increase in compensation	5.00%	5.00%
iv) Withdrawal rate	0.50%	0.50%

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The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The contribution expected to be made by the Company during the financial year 2010-11 has not been ascertained.

The particulars relating to the current annual period and previous three periods are as under:

Sr. No.	Particular	2009-10 (Rs. in '000)	2008-09 (Rs. in '000)	2007-08 (Rs. in '000)	2006-07 (Rs. in '000)
1.	Present value of the obligation	3,261	2,739	4,116	3,108
2.	Fair value of the plan assets	977	1,169	2,308	2,371
3.	Surplus or Deficit in the plan	(2,284)	(1,570)	(1,808)	(737)
4.	Experience Adjustments arising:				
	a. on plan liabilities	818	21	915	340
	b. on plan assets	(91)	139	201	16

As this is the fourth year in which the revised AS - 15 has been applied, the amounts of the present value of the obligation, the fair value of the plan assets, surplus or deficit in the plan and experience adjustments arising on plan liabilities and plan assets for the previous one annual period have not been furnished.

The above information is as confirmed by the actuary and relied upon by the Auditors.

	2009-10 (Rs.in '000)	2008-09 (Rs.in '000)
3. Estimated amount of contracts remaining to be executed on capital account not provided for [Against which advance paid aggregate Rs 20 thousand (2009 - Rs. 626 thousand)]	173	2,892
4. Secured loans include amounts due within one year	136,740	154,350
5. Amount remitted during the year in Foreign Currency on account of dividends		
i) Number of Shareholders	9	11
ii) Number of Shares held	3,698,568	3,698,568
iii) Amount remitted (in Rs.'000)	5,548	5,548
iv) Year to which dividend relates	2008-09	2007-08
6. Managerial Remuneration:		
Remuneration of Manager:		
i) Salary	2,020	3,618
ii) Company's contribution to Provident fund	169	173
iii) Company's contribution to Superannuation Fund	211	218
iv) Value of perquisites	58	98
v) Commission	-	-
TOTAL	2,458	4,107

Notes: The above does not include contribution to Gratuity Fund and provision for Compensated Absences in respect of the Manager as the amounts are actuarially determined for the Company as a whole.

Previous year includes Rs. 3,005 thousand paid to Mr. M. P. Patwardhan as a Managing Director.

7. Contingent Liabilities (not provided for):

In respect of a Sales Tax demand, the Company has contested claims amounting to Rs. 23,700 thousand (2009 - Rs.23,700 thousand) against the Order of the Appellate Assistant Commissioner, Chennai, confirming the Order of the Commercial Tax Officer for the Assessment Year 1995-96 in respect of charter hire of the vessel, 'm.v. Maratha Prudence'. The Company has already deposited Rs. 4,740 thousand (including refunds withheld by the authorities) and executed a bond of Rs. 21,804 thousand in respect of the said claim. The Company does not expect any liability to devolve on it in respect of the above and therefore no provision is held.

Guarantees given by Bank and counter guaranteed by the Company is Rs. 50 thousand (2009 - Rs. 50,050 thousand) for due performance of the Company's obligations.

8. Profit and Loss account includes exchange loss (net) Rs. 72,038 thousand (2009 - exchange loss (net) of Rs.12,772 thousand).

CHOWGULE STEAMSHIPS LIMITED

9. The Company had revalued its block of assets under 'Buildings' as on 31.03.2002. The revaluation had been carried out based on a report by an independent professional valuer. The revalued amounts are as under:

Buildings	Historical cost as on 31.03.2002 (Rs. in '000)	Written down value as on 31.03.2002 (Rs. in '000)	Revalued amount (Substituted for original cost) as on 31.03.2002 (Rs. in '000)	Difference in W.D.V. and revalued amount (Rs. in '000)
Leasehold land - Office Premises	2,445	759	207,000	206,241
Freehold land - Staff Quarters	649	276	10,668	10,392
TOTAL	3,094	1,035	217,668	216,633

The revaluation was based on comparable sale approach, taking into consideration situation of buildings, size, specification of construction, existing amenities and demand for such type of buildings in same locality and prevailing market for such type of buildings. Revaluation reserve was appropriately created for the same.

10. Depreciation provided on the revalued portion of the buildings amounting to Rs.7,564 thousand (2009 - Rs. 7,962 thousand) has been directly adjusted from the revaluation reserve.

11. Segment Reporting

The Company treats 'Shipping' as single business segment and therefore details of segments are not separately shown. Given the nature of the business there are no Geographic Segments either.

12. Related Party Transactions

As per Accounting Standards (AS) 18, the transactions with Company's related parties are disclosed below:

Name of the related parties where control exists

- Chowgule Steamships Overseas Ltd. (CSOL) - Wholly owned subsidiary
- Sunshine LLC - Wholly owned subsidiary of CSOL
- Fairweather LLC - Wholly owned subsidiary of CSOL
- Blue Ocean LLC - Wholly owned subsidiary of CSOL
- Sea Bird LLC - Wholly owned subsidiary of CSOL
- Sea Lord LLC - Wholly owned subsidiary of CSOL
- Sea Green LLC - Wholly owned subsidiary of CSOL

Name of related party	Nature of transactions
Key Management Personnel	Remuneration
M. S. Sawant - Manager pursuant to section 269 of the Companies Act, 1956.	Rs. 2,458 thousand (2009 - Rs. 1,102 thousand)

Amounts due to / from related party

Name of related party	Nature of transactions
Associate	Amount payable
Chowgule & Company Private Limited	Rs. 11,560 thousand (2009 - Rs. 11,440 thousand)

13. As per Accounting Standard (AS) 20 on 'Earnings Per Share' (Basic and Diluted), the earning per share of the Company is as under:

Particulars	2009-10	2008-09
Net Profit / (Loss) available to Equity Share Holders (Rs. in thousand)	408,891	232,309
Number of Equity shares	36,308,425	36,308,425
Face Value per Equity Share (Rs.)	10	10
Basic & Diluted Earnings Per Share (Rs.)	11.26	6.40

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14. The net deferred tax liability comprises of the following components:

Components of deferred tax	For the year 31-Mar-2010 (Rs in '000)	For the year 31-Mar-2009 (Rs. in '000)
i) Assets on account of timing differences		
a) Provision for doubtful debts	1,384	12,055
b) Related to employees' benefits	1,189	936
c) Business loss net of short term capital gains	15,025	---
d) Long term Capital loss carried forward	2,542	---
Deferred Tax Asset (A)	20,140	12,991
ii) Liabilities on account of timing differences		
a) Depreciation	(389,207)	(214,924)
Deferred Tax Liability (B)	(389,207)	(214,924)
Net Deferred Tax Liability as at the year end (A) - (B)	(369,067)	(201,933)

The Company has recognised in the Profit and Loss Account the net provision of deferred tax liability of Rs. 167,134 thousand (2009- net reversal of deferred tax liability of Rs 58,306 thousand).

Deferred Tax Asset has been recognized on Carry forward of Losses to the extent that the reversal of the deferred tax liability will give rise to sufficient future taxable income against which such deferred tax asset can be realized.

Deferred Tax Asset has also been recognized on carry forward of long term capital losses on the assumption that the Company would make profits from current investments which are likely to be disposed off.

15. According to the information available with the Company there are no dues payable to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2010.

16. The Department of Company Affairs, Government of India vide its order no. 46/25/2010 - CL - III dated 20th March, 2010 issued under section 211 (4) of the Companies Act, 1956 has exempted the Company from disclosure of details in the Profit & Loss Account under paragraphs 4-D(a), (b), (c) and (e) of Part II to Schedule VI of the Companies Act, 1956.

