

20th Annual Report
2007-2008

- Experience Personified
- Logistics Simplified



SPEEDY • RELIABLE • SAFE

SHREYAS RELAY SYSTEMS LTD



TRANSWORLD GROUP



SHREYAS
SHIPPING & LOGISTICS LIMITED



SHREYAS

SHIPPING & LOGISTICS LIMITED

20TH ANNUAL REPORT 2007-2008

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Letter to Shareholders

Dear Shareholders,

The year 2007 turned out to be an interesting period. In particular, it proved to be one of great turmoil in the financial sector with the virtual collapse of the sub prime mortgage market in the US, which also created serious lending consequences in Europe and to a lesser extent in Asia. Both freight rates and daily hire rates for charter vessels made a spectacular rebound late in 2007 despite all the gloom and doom. Charter rates kept climbing non-stop until October, 2007 and have softened only moderately since then. Several factors have accounted for this, including a strong growth in Chinese exports, constraints in the supply chain, which have led to some operators phasing additional ships into certain existing service strings, as a means of maintaining schedule integrity and the transfer of cargoes from breakbulk methods of shipment into containers.

The current degree of containerization in India is low relatively to other Asian countries like Singapore and China which indicates that India has huge potential for growth in the future. Container terminals in India handled 5.4 million TEUs in 2006-07 which was about 17.8 per cent more than 2005-06. The container logistics market is expected to grow at a CAGR of 15.57 percent achieving a tonnage of 15.57 million TEUs by 2014.

With Indian exim trade slated to touch a staggering \$700 billion in next 3-4 years and domestic business on a boom cycle and given the consistent uptrajectory movement in the Indian economy, the coming decade is expected to see a drastic development and growth in the quantity and quality of service in containerized cargo transportation. According to the I-maritime and IPA study of May, 2006, in 2015-16, the container traffic in India will be 20.9 mTEUs (low estimate) and 24.1 m TEUs (high estimate).

Indian logistics industry is a USD 90 billion industry and estimated to reach a market size of USD 125 billion by 2010. With over USD 500 billion worth of infrastructure investments in 5 years, introduction of VAT, manufacturing boom, increased competition and strong foreign investment in various industry sectors like retail, apparel, FMCG, automotive, electronics, pharmaceuticals, etc. there are huge opportunities in the supply chain and logistics industry. With products being uniform, standardized and commoditised, logistics has become a dominant part of the competitiveness equation.

India has experienced much economic success in this decade, and is now recognized as an emerging powerhouse. However, the development of its supply chain infrastructure has not kept pace, and no more so than in its neglected coastal shipping sector. Shreyas has continuously invested time and money to nurture coastal container business, which is still in its infancy in India.

The fiscal 2007-08 was significant for your Company due to various reasons including the success of the new services launched by your Company, its entry into automotive logistics, development of new markets on the East coast of India, the continued rapid expansion of the service network by setting up new offices and the acquisition of controlling stake in Haytrans (India) Ltd. The year gone by has seen your Company achieve several significant milestones in a pioneering journey that is transforming it into a highly reputed shipping and logistics Company.

Your Company's performance improved in the year 2007-08. The total income grew by 24.86 percent to Rs.17611.31 lacs. Profit after Tax was Rs.838.40 lacs vis-à-vis Rs.2952.27 lacs in the previous year mainly on account of the increased interest and depreciation cost.

Your Company's performance must be viewed in the light of some of the challenges that it had to grapple with during the year such as lower charter rates, increasing fuel costs, delays at ports due to congestions and strikes and commencement of new services on the East Coast of India.

During the year, your Company has acquired a 51% controlling stake in Haytrans (India) Limited. Haytrans provides freight forwarding services and has IATA recognition which enables it to provide air cargo services too. I am sure that Haytrans' experience and expertise in these fields will greatly benefit your Company.

Mr. D. T. Joseph is IAS (retd). He has served as Secretary in the Ministry of Shipping (2003-2005). He was Managing Director of Development Corporation of Konkan Limited (1979-82) and SICOM (1997-1999). He has been inducted to the Board with effect from 10th September, 2007. I am certain that his experience and knowledge of the industry will benefit your Company. Mr. Amitabha Ghosh, who erstwhile represented ICICI Bank Ltd as its Nominee on your Board, has been appointed as an Additional Director of your Company with effect from 20th March, 2008.

What can be readily observed for fiscal 08-09 is that long-held concerns are about to make themselves clearly felt. Faced with fewer repair yard slots, the shortage of officers, soaring bunker costs and port congestion, the year 08-09 will offer great opportunities backed by severe challenges which your Company will face as it has in the past.

