

**50TH ANNUAL REPORT
2012-13**



Chowgule Steamships Limited

CHOWGULE STEAMSHIPS LIMITED

BOARD OF DIRECTORS

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Suhas Joshi

SOLICITORS

Khaitan & Co.

REGISTERED OFFICE

Chowgule House,
Mormugao Harbour,
Goa - 403 803.

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

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

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CHOWGULE STEAMSHIPS LIMITED

NOTICE

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Members of CHOWGULE STEAMSHIPS LIMITED will be held on Friday, July 12, 2013 at 11.00 A.M. at the Registered Office of the Company at Chowgule House, Mormugao Harbour, Goa 403 803 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Jaywant Y. Chowgule, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Admiral (Retd.) Madhvendra Singh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Mangesh Sawant, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution**:
“**RESOLVED** that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. Farokh Guzder, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company.”
7. To consider and, if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:
RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, including any statutory modification and re-enactment thereof for the time being in force, and subject to such sanctions and approvals as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Mr. Mangesh Sawant as Whole-time Director designated as Executive Director & CFO of the Company for a further period of three years with effect from April 22, 2013 to April 21, 2016 on the terms & conditions and remuneration as set out in the explanatory statement annexed to the notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as “the Board”, which term shall deem to include any Committee of the Board constituted to exercise its powers including the powers conferred by this Resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration subject to the same being within the limits specified in Table B of Part II of Section II of Schedule XIII to the Companies Act, 1956 or any re-enactment thereof.
RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things necessary to carry on the terms of this resolution; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.”

By order of the Board of Directors
For Chowgule Steamships Limited

Place: Mumbai,
Date : May 09, 2013

Suhas Joshi
Company Secretary

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be valid, must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.
- 2) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representatives to attend and vote on their behalf at the Meeting.
- 3) A brief profile of Directors seeking appointment/re-appointment at the Annual General Meeting is given in the Corporate Governance section of the Annual Report.
- 4) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

- 5) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 6) The Register of Members and Share Transfer Books of the Company will remain closed from July 5, 2013 to July 12, 2013, both days inclusive.
- 7) Unclaimed Dividends up to the year 1994-95 have been transferred to the General Revenue Account of the Central Government. Those shareholders, who have so far not claimed or collected their dividend up to the above financial year, may claim their dividend from the Registrar of Companies, Goa, Daman & Diu.
- 8) Unclaimed Dividends for the years 1995-96, 1996-97 and 2004-05 have been duly transferred to the Investor Education and Protection Fund. Members have no right or claim whatsoever against the said amount. Unclaimed dividend for the year 2005-06 is due for transfer to Investors Education & Protection Fund in September, 2013. Members, who have so far not claimed their Dividend for 2005-06 or any of the years thereafter, are requested to immediately write to the Company's Share Transfer Agents.
- 9) The shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE) and the listing fees in respect thereof for the year 2013-14 have been paid to BSE.
- 10) All enquiries and correspondence regarding transfer of shares, dematerialization, etc., should be made with the Share Transfer Agents of the Company, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.
- 11) Members are requested to note that pursuant to amended Clause 5A (II) in the Listing Agreement with the Stock Exchange, the Company is required to transfer all the unclaimed shares into one folio in the name of 'Unclaimed Suspense Account' and these shares are to be dematerialized and kept with depository participants. In compliance of said clause, the Company has already issued three reminders dated February 25, 2012, February 21, 2013 and March 21, 2013 to the shareholders whose shares were unclaimed. The shares which have remained unclaimed, will be transferred into one folio in the name of "Unclaimed Suspense Account" and dematerialised in due course.

By order of the Board of Directors
For Chowgule Steamships Limited

Place: Mumbai,
Date : May 09, 2013

Suhas Joshi
Company Secretary

ANNEXURE TO THE NOTICE

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

SPECIAL BUSINESS

Item No.6

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

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

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

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

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

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

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

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

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

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

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Item No. 7

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

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

Either party may terminate the appointment by giving three months notice in writing to the other and neither party will have any claim against the other party for damages or compensation by reason of such termination. Appointment of Mr. Sawant as the Executive Director and CFO of the Company is subject to retirement by rotation. However, re-appointment of Mr. Sawant from time to time upon retirement by rotation as a Director shall not be treated as a break in service and shall be construed as continuation of his employment.

B. Remuneration & Perquisites

- i) Basic Salary- ₹ 2,50,000 per month in the scale of ₹ 2,50,000 - ₹ 25,000 - ₹3,25,000. The annual increments will be as decided by the Board of Directors.
- ii) House Rent Allowance up to 30% of Basic Salary per month.
- iii) Leave Travel reimbursement for self and family - ₹ 60,000/- per annum.
- iv) Reimbursement of medical expenses incurred for self and family - ₹40,000/- per annum.
- v) Performance Related Incentive – As may be determined by the Board of Directors at the end of each financial year subject to overall ceiling pursuant to Section, 198 and 309 of the Companies Act, 1956.

C. Other Benefits – In addition, Mr. Sawant shall be eligible to the following benefits which shall not be included in computation of ceiling on Remuneration to the extent the same are not taxable under the Income Tax Act, 1961:

- (i) Contributions to Provident Fund and Superannuation Fund as per the Rules of the Company.
- (ii) Gratuity not exceeding one month's salary for each completed year of service.
- (iii) Provision of car with driver for use on the Company's business and telephone at residence. The use of car for personal purpose and personal long distance calls, shall be billed by the Company to the Executive Director & CFO.

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

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

F. The Executive Director & CFO shall be entitled to reimbursement of travelling and entertainment expenses actually incurred for the purpose of business of the Company.

G. Modification of Terms

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

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

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

I. GENERAL INFORMATION

- 1) **Nature of Industry** : Shipping
- 2) **Date or expected date of commencement of commercial production** : Not applicable (Company is an existing company)
- 3) **In case of new companies. Expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus** : Not applicable

Annual Report 2012-2013

4) Financial performance based on given indicators:

(₹ in Crores)

Particulars	Year 2013	Year 2012	Year 2011
Total Revenue	21.33	29.20	36.29
Total Expenses	32.01	45.81	37.30
Profit/(Loss) after Tax	(10.68)	(16.61)	(1.01)
Dividend Rate	NIL	NIL	10%

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

5) Export performance and net foreign exchange collaboration:

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

6) Foreign investment collaborators, if any: NIL

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

II. INFORMATION ABOUT THE APPOINTEE:

1) Background details:

Mr. Mangesh Sawant is a Commerce Graduate & Chartered Accountant. He has also passed ICWA final examination and LLB (Gen). Mr. Sawant joined the Company in 1986 as an Accounts Officer. The Board appointed him as Manager in October 2009, pursuant to Section 269 of the Companies Act, 1956, which position he held till April 2010 when he was appointed as an Executive Director & CFO for the first term. The Board at its meeting held on January 17, 2013 has re-appointed Mr. Sawant as an Executive Director & CFO for a further term of three years w.e.f. April 22, 2013. Mr. Sawant has been involved in the business of the Company for more than two decades at senior management positions and thus has gained experience and expertise in various aspects of shipping business.

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

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

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

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

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

- Contributions to Provident Fund and Superannuation Fund as per the Rules of the Company.
- Gratuity not exceeding one month's salary for each completed year of service.
- Provision of car with driver for use on the Company's business and telephone at residence. The use of car for personal purpose and personal long distance calls to be billed by the Company to the Whole-time Director.

3) Job Profile of Executive Director & CFO and Suitability

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

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

CHOWGULE STEAMSHIPS LIMITED

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

The Remuneration Committee while approving remuneration of the Executive Director & CFO has examined the remuneration of managerial personnel in the shipping companies of comparable size, financial position of the Company, the trends in industry, qualification, experience, responsibilities and past performance, etc. of the aforesaid Executive Director of the Company. Therefore, considering the general industry and the specific company profile, the proposed remuneration is in line with the prevalent industry levels and trends.

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

Mr. Mangesh Sawant holds 133 equity shares in the Company and except drawing of remuneration as a Executive Director & CFO. Mr. Sawant does not have any pecuniary relationship with the company or any managerial personnel.

III. OTHER INFORMATION

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

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

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

IV. DISCLOSURES

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

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

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

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

By order of the Board of Directors
For Chowgule Steamships Limited

Suhas Joshi
Company Secretary

Place: Mumbai,
Date : May 09, 2013

DIRECTORS' REPORT 2012-2013

To

The Shareholders,

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

1. FINANCIAL RESULTS & APPROPRIATIONS:

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

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

2. MANAGEMENT DISCUSSION AND ANALYSIS/OPERATIONS REPORT

COMPANY'S PERFORMANCE

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

INDUSTRY REVIEW & FUTURE OUTLOOK

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

Bulk carriers continue to be delivered at a rate which 10 years ago would have been regarded as incredible. In 2002, 14.30 mdwt bulk carriers were delivered as against about 98 mdwt bulk carriers delivered in 2012, a seven fold increase. The bulk carrier fleet increased from 458 mdwt tonnes at the end of 2009 to 692 mdwt by the end of 2012. This is an increase of 51% in 3 years during which the volume of dry bulk trade was increased by about 20%. The order book for bulk carriers came down to 18.40% of the fleet at the end of 2012. Thus, there is a significant hidden surplus tonnage which must be dissipated before market can get back to the fair level of earnings.

PORT AND SHIP REPAIR PROJECTS AT JAIGAD

Chowgule Ports & Infrastructure Private Limited (CPIPL), a company co-promoted by Chowgule Steamships Limited and Chowgule & Company Private Limited (CCPL) is implementing the Port and Ship Repair Projects at Lavgan, Ratnagiri through its SPVs viz. Angré Port Private Limited and Lavgan Dockyard Private Limited, respectively. Angré Port has obtained various statutory approvals for commencing activities and the port will be operational soon. The Company has, during the year, subscribed to the equity shares of Angré Port to the tune of ₹ 2.73 Crores. The construction of Ship Repair yard will be completed by end of the current year.

CHOWGULE STEAMSHIPS LIMITED

INTERNAL CONTROL SYSTEM

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

GOVERNMENT POLICIES

The Indian economy and many developed countries continue to make effort for speedy economic recovery. As part of overall strategy however, the Governments in various countries continue to give priority for development of overall infrastructure. This bodes well for overall trade.

INDUSTRIAL RELATIONS

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

THREATS, RISKS & CONCERNS

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

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

Forex Risk: As major portion of the Company's revenues is generated from international business in the US Dollar terms, the same creates a natural hedge against foreign exchange exposures. The Company reviews Rupee - US Dollar parity on regular basis to protect itself from currency fluctuation risks.

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

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

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

CAUTIONARY STATEMENT

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

3. LOAN REPAYMENT

During the year, the Company has repaid loan of ₹ 1,615.45 lakhs (US\$ 3 million). The total outstanding loan at year end is ₹ 1,918 lakhs (US \$ 3.50 million).

4. DEFERRED TAX LIABILITY

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

5. SUBSIDIARIES

During the year under review Chowgule Steamships Overseas Limited raised US \$ 14.50 Million by way of Convertible Redeemable Shares (CRS) to meet its fund requirements for acquisition of vessel. Out of the above CRS, the Company has subscribed to CRS aggregating US \$ 5.5 Million. The CRS have tenure of 10 years and each CRS can be converted in one equity share at the option of the subscriber. The total investment of the Company in the Share Capital of Chowgule Steamships Overseas Ltd. (CSOL), a wholly owned subsidiary, stands at US\$ 9.2 million in Ordinary Shares (same as previous year) and US \$ 5.5 Million in CRS. CSOL, in terms of its expansion plan, has so far taken delivery of four new built vessels.

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

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

6. SUBSIDIARIES – EXEMPTION

In terms of general approval granted by the Central Government vide notification No.5/12/2007-CL-III dated 8th February, 2011 under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Statement of Profit and Loss, and Report of the Board of Directors and the Report of the Auditors of the Subsidiary Companies have not been attached with the Balance Sheet of the Company. The Company will make available these documents / details upon request by any member of the Company. However, pursuant to Accounting Standard AS-21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company include the financial information of its subsidiaries.

7. INSURANCE

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

8. DIRECTORS

Mr. Jaywant Y. Chowgule, Admiral (Retd.) Madhvendra Singh and Mr. Mangesh Sawant, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

During the year under review, the Board of Directors has appointed Mr. Farokh Guzder as an Additional Director, who holds office upto the date of ensuing Annual General Meeting. It is proposed to obtain approval of Shareholders at the ensuing Annual General Meeting for the appointment of Mr. Farokh Guzder as a Director liable to retire by rotation.