17. Foreign Currency Exposures:

The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below:

Particulars	2009-10		2008-09	
	Rs in '000	USD Million	Rs in '000	USD Million
Loans	774,860	17.000	1,029,000	20.00
Sundry Debtors & Other assets	12,617	0.282	175	0.003
Sundry Creditors & Other Liabilities	17,898	0.401	10,708	0.212
Loans & Advances	3,454	0.077	2,818	0.056
Cash & Bank Balances	799,716	17.903	59,658	1.181

Note: USD = US Dollar

CHOWGULE STEAMSHIPS LIMITED

18. Statement of purchase and sales of units of mutual funds:

Particular of Investment	2009-10		2008-09	
	No. of Units	Cost (Rs. in '000)	No. of Units	Cost (Rs. in '000)
(a) Acquired and sold during the year				
Birla Sun Life Saving Fund – Institutional – Weekly Dividend Reinvestment	–	–	4,996,772.062	50,072
DSP BlackRock Money Manager Fund – Regular – Daily Dividend	–	–	371.380	372
DSP BlackRock Money Manager Fund – Regular Plan – Weekly Dividend	–	–	2,507.486	2,512
Templeton India Short Term Income Retail Plan – Weekly Dividend	–	–	27,864.643	30,119
HDFC Cash Management Fund – Treasury Advance Plan – Retail – Weekly Dividend	–	–	251,405.414	2,518
HSBC Gilt Fund – Weekly Dividend	–	–	1,285,620.473	12,860
HSBC Ultra Short Term Bond Fund – Regular – Weekly Dividend	–	–	250,767.537	2,517
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	–	–	7,858.156	83
ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	–	–	7,070,796.294	74,584
28 ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	–	–	5,764,394.904	60,805
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	–	–	2,993,366.642	30,157
G49 IDFC Money Manager Fund – Investment Plan – Inst Plan B – Weekly Dividend	–	–	3,317,118.854	33,209
G71 IDFC Liquid Fund – Weekly Dividend	–	–	61,935.519	61,981
G70 IDFC Liquid Fund – Daily Dividend	–	–	15,277.360	15,281
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	–	–	8,139,513.031	82,013
GGSM IDFC GSF – Short Term – Plan A – Monthly Dividend	–	–	19,286,951.34	191,939
Reliance Liquid Fund – Treasury Plan – Retail Option – Weekly Dividend Option	–	–	995,049.103	10,299
S133 SBNPP Money Fund Inst. – Weekly Dividend Reinvestment	–	–	974,853.533	10,242
S33 SBNPP Money Fund – Weekly Dividend Reinvestment	–	–	238,822.181	2,515
Birla Sun Life Dynamic Bond Fund – Retail Plan – Monthly Dividend	1,476,382.671	15,294	–	–
BSL Short Term Fund – Retail – Fortnightly Dividend	26,001.07	266	–	–
DWS Ultra Short Term Fund – Institutional Weekly Dividend Reinvestment	2,810,308.946	28,344	–	–
HDFC Cash Management Fund – Treasury Advantage Fund – Retail – Weekly Dividend	15,993.890	160	–	–
HDFC Short Term Plan – Dividend, Option – Reinvest	4,233,837.218	43,822	–	–
28Q ICICI Prudential Flexible Income Plan Premium – Daily Dividend	6,011.787	64	–	–
28 ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	8,950,037.666	94,385	–	–
1526 ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	207,739.746	21,912	–	–
23 INF ICICI Prudential Institutional Short Term Plan – DR – fortnightly	6,254,877.450	75,858	–	–
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	5,548,154.432	55,909	–	–
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	658,703.185	6,664	–	–
Reliance Short Term Fund – Retail Plan – Dividend Plan	2,860,131.341	30,487	–	–
(b) Acquired during the year and retained as at the year end				
Birla Sun Life Saving Fund – Institutional Weekly dividend reinvestment	–	–	5,007,714.993	50,077
BSL Short Term Fund – Retail – Fortnightly Dividend	–	–	1,293,924.325	13,152
DSP Merrill Lynch Capital Ltd. – Debenture	–	–	805,000.000	8,050
Fidelity FMP Series 1 Plan A Institutional – Growth	–	–	2,200,000.000	22,000
28Q ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	–	–	809,599.705	8,560
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	–	–	1,551,423.314	15,630
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	–	–	16,108,884.244	164,900

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Particular of Investment	2009-10		2008-09	
	No. of Units	Cost (Rs. in '000)	No. of Units	Cost (Rs. in '000)
J P Morgan India Active Bond Fund – Retail – Growth Fund	–	–	3,691,246.979	37,000
S432 SBNPP Fixed Term Plan F Retail – Growth	–	–	2,350,000.000	23,500
Birla Sun Life Dynamic Bond Fund – Retail Plan – Monthly Dividend	10,921,331.482	113,199	–	–
DWS Money Plus Advantage Fund – Regular Plan Growth	1,668,237.590	20,000	–	–
BPAG ICICI Prudential – Blended Plan A – Growth	1,842,413.909	25,189	–	–
G209 IDFC Arbitrage Fund – Plan A – Growth	4,177,074.545	50,000	–	–
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	14,962.743	150	–	–
Reliance Regular Savings Fund – Debt Plan – institutional Growth Plan	1,970,086.211	25,000	–	–
Templeton India Income Opportunities Fund – Growth	2,429,259.950	25,000	–	–
Templeton India Short Term Income Retail Plan – Weekly Dividend Reinvestment	42,691.650	45,872	–	–
(c) Sold out of Acquisition of an earlier year				
DSP BlackRock Money Manager Fund – Regular – Daily Dividend	–	–	67,464.920	67,500
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	–	–	13,19,233.970	13,949
Birla Sun Life FTP Institutional Series AO – Growth	10,000,000.00	100,000	–	–
BSL Short Term Fund – Retail – Fortnightly Dividend	1,293,924.325	13,152	–	–
DSP Merrill Lynch Capital Ltd.– Debenture	805,000.000	8,050	–	–
Fidelity FMP Series 1 Plan A Institutional – Growth	2,200,000.000	22,000	–	–
28Q ICICI Prudential Flexible Income Plan Premium – Daily Dividend	809,599.705	8,560	–	–
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	1,551,423.314	15,630	–	–
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	16,108,884.244	164,900	–	–
J P Morgan India Active Bond Fund – Retail – Growth Fund	3,691,246.979	37,000	–	–
S432 SBNPP Fixed Term Plan F Retail – Growth	2,350,000.000	23,500	–	–
(d) Acquired during the previous year and retained as at the year end				
Birla Sun Life Saving Fund –Institutional Weekly dividend reinvestment	5,007,714.993	50,077	–	–
Birla Sunlife Fixed Term Plan – Institutional – Series AO – Growth	–	–	10,000,000	100,000

19. Previous year's figures have been regrouped wherever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

SUHAS JOSHI
Company Secretary

D. N. MUNGALE
Director

Place : Mumbai,
Date : April 22, 2010

M. S. SAWANT
CFO & Director (Operations)

M. P. PATWARDHAN
Director

CHOWGULE STEAMSHIPS LIMITED

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

	Names of the Subsidiary Companies	Chowgule Steamships Overseas Ltd. (See Foot Note 1)	Sunshine LLC (See Foot Note 2)	Fairweather LLC (See Foot Note 2)	Blue Ocean LLC (See Foot Note 2)	Sea Bird LLC (See Foot Note 2)	Sea Lord LLC (See Foot Note 2)	Sea Green LLC (See Foot Note 2)
1	The relevant financial year of the subsidiary ended	31.3. 2010	31.3. 2010	31.3. 2010	31.3. 2010	31.3. 2010	31.3. 2010	31.3. 2010
2	No. of shares in the subsidiary Company held by Holding Company as on 31st March 2010	9,200,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1	1,000 Shares each of US\$ 1
3	Extent of holding by Holding Company as on 31st March 2010	100%	100%	100%	100%	100%	100%	100%
4	The net aggregate of the Subsidiary Companies' profits/ (losses) so far as they concern the members of the Holding Company (a) Not dealt within the Holding Company's accounts : i) for the year ended 31.03.2010 ii) for the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries (b) Dealt within the Holding Company's accounts : i) for the year ended 31.03.2010 ii) for the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	US \$ (626,833) Rs. (28,000,630) US \$ 165,419 Rs. 8,358,622 NIL NIL	US \$ 8,577,002 Rs. 383,134,679 US \$ 21,296,765 Rs. 1,076,125,535 NIL NIL	US \$ 60,114 Rs. 2,685,292 US \$ 239,380 Rs. 12,095,871 NIL NIL	US \$ 138,720 Rs. 6,196,622 US \$ 90,772 Rs. 4,586,709 NIL NIL	NIL NIL NIL NIL	NIL NIL NIL NIL	NIL NIL NIL NIL

Notes :

- 100% subsidiary of Chowgule Steamships Ltd.
- 100% subsidiary of Chowgule Steamships Overseas Ltd.