Our journey continues to be exciting and challenging and with each passing milestone, we are inspired to take the next bold step on the path ahead. The year ahead will continue to be arduous especially on account of the increased interest cost and higher depreciation. Despite this, we expect to deliver growth in all our business verticals. Your Company is committed to leveraging its debt-equity ratio and employee talent pool to develop affordable solutions for its clients. This is a mission that inspires us to deliver superior shareholder value in the future.

The coming years bring tremendous challenges and offer immense opportunities for logistics players. The Indian economy is on a fast growth track and would need the full support of the logistics sector to meet burgeoning expectations. With the impending competition, the response time available will get drastically reduced. Although the challenges are many, we believe that with strong information system capabilities and a dedicated team of people at all levels, your Company is well placed to deliver value to all its stakeholders in this competitive environment.

I thank our shareholders and business partners for the trust they have placed in us and your confidence and unflinching belief in our ability to deliver value. We believe your faith is well-founded and that together we will impact the logistics industry. Your continued support would further strengthen our hands as we set out to scale new heights of performance. I also thank my colleagues on the Board, whose support and leadership has been invaluable.

I also take this opportunity to recognise the support of our customers, suppliers, all regulatory authorities, our bankers, auditors, consultants, other business associates and legal advisors/counsels. I would like to assure you that all our efforts will be directed towards strong growth in the future.

Mumbai
30th June, 2008

S. Ramakrishnan
Chairman & Managing Director





S. Ramakrishnan
Chairman & Managing Director



V. Ramnarayan
Director



S. Mahesh
Director



L. B. Culas
Director



Anil Devli
Executive Director



K.P. Medhekar
Director



Capt. P. P. Radhakrishnan
Director



Amitabha Ghosh
Director



S. Ragothaman
Director



Bherulal Chaudhary
Director



D. T. Joseph
Director



SHREYAS

SHIPPING & LOGISTICS LIMITED

Management Team

- | | | |
|----------------------|---|---|
| Mr. Anil Devli | - | Executive Director |
| Mr. Vinay Kshirsagar | - | Chief Financial Officer |
| Capt. Kapil Kekre | - | General Manager - <i>Strategic Development</i> |
| Capt. V. K. Singh | - | Vice President - <i>Commercial</i> |
| Capt. Ashwin Advani | - | General Manager - <i>Marketing</i> |
| Mr. Krishna Guha | - | General Manager - <i>Transport</i> |
| Ms. Seema Singh | - | General Manager - <i>Logistics</i> |
| Ms. Namrata Malushte | - | Company Secretary |

Statutory Auditors

PKF Sridhar & Santhanam

Internal Auditors

PricewaterhouseCoopers Private Limited

Solicitors

I. C. Legal

Bankers

Standard Chartered Bank
ICICI Bank Ltd.
Canara Bank, London
State Bank of India
Axis Bank Ltd.

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel: 2596 3838, Fax: 2596 2691

Registered office

1110/1111 Embassy Centre,
Nariman Point, Mumbai- 400 021.
Tel: 6622 0100, Fax: 2283 6805

Administrative office

'Orient Shreyas', Plot No. 203,
Station Avenue Road, Chembur,
Mumbai - 400 071.
Tel: 6622 0300, Fax: 2529 5412

Notice

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of *Shreyas Shipping & Logistics Limited* will be held on Saturday, the 27th day of September, 2008 at 11.00 a.m. at Sivaswamy Auditorium of Fine Arts Cultural Centre, 61/21 R. C. Marg, Opp. Vijaya Bank, Chembur, Mumbai – 400 071 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended on 31st March, 2008 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Preference Shares and Equity Shares.
3. To appoint a Director in place of Mr. Bherulal Choudhary, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Krishnanath Pandurang Medhekar, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Varadharajan Ramnarayan, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. PKF Sridhar & Santhanam, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that Mr. Daniel Traveilyn Joseph, who was appointed by the Board of Directors by Circular Resolution on 10th September, 2007 as an Additional Director with effect from 10th September, 2007 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation.”
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED that Mr. Amitabha Jugal Ghosh, who was appointed by the Board of Directors by Circular Resolution on 20th March, 2008 as an Additional Director with effect from 20th March, 2008 under Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation.”
9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions and further subject to the approval of the Central Government, if applicable, the remuneration of Rs. 63,08,800/- (Rupees Sixty Three Lakhs Eight Thousand Eight Hundred only) paid to Mr. S. Ramakrishnan in his capacity as the Chairman & Managing Director for the period 1st April, 2007 to 31st March, 2008 being in excess of the limits specified in Schedule XIII be and is hereby ratified and approved.”
10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, the remuneration of Rs. 45,43,800/- (Rupees Forty Five Lakhs Forty Three Thousand Eight Hundred only) paid to Mr. Anil Devli, in his capacity as the Executive Director for the period 1st April, 2007 to 31st March, 2008 being in excess of the limits specified in Schedule XIII be and is hereby ratified and approved.”