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

9. CORPORATE GOVERNANCE

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

10. CODE OF CONDUCT

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors state as under:

"That

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

12. AUDITORS

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

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

14. 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**

VIJAY V. CHOWGULE
Chairman

Place: Mumbai,
Date: May 09, 2013

CHOWGULE STEAMSHIPS LIMITED

**TO THE MEMBERS OF
CHOWGULE STEAMSHIPS LIMITED**

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

I, Mangesh Sawant, Executive Director & CFO of Chowgule Steamships Limited, confirm that all the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2013.

Place : Mumbai
Date : May 09, 2013

Mangesh Sawant
Executive Director & CFO

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

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

2. BOARD OF DIRECTORS

(a) Composition / Category of Directors

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

Grand Total = 10

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

In all, four Board Meetings were held during the financial year 2012-2013 on 27.04.2012, 06.07.2012, 18.10.2012 and 17.01.2013. The attendance of the Directors is as under:

Name	No. of Board Meeting attended	Attendance at the previous AGM
Mr. Vijay V. Chowgule	3	P
Mr. Dhananjay N. Mungale	4	P
Mr. Jaywant Y. Chowgule	3	P
Admiral (Retd.) Madhvendra Singh	4	P
Mr. Sanjiv N. Shah	2	P
Mr. Nathan R. Chowgule	4	P
Prof. Rohini V. Chowgule	4	P
Mr. Ravindra Kulkarni	3	P
Mr. Farokh J. Guzder*	3	NA
Mr. Mangesh Sawant	4	P

*Appointed as an Additional Director w.e.f. July 06, 2012

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. Dhananjay N. Mungale	9 – BM	7 – CM	1 - CC
Mr. Jaywant Y. Chowgule	0 – BM	0 – CM	0 – CC
Admiral (Retd.) Madhvendra Singh	0 – BM	0 – CM	0 - CC
Mr. Sanjiv N. Shah	2 – BM	2 - CM	2 - CC
Mr. Nathan R. Chowgule	0 – BM	0 – CM	0 - CC
Prof. Rohini V. Chowgule	0 – BM	0 - CM	0 – CC
Mr. Ravindra Kulkarni	8 – BM	7 – CM	2 - CC

CHOWGULE STEAMSHIPS LIMITED

Name of the Director	No. of other Public Ltd. Companies in which Director / Membership in other committees		
Mr. Farokh J. Guzder*	2 – BM	0 – CM	0 - CC
Mr. Mangesh Sawant	0 – BM	0 – CM	0 - CC

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

*Appointed as an Additional Director w.e.f. July 06, 2012

3. AUDIT COMMITTEE

The Audit Committee comprises of Mr. Dhananjay N. Mungale, as its Chairman and Mr. Vijay V. Chowgule, Mr. Sanjiv N. Shah and Mr. Farokh J. Guzder as members. 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. Sanjiv N. Shah	2
Mr. Vijay V. Chowgule	3
Mr. Farokh J. Guzder*	1

*Appointed as a member w.e.f. October 18, 2012

Mr. Mangesh Sawant, Executive Director & CFO attended all the meetings of the Audit Committee as 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 and internal auditors and their remuneration.
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 Board also noted that the Audit Committee inter alia had 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 COMMITTEE

The Board of Directors has formed a Remuneration Committee comprising of the following Directors:

- 1) Mr. Dhananjay N. Mungale
- 2) Mr. Vijay V. Chowgule
- 3) Admiral (Retd.) Madhavendra Singh
- 4) Mr. Ravindra Kulkarni

The role of the Remuneration Committee is to determine and recommend the Company's policy on specific remuneration package for Whole-time Directors and Senior Management personnel.

During the financial year, the Remuneration Committee met on October 18, 2012 and on January 17, 2013. Mr. Suhas Joshi assumed the role of the Secretary to the Committee.

5. REMUNERATION OF DIRECTORS :

- a. Mr. Mangesh Sawant has been appointed as the Whole-time Director of the Company for a period of three years effective from April 22, 2010. The details of the remuneration paid from April 01, 2012 to March 31, 2013 are as under:

Name	Mr. Mangesh Sawant
Designation	Executive Director & CFO
All elements of remuneration package Inclusive of Salary Benefits, Provident Fund, Gratuity, Bonus, Pension, etc.	₹ 40.46 lakhs
Service Contract, Notice Period etc.	The Contract is for a period of 3 Years and the notice of termination is three months on either side.
Stock Option	NIL
No. of Shares held in the Company	133

- 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	₹ 120,000	1,118,455
Mr. Dhananjay N. Mungale	₹ 140,000	–
Mr. Jaywant Y. Chowgule	₹ 60,000	64,750
Admiral (Retd.) Madhavendra Singh	₹ 100,000	–
Mr. Sanjiv N. Shah	₹ 90,000	–
Mr. Nathan R. Chowgule	₹ 80,000	–
Prof. Rohini V. Chowgule	₹ 1,10,000	210,370
Mr. Ravindra Kulkarni	₹ 70,000	–
Mr. Farokh J. Guzder †	₹ 70,000	–
Mr. Mangesh Sawant	NA	133

† Appointed as an Additional Director w.e.f. July 6, 2012

CHOWGULE STEAMSHIPS LIMITED

6. SHAREHOLDERS' / INVESTORS' GRIEVANCES COMMITTEE

The Company's Shareholders' and Investors' Grievances Committee functions under the Chairmanship of Mr. Vijay V. Chowgule and other members are Mr. Sanjiv N. Shah, Prof. Rohini V. Chowgule and Mr. Ravindra Kulkarni. 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.

However, the functions of transfer of shares 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.

At its meetings, the Committee goes into the details of the grievances, if any and, verifies that they have been attended to. Between April 2012 and March 2013, the Company received 61 complaints / queries from shareholders. As at March 31, 2013, all the complaints / queries were resolved. There were no shares pending for transfer from the shareholders as at March 31, 2013.

7. DIRECTORS

Mr. Jaywant Y. Chowgule, Mr. Mangesh Sawant and Admiral (Retd.) Madhvendra Singh, Directors, retire by rotation and being eligible, have offered themselves for re-appointment. Approval of the Shareholders is being sought for the reappointments of the above Directors.

Particulars of Directors are as under:

A) 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 64750 equity shares in the Company. Mr. Jaywant Y. Chowgule is director on the Board of following companies:

- i. Chowgule Brothers Pvt. Ltd.
- ii. Kolhapur Oxygen & Acetylene Pvt. Ltd.
- iii. Chowgule Real Estate & Construction Company Private Limited
- iv. Chowgule & Company (Salt) Private Limited
- v. Chowgule And Company Private Limited

B) Mr. Mangesh Sawant is a Commerce Graduate & Chartered Accountant. He has also passed ICWA final examination and LLB (Gen). Mr. Sawant joined the Company in 1986 as an Accounts Officer and rose to the level of CFO & Director (Operations) in 2007. In 2009, the Board appointed him as the Manager 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. Fergusson & Co., Chartered Accountants, as Assistant Audit Manager since 1985. Mr. Sawant is director on the Board of following companies:

- i. Jaigad Logistics Private Limited
- ii. Kolhapur Terminals Private Limited

He is not on the Board of any public limited company. Mr. Sawant holds 133 equity shares in the Company.

C) Admiral (Retd.) Madhvendra Singh, born on July 11, 1942 has done M.Sc. (Defence Studies). He joined the National Defence Academy in June 1958 and after passing out joined the Indian Navy as a Cadet in June 1961. He rose to the rank of Admiral and held the appointment of Chief of the Naval Staff from December 29, 2001 to July 31, 2004. He has been on the Board of Directors of the Company since October 20, 2005. Admiral (Retd.) Madhvendra Singh is director in Lavgan Dockyard Private Limited. He is not on the Board of any public limited company. Admiral (Retd.) Madhvendra Singh does not hold any shares in the Company.

D) During the year, Mr. Farokh Guzder was appointed as an Additional Director and approval of members is being obtained for his appointment as a Director pursuant to Section 257 of the Companies Act, 1956.

His brief profile is as under :

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

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

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

Mr. Guzder is Director on the Board of following Companies :

1. AFL Private Limited
2. N. S. Guzder & Company Pvt. Ltd.

3. Jamshed Investments Pvt. Ltd.
4. BP India Limited
5. DACHSER India Private Limited
6. EFGEE Securities Pvt. Ltd.
7. Zeenia Realtors Limited
8. Indglobal Network Support Pvt. Ltd.
9. Nukote Coating Systems India Pvt. Ltd.
10. BDS Projects India Private Limited
11. CJG Warehouse Infrastructure Pvt. Ltd.
12. Total Imaging Solutions Private Limited
13. Cyfast Enterprises Pvt. Ltd.

8. 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.

Day	Date	Time
Friday	July 6, 2012	11.00 a.m.
Friday	July 8, 2011(*)	11.00 a.m.
Friday	July 9, 2010	11.00 a.m.

(*) One resolution pertaining to appointment of Mr. Mangesh Sawant as Executive Director & CFO was passed by way of special resolution.

9. DISCLOSURES

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

10. 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.

11. COMPLIANCE

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

12. GENERAL SHAREHOLDER INFORMATION

50th Annual General Meeting

Date & Time	: July 12, 2013 at 11.00 a.m.
Venue	: Chowgule House, Mormugao Harbour, Goa-403803
Financial Year	: 2012-2013
Book Closure Date	: July 5, 2013 – July 12, 2013 (both days inclusive)
Dividend Payment Date	: N.A.

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 2012 – MARCH 2013 (BSE)

Month	High (₹)	Low (₹)
April	22.70	19.40
May	20.90	17.00
June	20.00	16.90
July	19.30	16.50
August	18.80	16.60
September	18.90	17.00
October	18.10	16.55
November	17.90	16.45
December	20.30	16.20
January	20.40	16.25
February	17.35	12.70
March	14.84	10.27

CHOWGULE STEAMSHIPS LIMITED

PERFORMANCE IN COMPARISON WITH SENSEX IS GIVEN BELOW:

DATE	CLOSING SENSEX	% MOVEMENT OF SENSEX MONTH TO MONTH	CSL CLOSING SHARE PRICE (₹)	% MOVEMENT OF SHARE PRICES MONTH TO MONTH
Apr-12	17,318.81	-0.49	19.75	-4.82
May-12	16,218.53	-6.35	18.50	-6.33
Jun-12	17,429.98	+7.46	17.80	-3.78
Jul-12	17,236.18	-1.11	18.25	+2.52
Aug-12	17,429.56	+1.12	16.80	-7.95
Sep-12	18,762.74	+7.64	17.50	+4.17
Oct-12	18,505.38	-1.37	17.55	+0.29
Nov-12	19,339.90	+4.50	17.00	-3.13
Dec-12	19,426.71	+0.44	18.80	+10.59
Jan-13	19,894.98	+2.41	16.50	-12.23
Feb-13	18,861.54	-5.19	13.00	-21.21
Mar-13	18,835.77	-0.14	11.38	-12.46

DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2013 IS GIVEN BELOW:

Shareholding of Nominal Value of		Shareholders		Share Amount	
₹	₹	Number	% to Total	In Rupees	% to Total
Upto 5000		22,643	89.8180	27992530	7.7100
5001	10000	1,367	5.4220	11143210	3.0690
10001	20000	571	2.2650	8742920	2.4080
20001	30000	209	0.8290	5378460	1.4810
30001	40000	74	0.2940	2632920	0.7250
40001	50000	85	0.3370	4053850	1.1170
50001	100000	108	0.4280	7918090	2.1810
100001	And above	153	0.6070	29522270	81.3100
Total		25,210	100.00	363084250	100.00

Category	No. of Shares	% Shareholding
Promoters/Person acting in concert	24718767	68.08
Banks, Financial Institution, Insurance Cos. etc	9931	0.03
Private Corporate Bodies	638943	1.76
NRIs / OCBs	292140	0.80
Mutual Funds & UTI	10423	0.03
Indian Public	10638221	29.30
TOTAL	36308425	100

About 82.74% (12336 shareholders) of the equity shares have been dematerialized as at March 31, 2013. Balance 17.26% (12874 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 Correspondance :

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

Link Intime India Pvt. 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 : May 09, 2013

Vijay V. Chowgule
Chairman

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, 2013.

Item	Particulars	Comments
A.	Conservation of Energy	
(a)	Measures	The Company has operationally well maintained vessel. 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 (b) above and consequent impact on cost of production	Nil
(d)	Total energy consumption and consumption per unit of to a Shipping Company production in Form 'A'	Not applicable
B.	Technology Absorption	
(e)	Efforts made in Technology absorption to a Shipping Company	Not applicable
i)	Research and Development	Nil
ii)	Technology absorption, adoption and innovation	Nil
C.	Foreign Exchange Earnings & Outgo	
(f)	Activities relating to exports, initiative taken to increase exports, development of new export plans	Not applicable
(g)	Total Foreign Exchange	
i)	Used (including loan repayments, interest, etc.)	₹ 1,279 lakhs
ii)	Earned	₹ 1,330 lakhs

CHOWGULE STEAMSHIPS LIMITED

AUDITORS' 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 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

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 with 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.