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

SUHAS JOSHI
Company Secretary

D. N. MUNGALE
Director

M. S. SAWANT
CFO & Director (Operations)

M. P. PATWARDHAN
Director

Place : Mumbai,
Date : April 22, 2010

DETAILS OF SUBSIDIARY COMPANIES

(In '000)

Sr. No.	Name of the Subsidiary Company	Chowgule Steamships Overseas Limited		SUNSHINE LLC		FAIRWEATHER LLC		BLUE OCEAN LLC		SEA BIRD LLC		SEA LORD LLC		SEA GREEN LLC	
		INR	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR	USD	INR	USD
1	Capital	410,964	9,200	45	1	45	1	45	1	45	45	1	45	1	1
2	Reserves	3,389,023	75,868	2,032,753	45,506	286,245	6,408	1,061,582	23,765	-	-	-	-	-	-
3	Total Assets	4,951,356	110,843	2,062,950	46,182	286,290	6,409	1,061,627	23,766	108,771	127,220	2,848	167,915	3,759	-
4	Total Liabilities	4,951,356	110,843	2,062,950	46,182	286,290	6,409	1,061,627	23,766	108,771	127,220	2,848	167,915	3,759	-
5	Details of Investments	268	6	-	-	-	-	-	-	-	-	-	-	-	-
6	Total Income	592,860	13,272	562,663	12,596	2,725	61	6,209	139	-	-	-	-	-	-
7	Profit before taxation	364,016	8,149	383,135	8,577	2,680	60	6,209	139	-	-	-	-	-	-
8	Provision for taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Profit after taxation	364,016	8,149	383,135	8,577	2,680	60	6,209	139	-	-	-	-	-	-
10	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Exchange rate as on 31.03.2010
USD 1 = INR 44.67

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

SUHAS JOSHI
Company Secretary

M. S. SAWANT
CFO & Director (Operations)

Place : Mumbai,
Date : April 22, 2010

CHOWGULE STEAMSHIPS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(In terms of amendment to Schedule VI part IV)

I. Registration Details

Registration No.	<input type="text" value="24-00002"/>	State Code	<input type="text" value="24"/>
Balance Sheet	<input type="text" value="31"/> <input type="text" value="03"/> <input type="text" value="2010"/>		
	Date Month Year		

II. Capital Raised during the year (Amount in Rs. Thousand)

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

	Total Liabilities	<input type="text" value="2982916"/>	Total Assets	<input type="text" value="2982916"/>
Sources of Funds	Paid-up Capital	<input type="text" value="363084"/>	Reserves & Surplus	<input type="text" value="1475503"/>
	Secured Loans	<input type="text" value="775262"/>	Unsecured Loans	<input type="text" value="NIL"/>
	Deferred Tax Liability	<input type="text" value="369067"/>		
Application of Funds	Net Fixed Assets	<input type="text" value="1379210"/>	Investments	<input type="text" value="773770"/>
	Net Current Assets	<input type="text" value="829936"/>	Misc. Expenditure	<input type="text" value="NIL"/>
	Accumulated Losses	<input type="text" value="NIL"/>		

IV. Performance of the Company (Amount in Rs. Thousand)

Turnover & Other income	<input type="text" value="1145057"/>	Total Expenditure	<input type="text" value="571554"/>
Profit/(loss) before Tax	<input type="text" value="573503"/>	Profit/(loss) After Tax	<input type="text" value="408891"/>
Earning per share in Rs.	<input type="text" value="11.26"/>	Dividend Rate %	<input type="text" value="15%"/>

V. Generic Name of Principal Product/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)	<input type="text" value="Not Applicable"/>
Product Description	<input type="text" value="Ship Owners and Charterers"/>

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

SUHAS JOSHI
Company Secretary

D. N. MUNGALE
Director

Place : Mumbai,
Date : April 22, 2010

M. S. SAWANT
CFO & Director (Operations)

M. P. PATWARDHAN
Director

AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS OF
CHOWGULE STEAMSHIPS LIMITED**

**ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
CHOWGULE STEAMSHIPS LIMITED AND ITS SUBSIDIARIES**

1. We have audited the attached Consolidated Balance Sheet of **CHOWGULE STEAMSHIPS LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitutes "the Group") as at 31st March, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of Rs. 4,918,398 thousand as at 31st March, 2010 and total revenues of Rs. 597,921 thousand and net cash inflow amounting Rs. 1,024,725 thousand for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion in so far as it relates to amounts included in respect of these subsidiaries, is based solely on the report of other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with Accounting Standard (AS) 21, "Consolidated Financial Statements" as notified under the Companies (Accounting Standard) Rules, 2006.
5. Based on our audit and on the consideration of the reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year then ended.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants
(Registration No. 101496W)

Z. F. Billimoria
Partner
(Membership No. 42791)

Place : Mumbai,
Date : April 22, 2010

CHOWGULE STEAMSHIPS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Schedule No.	As at 31-Mar-2010 (Rs. in '000)		As at 31-Mar-2009 (Rs. in '000)	
I SOURCES OF FUNDS					
1 Shareholders' Funds					
i. Capital	A	363,084		363,084	
ii. Reserves & Surplus	B	4,800,621	5,163,705	4,600,171	4,963,255
2 Loan Funds					
Secured Loans	C		1,914,762		1,030,560
3 Deferred Tax Liability (Net)					
			369,067		201,933
	TOTAL		7,447,534		6,195,748
II APPLICATION OF FUNDS					
1 Fixed Assets					
i. Gross Block	D	2,556,435		3,795,274	
ii. Less: Depreciation		859,561		1,536,696	
Net Block		1,696,874		2,258,578	
iii. Add: Capital Work-in-Progress and advances for Capital Goods		1,566,412	3,263,286	1,286,705	3,545,283
2 Investments					
	E		758,115		771,682
3 Current Assets, Loans & Advances					
i. Inventories	F	8,958		12,313	
ii. Sundry Debtors	G	12,617		10,998	
iii. Cash and Bank Balances	H	3,429,189		2,005,687	
iv. Other Current Assets	I	4,163		7,391	
v. Loans and Advances	J	134,991		100,942	
			3,589,918		2,137,331
4 Less: Current Liabilities & Provisions					
i. Current Liabilities	K	96,486		192,006	
ii. Provisions		67,299		66,542	
			163,785		258,548
Net Current Assets / (Liabilities)			3,426,133		1,878,783
	TOTAL		7,447,534		6,195,748
Notes to the accounts	O				

Schedules referred to above form an integral part of this Balance Sheet and should be read in conjunction therewith.
In terms of our report attached.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : April 22, 2010

SUHAS JOSHI
Company Secretary
M. S. SAWANT
CFO & Director (Operations)

For and on behalf of the Board of Directors
VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

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CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule No.	For the year ended 31-Mar-2010 (Rs. in '000)	For the year ended 31-Mar-2009 (Rs. in '000)
INCOME			
Operating Earnings	L	910,927	2,376,325
Other Income	L	148,977	129,395
		1,059,904	2,505,720
EXPENDITURE			
Operating and Other Expenses	M	576,861	638,543
Interest and Other Financial Charges	N	68,323	61,409
Depreciation (net of draw down from Revaluation Reserve)	D	198,896	281,353
		844,080	981,305
Profit before Taxation and exceptional items		215,824	1,524,415
Profit on Sale of Ship		615,635	-
Foreign Currency Translation Difference on Borrowings		99,790	(223,850)
		715,425	1,300,565
Profit before Taxation		931,249	1,300,565
Provision for Taxation - Current		(89,100)	(179,515)
Deferred Tax (Liability) charged / Asset Reversed		(167,134)	58,306
Provision for Fringe Benefits Tax		-	(429)
Income Tax of Earlier Years		2,522	(3,252)
MAT Credit Entitlement		89,100	-
		766,637	1,175,675
Net Profit after Taxation		766,637	1,175,675
PROFIT & LOSS APPROPRIATION ACCOUNT			
Balance brought forward from previous year		3,086,782	2,236,442
Profit available for Appropriation		3,853,419	3,412,117
Transferred to General Reserve (Statutory)		20,445	11,616
Transferred to General Reserve (Others)		-	250,000
Proposed Final Dividend		54,463	54,463
Tax on Proposed Final Dividend		9,256	9,256
		3,769,255	3,086,782
Balance transferred to Balance Sheet		3,769,255	3,086,782
Earning Per Share (See note no.12 in schedule 'O')		21.11	32.38
[Face Value Rs. 10 per share]			
Notes to the accounts	O		