30th June, 2008

By Order of the Board of Directors

Registered Office:

1110/1111, Embassy Centre
Nariman Point
Mumbai - 400 021

Namrata Malushte
Company Secretary



NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE ON HIS BEHALF ON A POLL ONLY. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above, is annexed hereto.
3. Profiles of the Directors retiring by rotation and Directors being appointed, as required by Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Stock Exchanges, are given in the Report on Corporate Governance forming part of the Directors' Report.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 13th, September, 2008 to Saturday, 27th September, 2008, both days inclusive, for the purpose of payment of dividend, if declared at the Annual General Meeting.
5. The dividend on equity shares as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par on or after Tuesday, 30th September, 2008 to Members holding shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Saturday, 27th September, 2008. In respect of Shares held in electronic form, the dividend will be paid to the beneficial owners of the Shares as at the end of the business hours on Friday, 12th September, 2008 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
6. As per the directives of the Securities and Exchange Board of India (SEBI), in respect of the Shareholders holding Shares in electronic form, dividend shall be paid through Electronic Clearing Service (ECS), where such facility is available, directly to their bank account as furnished by their respective Depositories to the Company. Where such facility is not available, the bank details as furnished by their respective Depositories to the Company, will be mandatorily printed on their dividend warrants. Further, instructions if any, given by them in respect of Shares held in physical form will not be automatically applicable to the dividend payable on Shares held in electronic form. Members are, therefore, requested to give instructions regarding the bank accounts in which they wish to receive dividend, directly to their respective Depository Participants. The Company or its Registrar and Share Transfer Agent will not act on any direct request from these Members for change of such bank details.
7. Members holding Shares in physical form who wish to avail of the Electronic Clearing Service (ECS) facility are requested to submit the ECS mandate in the prescribed form to the Registrar and Share Transfer Agent **on or before 8th September, 2008**. The said form can be obtained from the Company's Registrar and Share Transfer Agent – M/s. Intime Spectrum Registry Limited or downloaded from the website of the Company at www.shreyas.co.in under the section 'Investors area'. Members holding Shares in physical form and who for any reason would not like to avail the Electronic Clearing Service (ECS) facility are required to furnish to the Registrar and Share Transfer Agent (**if not furnished earlier**) details of bank account number and name of the bank and the branch, which would be printed on the dividend warrants / drafts.
8. Members are requested to:
- (a) Notify any change in their address to the Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited; C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078, in case of Members holding shares in physical form and update such details with their respective Depository Participants, in case of Members holding shares in electronic form.
- (b) Bring their attendance slips alongwith the copies of the Annual Report to the Meeting.
9. Pursuant to the provisions of Section 205 of the Companies Act, 1956, the Company has already transferred the unclaimed / unpaid dividend declared upto and including the financial year ended 31st March, 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends upto the aforesaid financial year are requested to forward their claims in the prescribed Form II of the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978 to:
- Office of the Registrar of Companies
Central Government Office Building
"A" Wing, 2nd floor
CBD Belapur, Navi Mumbai, Maharashtra – 400 614.
- In terms of the provisions of Sections 205A and 205C of the Companies Act, 1956, as amended, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund established by the Central Government (hereinafter referred to as the 'said Fund'). Accordingly, unclaimed / unpaid dividend for the financial years ended 31st March, 1996 and 31st March, 1997 and period ended 30th September, 1998 and 31st March, 1999 has been transferred to the said Fund.

Unclaimed dividend for the financial year ended 31st March, 2001 and thereafter (wherever declared) is still lying with the Company. The Members, who have not yet encashed the dividend warrants for the financial years ended 31st March, 2001, 31st March, 2002, 31st March, 2004, 31st March, 2005 (interim and final dividend), 31st March, 2006 (interim and final dividend) and 31st March, 2007 (interim dividend) are requested to send claims to the Company, if any, before the respective amounts become due for transfer to the said Fund. **No claim shall lie against the Company or the said Fund after transfer as mentioned above.**

10. All documents referred to in the above Notice and the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and holidays) between 10.00 a.m. and 12.30 p.m. up to the date of the Annual General Meeting.
11. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
12. Members who hold Shares in physical form can nominate a person in respect of Shares held by them singly or jointly pursuant to the provisions of Section 109A of the Companies Act, 1956. Members who hold Shares in a single name are advised, in their own interests, to avail of the nomination facility by completing and submitting Form No.2B, in duplicate, to the Company's Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited. Blank forms will be supplied by M/s. Intime Spectrum Registry Limited on request. Form No.2B can also be downloaded from the website of the Company at www.shreyas.co.in under the section 'Investors Area'. Members holding Shares in the dematerialised form may contact their Depository Participant for recording the nomination in respect of their Shares.
13. Members desirous of getting any information about the Accounts and / or Operations of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the Meeting so that the information required can be made readily available at the Meeting.