Place : Mumbai

Date : May 09, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

CHOWGULE STEAMSHIPS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of CHOWGULE STEAMSHIPS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) 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;
 - (b) 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;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act;
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

Z. F. Billimoria
Partner

Membership No. 42791

Place : Mumbai
Date : May 09, 2013

CHOWGULE STEAMSHIPS LIMITED

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result/transactions etc., clauses (vi) regarding acceptance of deposits from public, (viii) regarding maintenance of cost records, (x) regarding accumulated losses and cash losses, (xii) regarding granting of loans and advances on the basis of securities, (xiii) regarding chitfund, nidhi/ mutual benefit fund/ societies, (xiv) regarding dealing or trading in securities, debentures and other investments, (xv) regarding guarantees given by the Company, (xviii) regarding preferential allotment of shares, (xix) regarding creation of security for debentures issued and (xx) regarding end use of money raised by public issues, of Para 4 of "the Order" are not applicable to the Company during the year.
- (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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and 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 paints, lube oil and fuel oil on board of the ships. 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 covered in the Register maintained under Section 301 of the Act.
- (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 we have been informed about any major weaknesses in such internal control systems.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered into the Register maintained under Section 301 of the Act.
- (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.
 - (b) There were no undisputed amount payable in respect of 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 in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

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- (c) 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, 2013, except that the Company has disputed Sales Tax claims aggregating ₹ 237.00 Lakhs 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 ₹ 47.40 Lakhs (including refunds withheld by the authorities) and executed a bond of ₹ 218.04 Lakhs 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 any debentures.
- (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 they 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 by the Company and no material fraud on the Company has been 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 : May 09, 2013

CHOWGULE STEAMSHIPS LIMITED

BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
(I) EQUITY AND LIABILITIES :			
1 SHAREHOLDERS' FUNDS			
a) Share Capital	2	3,630.84	3,630.84
b) Reserves and Surplus	3	11,299.85	12,432.74
c) Money Received Against Share Warrants		—	—
		14,930.69	16,063.58
2 SHARE APPLICATION MONEY PENDING ALLOTMENT			
		—	—
3 NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	4	274.00	1,803.55
b) Deferred Tax Liabilities (Net)	5	1,342.00	1,694.00
c) Other Long-Term Liabilities	6	99.36	—
d) Long-Term Provisions	7	23.66	19.03
		1,739.02	3,516.58
4 CURRENT LIABILITIES			
a) Short-Term Borrowings	8	1.46	0.59
b) Trade Payables	9	482.67	210.27
c) Other Current Liabilities	10	1,759.97	1,653.73
d) Short-Term Provisions	11	27.19	47.43
		2,271.29	1,912.02
TOTAL		18,941.00	21,492.18
(II) ASSETS :			
1 NON-CURRENT ASSETS			
a) Fixed Assets			
(i) Tangible Assets	12	6,101.85	7,538.25
(ii) Intangible Assets		—	—
(iii) Capital Work-in-Progress		—	—
(iv) Intangible Assets under Development		—	—
b) Non-Current Investments	13	7,389.64	4,192.44
c) Deferred Tax Assets (Net)		—	—
d) Long-Term Loans and Advances	14	4,396.48	2,597.94
e) Other Non-Current Assets	15	0.50	0.50
		17,888.47	14,329.13
2 CURRENT ASSETS			
a) Current Investments	16	350.57	5,847.55
b) Inventories	17	291.93	25.78
c) Trade Receivables	18	—	—
d) Cash and Bank Balances	19	183.30	1,015.03
e) Short-Term Loans and Advances	20	226.66	274.00
f) Other Current Assets	21	0.07	0.69
		1,052.53	7,163.05
TOTAL		18,941.00	21,492.18
Contingent Liabilities and Commitments	22		

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

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

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : May 09, 2013

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

SUHAS JOSHI
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	For the year ended 31-Mar-2013 (₹ in Lakhs)	For the year ended 31-Mar-2012 (₹ in Lakhs)
REVENUE			
I. Revenue from Operations	23	1,470.78	2,477.76
II. Other Income	24	662.76	442.54
III. Total Revenue		2,133.54	2,920.30
IV. EXPENSES			
Operating Expenses	25	1,461.99	788.29
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods		-	-
Employee Benefits Expenses	26	592.70	595.90
Finance Cost	27	60.29	74.50
Depreciation and Amortisation	12	374.04	1,021.97
Other Expenses	28	225.05	217.85
Total Expenses		2,714.07	2,698.51
V. Profit / (Loss) before Exceptional and Extraordinary Items and Tax (III - IV)		(580.53)	221.79
VI. Less: Exceptional Items:	29	839.51	3,015.46
VII. Loss before Extraordinary Items and Tax (V - VI)		(1,420.04)	(2,793.67)
VIII. Extraordinary Items		-	-
IX. Loss Before Tax (VII - VIII)		(1,420.04)	(2,793.67)
X. Tax Expense:			
- Current Tax		-	(314.00)
- Reversal of Deferred Tax Liabilities	5	352.00	1,446.77
		352.00	1,132.77
XI. Loss for the year from Continuing Operations (IX - X)		(1,068.04)	(1,660.90)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Loss for the year from Discontinuing Operations (After Tax) (XII - XIII)		-	-
XV. Loss for the year (XI + XIV)		(1,068.04)	(1,660.90)
XVI. Earnings per Equity Share - Basic and Diluted (₹) (Face Value ₹ 10)	33	(2.94)	(4.57)

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

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

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

CHOWGULE STEAMSHIPS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	For the year ended 31-Mar-2013 (₹ in Lakhs)	For the year ended 31-Mar-2012 (₹ in Lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Loss before Tax and Extraordinary Items	(1,420.04)	(2,793.67)
Adjustments for:		
Depreciation	374.04	1,021.97
Impairment	994.36	2,600.11
(Reversal) / Provision for Employee Benefits	(15.61)	18.19
Sundry Balance Written Off / (Back)	(31.23)	(12.87)
Foreign Exchange Translation Differences	176.52	447.81
Interest and Dividend Income	(80.20)	(116.97)
Profit on Sale of Current Investments	(579.89)	(322.72)
Loss/(Profit) on Sale of Fixed Assets	(269.30)	(2.83)
Assets Written Off	1.58	8.10
Deposits / Investments Written Off	-	1.50
Interest & Other Finance Charges Paid	60.29	74.50
Operating (Loss)/Profit before Working Capital Changes	(789.48)	923.12
Adjustments for:		
(Increase) / Decrease in Trade Receivables	-	166.94
(Increase) / Decrease in Long-term Loans and Advances	(15.64)	5.16
(Increase) / Decrease in Short-term Loans and Advances	52.90	(42.08)
(Increase) / Decrease in Other Current Assets	-	-
(Increase) / Decrease in Term Deposits Pledged with Banks	30.00	95.00
Movement in Restricted Bank Balances	6.95	(6.41)
(Increase) / Decrease in Inventories	(266.15)	25.58
Increase/(Decrease) in Trade Payables	303.63	87.49
Increase/(Decrease) in Other Long Term Liabilities	99.36	-
Increase/(Decrease) in Other Current Liabilities	15.11	40.27
Cash generated from operations	(563.32)	1,295.07
Less: Taxes (Paid)/Refund Received	(5.57)	42.73
Net Cash (Used in) / from Operating Activities (A)	(568.89)	1,337.80
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(2.34)	(38.34)
Movement in Capital Work-in-Progress	-	-
Sale of Fixed Assets	273.07	8.18
Sale of Current/Long Term Investments	8,234.66	14,882.10
Purchase of Current Investments	(2,157.65)	(13,940.61)
Investment in Subsidiary Company	(3,197.21)	-
Loan to Subsidiary Company	(1,782.90)	(2,535.50)
Interest Received	2.75	11.39
Dividend Received	78.07	105.69
Net Cash (Used in) / from Investing Activities (B)	1,448.45	(1,507.09)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Net Increase/(Decrease) in Cash Credit Balance	0.87	0.26
Repayment of Borrowings	(1,615.65)	(1,485.60)
Interest Paid	(59.98)	(74.37)
Dividend and Tax on Dividend Paid	(6.95)	(415.57)
Net Cash Used in Financing Activities (C)	(1,681.71)	(1,975.28)
Net Decrease in Cash and Cash Equivalents (A+B+C)	(802.15)	(2,144.57)
Cash and Cash Equivalents - Opening Balance	931.51	2,977.18
Cash and Cash Equivalents - Closing Balance	129.36	832.61
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash on Hand and Balances with Banks	129.36	832.61
Effect of Exchange Rate Change Favourable / (Adverse)	7.37	98.90
Cash & Cash Equivalents as Restated	136.73	931.51
Foot Note:		
Cash & Cash Equivalents as above (Refer to Note No. 19)	136.73	931.51
Add: Restricted Bank Balances	46.57	53.52
Add: FD's maturing for more than three months	-	30.00
Cash and Cash Equivalents - Closing Balance	183.30	1,015.03

See Significant Accounting Policies and accompanying Notes to the Financial Statements

In terms of our report attached.

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

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

NOTES TO THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Accounting:

The financial statements are prepared and presented under the historical cost convention, except as indicated in iii 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:

ii. Use of Estimates:

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

iii. Tangible 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 the Statement of Profit and Loss.

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.

The Management estimates the useful lives for the fixed assets as under:

Vessels	20 years
Buildings	15 years
Furniture and Fixtures	5 years
Office Equipments	5 years
Vehicles	4 years
Computers	3 years

iv. Impairment of Fixed 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 Statement of Profit and Loss.

v. Investments:

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

vi. Inventories:

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

vii. Unfinished Voyage:

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

viii. Revenue Recognition:

Freight and demurrage earnings are recognised on a completed voyage basis.

Time charter earnings are accrued on a time proportion basis.

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.

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

ix. 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.

x. Employee Benefits :

a. Short-Term Employee Benefits

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.

b. Long-Term Employee Benefits

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, it is financed by the Company along with its employees.

i) 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.

ii) 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 recognised in the Statement of Profit and Loss.

c. 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.

xi. Transactions in Foreign Currency:

a. Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing in 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 the 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.

xii. 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.

xiii. 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

NOTES TO THE FINANCIAL STATEMENTS

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.

xiv. 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.

xv. Operating Lease:

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period. Where the Company, as a lessor, leases assets under operating leases, lease rental under such lease are recognised in the Statement of Profit and Loss on a straight-line basis.

2 SHARE CAPITAL

AUTHORISED

50,000,000 (2012 - 50,000,000) Equity Shares of ₹ 10/- each

2,500,000 (2012 - 2,500,000) Redeemable Preference Shares of ₹ 100/- each

ISSUED, SUBSCRIBED AND PAID-UP

36,308,425 (2012 - 36,308,425) Equity Shares of ₹ 10 each, fully paid up

	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
	5,000.00	5,000.00
	2,500.00	2,500.00
	7,500.00	7,500.00
	3,630.84	3,630.84
TOTAL	3,630.84	3,630.84

The Company has issued only one class of shares referred to as Equity Shares having a par value of ₹ 10.

Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees.

The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

In last 5 years, no classes of shares has been issued or bought back by the Company nor have any bonus issues been made by the Company.

Following are the names of the shareholders together with the number of Equity Shares holding more than 5 percent of the total Equity Shares:

Name of the Equity Shareholders		Numbers of Shares as at 31-Mar-2013	Numbers of Shares as at 31-Mar-2012
Chowgule and Company Private Limited		16,932,891	16,817,554
	Percentage	46.64	46.32
Quail Investments Limited		2,260,843	2,260,843
	Percentage	6.23	6.23

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
3 RESERVES AND SURPLUS		
a) CAPITAL RESERVE		
Balance as per last Balance Sheet	11.96	11.96
b) CAPITAL REDEMPTION RESERVE		
Balance as per last Balance Sheet	30.00	30.00
c) SHARE PREMIUM		
Balance as per last Balance Sheet	2,922.01	2,922.01
d) REVALUATION RESERVE		
Balance as per last Balance Sheet	1,297.07	1,365.34
Less: Adjusted against corresponding depreciation charge (Refer to Note No. 12)	(64.85)	(68.27)
	1,232.22	1,297.07
e) OTHER RESERVES		
GENERAL RESERVE	4,117.50	4,117.50
f) SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS		
Opening Balance	4,054.20	5,713.70
Add:- Loss for the year	(1,068.04)	(1,660.90)
	2,986.16	4,052.80
Amount available for appropriation	2,986.16	4,052.80
Appropriations:		
Excess Provision of Dividend Tax of earlier year	–	1.40
Closing Balance	2,986.16	4,054.20
TOTAL	11,299.85	12,432.74
4 LONG-TERM BORROWINGS		
SECURED BORROWINGS		
Loans from Bank:		
Term Loan		
Secured by mortgage of vessel m.v. Maratha Providence forming part of fleet (Refer to Note No. 10)	274.00	1,803.55
TOTAL	274.00	1,803.55

Terns of Repayment

The loan shall be repaid over a period of 8 years in 16 Semi annual installments to be paid during September & March every year of USD 1,500,000 each plus USD 6,000,000 alongwith last installment. Till date 12 installments of USD 1,500,000 has been paid and USD 8,500,000 has been prepaid.

NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
5 DEFERRED TAX LIABILITIES		
Deferred Tax Liability :		
Depreciation on Fixed Assets & Exchange Difference	1,415.00	1,863.63
	1,415.00	1,863.63
Deferred Tax Asset :		
Provision for Doubtful Debts	(15.00)	(13.52)
Related to Employees' Benefits	(19.00)	(21.56)
Exchange Fluctuation	(39.00)	(134.55)
	(73.00)	(169.63)
TOTAL	1,342.00	1,694.00

The Company has recognised in the Statement of Profit and Loss the net provision of deferred tax asset of ₹ 352.00 lakhs (2012- ₹ 1,446.77 lakhs).

6 OTHER LONG-TERM LIABILITIES		
Rent Deposit	99.36	-
TOTAL	99.36	-

7 LONG-TERM PROVISIONS		
Provision for Employee Benefits:		
Compensated Absences (Refer to Note No. 30)	23.66	19.03
TOTAL	23.66	19.03

8 SHORT-TERM BORROWINGS		
SECURED BORROWINGS		
Loans and Advances from Banks :		
Cash Credits: (Refer to Note No. 17)	1.46	0.59
Secured against hypothecation of book debts and stocks / stores aboard the vessels and first equitable mortgage on the Company's office premises		
TOTAL	1.46	0.59

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
9 TRADE PAYABLES		
Shipping Cost Payable	473.56	197.82
Provision for Other Expenses	9.11	12.45
TOTAL	482.67	210.27

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 31st March, 2013.

10 OTHER CURRENT LIABILITIES

Current Maturities of Long Term Debt:		
Secured by mortgage of vessel forming part of fleet (Refer to Note No. 4)	1,644.00	1,545.90
Interest Accrued but not Due on Loans	0.29	0.31
Charter Hire (received in advance)	15.17	50.17
Rent Received in Advance	49.68	-
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends	46.57	53.52
Other Liabilities:		
Taxes, duties & Other Payables	4.26	3.83
TOTAL	1,759.97	1,653.73

11 SHORT-TERM PROVISIONS

Provision for employee benefits: (Refer to Note No. 30)		
Gratuity	19.32	40.14
Compensated Absences	7.87	7.29
TOTAL	27.19	47.43

NOTES TO THE FINANCIAL STATEMENTS

12 FIXED ASSETS

(₹ in Lakhs)

Particulars	COST				DEPRECIATION			WRITTEN DOWN VALUE					
	Opening as at 1-Apr-2012	Additions during the year	Acquired through business combinations	Deductions / Write off during the year	Closing as at 31-Mar-2013	Opening as at 1-Apr-2012	For the year on original cost	Impairment during the year	Deductions during the year	Up to 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2013	
Tangible Assets													
Freehold Land	235.69	-	-	3.77	231.92	-	-	-	-	-	-	231.92	235.69
Building (See Footnote No. 3)													
On leasehold Land -	9,086.86	-	-	-	9,086.86	847.45	0.23	61.74	-	909.42	-	1,177.44	1,239.41
Office Premises													
(See Footnote No. 1 & 5)													
On freehold land -	110.43	-	-	-	110.43	46.56	0.08	3.11	-	49.75	-	60.68	63.87
Staff Quarters													
(See Footnote No. 2)													
Furniture and Fixtures	52.75	-	-	-	52.75	30.67	4.00	-	-	34.67	-	18.08	22.08
Vehicles	16.12	-	-	-	16.12	9.22	1.78	-	-	11.00	-	5.12	6.90
Office Equipments	153.84	2.34	-	2.94	153.94	102.73	8.15	-	1.92	109.66	-	43.58	51.11
Vessel (See Footnote No. 4)	13,530.37	-	-	-	13,530.37	7,611.18	359.80	-	994.36	8,965.34	-	4,565.03	5,919.19
TOTAL	16,186.06	2.34	-	6.71	16,181.69	8,647.81	374.04	64.85	994.36	10,079.84	1.22	6,101.85	7,538.25
Previous Year	16,940.11	38.34	-	92.39	16,186.06	5,036.43	1,021.97	68.26	2,600.11	8,647.81	78.96	7,538.25	
FOOTNOTES:													
1) Includes cost of 5 shares (2012 - 5 shares) of ₹ 50 each fully paid in Bakhtawar Commercial Premises Co-operative Society Limited. Secured also as first equitable mortgage for Cash Credit facility from State Bank of India													
2) Includes cost of 5 shares (2012 - 5 shares) of ₹ 50 each fully paid in Dadar Paschim Apartments Co-operative Housing Society Limited and 5 shares (2012 - 5 shares) of ₹ 50 each fully paid in Olympus Co-operative Housing Society Limited.													
3) 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 (₹ in Lakhs)	Written Down Value as on 31.03.2002 (₹ in Lakhs)	Revalued Amount (Substituted for original cost) as on 31.03.2002 (₹ in Lakhs)	Difference in W.D.V. and revalued amount (₹ in Lakhs)									
Leasehold Land - Office Premises	24.45	7.59	2,070.00	2,062.41									
Freehold Land - Staff Quarters	6.49	2.76	106.68	103.92									
TOTAL	30.94	10.35	2,176.68	2,166.33									
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.													
Depreciation provided on the revalued portion of the buildings amounting to ₹ 64.85 lakhs (2012 - ₹ 68.26 lakhs) has been directly adjusted from the Revaluation Reserve.													
4) During the previous year, the Company had identified its vessel as impaired due to significant drag on revival of charter hire rates and realisable value of the vessel after considering the economic life. The impairment loss of ₹ 2,600.11 lakhs was computed considering value in use. (Refer Note no. 29). During the year, the Company has identified its vessel as impaired due to significant drag on realisable value of the vessel after considering the economic life. The impairment loss of ₹ 994.36 lakhs is computed considering value in use													
5) Office premises includes an amount of ₹ 1,391.25 lakhs (2012 - Nil) given on lease. Depreciation for the same is ₹ 0.15 lakhs (2012 - Nil). Future minimum rent receipts are as under													
				31-Mar-2013	31-Mar-2012								
				(₹ in Lakhs)	(₹ in Lakhs)								
Not later than one year				198.72	-								
Later than one year and not later than five years				397.44	-								
Total				596.16	-								

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	Nos.	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
13 NON CURRENT INVESTMENTS			
LONG TERM:			
Trade Investments			
Investments in the Subsidiary Company (Unquoted) at Cost:			
Chowgule Steamships Overseas Limited (100% wholly owned subsidiary) (Equity Shares of \$ 1 each fully paid up)	9,200,000	4,191.79	4,191.79
Chowgule Steamships Overseas Limited- CRPS (Convertible Redeemable Shares of \$ 1 each fully paid up)	5,500,000	2,924.20	–
Unquoted (Equity Shares of ₹ 10 each fully paid up) at Cost:			
Chowgule Ports Infrastructure Private Limited	2,735,000	273.50	0.50
Non-Trade Investments			
Investments in Equity Shares (Quoted) of ₹ 10 each fully paid up at Cost:			
Mahindra Lifespace Developers Limited #	16	–	–
ICICI Bank Limited	150	0.05	0.05
Global Offshore Services Limited (erstwhile Garware Offshore Services Limited)	50	0.01	0.01
Essar Ports Limited (erstwhile Essar Shipping Ports & Logistics Limited)	467	0.02	0.02
Essar Shipping Limited (on splitting of shares of Essar Ports Limited)	233	0.01	0.01
Great Offshore Limited (On splitting of shares of The Great Eastern Shipping Company Limited) #	30	–	–
The Great Eastern Shipping Company Limited	121	0.02	0.02
Varun Shipping Company Limited	150	0.02	0.02
Shreyas Shipping and Logistics Limited #	100	–	–
The Shipping Corporation of India Limited	75	0.02	0.02
		0.15	0.15
TOTAL		7,389.64	4,192.44
Aggregate amount of quoted investments		0.15	0.15
Aggregate amount of unquoted investments		7,389.49	4,192.29
Aggregate market value of quoted investments		2.48	2.29
# value less than ₹ 500			
14 LONG-TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		24.47	8.54
Security Deposits		6.21	6.47
Advance to Wholly Owned Subsidiary (Refer to Note No. 31)		4,318.40	2,535.50
Prepaid Expenses		–	0.03
Disputed Sales Tax Deposit (Refer to Note No. 22)		47.40	47.40
TOTAL		4,396.48	2,597.94
15 OTHER NON CURRENT ASSETS			
Balances with Bank			
On deposit account with maturity of more than 12 months from Balance Sheet date		0.50	0.50
TOTAL		0.50	0.50
Margin Money against Bank Guarantee which has a maturity of more than 12 months from Balance Sheet date. Guarantee is given by Bank and counter guaranteed by the Company for due performance of the Company's obligations.			

NOTES TO THE FINANCIAL STATEMENTS

16 CURRENT INVESTMENTS

Investment in Mutual Fund:

Unquoted (at cost or market value whichever is lower)

	Face Value in ₹	No. of units	As at 31-Mar-2013 (₹ in Lakhs)	No. of units	As at 31-Mar-2012 (₹ in Lakhs)
Birla Sun Life FTP - Series DC Growth	10	–	–	7,255,812	725.58
Birla Sun Life Dynamic Bond Fund-Growth	10	1,451,697	249.17	8,015,316	1,375.77
Fidelity Short Term Income Fund - Growth	10	–	–	12,999,192	1,348.95
HDFC Short Term Fund - Growth	10	–	–	7,040,198	1,351.10
HDFC Cash Management Fund - Treasury Advantage plan- Retail	10	1,010,763	101.40	7,681,090	771.29
ICICI Prudential Fixed Maturity Plan-Series 56-1 year plan F Growth	10	–	–	2,750,000	275.00
	10		350.57		5,847.69
Less: Provision for diminution in value of the current Investments			–		(0.14)
TOTAL			350.57		5,847.55
Aggregate Net Asset Value of units in Mutual Funds			389.65		6,190.38

17 INVENTORIES

(at Lower of Cost and Net Realisable Value)

	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
Paints	6.72	2.76
Fuel oil and Lube Oil on Ships	285.21	23.02
TOTAL	291.93	25.78

Secured for Cash Credit facility taken from Bank (Refer to Note No. 8)

18 TRADE RECEIVABLES

(Unsecured)

Considered doubtful

More than six months from due date
Others

Less: Provision for Doubtful Debts

	41.67	41.67
	–	–
	41.67	41.67
Less: Provision for Doubtful Debts	41.67	41.67
TOTAL	–	–

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
19 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents:		
On Current Account	136.73	816.51
On Deposit Accounts with maturity of less than three months from Balance Sheet date	–	115.00
b) Other Balances:		
On Unpaid Dividend Accounts	46.57	53.52
On Deposit Accounts with maturity for more than three months but less than twelve months from Balance Sheet date	–	30.00
TOTAL	183.30	1,015.03
20 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Advance Income Tax (net of provision for tax ₹ 819.00 lakhs [2012 - ₹ 819.00 lakhs])	127.98	122.41
MAT Credit Entitlement	74.07	74.07
Fringe Benefit Tax (net of Provision for Tax ₹ 7.66 lakhs [2012 - ₹ 7.66 lakhs])	0.58	0.58
Prepaid Expenses	20.29	18.72
Advance for Expenses	3.74	12.72
Advance to Provident Fund Trust	–	45.50
TOTAL	226.66	274.00
21 OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits with Banks	0.07	0.69
TOTAL	0.07	0.69
22 CONTINGENT LIABILITIES AND COMMITMENTS		
Sales Tax demand not provided for: (Refer to Note No. 14)	237.00	237.00
Note: The Company has contested the above claims 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 ₹ 47.40 lakhs (Refer Note No.14) (including refunds withheld by the authorities) and executed a bond of ₹ 218.04 lakhs 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.		