Schedules referred to above form an integral part of this Profit and Loss Account and should be read in conjunction therewith.
In terms of our report attached.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : April 22, 2010

SUHAS JOSHI
Company Secretary

M. S. SAWANT
CFO & Director (Operations)

For and on behalf of the Board of Directors
VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

CHOWGULE STEAMSHIPS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended 31-Mar-2010 (Rs. in '000)	Year ended 31-Mar-2009 (Rs. in '000)
A. Cash flow from operating activity		
Net Profit before tax and extraordinary items	931,249	1,300,565
Adjusted for:		
Depreciation	198,896	281,353
Provision for employee benefits	825	(1,416)
Reversal of provision for doubtful debts & advances	(31,301)	-
Sundry balance written off / (back)	11,322	(2,306)
Foreign exchange translation differences	(97,606)	212,535
Exchange difference arising on consolidation	(277,913)	406,196
Interest and dividend	(44,394)	(42,886)
Profit on sale of current investments	(9,495)	(1,341)
Loss/(Profit) on sale of fixed assets	(615,623)	312
Interest & other finance charges paid	68,323	61,409
Operating profit before working capital change	134,283	2,214,421
Adjusted for:		
(Increase)/decrease in trade & other receivables	77,730	(50,171)
(Increase)/decrease in inventories	3,355	(4,452)
Increase/(decrease) in trade payables	(98,324)	39,156
Operating profit before tax payments	117,044	2,198,954
Taxes paid	(92,328)	(182,808)
Net cash from operating activities	24,716	2,016,146
B. Cash flow from investing activities		
Purchase of fixed assets	(16,169)	(147,755)
Movement in Capital Work-in-Progress	(424,061)	(1,042,351)
Sale of fixed assets	942,074	361,902
Sale of investments	974,731	792,438
Purchase of investments	(966,349)	(1,417,810)
Interest received	30,250	33,469
Dividend received	17,372	6,460
(Increase) / Decrease of FD's pledged with banks	(1,799,737)	-
Net cash used in investing activities	(1,241,889)	(1,413,647)
C. Cash flow from financing activities		
Net increase / (decrease) in overdraft balance	(1,158)	1,124
Repayment of borrowings	(154,350)	(353,689)
Borrowings from DVB, Bank Singapore	1,139,500	-
Reduction in liability consequent to realisation of exchange gain on foreign currency borrowings	2,760	2,950
Interest paid	(64,800)	(61,329)
Dividend & tax thereon paid	(62,832)	(63,718)
Net cash from / (used in) financing activities	859,120	(474,662)
Net increase/(decrease) in cash and cash equivalents	(358,053)	127,837
Opening cash and cash equivalents as at 1st April	1,911,680	1,783,843
Closing cash and cash equivalents as at 31st March	1,553,627	1,911,680
Effect of exchange rate changes on cash and cash equivalents		
Cash on hand and balances with banks	1,553,627	1,911,680
Effect of exchange rate change favourable / (adverse)	(5,184)	12,998
Cash & Cash Equivalents as restated	1,548,443	1,924,678
Foot Note:		
Cash & Cash Equivalents as above	1,548,443	1,924,678
Add: Restricted Bank Balances	3,746	2,859
Add: FD's pledged with banks	1,877,000	12,550
Add: FD's with maturity greater than 3 months	-	65,600
Cash and Bank balance as per Balance sheet	3,429,189	2,005,687

In terms of our report attached.
For **S. B. BILLIMORIA & CO.**
Chartered Accountants

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : April 22, 2010

SUHAS JOSHI
Company Secretary
M. S. SAWANT
CFO & Director (Operations)

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

M. P. PATWARDHAN
Director

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SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'A'		
CAPITAL:		
Authorised:		
5,00,00,000 (2009 - 5,00,00,000) Equity Shares of Rs. 10/- each	500,000	500,000
25,00,000 (2009 - 25,00,000) Redeemable Preference Shares of Rs. 100/- each	250,000	250,000
	750,000	750,000
Issued, Subscribed and Called up:		
3,63,08,425 (2009 - 3,63,08,425) Equity Shares of Rs. 10/- each	363,084	363,084
Paid-up:		
3,63,08,425 (2009 - 3,63,08,425) Equity Shares of Rs. 10/- each	363,084	363,084
TOTAL	363,084	363,084

Note: Of the above, 34,65,000 (2009 - 34,65,000) shares of Rs. 10/- each have been allotted as fully paid up by way of bonus shares by capitalisation of Development Rebate Reserve.

Schedule 'B'

RESERVES & SURPLUS:

Capital Reserve:

Balance	1,196	1,196
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Revaluation Reserve:

Opening Balance	151,284	159,246
Less: Adjusted against corresponding depreciation charge	(7,564)	(7,962)
(See note no 9 in schedule 'O')	143,720	151,284

Capital Redemption Reserve:

Balance	3,000	3,000
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Share Premium:

Balance	292,201	292,201
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General Reserve (Statutory):

Opening Balance	124,105	112,489
Add: Transferred from Profit & Loss Account	20,445	11,616
	144,550	124,105

General Reserve (Other):

Opening Balance	267,200	17,200
Add: Transferred from Profit & Loss account	-	250,000
	267,200	267,200

Profit and Loss Account:

Balance as per Profit and Loss account attached to the Balance Sheet	3,769,255	3,086,782
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Foreign Currency Translation Reserve:

Opening Balance	674,403	(99,992)
Additions / (Deductions) during the year	(494,904)	774,395
	179,499	674,403

TOTAL

4,800,621

4,600,171

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'C'		
SECURED LOANS: (See note 5 in schedule 'O')		
From Bank:		
Cash Credit:		
From State Bank of India:		
Secured against hypothecation of book debts and stocks / stores aboard the vessels and first equitable mortgage on the Company's office premises	402	1,560
Term Loan:		
From DVB Bank, Singapore:		
a) Secured by mortgage of ship (forming part of fleet) and pledge of deposit with the bank	774,860	1,029,000
b) Secured by pledge of deposit with the bank	1,139,500	-
	<u>1,914,360</u>	<u>1,029,000</u>
TOTAL	<u>1,914,762</u>	<u>1,030,560</u>

**SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT MARCH 31, 2010**

Schedule 'D'

(Rs. in '000)

FIXED ASSETS	COST				DEPRECIATION			WRITTEN DOWN VALUE			
	Opening as at 01-Apr-09	Additions during the year	Deductions during the year	Closing as at 31-Mar-2010	Up to 31-Mar-2009	For the year on original cost	Adjusted against corresponding draw down from revaluation reserve	Deductions during the year	Up to 31-Mar-2010	As at 31-Mar-2010	As at 31-Mar-2009
Land	4,263	15,591	-	19,854	-	-	-	-	-	19,854	4,263
Fleet #	3,539,639	-	1,253,753	2,285,886	1,452,507	195,870	-	882,375	766,002	1,519,884	2,087,132
Building (See note no.8 in schedule 'O')											
Office Premises \$	208,686	-	-	208,686	64,129	26	7,201	-	71,356	137,330	144,557
Staff Quarters \$\$	11,043	-	-	11,043	3,593	10	363	-	3,966	7,077	7,450
Furniture and Fixtures	11,305	48	-	11,353	6,122	949	-	-	7,071	4,282	5,183
Office Equipments	15,801	530	203	16,128	7,316	1,651	-	189	8,778	7,350	8,485
Motor Cars	4,537	-	1,052	3,485	3,029	390	-	1,031	2,388	1,097	1,508
TOTAL	3,795,274	16,169	1,255,008	2,556,435	1,536,696	198,896	7,564	883,595	859,561	1,696,874	2,258,578
Previous Year	3,648,932	147,755	1,413	3,795,274	1,248,174	281,353	7,962	793	1,536,696		

- Additions during the year includes Rs. nil (2009-Rs. 146,433 thousand) on account of restatement of opening gross block relating to non-integral foreign operations consequent to change in the exchange rate

- Deductions for the year includes Rs. 77,938 thousand (2009-Rs. Nil) on account of restatement of opening gross block relating to non-integral foreign operations consequent to change in the exchange rate.

Depreciation deductions during the year includes Rs. 32,976 thousand (2009-Rs. nil) on account of restatement of the opening accumulated depreciation relating to non-integrated foreign operations consequent to change in the exchange rate.