30th June, 2008

By Order of the Board of Directors

Registered Office:

1110/1111, Embassy Centre
Nariman Point
Mumbai - 400 021

Namrata Malushte
Company Secretary

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

Item No. 7

Mr. Daniel Traveilyn Joseph was appointed as an Additional Director of the Company with effect from 10th September, 2007 by the Board of Directors vide Circular resolution passed on the same day. As per Section 260 of the Companies Act, 1956, an Additional Director holds office upto the date of the Annual General Meeting only. The Company has received notice under Section 257 of the Companies Act, 1956 from a Member of the Company with requisite deposit signifying the intention to propose the appointment of Mr. Joseph as a Director of the Company.

Mr. Joseph aged about 64 years is IAS (retd) by profession. He took over as Secretary in the Ministry of Shipping in the year 2003 and retired in 2005. He also served as Director General of Shipping. As Secretary Shipping, he helped in getting the tonnage tax option implemented for shipowners. As Director General of Shipping, he streamlined chartering guidelines for ships in March 2000 and simplified Articles of Agreement for sailors. He was instrumental in the liberalization of maritime training and education, setting up standards for private institutions and building maritime constituencies. He played an important role in preparation of the comprehensive draft Maritime Policy, and also the National Maritime Development Programme.

He is currently on the Board of MPSEZ Ltd. and Wartsila India Ltd. He does not presently occupy any Committee positions in these companies.

Mr. Joseph does not hold any Equity Shares in the Company as on date.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the Company and hence, commends Resolution No.7 for your approval.

None of the Directors, other than Mr. Daniel Traveilyn Joseph, are interested in the Resolution.

Item No. 8

Mr. Amitabha Ghosh (erstwhile Nominee Director appointed by ICICI Bank Ltd) was appointed as an Additional Director of the Company with effect from 20th March, 2008 by the Board of Directors vide Circular resolution passed on the same day. As per Section 260 of the Companies Act, 1956, an Additional Director holds office upto the date of the Annual General Meeting only. The Company has received notice under Section 257 of the Companies Act, 1956 from a Member of the Company with requisite deposit signifying the intention to propose the appointment of Mr. Amitabha Ghosh as a Director of the Company.



Mr. Amitabha Ghosh, aged 78 years, is a Chartered Accountant by profession and a fellow member of the Indian Institute of Bankers. He joined Allahabad Bank in 1951 as a first Indian Probationary Officer and was elevated to the post of Chairman and Managing Director after holding various important assignments in the Bank. He was also the Deputy Governor of Reserve Bank of India from 1982 to 1984 and from 1985 to 1992. He was Chairman of Reserve Bank of India Services Board during 1992-1993. He is a member of various Working Groups / Committees.

He is currently on the Board of the following other companies:

| | |
|---|--------------------------------------|
| Centenary Leasing Company Pvt. Ltd. | Kesoram Industries Ltd. |
| Mysore Cements Ltd. | Peninsula Land Ltd |
| Orient Paper & Industries Ltd. | Palit Consultancy Pvt. Ltd. |
| Sahara India Financial Corporation Ltd. | Sahara India Life Insurance Co. Ltd. |
| Sahara Prime City Ltd | Xpro India Ltd. |
| Zenith Fibres Ltd. | Shreyas Relay Systems Ltd |
| Shree Cement Ltd | Joonktolle Tea & Industries Ltd |

Mr. Ghosh occupies the following Committee positions:

| Name of the Company | Committee Membership | Position ¹ |
|--------------------------------------|--|-----------------------|
| Kesoram Industries Ltd. | Audit Committee | Member |
| Sahara India Financial Corp. Ltd. | Audit Committee | Chairman |
| Sahara India Life Insurance Co. Ltd. | Audit Committee | Member |
| Orient Paper & Industries Ltd. | Audit Committee | Chairman |
| Peninsula Land Ltd | Audit Committee | Chairman |
| Mysore Cements Ltd | Audit Committee | Chairman |
| Mysore Cements Ltd | Share Transfer/ Shareholders and Investor Grievances Committee | Member |
| Joonktolle Tea & Industries Ltd | Audit Committee | Member |

¹ Only Membership / Chairmanship of Audit Committee and Shareholders' / Investors' Grievance Committee have been disclosed.

Mr. Ghosh does not hold any Equity Shares in the Company as on date.