NOTES TO THE FINANCIAL STATEMENTS

23 REVENUE FROM OPERATIONS

Sale of Services (Earnings in Foreign Currency):

Charter Hire Receipts

	For the year ended 31-Mar-2013 (₹ in Lakhs)	For the year ended 31-Mar-2012 (₹ in Lakhs)
Charter Hire Receipts	1,330.05	2,270.83
Other Operating Revenue:		
Foreign Exchange Rate Difference (Net)	101.03	181.88
Refund of War Risk Insurance Premium	–	12.18
Miscellaneous Income	8.47	–
Sundry Balances Written Back (Net)		
Trade Payable Written Back	31.23	12.87
TOTAL	1,470.78	2,477.76

Other Operating Revenue:

Foreign Exchange Rate Difference (Net)

Refund of War Risk Insurance Premium

Miscellaneous Income

Sundry Balances Written Back (Net)

Trade Payable Written Back

TOTAL

1,470.78

2,477.76

24 OTHER INCOME

Interest on -

Bank Deposits

Bank Deposits	2.13	11.28
Rental Income	2.67	–
Dividends		
On Long term Investments	0.04	0.04
On Current Investments	78.03	105.66
Profit on Sale of Current Investments (Net)	579.89	322.73
Profit on Sale of Assets	–	2.83
TOTAL	662.76	442.54

Rental Income

Dividends

On Long term Investments

On Current Investments

Profit on Sale of Current Investments (Net)

Profit on Sale of Assets

TOTAL

662.76

442.54

25 OPERATING EXPENSES

Fuel, Oil and Water

Fuel, Oil and Water	263.16	37.84
Stores and Spare parts Consumed	131.39	162.48
Port Disbursement, Stevedorage, Light Dues etc.	13.24	27.68
Ship Repairs and Survey Charges	157.52	155.14
Dry Docking Charges	522.09	–
Insurance & Protection Club Dues	111.57	101.91
Commission, Brokerage and Agency Fees	86.46	142.62
Ship Management Fees	76.10	65.48
Crew Expenses	88.36	76.08
Quality & Safety Facilities	8.84	10.84
Handling & Transport	3.26	8.22
TOTAL	1,461.99	788.29

Stores and Spare parts Consumed

Port Disbursement, Stevedorage, Light Dues etc.

Ship Repairs and Survey Charges

Dry Docking Charges

Insurance & Protection Club Dues

Commission, Brokerage and Agency Fees

Ship Management Fees

Crew Expenses

Quality & Safety Facilities

Handling & Transport

TOTAL

1,461.99

788.29

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

	For the year ended 31-Mar-2013 (₹ in Lakhs)	For the year ended 31-Mar-2012 (₹ in Lakhs)
26 EMPLOYEE BENEFITS EXPENSES		
Manning Cost	459.15	446.34
Salaries, Wages and Other Benefits (Refer to Note No. 30)	112.92	130.03
Contributions to Provident and Other Funds (Refer to Note No. 30)	17.81	16.71
Staff Welfare Expenses	2.82	2.82
TOTAL	592.70	595.90
27 FINANCE COSTS		
Interest on Borrowings	58.82	71.02
Other Borrowing Costs	1.47	3.48
TOTAL	60.29	74.50
28 OTHER EXPENSES		
Legal and Professional Expenses	22.62	14.06
Postage, Telephone, Telexes etc.	15.04	13.11
Rent	1.08	1.03
Rates and Taxes	29.11	11.82
Auditors' Remuneration		
For Statutory Audit	3.50	3.50
For Tax Audit	0.80	0.80
For Other Services	2.50	2.50
For Reimbursement of Expenses	-	0.06
Service Tax on above	0.84	0.81
	7.64	7.67
Directors' Sitting Fees	9.00	10.50
Travelling Expenses (Including Foreign Travelling)	45.87	81.76
Brokerage Paid	23.14	-
Miscellaneous Expenses	69.97	68.30
Loss on Sale of Fixed Assets / Written Off	1.58	8.10
Deposits Written Off	-	1.00
Investments Written Off	-	0.50
TOTAL	225.05	217.85
29 EXCEPTIONAL ITEMS		
Foreign Currency Translation Difference on Borrowings (Gain)/Loss	114.45	415.35
Profit on Sale of Land	(269.30)	-
Impairment Loss (Refer to Note No. 12)	994.36	2,600.11
TOTAL	839.51	3,015.46

NOTES TO THE FINANCIAL STATEMENTS

30 EMPLOYEE BENEFITS OBLIGATIONS

Staff Costs for the year ended 31st March, 2013, include provision for employee benefits as given below consequent to the adoption of the revised Accounting Standard (AS) 15 on Employee Benefits. The necessary disclosures in respect thereof are as under: -

	2012-13 (₹ in Lakhs)	2011-12 (₹ in Lakhs)
(a) The Company has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes		
i) Provident Fund	7.83	7.08
ii) Superannuation Fund	9.98	9.63
(b) Details of gratuity plan are as follows (Refer to Note Nos 7, 11 & 26)		
The amounts recognised in the Balance Sheet are as follows:		
i) Present value of funded obligations	74.75	63.80
ii) Fair value of plan assets	55.43	23.66
iii) Amounts in the Balance Sheet		
Liabilities	19.32	40.14
Assets	-	-
The amounts recognised in the Statement of Profit and Loss are as follows:		
i) Current service cost	11.15	9.69
ii) Interest cost	5.42	3.24
iii) Expected return on plan assets	(3.57)	(1.62)
iv) Net actuarial (Gain) / Losses recognised in year	(5.94)	14.55
v) Past service cost	-	-
vi) Expenses recognized in the Statement of Profit and Loss	7.06	25.86
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	63.80	43.19
ii) Current service cost	11.15	9.69
iii) Interest cost	5.42	3.24
iv) Actuarial losses	(5.62)	12.93
v) Past service cost	-	-
vi) Benefits paid	-	(5.25)
vii) Closing defined benefit obligation	74.75	63.80
Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
i) Opening fair value of plan assets	23.66	11.67
ii) Adjustment to opening balance	2.88	0.19
ii) Expected return	3.57	1.62
iii) Actuarial gains	0.32	(1.62)
iv) Contribution by employer	25.00	17.05
v) Benefits paid	-	(5.25)
vi) Closing fair value of plan assets	55.43	23.66

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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.

Principal actuarial assumptions at the Balance Sheet date are as follows:

	2012-13	2011-12
i) Discount rate at 31st March	8.20% p.a.	8.50% p.a.
ii) Expected return on plan assets at 31st March	9.15% p.a.	9.15% p.a.
iii) Rate of increase in compensation	10.00% p.a.	10.00% p.a.
iv) Withdrawal rate	0.50% p.a.	0.50% p.a.

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 2013-14 is ₹ 19.00 lakhs (2012-13 ₹ 25.00 lakhs).

The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment arising on plan liabilities and plan assets for the current annual period and previous four periods are as under -

	2008-09 (₹ in Lakhs)	2009-10 (₹ in Lakhs)	2010-11 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
Present value of the obligation	27.39	32.61	43.18	63.80	74.75
Fair value of the plan assets	11.69	9.77	11.67	23.66	55.43
Surplus/ (Deficit)	(15.70)	(22.84)	(31.51)	(40.14)	(19.32)
Experience adjustment on plan liabilities	0.21	8.18	3.51	(4.59)	7.14
Experience adjustment on plan assets	1.39	(0.91)	(0.90)	(1.62)	0.32

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

31 Related party disclosures, as required by AS-18 "Related Party Disclosures" as notified under the Companies (Accounting Standard) Rules, 2006, are given below.

Name of the related parties where control exists

- Chowgule Steamships Overseas Limited (CSOL) - Wholly owned subsidiary
- Sunshine 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
- Sea King LLC - Wholly owned subsidiary of CSOL
- Sea Link LLC - Wholly owned subsidiary of CSOL

Name of related party	Nature of Relationship	Nature of Transactions	31-Mar-2013 (₹ in Lakhs)	31-Mar-2012 (₹ in Lakhs)
Key Management Personnel				
Mr. Mangesh Sawant	Executive Director & CFO	Remuneration for the year	40.46	36.56
Subsidiary				
Chowgule Steamships Overseas Limited (CSOL) (Refer to Note No. 14)	Wholly owned subsidiary	Opening balance	2,535.50	–
		Loan given	1,782.90	2,535.50
		Closing balance	4,318.40	2,535.50
		Investment in Convertible Redeemable Shares	2,968.90	–

32 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.

NOTES TO THE FINANCIAL STATEMENTS

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

	2012-13	2011-12
a. Net Loss for the year (₹ In Lakhs)	(1,068.04)	(1,660.90)
b. Number of Equity Shares of Face Value of ₹ 10/- each	36,308,425	36,308,425
c. Basic and Diluted Earnings Per Equity Share on the above (₹)	(2.94)	(4.57)

34 FOREIGN CURRENCY EXPOSURES

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

Particulars	2012-13		2011-12	
	(₹ in Lakhs)	USD Million	(₹ in Lakhs)	USD Million
Non-Current Loans	274.00	0.50	1,803.55	3.50
Current Loans	1,644.00	3.00	1,545.90	3.00
Trade Receivables & Other assets	36.49	0.07	9.28	0.02
Trade Payables & Other Liabilities	274.63	0.51	97.88	0.19
Loans & Advances	4,318.40	8.00	2,535.50	5.00
Cash & Bank Balances	121.28	0.22	773.93	1.53
Advance Given to Trade Payables	2.73	0.01	11.53	0.02
Advance from Trade Receivables	-	-	49.61	0.10

Note : USD = US Dollar

35 EARNINGS / EXPENDITURE IN FOREIGN CURRENCY

	2012-13 (₹ in Lakhs)	2011-12 (₹ in Lakhs)
Earnings in foreign currency	1,330.06	2,389.40
Expenditure in foreign currency		
Ship operating expenses, Manning costs and other related expenditure	1,227.53	1,053.70
Interest paid	51.35	63.83
TOTAL	1,278.89	1,117.53

36 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

MANGESH SAWANT
Executive Director & CFO

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)	Sea Bird LLC (See Foot Note 2)	Sea King LLC (See Foot Note 2)	Sea Lord LLC (See Foot Note 2)	Sea Link LLC (See Foot Note 2)	Sea Green LLC (See Foot Note 2)
1	The relevant financial year of the subsidiary ended	31.3. 2013	31.3. 2013	31.3. 2013	31.3. 2013	31.3. 2013	31.3. 2013	31.3. 2013
2	No. of shares in the subsidiary Company held by Holding Company as on 31st March, 2013	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, 2013	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 31.03.2013	US \$ 124,057 ₹ 6,696,597	US \$ (1,696,230) ₹ (91,562,495)	US \$ (3,731,437) ₹ (201,422,969)	US \$ (3,877,601) ₹ (209,312,902)	US \$ (3,915,415) ₹ (211,354,102)	US \$ (11,174,021) ₹ (603,173,654)	NIL NIL
	ii) for the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	US \$ 31,984,450 ₹ 1,726,520,611	US \$ 48,653,423 ₹ 2,626,311,774	US \$ (2,931,897) ₹ (158,263,800)	US \$ (8,324,473) ₹ (449,355,052)	US \$ (4,103,382) ₹ (221,500,560)	NIL NIL	NIL NIL
	(b) Dealt within the Holding Company's accounts:							
	i) for the year ended 31.03.2013	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	ii) for the previous financial years of the Subsidiary Companies since they became the Holding Company's Subsidiaries	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

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
OF CHOWGULE STEAMSHIPS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CHOWGULE STEAMSHIPS LIMITED (the "Company") and its subsidiaries (the Company and its subsidiaries constitutes "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements / financial information of the subsidiaries referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of a subsidiary and six sub-subsidiaries, whose financial statements reflect total assets of ₹ 74,760.19 lakhs as at 31st March, 2013, total revenues of ₹ 7,217.29 lakhs and net cash outflow amounting to ₹ 1,233.40 lakhs 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 by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

Z. F. Billimoria
Partner
Membership No. 42791

Place : Mumbai
Date : May 09, 2013

CHOWGULE STEAMSHIPS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

	Note No.	As at 31-Mar-2013 (₹ in Lakhs)	As at 31-Mar-2012 (₹ in Lakhs)
(I) EQUITY AND LIABILITIES :			
1 SHAREHOLDERS' FUNDS			
a) Share Capital	2	3,630.84	3,630.84
b) Reserves and Surplus	3	33,877.14	45,349.96
c) Money Received Against Share Warrants		—	—
		37,507.98	48,980.80
2 SHARE APPLICATION MONEY PENDING ALLOTMENT		—	—
3 PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES OUTSIDE THE GROUP	4	4,858.20	—
4 NON-CURRENT LIABILITIES			
a) Long-Term Borrowings	5	32,999.40	27,962.18
b) Deferred Tax Liabilities (Net)	6	1,342.00	1,694.00
c) Other Long-Term Liabilities	7	99.36	—
d) Long-Term Provisions	8	23.66	19.03
		34,464.42	29,675.21
5 CURRENT LIABILITIES			
a) Short-Term Borrowings	9	1.46	0.59
b) Trade Payables	10	891.63	1,001.00
c) Other Current Liabilities	11	4,515.93	3,829.78
d) Short-Term Provisions	12	27.19	47.43
		5,436.21	4,878.80
TOTAL		82,266.81	83,534.81
(II) ASSETS :			
1 NON-CURRENT ASSETS			
a) Fixed Assets			
(i) Tangible Assets	13	66,937.58	58,651.69
(ii) Intangible Assets		—	—
(iii) Capital Work-in-Progress		—	—
(iv) Intangible Assets under Development		—	—
b) Non-Current Investments	14	2,590.67	2,957.54
c) Deferred Tax Assets (Net)		—	—
d) Long-Term Loans and Advances	15	7,804.52	10,153.54
e) Other Non-Current Assets	16	0.50	0.50
		77,333.27	71,763.27
2 CURRENT ASSETS			
a) Current Investments	17	350.57	5,847.55
b) Inventories	18	814.78	170.92
c) Trade Receivables	19	—	—
d) Cash and Bank Balances	20	3,462.47	5,254.24
e) Short-Term Loans and Advances	21	275.74	311.76
f) Other Current Assets	22	29.98	187.07
		4,933.54	11,771.54
TOTAL		82,266.81	83,534.81
Contingent Liabilities and Commitments	23		

See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements

In terms of our report attached.