Depreciation for the year includes Rs. Nil (2009-Rs. 50,156 thousand) on account of restatement of the opening accumulated depreciation relating to non-integrated foreign operations consequent to change in the exchange rate.

\$ Includes cost of 5 shares (2009 - 5 shares) of Rs 50/- each fully paid in Bakhtawar Commercial Premises Co-operative Society Limited

\$\$ Includes cost of 5 shares (2009 - 5 shares) of Rs 50/- each fully paid in Dadar Paschim Apartments Co-operative Housing Society Limited and cost of 5 shares (2009 - 5 shares) of Rs 50/- each fully paid in Olympus Co-operative Housing Society Limited

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	Face Value	Nos.	As at 31-Mar-2010 (Rs. in '000)	Nos.	As at 31-Mar-2009 (Rs. in '000)
Schedule 'E'					
INVESTMENTS: (Refer note 2.ii in schedule 'O')					
LONG TERM:					
Trade Investments:					
Quoted Equity Shares:					
Garware Offshore Services Limited	INR 10	50	1	50	1
Essar Shipping Limited	INR 10	700	3	700	3
Great Offshore Limited. #	INR 10	30	—	30	—
The Great Eastern Shipping Company Limited	INR 10	121	2	121	2
Varun Shipping Company Limited	INR 10	150	2	150	2
Shreyas Shipping Limited	INR 10	100	1	100	1
The Shipping Corporation of India Limited	INR 10	75	1	75	1
Non-Trade Investments:					
Unquoted:					
Equity Shares:					
Chowgule Ports & Infrastructure Private Limited	INR 10	5,000	50	5,000	50
CMA Constructions & Properties Private Limited	INR 10	5,000	50	5,000	50
Bonds:					
State Bank of India - floating rate note (Non US)	USD 100	30,000	130,410	—	—
State Bank of India - floating rate note (Non US)	USD 100	20,000	85,096	20,000	101,060
5.75% ICICI Bank Limited	USD 100	10,000	46,622	—	—
5.875% ICICI Bank Limited	USD 100	10,000	46,501	—	—
Others:					
Northern Shipping Fund - NFC	—	—	94,895	—	30,318
Quoted:					
Equity Shares:					
Mahindra Lifespace Developers Limited #	INR 10	16	—	16	—
ICICI Bank Limited	INR 10	150	5	150	5
CURRENT:					
Unquoted:					
Mutual Fund Units					
Birla Sunlife Fixed Term Plan - Institutional - Series AO - Growth		—	—	10,000,000	100,000
Birla Sun Life Savings Fund - Institutional weekly dividend reinvestment	INR 10	5,007,715	50,077	5,007,715	50,077
BSL Short Term Fund - Retail - Fortnightly Dividend		—	—	1,293,924	13,152
B321MD Birla Sun Life Dynamic Bond Fund -Retail Plan - Monthly Dividend	INR 10	10,921,331	113,199	—	—
DWS Money Plus Advantage Fund - Regular Plan - Growth	INR 10	1,668,238	20,000	—	—
Fidelity Fixed Maturity Plan Series 1 Plan A Institutional Growth		—	—	2,200,000	22,000
BPAG ICICI Prudential - Blended Plan A - Growth	INR 10	1,842,414	25,189	—	—
28Q ICICI Prudential Flexible Income Plan Premium - Weekly Dividend		—	—	809,600	8,560
GFRW IDFC Money Manager Fund - Treasury Plan A - Weekly Dividend	INR 10	14,963	150	1,551,423	15,630
G73 IDFC - SSIF - Short Term - Plan B - Fortnightly Dividend		—	—	16,108,884	164,900
G209 IDFC Arbitrage Fund Plan A Growth	INR 10	4,177,075	50,000	—	—
JARGA J P Morgan India Active Bond Fund - Retail - Growth Fund		—	—	3,691,247	37,000
Reliance Regular Saving Fund- Debt Plan - Institutional - Growth Plan	INR 10	1,970,086	25,000	—	—
S432 SBNPP Fixed Term Plan - F - Retail Growth		—	—	2,350,000	23,500
Templeton India Short Term Income- Retail Plan - Weekly Dividend - Reinvestment	INR 1,000	42,692	45,861	—	—
Templeton India Income Opportunites Fund - Growth	INR 10	2,429,260	25,000	—	—
Bonds					
ICICI Bank Limited		—	—	10,000	50,530
Industrial Development Bank Limited		—	—	10,000	50,530
State Bank of India		—	—	20,000	96,260
Debentures					
DSP Merrill Lynch Capital Limited		—	—	81	8,050
TOTAL			758,115		771,682
Aggregate amount of quoted investments			15		15
Aggregate amount of unquoted investments			758,100		771,667
Aggregate market value of quoted investments			279		120
Aggregate Net Asset Value of units in Mutual Funds			367,645		445,933
# Received on splitting of shares of The Great Eastern Shipping Company Limited					
\$ Value less than Rs. 500					

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SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)		As at 31-Mar-2009 (Rs. in '000)
Schedule 'F'			
INVENTORIES:			
(Refer note 2.iii in schedule 'O')			
Stores and Spare Parts	698		1,067
Fuel oil and Lube oil on Vessels	8,260		11,246
TOTAL	8,958		12,313

Schedule 'G'			
SUNDRY DEBTORS (UNSECURED):			
Considered good			
Over six months	1,474		3,236
Others	11,143	12,617	7,762
			10,998
Considered doubtful			
Over six months	4,167		32,718
Less: Provision for doubtful debts	4,167		32,718
	-		-
TOTAL	12,617		10,998

Schedule 'H'			
CASH AND BANK BALANCES:			
Cash on hand	134		152
Balances with Banks in-			
Current Account #	386,834		547,364
Call Account	235		266
Fixed Deposit Account ##	3,041,986		1,457,905
	3,429,055		2,005,535
TOTAL	3,429,189		2,005,687

Includes Rs. 3,746 thousand (2009 - Rs.2,859 thousand) on dividend distribution account i.e. restricted

Includes Rs. 50 thousand (2009 - Rs. 12,550 thousand) as Margin Money against Bank Guarantee

Schedule 'I'			
OTHER CURRENT ASSETS:			
Accrued Interest on Fixed Deposits with Banks	4,163		7,391
TOTAL	4,163		7,391

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

	As at 31-Mar-2010 (Rs. in '000)	As at 31-Mar-2009 (Rs. in '000)
Schedule 'J'		
LOANS & ADVANCES: (UNSECURED)		
Considered good		
Advance Income Tax (Net of provision for tax)	19,809	14,131
MAT Credit Entitlement	89,100	
Fringe Benefit Tax (Net of provision for tax)	60	54
Prepaid Expenses	3,694	8,343
Other Advances Recoverable in Cash or in Kind or Value to be Received	22,328	78,414
	134,991	100,942
Considered doubtful		
Other Advances Recoverable in Cash or in Kind or Value to be Received	-	2,750
Less: Provision for Doubtful Advances	-	2,750
	-	-
TOTAL	134,991	100,942

Schedule 'K'

CURRENT LIABILITIES & PROVISIONS:

A. CURRENT LIABILITIES

Sundry Creditors

Dues to Micro and Small Enterprises (Refer note 14 in schedule 'O')	-	-
Others	66,319	57,751
Security Deposits	-	62,237
Charter Hire (received in advance)	19,079	42,400
Investor Education and Protection Fund shall be credited by the following amount:		
Unclaimed Dividend	3,746	2,859
Other Liabilities	3,739	26,679
Interest Accrued but not due on Loans	3,603	80

96,486

192,006

B. PROVISIONS

For Proposed Dividend	54,463	54,463
For Tax on Proposed Dividend	9,256	9,256
For Gratuity	2,284	1,570
For Compensated Absence	1,295	1,184
For Fringe Benefit Tax (Net of advance tax)	1	69