The Board of Directors is confident that his vast knowledge and varied experience will be of great value to the Company and hence, commends Resolution No.8 for your approval.

None of the Directors, other than Mr. Amitabha Ghosh, are interested in the Resolution.

Item No. 9:

At the Annual General Meeting held on 21st July, 2007, the Members have approved the revision in the terms of remuneration of Mr. S. Ramakrishnan, Chairman & Managing Director. He is paid remuneration in line with the aforesaid resolution passed by the Members. However in view of inadequacy of profits of the Company for the financial year ended 31st March, 2008, the said remuneration rendered is in excess of the limits specified under the provisions of Companies Act, 1956. In terms of the provisions of Schedule XIII Part II Section II Part C, the said remuneration is required to be approved by the members vide Special Resolution being further subject to the approval of Central Government.

The information as required by Schedule XIII Part II Section II Clause 1 Sub-clause C is as under:

I. General Information:

- (1) Nature of Industry: Shipping & Logistics
- (2) Date or expected date of commencement of commercial production: Not applicable
- (3) Financial performance based on given indicators: The financial performance of the Company is detailed in the Annual report sent along with this Notice. Hence the same is not repeated.
- (4) Export Performance: Not applicable
- (5) Foreign investments & Collaborators: The Company does not have any foreign collaborations or investments.

II. Information about the appointee:

(1) Background Details of Mr. S. Ramakrishnan :

Mr. S. Ramakrishnan is the Chairman & Managing Director of the Company. He is 47 years of age. He is a Commerce graduate and has extensive experience of about 30 years in the Shipping Industry including ship owning, chartering and ship management.

(2) Past remuneration :

The remuneration paid to Mr. S. Ramakrishnan for the year ended 31st March, 2007 was Rs. 47,61,375/-. This figure does not include Company's contribution to the Gratuity Fund.

(3) Recognition or Awards:

Nil

(4) Job Profile and his suitability:

Mr. S. Ramakrishnan is a Commerce graduate. He is the driving force of the Company and directly oversees the day-to-day activities of the Company. His expertise in all facets of the shipping industry has helped the Company in making allround progress. He acts as the Chairman & Managing Director of the Company since its inception.

(5) Remuneration proposed to be approved:

Total remuneration of Rs.63,08,800/-has been paid to Mr.S.Ramakrishnan during the financial year ended 31st March, 2008. A remuneration of Rs. 15,08,800 requires approval.

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

The Company has a unique business model. It operates in various business segments like chartering, feeder and logistics. It is therefore difficult to present a comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

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

The Company is founded by late Mr. R. Sivaswamy, father of Mr. S. Ramakrishnan. Mr. Ramakrishnan holds 1,08,375 shares in the Company. Mr. S. Mahesh, brother of Mr. S. Ramakrishnan is a member of the Board of Directors of the Company.

III. Other Information:

(1) Reasons for loss or inadequate profit:

It can be observed from the results of the Company for nine months ended 31st December, 2007 that the Profit After Tax stood at Rs. 1574.24 lacs. The managerial remuneration being paid to Mr. S. Ramakrishnan, Chairman & Managing Director was well within the limits specified under the provisions of the Companies Act, 1956 for the nine months ended 31st December, 2007. However the performance of the Company in the last quarter has been affected on account of prolonged delay in dry docking of one of its vessels which was beyond the control of the Management. This has resulted in loss of huge revenues to the Company thereby directly affecting its bottom line. The inadequate profit of the Company during the year is mainly attributable to this dry docking and its cascading impact. Also as per the recent ruling of Hon'ble High Court in connection with payment of wages to floating staff, the Company was required to make an additional payment of wages to its floating staff.

(2) Steps taken or proposed to be taken for improvement:

Dry docking is a routine activity for a shipping company. Every vessel has to undergo dry docking once every 2.5 years. The Company has adopted a dry docking policy thereby ensuring that henceforth the expenditure on dry docking will be capped.

(3) Expected increase in productivity and profits in measurable terms:

Not applicable.

IV. Disclosure:

1. Remuneration package of Mr. S. Ramakrishnan:

| Components | Amount |
|--------------------|-----------|
| Basic salary | 48,00,000 |
| Special Allowance | 11,40,000 |
| Contribution to PF | 3,68,800 |
| Total Remuneration | 63,08,800 |

2. Other disclosures:

- i. All elements or remuneration package such as salary, benefits, bonuses, stock options, pension etc of all Directors: Please refer table given in IV 1 above.
- ii. Details of fixed component and performance linked incentive along with performance criteria: Salary is the fixed component.
- iii. Service contract: Mr. S. Ramakrishnan was appointed for a period of 5 years from 1st April, 2004.
- iv. Notice Period: Not Applicable
- v. Severance fees: NIL
- vi. Stock options: NIL. The Company does not have a system of stock options.