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

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : May 09, 2013

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

SUHAS JOSHI
Company Secretary

Annual Report 2012-2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note No.	For the year ended 31-Mar-2013 (₹ in Lakhs)	For the year ended 31-Mar-2012 (₹ in Lakhs)
REVENUE			
I. Revenue from Operations	24	8,754.50	8,569.71
II. Other Income	25	652.85	628.19
III. Total Revenue		9,407.35	9,197.90
EXPENSES			
Operating Expenses	26	4,010.78	3,934.05
Purchase of Stock-in-Trade		-	-
Changes in Inventories of Finished Goods		-	-
Employee Benefits Expenses	27	2,615.40	1,937.55
Finance Cost	28	1,045.03	693.77
Depreciation and Amortisation	13	3,845.10	3,478.15
Other Expenses	29	590.32	475.37
Total Expenses		12,106.63	10,518.89
V. Loss before Exceptional and Extraordinary Items and Tax (III - IV)		(2,699.28)	(1,320.99)
VI. Less: Exceptional Items:	30	11,498.34	10,397.29
VII. Loss before Extraordinary Items and Tax (V - VI)		(14,197.62)	(11,718.28)
VIII. Extraordinary Items		-	-
IX. Loss Before Tax (VII - VIII)		(14,197.62)	(11,718.28)
X. Tax expense:			
- Current Tax		-	(314.00)
- Reversal of Deferred Tax Liabilities	6	352.00	1,446.77
		352.00	1,132.77
XI. Loss for the year from Continuing Operations (IX - X)		(13,845.62)	(10,585.51)
XII. Profit/(Loss) from Discontinuing Operations		-	-
XIII. Tax Expense of Discontinuing Operations		-	-
XIV. Profit/(Loss) for the year from Discontinuing Operations (After Tax) (XII - XIII)		-	-
XV. Loss for the year (XI + XIV)		(13,845.62)	(10,585.51)
XVI. Earnings Per Share - Basic and Diluted (₹) (Face Value ₹ 10)	34	(38.13)	(29.15)

See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements

In terms of our report attached.

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

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

CHOWGULE STEAMSHIPS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013

	For the year ended 31-Mar-2013 (₹ in Lakhs)	For the year ended 31-Mar-2012 (₹ in Lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net (Loss) before Tax and Extraordinary Items	(14,197.62)	(11,718.28)
Adjustments for:		
Depreciation and amortisation	3,845.10	3,478.15
Impairment	11,815.13	9,981.94
Provision for Employee Benefits	(15.61)	18.19
Reversal of Provision for Doubtful Debts and Advances	-	2.42
Sundry Balance Written Off / (Back)	(53.26)	(12.98)
Foreign Exchange Translation Differences	1,799.07	1,659.48
Foreign Exchange Difference Arising on Consolidation	(858.39)	3,591.31
Interest and Dividend Income	(70.29)	(466.36)
Profit on Sale of Current Investments	(579.89)	(159.00)
Loss/(Profit) on Sale of Fixed Assets	(269.30)	(2.83)
Fixed Assets Written Off	1.58	8.10
Deposits / Investment Written Off	-	1.50
Interest & Other Finance Charges Paid	1,045.03	693.77
Operating Profit before Working Capital Changes	2,461.55	7,075.41
Adjustments for:		
(Increase) / Decrease in Trade Receivables	-	166.94
(Increase) / Decrease in Long-term Loans and Advances	2,349.03	5,993.32
(Increase) / Decrease in Short-term Loans and Advances	41.59	(78.39)
(Increase) / Decrease in Other Current Assets	156.47	(38.81)
(Increase) / Decrease in Term Deposits Pledged with Banks	30.00	95.50
Movement in Restricted Bank Balances	6.95	(6.41)
(Increase) / Decrease in Inventories	(643.86)	(65.38)
Increase/(Decrease) in Trade Payables	(56.11)	246.48
Increase/(Decrease) in Other Long Term Liabilities	99.36	-
Increase/(Decrease) in Other Current Liabilities	114.78	123.12
Cash generated from operations	4,559.76	13,511.78
Less: Taxes (Paid) / Refund Received	(5.57)	42.74
Net Cash (Used in) /from Operating Activities (A)	4,554.19	13,554.52
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(20,720.45)	(39,920.76)
Movement in Capital Work-in-Progress	-	-
Sale of Fixed Assets	273.07	8.18
Sale of Current / Long Term Investments	9,190.71	22,397.07
Purchase of Current Investments	(2,556.02)	(16,134.43)
Interest Received	10.47	324.80
Dividend Received	60.44	141.66
Net Cash Used in Investing Activities (B)	(13,741.78)	(33,183.48)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Net Increase/(Decrease) in Cash Credit Balance	0.87	0.26
Proceeds from issue of Convertible Redeemable Shares	4,858.20	-
Repayment of Borrowings	(3,772.40)	(14,957.33)
Borrowings from Banks	7,368.27	18,458.44
Interest Paid	(1,022.57)	(639.91)
Dividend and Tax on Dividend Paid	(6.95)	(415.57)
Net Cash from Financing Activities (C)	7,425.42	2,445.89
Net decrease in Cash and Cash Equivalents (A+B+C)	(1,762.17)	(17,183.07)
Cash and Cash Equivalents - Opening Balance	5,170.72	22,254.89
Cash and Cash Equivalents - Closing Balance	3,408.55	5,071.82
Effect of Exchange Rate Changes on Cash and Cash Equivalents		
Cash on Hand and Balances with Banks	3,408.55	5,071.82
Effect of Exchange Rate Change Favourable / (Adverse)	7.35	98.90
Cash & Cash Equivalents as Restated	3,415.90	5,170.72
Foot Note:		
Cash & Cash Equivalents as above (Refer to Note No. 20)	3,415.90	5,170.72
Add: Restricted Bank Balances	46.57	53.52
Add: FD's maturing for more than three months	-	30.00
Cash and Cash Equivalents - Closing Balance	3,462.47	5,254.24

See Significant Accounting Policies and accompanying Notes to the Consolidated Financial Statements

In terms of our report attached.

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

Z. F. BILLIMORIA
Partner

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

i. Basis of Accounting:

The financial statements are prepared and presented under the historical cost convention, except as indicated in iv 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.

ii. Principles of Consolidation:

- a) The consolidated financial statements have been prepared in accordance with Accounting Standard (AS) 21, 'Consolidated Financial Statements' as notified under the Companies (Accounting Standard) Rules, 2006. 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 and Balance Sheet items are consolidated at the standard rate. 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, 2013.
 - 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.
- b) The list of subsidiary Companies 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	
		2012-13	2011-12
Chowgule Steamships Overseas Ltd (CSOL)	Guernsey	100%	100%
Sunshine 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%
Sea King LLC	The Marshall Islands	100%	100%
Sea Link LLC	The Marshall Islands	100%	-

Information pertaining to the above subsidiaries for the current financial year as prescribed by the Ministry of Company Affairs vide its notification dated 8th February, 2011 is given in the annexure

iii. Use of Estimates:

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

iv. Tangible 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 the Statement of Profit and Loss.

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.

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Management estimates the useful lives for the fixed assets as under:

Vessels	20 years
Buildings	15 years
Furniture and Fixtures	5 years
Office Equipments	5 years
Vehicles	4 years
Computers	3 years

v. Impairment of Fixed Assets:

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Group'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 Statement of Profit and Loss.

vi. Investments:

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

vii. Inventories:

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

viii. Unfinished Voyage:

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

ix. Revenue Recognition:

Freight and demurrage earnings are recognised on a completed voyage basis.

Time charter earnings are accrued on a time proportion basis.

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.

x. Bareboat Charges

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

xi. 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.

xii. Employee Benefits :

a. Short-Term Employee Benefits

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.

b. Long-Term Employee Benefits

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, it is financed by the Company along with its employees.

i 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.

ii 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 recognised in the Statement of Profit and Loss.

c. **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.

xii. **Transactions in Foreign Currency:**

- a Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing in 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 the 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.

xiii. **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.

xiv. **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.

xv. **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.

xvi. **Operating Lease:**

Assets acquired on lease where significant portions of the risks and rewards incidental to ownership are effectively retained by the lessors are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the lease period. Where the Company, as a lessor, leases assets under operating leases, lease rental under such lease are recognised in the Statement of Profit and Loss on a straight-line basis.

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SHARE CAPITAL

AUTHORISED

50,000,000 (2012 - 50,000,000) Equity Shares of ₹ 10/- each
2,500,000 (2012 - 2,500,000) Redeemable Preference Shares of ₹ 100/- each

ISSUED, SUBSCRIBED AND PAID-UP

36,308,425 (2012 - 36,308,425) Equity Shares of ₹ 10 each, fully paid up

TOTAL

As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
5,000.00	5,000.00
2,500.00	2,500.00
7,500.00	7,500.00
3,630.84	3,630.84
3,630.84	3,630.84

The Company has issued only one class of shares referred to as Equity Shares having a par value of ₹ 10.

Each holder of Equity Shares is entitled to one vote per share.

The Company declares and pays dividends in Indian Rupees.

The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

In last 5 years, no classes of shares has been issued or bought back by the Company nor have any bonus issues been made by the Company.

Following are the names of the shareholders together with the number of Equity Shares holding more than 5 percent of the total Equity Shares:

Name of the Shareholders	Numbers of shares as at 31-Mar-13	Numbers of shares as at 31-Mar-12
Chowgule and Company Private Limited	16,932,891	16,817,554
Percentage	46.64	46.32
Quail Investments Limited	2,260,843	2,260,843
Percentage	6.23	6.23

3 RESERVES AND SURPLUS

a) CAPITAL RESERVE

Balance as per last Balance Sheet

11.96

11.96

b) CAPITAL REDEMPTION RESERVE

Balance as per last Balance Sheet

30.00

30.00

c) SHARE PREMIUM

Balance as per last Balance Sheet

2,922.01

2,922.01

d) REVALUATION RESERVE

Balance as per last Balance Sheet

1,297.07

1,365.34

Less: Adjusted against corresponding depreciation charge
(Refer to Note No. 13)

(64.85)

(68.27)

1,232.22

1,297.07

e) OTHER RESERVES

GENERAL RESERVE

Balance as per last Balance Sheet

4,117.52

4,117.50

Carried forward

8,313.71

8,378.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
3 RESERVES AND SURPLUS (contd.)		
Brought forward	8,313.71	8,378.54
f) FOREIGN CURRENCY TRANSLATION RESERVE		
Balance as per last Balance Sheet	7,514.92	1,228.31
Additions / (Deductions) during the year	2,437.63	6,286.61
	<u>9,952.55</u>	<u>7,514.92</u>
g) SURPLUS / (DEFICIT) IN STATEMENT OF PROFIT AND LOSS		
Opening Balance	29,456.50	40,040.61
Add:- Loss for the year	(13,845.62)	(10,585.51)
Amount available for appropriation	15,610.88	29,455.10
Appropriations:		
Excess Provision of Dividend Tax of earlier year	-	1.40
Closing Balance	<u>15,610.88</u>	<u>29,456.50</u>
TOTAL	<u>33,877.14</u>	<u>45,349.96</u>
4 PREFERENCE SHARES ISSUED BY SUBSIDIARY COMPANIES OUTSIDE THE GROUP		
9,000,000 (2012- Nil) Convertible Redeemable Shares of USD 1/- each issued to M/s Rudra Shipping & Trading Company Limited. These shares are convertible in to Equity Shares at the option of the holders in the ratio of 1:1 until the day before 10th anniversary of the issue when the option reverts to the Company. At this point, the Company also has the option to redeem these shares for cash at \$ 1.10 per share	4,858.20	-
TOTAL	<u>4,858.20</u>	<u>-</u>
5 LONG-TERM BORROWINGS		
SECURED BORROWINGS		
Term Loans from Bank:		
Secured by mortgage of vessels forming part of fleet (Refer to Note No. 11)	32,999.40	27,962.18
TOTAL	<u>32,999.40</u>	<u>27,962.18</u>
6 DEFERRED TAX LIABILITIES		
Deferred Tax Liability :		
Depreciation on Fixed Assets & Exchange Difference	1,415.00	1,863.63
	<u>1,415.00</u>	<u>1,863.63</u>
Deferred tax asset :		
Provision for Doubtful Debts	(15.00)	(13.52)
Related to Employees' Benefits	(19.00)	(21.56)
Exchange Fluctuation	(39.00)	(134.55)
	<u>(73.00)</u>	<u>(169.63)</u>
TOTAL	<u>1,342.00</u>	<u>1,694.00</u>

The Company has recognised in the Statement of Profit and Loss the Net Provision of Deferred Tax Asset of ₹ 352.00 lakhs (2012- ₹ 1,446.77 lakhs).