67,299

66,542

TOTAL

163,785

258,548

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SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended 31-Mar-2010 (Rs. in '000)	For the year ended 31-Mar-2009 (Rs. in '000)
Schedule 'I'		
INCOME:		
Operating Earnings:		
Freight Earnings and Charter Hire Receipts etc. (Including chartered vessels)	910,927	2,376,325
Other Income:		
Interest on		
Bank Deposits [Tax deducted at source Rs. 38 thousand (2009 - Rs. 347 thousand)]	25,518	36,426
Debentures	1,477	-
Others	27	-
	27,022	36,426
Rent	45,154	69,080
Dividend Income		
From Long Term Investments	3	5
From Current Investments	17,369	6,455
Profit on Sale of Current Investment including Unrealised Gain/(Loss) - Net	9,495	1,341
Provision no Longer Required	31,301	-
Miscellaneous Income	18,633	16,088
	148,977	129,395
TOTAL	1,059,904	2,505,720

CHOWGULE STEAMSHIPS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	For the year ended 31-Mar-2010 (Rs. in '000)		For the year ended 31-Mar-2009 (Rs. in '000)	
Schedule 'M'				
OPERATING AND OTHER EXPENSES:				
(Including chartered vessels)				
Salaries, Wages etc.:				
Salaries, Wages, Bonus, Gratuity, etc.	8,075		6,991	
Contribution to Employees' Provident Fund	487		662	
Contribution to Superannuation Fund	397		85	
Staff Welfare Expenses	380		460	
Manning Cost	142,261	151,600	167,400	175,598
Fuel, Oil and Water		25,679		24,744
Stores and Spare Parts Consumed		29,700		39,903
Port Disbursement, Stevedorage, Light Dues etc.		2,746		5,488
Repairs and Survey Charges		21,306		34,599
[Including repairs to building Rs. 690 thousand (2009-Rs. 775 thousand)]				
Dry Docking Charges		90,066		66,952
Insurance & Protection Club Dues		38,324		41,614
Commission, Brokerage and Agency Fees		55,417		144,057
Postage, Telephone etc.		1,913		4,007
Rent		479		556
Rates and Taxes		759		393
Provision for Wealth Tax		-		27
Auditors' Remuneration				
For Statutory Audit	1,338		1,076	
For Tax Audit	80		80	
For Other Services	120		142	
Service tax on above	51	1,589	55	1,353
Directors' Fees		1,130		930
Claims Paid		-		1,002
Ship Management Fees Paid		26,188		26,721
Crew Expenses		17,557		22,384
Foreign Currency Translation Differences		72,545		9,688
Sundry Balances Written Off		11,322		-
Miscellaneous Expenses		28,541		38,527
TOTAL		576,861		638,543

Schedule 'N'

INTEREST AND OTHER FINANCE CHARGES:

Interest on:

Loans for Fixed Period	48,648		59,050	
Others	327	48,975	364	59,414
Other Financial Charges		19,348		1,995
TOTAL		68,323		61,409

SCHEDULE 'O'

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. CONSOLIDATION OF ACCOUNTS

Basis of preparation

The consolidated financial statements relate to Chowgule Steamships Limited (CSL / the Company) and its subsidiaries. The Company and its subsidiaries comprise the Group. The Consolidated Financial Statements have been prepared on the following basis.

- The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits and losses.
- As the subsidiaries are foreign, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Exchange gains / (losses) arising on conversion are recognised under Foreign Currency Translation Reserve.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Company i.e. 31st March, 2010.
- As the subsidiaries are wholly owned, no goodwill or capital reserve or minority interest arises.
- Intra-group balances, intra group transactions and the resulting unrealised profits, if any, have been eliminated.

The list of subsidiary Company included in the consolidation and the Company's holdings therein are as under:

Name of the Company	Country of Incorporation	Ownership	
		Direct or through subsidiaries	
		2009-10	2008-09
Chowgule Steamships Overseas Ltd. (CSOL)	Guernsey	100%	100%
Sunshine LLC	The Marshall Islands	100%	100%
Fairweather LLC	The Marshall Islands	100%	100%
Blue Ocean LLC	The Marshall Islands	100%	100%
Sea Bird LLC	The Marshall Islands	100%	100%
Sea Lord LLC	The Marshall Islands	100%	100%
Sea Green LLC	The Marshall Islands	100%	100%

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared and presented under the historical cost convention, except as indicated in i below, on an accrual basis of accounting in accordance with generally accepted accounting principles in India and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. The significant accounting policies adopted in the presentation of the Accounts are as under:

i. Fixed Assets and Depreciation

Fixed assets (other than buildings) are stated at purchase price and exchange differences arising on the conversion of foreign currency borrowings for the acquisition of ships from outside India at the year end date and exchange differences on the payment of those borrowings during the year are credited / debited to profit and loss account.

Buildings have been revalued on 31st March 2002.

The Company depreciates its fleet of ships on a straight line basis at the rates specified in Schedule XIV to the Companies Act, 1956. The cost of second hand ships and other capital additions thereto are depreciated with reference to their residual lives if such lives are lower than lives determined with reference to rates prescribed in Schedule XIV to the Companies Act, 1956. Other assets are depreciated on written down value basis at the rates specified in Schedule XIV to the Companies Act, 1956.

Depreciation on buildings has been provided on revalued amount. The additional depreciation on revaluation is recouped from the revaluation reserve.

In the case of subsidiary companies, the depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Global Triumph	Over 12.41 years straight line
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CHOWGULE STEAMSHIPS LIMITED

ii. Investments

Investments are either classified as current or long-term investments. Current investments are carried at lower of cost or market value. Long-term investments are carried at cost of acquisition, net of diminution in value, if any, which is other than temporary.

iii. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is ascertained on a first-in-first-out basis.

iv. Unfinished Voyage

Unfinished voyages represent voyage charter earnings received, reduced by direct operating expenses, related to incomplete voyages as at the Balance Sheet date.

v. Revenue Recognition

Freight and demurrage earnings are recognised on a completed voyage basis. Time charter earnings are recognised in the year of accrual. Interest income is recognised on the time proportionate basis taking into account the amount outstanding and rate applicable.

Dividend income is recognised when the right to receive such dividend is established.

vi. Bareboat Charges

Bareboat charges payable under bareboat charter agreements are charged against income on a straight line basis over the charter term.

vii. Insurance Claims

Insurance claims for damages to ship's hull, machinery etc. are being accrued in the year of acceptance of the claim and are based on technical considerations.

viii. Employee Benefits

i) Short Term

Short term employee benefits are recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

ii) Long Term

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans by the Company along with its employees.

a) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

b) Defined-benefit plans

Expenses for defined-benefit gratuity plans are calculated as at the balance sheet date by independent actuaries in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. Actuarial gains and losses are immediately recognized in the profit and loss account.

iii) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

ix. Transactions in Foreign Currency

a. Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing on the date of the transaction at the commencement of the month in which the transaction takes place, if it approximates the actual rate on the date of the transaction. In other cases, the rates prevailing at the date of the transaction are used.

- b. As at balance sheet date:
 - i) foreign currency monetary items are reported using the closing rate;
 - ii) non monetary items that are carried at historical cost and denominated in foreign currency are reported using the exchange rate at the date of the transaction; and
 - iii) non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.
- c. Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognised as income or as expenses in the period in which they arise.

x. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

xi. Impairment of Assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor. Reversal of impairment loss is recognised immediately as income in the profit and loss account.

xii. Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but are disclosed in the notes to the financial statement. A contingent asset is neither recognised nor disclosed.

xiii. Taxes on Income

The Company's income taxes include taxes on the Company's taxable profits, fringe benefits tax, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates or in the case of deferred taxes, those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

- 3. Staff Costs for the year ended 31st March, 2010 include provision for employee benefits as given below consequent to the adoption of the revised Accounting Standard (AS) 15 on Employee Benefits: -

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The amounts recognised in the balance sheet are as follows:

	2009-10 (Rs. in '000)	2008-09 (Rs. in '000)
Employee Benefits Obligations :		
i) Present value of funded obligations	3,261	2,739
ii) Fair value of plan assets	977	1,169
iii) Net Liability	2,284	1,570

The amounts recognised in the statement of profit and loss are as follows:

i) Current service cost	417	259
ii) Interest on obligation	163	241
iii) Expected return on plan assets	(92)	(139)
iv) Net actuarial losses recognised in year	508	472
v) Adjustment on account of opening balance	(147)	(3)
vi) Expenses recognized in the statement of profit and loss	849	830

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

i) Opening defined benefit obligation	2,739	4,116
ii) Service cost	417	259
iii) Interest cost	163	241
iv) Actuarial losses	416	333
v) Benefits paid	(474)	(2,210)
vi) Closing defined benefit obligation	3,261	2,739

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

i) Opening fair value of plan assets	1,169	2,308
ii) Adjustment to Opening Balance	147	3
iii) Expected return	92	139
iv) Actuarial losses	(92)	(139)
v) Contribution by employer	135	133
vi) Benefits paid	(474)	(1,275)
vii) Closing fair value of plan assets	977	1,169

The Company has the Gratuity Fund administered and managed by the Life Insurance Corporation of India (LIC). The fair value of the plan assets are based on the LIC Fund balance position as at the balance sheet date. The composition and the categories of plan assets are unavailable with the Group.