The Board of Directors recommend this resolution no. 9 for your approval.

Mr. S. Ramakrishnan is interested in the said resolution. Mr. S. Mahesh being related to Mr. S. Ramakrishnan is deemed to be interested in the resolution. None of the other Directors of the Company are interested in the said resolution.



Item No. 10:

Mr. Anil Devli was reappointed as the Executive Director with effect from 21st July, 2007. His appointment including remuneration and other terms and conditions of appointment were approved by the Members at the 19th Annual General Meeting held on 21st July, 2007.

However in view of inadequacy of profits of the Company for the financial year ended 31st March, 2008, the said remuneration rendered is in excess of the limits specified under the Companies Act, 1956. In terms of the provisions of Schedule XIII Part II Section II clause I Subclause B, the said remuneration is required to be approved by the members vide Special Resolution.

The information as required by Schedule XIII Part II Section II Clause 1 Sub-clause B is as under:

I. General Information:

- (1) Nature of Industry : Shipping & Logistics
- (2) Date or expected date of commencement of commercial production: Not applicable
- (3) Financial performance based on given indicators: The Financial performance of the Company is detailed in the Annual Report sent along with this Notice. Hence the same is not repeated.
- (4) Export Performance: Not applicable
- (5) Foreign investments & Collaborators: The Company does not have any foreign collaborations or investments.

II. Information about the appointee:

(1) Background Details of Mr. Anil Devli:

Mr. Anil Devli is the Executive Director since 21st April, 2005. He is 44 years of age. He is a law graduate from Government Law College, Mumbai. He began his career as an Apprentice with a leading Law firm. Thereafter he set up his independent practice with special emphasis on Marine and Admiralty law. During this period, he successfully handled several marine claims for shipping companies in India. He joined the Company as its Chief Executive Officer in mid 1996 and has since then been looking after the affairs of the Company under the guidance of the Board of Directors.

(2) Past remuneration :

The remuneration paid to Mr. Anil Devli for the year ended 31st March, 2007 was Rs. 38,47,841/-. This figure does not include Company's contribution to the Gratuity Fund.

(3) Recognition or Awards:

- i. He is a member of the Board of Directors of The Indian National Shipowners Association
- ii. He has been appointed as the Chairman of Container Shipping Lines Association
- iii. He is also a Trustee of the Jawaharlal Nehru Port Trust.

(4) Job Profile and his suitability:

Mr. Anil Devli is the Executive Director since 21st April, 2005. He is 44 years of age. He is a law graduate from Government Law College, Mumbai. He began his career as an Apprentice with a leading Law firm. Thereafter he set up his independent practice with special emphasis on Marine and Admiralty law. During this period, he successfully handled several marine claims for shipping companies in India. He joined the Company as its Chief Executive Officer in mid 1996 and has since then been looking after the affairs of the Company under the guidance of the Board of Directors. He is currently on the Board of The Indian National Shipowners Association and is the Chairman of Container Shipping Lines Association.

(5) Remuneration proposed to be approved:

Total remuneration of Rs. 45,43,800/- has been paid to Mr. Anil Devli during the financial year ended 31st March, 2008.

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

The Company has a unique business model. It operates in various business segments like chartering, feeder and logistics. It is therefore difficult to present a comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.

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

Except for his remuneration and a shareholding of 6200 equity shares in the Company, Mr. Anil Devli has no pecuniary relationship directly or indirectly with the Company. He is not related to any managerial personnel or Director.

III. Other Information:

(1) Reasons for loss or inadequate profit:

It can be observed from the results of the Company for nine months ended 31st December 2007 that the Profit After Tax stood at Rs. 1574.24 lacs. However the performance of the Company in the last quarter has been affected on account of prolonged delay in dry docking of one of its vessels which was beyond the control of the Management. This resulted in loss of huge revenues to the Company thereby directly affecting its bottom line. The inadequate profits of the Company during the year is mainly attributable to this dry docking and its cascading impact. Also as per the recent ruling of Hon'ble High Court in connection with payment of wages to floating staff, the Company was required to make an additional payment of wages to its floating staff.

(2) Steps taken or proposed to be taken for improvement:

Dry docking is a routine activity for a shipping Company. Every vessel has to undergo dry docking once every 2.5 years. The Company has adopted a dry docking policy thereby ensuring that henceforth the expenditure on dry docking will be capped.

(3) Expected increase in productivity and profits in measurable terms:

Not applicable.