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
7 OTHER LONG-TERM LIABILITIES		
Rent Deposit	99.36	-
TOTAL	99.36	-
8 LONG-TERM PROVISIONS		
Provision for Employee Benefits:		
Compensated Absences (Refer to Note No. 31)	23.66	19.03
TOTAL	23.66	19.03
9 SHORT-TERM BORROWINGS		
SECURED BORROWINGS		
Loans and Advances from Banks :		
Cash Credits (Refer to Note No. 18)	1.46	0.59
Secured against hypothecation of book debts and stocks / stores aboard the vessels and first equitable mortgage on the Company's office premises		
TOTAL	1.46	0.59
10 TRADE PAYABLES		
Shipping Cost Payable	755.61	867.57
Provision for Other Expenses	136.02	133.43
TOTAL	891.63	1,001.00
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 31st March, 2013.		
11 OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts:		
Secured by Mortgage of Vessels forming part of Fleet (Refer to Note No. 5)	4,058.64	3,502.78
Interest Accrued but not Due on Loans	99.20	76.74
Charter Hire (received in advance)	257.58	192.91
Rent Received in Advance	49.68	-
Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 not due:		
Unclaimed Dividends	46.57	53.52
Other Liabilities		
Duties, Taxes & Other Payables	4.26	3.83
TOTAL	4,515.93	3,829.78
12 SHORT-TERM PROVISIONS		
Provision for employee benefits: (Refer to Note No. 31)		
Gratuity	19.32	40.14
Compensated Absences	7.87	7.29
TOTAL	27.19	47.43

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 FIXED ASSETS

(₹ in Lakhs)

Particulars	COST					DEPRECIATION				WRITTEN DOWN VALUE				
	Opening as at 1-Apr-2012	Additions during the year	Acquired through business combinations	Adjustment during the year	Deductions during the year	Closing as at 31-Mar-2013	Up to 1-Apr-2012	For the year on original cost	adjusted against corresponding down from revaluation reserve	Impairment during the year	Deductions during the year	Up to 31-Mar-2013	As at 31-Mar-2012	As at 31-Mar-2013
TANGIBLE ASSETS:														
Freehold Land	235.69	-	-	-	3.77	231.92	-	-	-	-	-	-	231.92	235.69
Building (See Footnote 3) On Leasehold Land - Office Premises	2,086.86	-	-	-	-	2,086.86	847.45	0.93	61.74	-	-	909.42	1,177.44	1,939.41
(See Footnote 1 & 7) On Freehold Land - Staff Quarters	110.43	-	-	-	-	110.43	46.56	0.08	3.11	-	-	49.75	60.68	63.87
(See Footnote 2) Furniture and Fixtures	52.75	-	-	-	-	52.75	30.67	4.00	-	-	-	34.67	18.08	22.08
Vehicles	16.12	-	-	-	-	16.12	9.92	1.78	-	-	-	11.00	5.12	6.90
Office Equipments	153.84	2.34	-	-	2.94	153.84	102.73	8.15	-	-	1.22	109.66	43.58	51.11
Vessels (See Footnote 4, 5 & 6)	78,192.92	20,718.11	-	4,169.72	-	103,080.75	21,160.99	3,830.86	-	873.71	11,815.13	37,679.99	65,400.76	57,032.63
TOTAL	80,848.61	20,720.45	-	4,169.72	6.71	105,732.07	22,196.92	3,845.10	64.85	873.71	11,815.13	1.92	66,937.58	58,651.69
Previous Year	37,853.70	39,920.76	-	3,166.54	92.39	80,848.61	8,273.31	3,478.15	68.26	474.22	9,981.94	78.96	22,196.92	58,651.69

FOOTNOTES:

- 1) Includes cost of 5 shares (2012 - 5 shares) of ₹ 50 each fully paid in Bakhtawar Commercial Premises Co-operative Society Limited. Secured also as first equitable mortgage for Cash Credit facility from State Bank of India
- 2) Includes cost of 5 shares (2012 - 5 shares) of ₹ 50 each fully paid in Dadar Paschim Apartments Co-operative Housing Society Limited and 5 shares (2012 - 5 shares) of ₹ 50 each fully paid in Olympus Co-operative Housing Society Limited.
- 3) 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 (₹ in Lakhs)	Written Down Value as on 31.03.2002 (₹ in Lakhs)	Revalued Amount (Substituted for original cost) as on 31.03.2002 (₹ in Lakhs)	Difference in W.D.V. and revalued amount (₹ in Lakhs)
Leasehold Land - Office Premises	24.45	7.59	2,070.00	2,062.41
Freehold Land - Staff Quarters	6.49	2.76	106.68	103.92
TOTAL	30.94	10.35	2,176.68	2,166.33

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.

- 4) Depreciation provided on the revalued portion of the buildings amounting to ₹ 64.85 lakhs (2012 - ₹ 68.26 lakhs) has been directly adjusted from the Revaluation Reserve.
- 4) During the year, the Company has identified its vessels as impaired due to significant drop on revival of charter hire rates and realisable value of the vessels after considering the economic life. The impairment loss of ₹ 11,815.13 lakhs (2012 - ₹ 9,981.94 lakhs) is computed considering value in use. (Refer to Note No. 9)
- 5) Adjustment in the costs for the year contains ₹ 4,169.72 lakhs (2012 - ₹ 3,166.54 lakhs) on account of restatement of opening gross block relating to non-integral foreign operations consequent to change in the exchange rate
- 6) Adjustment in the depreciation for the year contains ₹ 873.71 lakhs (2012 - ₹ 474.22 lakhs) on account of restatement of opening accumulated depreciation relating to non-integral foreign operations consequent to change in the exchange rate
- 7) Office premises includes an amount of ₹ 1,391.25 lakhs (2012 - Nil) given on lease. Depreciation for the same is ₹ 0.15 lakhs (2012 - Nil). Future minimum rent receipts are as under

	31-Mar-2013 (₹ in Lakhs)	31-Mar-2012 (₹ in Lakhs)
Not later than one year	-	198.72
Later than one year and not later than five years	-	397.44
TOTAL	596.16	-

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Nos	As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
14 NON CURRENT INVESTMENTS			
LONG TERM:			
TRADE INVESTMENTS			
Unquoted at Cost:			
Equity Shares of ₹ 10 each fully paid up Chowgule Ports Infrastructure Private Limited	2,735,000	273.50	0.50
NON-TRADE INVESTMENTS			
Unquoted at Cost:			
Others			
Northern Shipping Fund - NFC		2,317.02	2,956.89
Investment in Equity Shares (Quoted) of ₹ 10 each fully paid up) at Cost:			
Mahindra Lifespace Developers Limited #	16	–	–
ICICI Bank Limited	150	0.05	0.05
Global Offshore Services Limited (erstwhile Garware Offshore Services Limited)	50	0.01	0.01
Essar Ports Limited (erstwhile Essar Shipping Ports & Logistics Limited)	467	0.02	0.02
Essar Shipping Limited (On splitting of shares of Essar Ports Limited)	233	0.01	0.01
Great Offshore Limited (On splitting of shares of The Great Eastern Shipping Company Limited) #	30	–	–
The Great Eastern Shipping Company Limited	121	0.02	0.02
Varun Shipping Company Limited	150	0.02	0.02
Shreyas Shipping and Logistics Limited #	100	–	–
The Shipping Corporation of India Limited	75	0.02	0.02
		0.15	0.15
TOTAL		2,590.67	2,957.54
Aggregate amount of quoted investments		0.15	0.15
Aggregate amount of unquoted investments		2,590.52	2,957.39
Aggregate market value of quoted investments		2.48	2.29
# value less than ₹ 500			

15 LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)

Capital Advances	7,750.91	10,099.64
Security Deposits	6.21	6.47
Prepaid Expenses	–	0.03
Disputed Sales Tax Deposit (Refer to Note No. 23)	47.40	47.40
TOTAL	7,804.52	10,153.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 OTHER NON CURRENT ASSETS

Balances with Bank

On deposit account with maturity of more than 12 months from Balance Sheet date

	As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
	0.50	0.50
TOTAL	0.50	0.50

Margin Money against Bank Guarantee which has a maturity of more than 12 months from Balance Sheet date. Guarantee is given by Bank and counter guaranteed by the Company for due performance of the Company's obligations.

17 CURRENT INVESTMENTS

Investment in Mutual Fund:

Unquoted (at cost or market value whichever is lower):

	Face Value in ₹	No. of units	As at 31-Mar-13 (₹ in Lakhs)	No. of units	As at 31-Mar-12 (₹ in Lakhs)
Birla Sun Life FTP - Series DC Growth	10	-	-	7,255,812	725.58
Birla Sun Life Dynamic Bond Fund-Growth	10	1,451,697	249.17	8,015,316	1,375.77
Fidelity Short Term Income Fund - Growth	10	-	-	12,999,192	1,348.95
HDFC Short Term Fund - Growth	10	-	-	7,040,197	1,351.10
HDFC Cash Management Fund - Treasury Advantage plan- Retail	10	1,010,763	101.40	7,681,090	771.29
ICICI Prudential Fixed Maturity Plan-Series 56-1 year plan F Growth	10	-	-	2,750,000	275.00
			350.57		5,847.69
Less: Provision for diminution in value of the current Investments			-		(0.14)
TOTAL			350.57		5,847.55
Aggregate Net Asset Value of units in Mutual Funds			389.65		6,190.38

18 INVENTORIES

(at Lower of Cost and Net Realisable Value)

Paints

Fuel Oil and Lube Oil on Ships

	As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
	6.72	2.76
	808.06	168.16
TOTAL	814.78	170.92

Secured for Cash Credit facility (Refer to Note No. 9)