The principal actuarial assumptions at the balance sheet date are as follows:

	2009-10	2008-09
i) Discount rate at 31st March	8.00%	6.50%
ii) Expected return on plan assets at 31st March	8.00%	8.00%
iii) Rate of increase in compensation	5.00%	5.00%
iv) Withdrawal rate	0.50%	0.50%

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The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The contribution expected to be made by the Group during the financial year 2009-10 has not been ascertained.

The particulars relating to the current annual period and previous three periods are as under:

Sr. No	Particular	2009-10 (Rs. in '000)	2008-09 (Rs. in '000)	2007-08 (Rs. '000)	2006-07 (Rs in '000)
1.	Present value of the obligation	3,261	2,739	4,116	3,108
2.	Fair value of the plan assets	977	1,169	2,308	2,371
3.	Surplus or Deficit in the plan	(2,284)	(1,570)	(1,808)	(737)
4.	Experience Adjustments arising:				
	a. on plan liabilities	818	21	915	340
	b. on plan assets	(91)	139	201	16

As this is the fourth year in which the revised AS-15 has been applied the amounts of the present value of the obligations, the fair value of the plan assets, surplus or deficit in the plan and experience adjustment arising on plan liabilities and plan assets for the previous one annual period have not been furnished.

The above information is as confirmed by the actuary and relied upon by the Auditors.

- | | 2009-10
(Rs. in '000) | 2008-09
(Rs. in '000) |
|---|----------------------------------|--------------------------|
| 4. Estimated amount of contracts remaining to be executed on capital account not provided for [Against which advance paid aggregating to Rs 1,786,707 thousand (2009 - Rs. 1,383,837 thousand)] | 13,349,262 | 12,661,532 |
| 5. Secured loans include amounts due within one year | 212,707 | 1,54,350 |
| 6. Contingent Liabilities (not provided for): | | |
| In respect of a Sales Tax demand, the Company has contested claims amounting to Rs. 23,700 thousand (2009 - Rs. 23,700 thousand) against the Order of the Appellate Assistant Commissioner, Chennai, confirming the Order of the Commercial Tax Officer for the Assessment Year 1995-96 in respect of charter hire of the vessel, 'm.v. Maratha Prudence'. The Group has already deposited Rs.4,740 thousand (including refunds withheld by the authorities) and executed a bond of Rs.21,804 thousand in respect of the said claim. The Company does not expect any liability to devolve on it in respect of the above and therefore no provision is held. | | |
| Guarantees given by Bank and counter guaranteed by the Company is Rs 50 thousand (2009 - Rs. 50,050 thousand) for due performance of the Company's obligation. | | |
| 7. Profit and Loss account includes exchange loss (net) Rs. 72,545 thousand (2009 - exchange loss (net) of Rs.9,688 thousand). | | |
| 8. The Group had revalued its block of assets under 'Buildings' as on 31.03.2002. The revaluation had been carried out based on a report by an independent professional valuer. The revalued amounts are as under: | | |

Buildings	Historical cost As on 31.03.2002 (Rs. in '000)	Written Down Value as on 31.03.2002 (Rs. in '000)	Revalued Amount (Substituted for original cost) as on 31.03.2002 (Rs. in '000)	Difference in W.D.V. and revalued amount (Rs. in '000)
Leasehold land - Office Premises	2,445	759	207,000	206,241
Freehold land - Staff Quarters	649	276	10,668	10,392
TOTAL	3,094	1,035	217,668	216,633

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The revaluation was based on comparable sale approach, taking into consideration situation of buildings, size, specification of construction, existing amenities and demand for such type of buildings in same locality and prevailing market for such type of buildings. Revaluation reserve was appropriately created for the same.

9. Depreciation provided on the revalued portion of the buildings amounting to Rs. 7,564 thousand (2009- Rs. 7,962 thousand) has been directly adjusted from the revaluation reserve.

10. Segment Reporting

The Group treats 'Shipping' as single business segment and therefore details of segments are not separately shown. Given the nature of the business there are no Geographic Segments either.

11. Related Party Transactions

As per Accounting Standards (AS) 18, the transactions with Company's related parties are disclosed below:

Name of related party	Nature of transactions
Key Management Personnel	Remuneration
M S Sawant - Manager pursuant to section 269 of the Companies Act, 1956.	Rs. 2,458 thousand (2009 - Rs. 1,102 thousand)

Amounts due to / from related party

Name of the related party	Amount payable
Associate	
Chowgule & Company Pvt. Ltd.	Rs. 11,560 thousand (2009 - Rs. 11,440 thousand)

12. As per Accounting Standard (AS) 20 on 'Earnings Per Share' (Basic and Diluted), the earning per share of the Company is as under:

Particulars	2009-10	2008-09
Net Profit / (Loss) available to Equity Share Holders (Rs. in thousand)	766,637	1,175,675
Number of Equity shares	36,308,425	36,308,425
Face Value per Equity Share (Rs.)	10	10
Basic & Diluted Earnings Per Share (Rs.)	21.11	32.38

13. The net deferred tax liability comprises of the following components:

Components of deferred tax	For the year 31-Mar-2010 (Rs in '000)	For the year 31-Mar-2009 (Rs. in '000)
i) Assets on account of timing differences		
a) Provision for doubtful debts	1,384	12,055
b) Related to employees' benefits	1,189	936
c) Business loss net of short term capital gains	15,025	---
d) Long term Capital loss carried forward	2,542	---
Deferred Tax Asset (A)	20,140	12,991
ii) Liabilities on account of timing differences		
a) Depreciation	(389,207)	(214,924)
Deferred Tax Liability (B)	(389,207)	(214,924)
Net Deferred Tax Liability as at the year end (A) - (B)	(369,067)	(201,933)

The Group has recognised in the Profit and Loss Account the net provision of deferred tax of Rs. 167,134 thousand (2009- net reversal of deferred tax liability of Rs 58,306 thousand).

Deferred Tax Asset has been recognized on Carry forward of Losses to the extent that the reversal of the deferred tax liability will give rise to sufficient future taxable income against which such deferred tax asset can be realized.

Deferred Tax Asset has also been recognized on carry forward of long term capital losses on the assumption that the Company would make profits from current investments which are likely to be disposed off.

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14. According to the information available with the Company there are no dues payable to micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2010.

15. Foreign Currency Exposures:

The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below.

Particulars	2009-10		2008-09	
	Rs in '000	USD Million	Rs in '000	USD Million
Loans	774,860	17.000	1,029,000	20.00
Sundry Debtors & Other assets	12,617	0.282	175	0.003
Sundry Creditors & Other Liabilities	17,898	0.401	10,708	0.212
Loans & Advances	3,454	0.077	2,818	0.056
Cash & Bank Balances	799,716	17.903	59,658	1.181