IV. Disclosure:

1. Remuneration package of Mr. Anil Devli:

| Components | Amount |
|--------------------|-----------|
| Basic salary | 31,68,000 |
| Special Allowance | 6,10,800 |
| Contribution to PF | 6,00,000 |
| Special reward | 1,50,000 |
| Medical Allowance | 15,000 |
| Total remuneration | 45,43,800 |

2. Other disclosures:

- i. All elements or remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all Directors: Please refer table given in IV 1 above.
- ii. Details of fixed component and performance linked incentive along with performance criteria: Salary is the fixed component.
- iii. Service contract: Mr. Anil Devli was appointed for a period of 5 years from 21st July, 2007.
- iv. Notice Period: Not Applicable
- v. Severance fees: NIL
- vi. Stock options: NIL. The Company does not have a system of stock options.

The Board of Directors recommend this resolution no. 10 for your approval.
None of the Directors other than Mr. Anil Devli is interested in the resolution.

30th June, 2008

By Order of the Board of Directors

Registered Office:

1110/1111, Embassy Centre
Nariman Point
Mumbai - 400 021

Namrata Malushte
Company Secretary



Directors' Report

Your Directors are pleased to present the Twentieth Annual Report and the audited accounts for the financial year ended 31st March, 2008.

FINANCIAL PERFORMANCE

| | Current Year ended 31.03.2008 | Previous Year ended 31.03.2007 |
|---|----------------------------------|-----------------------------------|
| | | (Rs. in Lacs) |
| Operating Income | 16,970.27 | 13,493.24 |
| Other Income | 641.05 | 611.74 |
| Profit before Interest, Depreciation and Tax | 3,554.16 | 4,104.72 |
| Less: Interest | 1,219.50 | 465.85 |
| Depreciation | 1,323.14 | 919.69 |
| Profit before Tax and Prior Year Adjustment | 1,011.52 | 2,719.18 |
| Add / Less: Extraordinary items | (88.59) | 431.58 |
| Less: Prior Year Adjustment | 60.05 | 2.94 |
| Less: Provision for Current Taxation and Fringe Benefit Tax | 26.33 | 173.30 |
| Provision for Prior Year Tax | (1.84) | 22.27 |
| Profit After Tax And Exceptional Items | 838.39 | 2,952.27 |
| Add: Balance brought forward from previous year | 4,588.81 | 3,258.92 |
| Amount available for appropriation | 5,427.21 | 6,211.19 |
| Appropriations: | | |
| Transfer to General Reserve | 84.00 | 350.00 |
| Transfer to Tonnage Tax Reserve | 250.00 | 600.00 |
| Interim Dividend paid on Equity Shares | - | 483.07 |
| Preference Dividend paid | - | 106.60 |
| Tax on dividend paid | - | 82.70 |
| Proposed Equity Dividend | 439.15 | - |
| Tax on Equity Dividend | 74.63 | - |
| Proposed Preference Dividend | 106.60 | - |
| Tax on Preference Dividend | 18.12 | - |
| Balance carried to Balance Sheet | 4,454.71 | 4,588.82 |

DIVIDEND

In order to appropriately reward the Members while conserving the resources to meet the future financial requirements, the Board of Directors recommend a Dividend of Rs.2/- per Equity Share of Rs.10/- each (20%; previous year total dividend: 22%) and Rs.8.20 per Preference share (8.20%; previous year total dividend: 8.20%). This Dividend is subject to the approval of the Members at the Twentieth Annual General Meeting to be held on Saturday, 27th September, 2008.

The payment of dividend on Equity shares and Preference shares will entail a cash outflow of Rs. 638.50 lacs including dividend distribution tax.

REVIEW OF OPERATIONS

Turnover increased sharply by 24.86% and stood at Rs.17611.31 lacs as compared to Rs.14104.98 lacs in the previous year. The key driver that contributed to the growth was the logistics business.

The Profit after Tax during the year reduced to Rs.838.40 lacs from Rs. 2952.27 lacs during the previous year mainly on account of the additional interest and depreciation cost due to new vessels purchased over the last two years.

During the year, the Company continued its expansion drive and acquired an additional container vessel in November, 2007 adding thereby a total tonnage of 1,021 Teus to its tonnage of 5927 Teus as on 31st March, 2007. The cost of acquisition was Rs.5008.53 lacs, which was financed by a mix of internal accruals and debt.

The logistics volumes during the year improved by 40.43% and the feeder volumes improved by 61.44% over the previous year. The logistics volumes constituted 32.40% of the total volumes during the year. The Company was awarded 'The Best Vessel Operator 2007' Award by the India Gateway Terminal Pvt Ltd., Cochin.

In August, 2007, the Company acquired a 51% stake in Haytrans (India) Ltd thereby making it a subsidiary of the Company.