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-Mar-13 (₹ in Lakhs)	As at 31-Mar-12 (₹ in Lakhs)
19 TRADE RECEIVABLES		
(Unsecured)		
Considered doubtful		
More than six months from due date	41.67	41.67
Others	–	–
	<u>41.67</u>	<u>41.67</u>
Less: Provision for Doubtful Debts	<u>41.67</u>	<u>41.67</u>
	–	–
TOTAL	<u>–</u>	<u>–</u>
20 CASH AND BANK BALANCES		
a) Cash and Cash Equivalents:		
On Current Account	3,415.90	5,055.72
On Deposit Accounts with maturity of less than three months from Balance Sheet date	–	115.00
b) Other Balances:		
On Unpaid Dividend Accounts	46.57	53.52
On Deposit Accounts with maturity of more than three months but less than twelve months from Balance Sheet date	–	30.00
	<u>3,462.47</u>	<u>5,254.24</u>
TOTAL	<u>3,462.47</u>	<u>5,254.24</u>
21 SHORT-TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Advance Income Tax (net of provision for tax ₹ 819.00 lakhs [2012 - ₹ 2,287.90 lakhs])	127.98	122.41
MAT Credit Entitlement	74.07	74.07
Fringe Benefit Tax (net of Provision for Tax ₹ 7.66 lakhs [2012 - ₹ 7.66 lakhs])	0.58	0.58
Prepaid Expenses	69.37	56.48
Advance for Expenses	3.74	12.72
Advance to Provident Fund Trust	–	45.50
	<u>275.74</u>	<u>311.76</u>
TOTAL	<u>275.74</u>	<u>311.76</u>
22 OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits with Banks	0.07	0.69
Other Receivable	29.91	186.38
	<u>29.98</u>	<u>187.07</u>
TOTAL	<u>29.98</u>	<u>187.07</u>
23 CONTINGENT LIABILITIES AND COMMITMENTS		
a) Estimated amount of contracts remaining to be executed on capital account not provided for	52,410.10	76,040.67
b) Sales Tax demand not provided for: (Refer to Note No. 15)	237.00	237.00
Note: The Company has contested the above claims 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 ₹ 47.40 lakhs (Refer Note No.15)(including refunds withheld by the authorities) and executed a bond of ₹ 218.04 lakhs 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.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31-Mar-13 (₹ in Lakhs)	For the year ended 31-Mar-12 (₹ in Lakhs)
24 REVENUE FROM OPERATIONS		
Sale of Services (Earnings in Foreign Currency):		
Charter Hire Receipts	8,547.35	8,530.91
Other Operating Revenue:		
Foreign Exchange Rate Difference (Net)	103.54	–
Refund of War Risk Insurance Premium	–	95.82
Miscellaneous Income	50.35	–
Sundry Balances Written Back (Net)		
Trade payable Written Back	53.26	12.98
TOTAL	8,754.50	8,569.71
25 OTHER INCOME		
Interest on -		
Bank Deposits	9.85	324.70
Rental Income	2.67	–
Dividends		
On Long term Investments	0.04	0.04
On Current Investments	60.40	141.62
Profit on Sale of Current Investments - (Net)	579.89	159.00
	–	2.83
TOTAL	652.85	628.19
26 OPERATING EXPENSES		
Fuel, Oil and Water	833.96	698.84
Stores and Spare Parts Consumed	500.42	597.07
Port Disbursement, Stevedorage, Light Dues etc.	45.94	38.69
Ship Repairs and Survey Charges	342.10	179.29
Dry Docking Charges	522.09	760.18
Insurance & Protection Club Dues	431.03	323.94
Commission, Brokerage and Agency Fees	506.47	500.97
Claims Paid	–	4.56
Foreign currency translation differences	–	227.58
Ship Management Fees	371.58	264.03
Crew Expenses	377.35	289.25
Quality & Safety Facilities	53.55	36.99
Handling & Transport	26.29	12.66
TOTAL	4,010.78	3,934.05

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	For the year ended 31-Mar-13 (₹ in Lakhs)	For the year ended 31-Mar-12 (₹ in Lakhs)
27 EMPLOYEE BENEFITS EXPENSES		
Manning Cost	2,481.85	1,787.99
Salaries, Wages and Other Benefits (Refer to Note No. 31)	112.92	130.03
Contributions to Provident and Other Funds (Refer to Note No. 31)	17.81	16.71
Staff Welfare Expenses	2.82	2.82
TOTAL	2,615.40	1,937.55
28 FINANCE COSTS		
Interest on Borrowings	1,033.99	679.86
Other Borrowing Costs	11.04	13.91
TOTAL	1,045.03	693.77
29 OTHER EXPENSES		
Legal and Professional Expenses	332.36	213.20
Postage, Telephone, Telexes etc.	8.62	49.29
Rent	1.08	1.03
Rates and Taxes	44.08	12.57
Auditors' Remuneration		
For Statutory Audit	3.50	3.50
For Tax Audit	0.80	0.80
For Other Services	16.34	13.60
For Reimbursement of Expenses	-	0.06
Service Tax on above	0.84	0.81
	21.48	18.77
Directors' Sitting Fees	9.00	10.50
Travelling Expenses (Including Foreign Travelling)	55.26	87.59
Brokerage Paid	23.14	-
Miscellaneous Expenses	93.72	70.40
Provision for Doubtful Debts / Advances	-	2.42
Fixed Assets Written Off	1.58	8.10
Deposits Written Off	-	1.00
Investments Written Off	-	0.50
TOTAL	590.32	475.37
30 EXCEPTIONAL ITEMS		
Foreign Currency Translation Difference on Borrowings (Gain)/Loss	114.45	415.35
Profit on Sale of Land	(269.30)	-
Impairment Loss (Refer to Note No. 13)	11,815.13	9,981.94
Provision no Longer Required	(161.94)	-
TOTAL	11,498.34	10,397.99

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 (a) EFFECT OF ACQUISITION OF SUBSIDIARY

Consolidated Financial Statement includes following amounts pertaining to acquisition of subsidiary (Sea Link LLC):

Liabilities

Non-current liabilities

For the year ended 31-Mar-13 (₹ in Lakhs)	For the year ended 31-Mar-12 (₹ in Lakhs)
20,617.23	–
533.69	–
Assets	
14,705.39	–
414.34	–
513.86	–
6,545.59	–
(6,031.73)	–
(6,031.73)	–

Current liabilities

Assets

Non-current assets

Current assets

Revenue for the period ended

Expenses for the period ended

Profit / (Loss) before tax for the year ended

Profit / (Loss) after tax for the year ended

31 EMPLOYEE BENEFITS OBLIGATIONS

Staff Costs for the year ended 31st March, 2013, include provision for employee benefits as given below consequent to the adoption of the revised Accounting Standard (AS) 15 on Employee Benefits. The necessary disclosures in respect thereof are as under: -

	2012-13 (₹ in Lakhs)	2011-12 (₹ in Lakhs)
(a) The Company has recognised the following amounts in the Statement of Profit and Loss as contribution under defined contribution schemes		
i) Provident Fund	7.83	7.08
ii) Superannuation Fund	9.98	9.63
(b) Details of gratuity plan are as follows: (Refer to Note Nos 8, 12 & 27)		
The amounts recognised in the Balance Sheet are as follows:		
i) Present value of funded obligations	74.75	63.80
ii) Fair value of plan assets	55.43	23.66
iii) Amounts in the Balance Sheet		
Liabilities	19.32	40.14
Assets	–	–
The amounts recognised in the Statement of Profit and Loss are as follows:		
i) Current service cost	11.15	9.69
ii) Interest cost	5.42	3.24
iii) Expected return on plan assets	(3.57)	(1.62)
iv) Net actuarial losses recognised in year	(5.94)	14.55
v) Past service cost	–	–
vi) Expenses recognized in the Statement of Profit and Loss	7.06	25.86

CHOWGULE STEAMSHIPS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2012-13 (₹ in Lakhs)	2011-12 (₹ in Lakhs)
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	63.80	43.19
ii) Current service cost	11.15	9.69
iii) Interest cost	5.42	3.24
iv) Actuarial losses	(5.62)	12.93
v) Past service cost	-	-
vi) Benefits paid	-	(5.25)
vii) Closing defined benefit obligation	74.75	63.80
Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:		
i) Opening fair value of plan assets	23.66	11.67
ii) Adjustment to opening balance	2.88	0.19
iii) Expected return	3.57	1.62
iv) Actuarial gains	0.32	(1.62)
v) Contribution by employer	25.00	17.05
vi) Benefits paid	-	(5.25)
vii) Closing fair value of plan assets	55.43	23.66

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.

Principal actuarial assumptions at the Balance Sheet date are as follows:

	2012-13	2011-12
i) Discount rate at 31st March	8.20% p.a.	8.50% p.a.
ii) Expected return on plan assets at 31st March	9.15% p.a.	9.15% p.a.
iii) Rate of increase in compensation	10.00% p.a.	10.00% p.a.
iv) Withdrawal rate	0.50% p.a.	0.50% p.a.

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 2013-14 is ₹ 19.00 lakhs (2012-13 ₹ 25.00 lakhs).

The amounts of the present value of the obligation, fair value of plan assets, surplus or deficit in the plan, experience adjustment arising on plan liabilities and plan assets for the current annual period and previous four periods are as under -

	2007-08 (₹ in Lakhs)	2008-09 (₹ in Lakhs)	2009-10 (₹ in Lakhs)	2011-12 (₹ in Lakhs)	2012-13 (₹ in Lakhs)
Present value of the obligation	27.39	32.61	43.18	63.80	74.75
Fair value of the plan assets	11.69	9.77	11.67	23.66	55.43
Surplus/ (Deficit)	(15.70)	(22.84)	(31.51)	(40.14)	(19.32)
Experience adjustment on plan liabilities	0.21	8.18	3.51	(4.59)	7.14
Experience adjustment on plan assets	1.39	(0.91)	(0.90)	(1.62)	0.32

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Related party disclosures, as required by AS-18 "Related Party Disclosures" as notified under the Companies (Accounting Standard) Rules, 2006, are given below.

Name of related party	Nature of Relationship	Nature of Transactions	31-Mar-13 (₹ in Lakhs)	31-Mar-12 (₹ in Lakhs)
Key Management Personnel				
Mr. Mangesh Sawant	Executive Director & CFO	Remuneration for the year	40.46	36.56

33 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.

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

	2012-13	2011-12
a. Net Loss for the year (₹ in lakhs)	(13,845.62)	(10,585.51)
b. Number of Equity Shares of Face Value of ₹ 10 each	36,308,425	36,308,425
c. Basic and Diluted Earnings Per Equity Share on the above (₹)	(38.13)	(29.15)

35 FOREIGN CURRENCY EXPOSURES

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

Particulars	2012-13		2011-12	
	(₹ in Lakhs)	USD Million	(₹ in Lakhs)	USD Million
Non-Current Loans	274.00	0.50	1,803.55	3.50
Current Loans	1,644.00	3.00	1,545.90	3.00
Sundry Debtors & Other assets	36.49	0.07	9.28	0.02
Sundry Creditors & Other Liabilities	274.63	0.51	97.88	0.19
Cash & Bank Balances	121.28	0.22	773.93	1.53
Advance Given to Trade Payable	2.73	0.01	11.53	0.02
Advance from Trade Receivables	-	-	49.61	0.10

Note : USD = US Dollar

36 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

VIJAY V. CHOWGULE
Chairman

D. N. MUNGALE
Director

Place : Mumbai,
Date : May 09, 2013

SUHAS JOSHI
Company Secretary

MANGESH SAWANT
Executive Director & CFO

CHOWGULE STEAMSHIPS LIMITED

ANNEXURE TO THE NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013 DETAILS OF SUBSIDIARY COMPANIES AS ON MARCH 31, 2013

Sr. No.	Particulars	(₹ in lakhs)							
		Chowgule Steamships Overseas Ltd	SUNSHINE LLC	SEA BIRD LLC	SEA KING LLC	SEA LORD LLC	SEA LINK LLC	SEA GREEN LLC	
1	Capital	12,793.26	0.54	0.54	0.54	0.54	0.54	0.54	
2	Reserve	17,332.17	25,347.49	(3,596.87)	(6,586.68)	(4,328.55)	(6,031.74)	-	
3	total Assets	57,043.79	25,583.09	14,496.64	15,038.56	15,496.93	15,119.73	2,029.19	
4	Total Liabilities	57,043.79	25,583.09	14,496.64	15,038.56	15,496.93	15,119.73	2,029.19	
5	Details of Investments	2,320.26	-	-	-	-	-	-	
6	Total Income	31.97	1,285.94	1,882.06	1,770.53	1,764.91	513.86	-	
7	Profit Before taxation	66.97	(473.99)	(2,014.23)	(2,093.13)	(2,113.54)	(6,031.74)	-	
8	Provision For Tax	-	-	-	-	-	-	-	
9	Profit After Taxation	66.97	(473.99)	(2,014.23)	(2,093.13)	(2,113.54)	(6,031.74)	-	

Exchange rate as on 31.03.2013
USD 1 = INR 53.98

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

D. N. MUNGALE
Director

MANGESH SAWANT
Executive Director & CFO

SUHAS JOSHI
Company Secretary

Place : Mumbai,
Date : May 09, 2013

Fleet Profile

CHOWGULE STEAMSHIPS LIMITED

	Name	Year Built	DWT (M.T.)
1.	M. V. Maratha Providence	1995	47574

CHOWGULE STEAMSHIPS OVERSEAS LIMITED

	Name	Year Built	DWT (M.T.)
1.	M. V. Global Triumph (Owned by Sunshine LLC)	1996	72870
2.	M. V. Maratha Pride (Owned by Sea Bird LLC)	2011	37221
3.	M. V. Maratha Paramount (Owned by Sea King LLC)	2011	32081
4.	M. V. Maratha Promise (Owned by Sea Lord LLC)	2012	37187
5.	M. V. Maratha Prudence (Owned by Sea Link LLC)	2012	32070