Note: USD = US Dollar

16. Statement of purchase and sales of units of mutual funds:

Particular of Investment	2009-10		2008-09	
	No. of Units	Cost (Rs. in '000)	No. of Units	Cost (Rs. in '000)
(a) Acquired and sold during the year				
Birla Sun Life Saving Fund – Institutional – Weekly Dividend Reinvestment	–	–	4,996,772.062	50,072
DSP BlackRock Money Manager Fund – Regular – Daily Dividend	–	–	371.380	372
DSP BlackRock Money Manager Fund – Regular Plan – Weekly Dividend	–	–	2,507.486	2,512
Templeton India Short Term Income Retail Plan – Weekly Dividend	–	–	27,864.643	30,119
HDFC Cash Management Fund – Treasury Advance Plan – Retail – Weekly Dividend	–	–	251,405.414	2,518
HSBC Gilt Fund – Weekly Dividend	–	–	1,285,620.473	12,860
HSBC Ultra Short Term Bond Fund – Regular – Weekly Dividend	–	–	250,767.537	2,517
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	–	–	7,858.156	83
ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	–	–	7,070,796.294	74,584
28 ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	–	–	5,764,394.904	60,805
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	–	–	2,993,366.642	30,157
G49 IDFC Money Manager Fund – Investment Plan – Inst Plan B – Weekly Dividend	–	–	3,317,118.854	33,209
G71 IDFC Liquid Fund – Weekly Dividend	–	–	61,935.519	61,981
G70 IDFC Liquid Fund – Daily Dividend	–	–	15,277.360	15,281
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	–	–	8,139,513.031	82,013
GGSM IDFC GSF – Short Term – Plan A – Monthly Dividend	–	–	19,286,951.34	191,939
Reliance Liquid Fund – Treasury Plan – Retail Option – Weekly Dividend Option	–	–	995,049.103	10,299
S133 SBNPP Money Fund Inst. – Weekly Dividend Reinvestment	–	–	974,853.533	10,242
S33 SBNPP Money Fund – Weekly Dividend Reinvestment	–	–	238,822.181	2,515
Birla Sun Life Dynamic Bond Fund – Retail Plan – Monthly Dividend	1,476,382.671	15,294	–	–
BSL Short Term Fund – Retail – Fortnightly Dividend	26,001.07	266	–	–
DWS Ultra Short Term Fund – Institutional Weekly Dividend Reinvestment	2,810,308.946	28,344	–	–
HDFC Cash Management Fund – Treasury Advantage Fund – Retail – Weekly Dividend	15,993.890	160	–	–
HDFC Short Term Plan – Dividend, Option – Reinvest	4,233,837.218	43,822	–	–
28Q ICICI Prudential Flexible Income Plan Premium – Daily Dividend	6,011.787	64	–	–
28 ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	8,950,037.666	94,385	–	–
1526 ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	207,739.746	21,912	–	–
23 INF ICICI Prudential Institutional Short Term Plan – DR – fortnightly	6,254,877.450	75,858	–	–

CHOWGULE STEAMSHIPS LIMITED

Particular of Investment	2009-10		2008-09	
	No. of Units	Cost (Rs. in '000)	No. of Units	Cost (Rs. in '000)
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	5,548,154.432	55,909	-	-
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	658,703.185	6,664	-	-
Reliance Short Term Fund – Retail Plan – Dividend Plan	2,860,131.341	30,487	-	-
(b) Acquired during the year and retained as at the year end				
Birla Sun Life Saving Fund – Institutional Weekly dividend reinvestment	-	-	5,007,714.993	50,077
BSL Short Term Fund – Retail – Fortnightly Dividend	-	-	1,293,924.325	13,152
DSP Merrill Lynch Capital Ltd. – Debenture	-	-	805,000.000	8,050
Fidelity FMP Series 1 Plan A Institutional – Growth	-	-	2,200,000.000	22,000
28Q ICICI Prudential Flexible Income Plan Premium – Weekly Dividend	-	-	809,599.705	8,560
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	-	-	1,551,423.314	15,630
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	-	-	16,108,884.244	164,900
J P Morgan India Active Bond Fund – Retail – Growth Fund	-	-	3,691,246.979	37,000
S432 SBNPP Fixed Term Plan F Retail – Growth	-	-	2,350,000.000	23,500
Birla Sun Life Dynamic Bond Fund – Retail Plan – Monthly Dividend	10,921,331.482	113,199	-	-
DWS Money Plus Advantage Fund – Regular Plan Growth	1,668,237.590	20,000	-	-
BPAG ICICI Prudential – Blended Plan A – Growth	1,842,413.909	25,189	-	-
G209 IDFC Arbitrage Fund – Plan A – Growth	4,177,074.545	50,000	-	-
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	14,962.743	150	-	-
Reliance Regular Savings Fund – Debt Plan – institutional Growth Plan	1,970,086.211	25,000	-	-
Templeton India Income Opportunities Fund – Growth	2,429,259.950	25,000	-	-
Templeton India Short Term Income Retail Plan – Weekly Dividend Reinvestment	42,691.650	45,872	-	-
(c) Sold out of Acquisition of an earlier year				
DSP BlackRock Money Manager Fund – Regular – Daily Dividend	-	-	67,464.920	67,500
ICICI Prudential Flexible Income Plan Premium – Daily Dividend	-	-	13,19,233.970	13,949
Birla Sun Life FTP Institutional Series AO – Growth	10,000,000.00	100,000	-	-
BSL Short Term Fund – Retail – Fortnightly Dividend	1,293,924.325	13,152	-	-
DSP Merrill Lynch Capital Ltd.– Debenture	805,000.000	8,050	-	-
Fidelity FMP Series 1 Plan A Institutional – Growth	2,200,000.000	22,000	-	-
28Q ICICI Prudential Flexible Income Plan Premium – Daily Dividend	809,599.705	8,560	-	-
GFRW IDFC Money Manager Fund – Treasury Plan – Weekly Dividend	1,551,423.314	15,630	-	-
G73 IDFC – SSIF – Short Term – Plan B – Fortnightly Dividend	16,108,884.244	164,900	-	-
J P Morgan India Active Bond Fund – Retail – Growth Fund	3,691,246.979	37,000	-	-
S432 SBNPP Fixed Term Plan F Retail – Growth	2,350,000.000	23,500	-	-
(d) Acquired during the previous year and retained as at the year end				
Birla Sun Life Saving Fund – Institutional Weekly dividend reinvestment	5,007,714.993	50,077	-	-
Birla Sunlife Fixed Term Plan – Institutional – Series AO – Growth	-	-	10,000,000	100,000

17. Previous year's figures have been regrouped wherever necessary to conform to current year's presentation.

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

SUHAS JOSHI
Company Secretary

D. N. MUNGALE
Director

Place : Mumbai,
Date : April 22, 2010

M. S. SAWANT
CFO & Director (Operations)

M. P. PATWARDHAN
Director

PROXY FORM

CHOWGULE STEAMSHIPS LIMITED

Registered Office : Chowgule House, Mormugao Harbour, GOA - 403 803

Folio No. / DP ID _____

No. of Shares held _____

I/We _____

of _____ in the district of _____

being member/s of **Chowgule Steamships Limited** hereby appoint _____

_____ of _____ in the district of

_____ or failing him / her _____ of _____ in the district of

_____ as my / our proxy to attend and vote for me / us on my / our behalf at the Forty Seventh Annual General Meeting of Chowgule Steamships Limited to be held on July 9, 2010, at 11.00 AM (I.S.T.) and at any adjournment thereof.

Signed this..... day of.....2010

Signature

Affix
1 Rupee
Revenue
Stamp

Note: This form duly completed should be deposited at Registered Office of the Company not less than 48 hours before the time of holding the meeting.

ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To
Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai-400 078.

Dear Sirs,

FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND

Please fill in the information in CAPITAL LETTERS in ENGLISH only. Please TICK wherever applicable.

For shares held in physical form

Master
Folio No.

FOR OFFICE USE ONLY
ECS
Ref. No.

Name of First Holder _____

Bank Name _____

Branch Name _____

Branch Code

(9 Digits Code Number appearing on the MICR Band of the cheque by the Bank). Please attach a photo copy of a cheque of your bank duly cancelled for ensuring accuracy of the bank's name, branch name and code number.

Account Type Savings Current Cash Credit

A/c. No. (as appearing in the cheque book) Effective date of this mandate

I, hereby, declare that the particulars given are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness, Link Intime India Pvt. Ltd. / Chowgule Steamships Ltd. will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by Chowgule Steamships Ltd.

I further undertake to inform the Company any change in my Bank / branch and account number.

Date : _____ (Signature of First Holder)

Note : * On dematerialisation of your shares, the details registered with your Depository Participant will be considered for payment through ECS.

* This form duly filled in may be returned to Link Intime India Private Limited.

CHOWGULE STEAMSHIPS LIMITED

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Fleet Profile

CHOWGULE STEAMSHIPS LIMITED

	Name	Year Built	DWT (M.T.)
1.	M. V. Maratha Providence	1995	47574
2.	M. V. Maratha Courage	1994	2053
3.	M. V. Maratha Crystal	1997	3500
4.	M. V. Maratha Coral	2000	3427

CHOWGULE STEAMSHIPS OVERSEAS LIMITED

	Name	Year Built	DWT (M.T.)
1.	M. V. Global Triumph (Owned by Sunshine LLC)	1996	72870