Shreyas Relay Systems Ltd (SRSL), the wholly owned subsidiary of the Company commenced services on the East coast of India in June, 2007 and is now an accepted participant in this sector. SRSL is hopeful to improve capacity utilization levels on this service which would substantially add to the bottom line from the year 2008-09. During the year, SRSL has set up offices at Delhi, Cochin, Kolkata, Tuticorin, Chennai, Coimbatore and Kandla and acquired additional warehousing space at Delhi. SRSL has purchased 508 additional containers during the year to service the growing cargo volumes. In a major move to facilitate smoother, streamlined and cost-effective automotive logistics, SRSL has introduced movement of cars in the country in containers by coastal shipping mode. It has been honoured with the '2nd Best Shipping Line Award 2007' by the India Gateway Terminal Pvt Ltd., Cochin.

Charter rates have kept climbing non-stop until October, 07 and have softened only moderately since then. High oil prices started to have a much bigger influence on the maritime industry, with latest estimates suggesting bunker costs are now more than 60% of total ship operating costs.

As far as India is concerned, the buoyancy in economy has proved to be a boon for cargo handling since it has witnessed a whopping 22.16% growth during April to November 07 compared to the same period in the previous fiscal. Exports have gone up by as much as 25 percent this year and so is the volume of finished goods that are required to be transported by boxes.

The Indian logistics industry is still in its growth phase and it is expected that this will continue for another decade. The Company has recognized this and has made huge investments in the right direction.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management Discussion and Analysis appearing as Annexure I to this Report.

EVENTS AFTER THE YEAR UNDER CONSIDERATION

Your Company has sold off its vessel M. V. OEL Express on 13th June, 2008 at a consideration of USD 11.5 million. Your Company has also entered into a Memorandum of Understanding (MOU) for the sale of its vessel M. V. OEL Strength and M. V. OEL India.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

No unclaimed dividend was due for transfer to the Investor Education and Protection Fund established by the Central Government during the year.

QUALITY

As part of its continuous improvement programme, the Company has successfully completed the periodic audit with respect to the ISO 9001:2000 certification for itself and its wholly owned subsidiary, SRSL.

The Company has also deployed a well researched Business Continuity Management system in place to prevent and contain potential business disruptions in the event of any disaster and quickly resume services to the customer at acceptable service levels. Moving forward, the Company shall continue to further strengthen its processes by adopting best-in-class standards.

FIXED DEPOSITS

The Company has not accepted fixed deposits from the public during the year under review.

DIRECTORS

Mr. Bherulal Choudhary, Mr K. P. Medhekar and Mr. V. Ramnarayan retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. D. T. Joseph and Mr. Amitabha Ghosh (erstwhile Nominee Director appointed by ICICI Bank Ltd.) were appointed as Additional Directors with effect from 10th September, 2007 and 20th March, 2008 respectively, to hold office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from members proposing their appointment as a Director of the Company.

The above appointment and re-appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval.

Profiles of these Directors, as required by Clause 49 of the Listing Agreement, are given in the Report on Corporate Governance forming part of this Report.

SUBSIDIARY COMPANY

In compliance with the provisions of Section 212 of the Companies Act, 1956, the audited statement of accounts alongwith the Directors' and Auditors' report for the year ended 31st March, 2008 of Shreyas Relay Systems Ltd, the wholly owned subsidiary and Haytrans (India) Ltd, the subsidiary of the Company are annexed.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief, in respect of the year ended on 31st March, 2008;

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) appropriate accounting policies have been selected and applied consistently, and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on 31st March, 2008;
- c) proper and sufficient care has been taken 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; and
- d) the annual accounts have been prepared on a 'going concern' basis.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing agreement entered into with the Stock Exchanges, a detailed Report on Corporate Governance is given as Annexure II to this Report alongwith the Auditors' Certificate on its compliance by the Company (Annexure IV) and applicable certification of the Chief Executive Officer and Chief Financial Officer (Annexure III).

AUDITORS

M/s. PKF Sridhar & Santhanam, Chartered Accountants, retire at the conclusion of the 20th Annual General Meeting and offer themselves for re-appointment. A Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

As regards the observation made in the Auditors' Report, your Directors wish to state that your Company has entered into forward contracts to hedge its exchange rate fluctuation risks in respect of stage payments to be made to supplier in Singapore for building a new vessel. Your Company is of the opinion that since this vessel is yet to be delivered the amount involved has to be charged to the capital work in progress and is therefore capitalised. Furthermore, your Company has entered into Memorandum of Understanding (MOU) for sale of this vessel. Therefore the entire amount that has been capitalised will net off against the sale proceeds consequent to the sale of this vessel.

COST AUDIT

The Central Government has not recommended cost audit of the Company during the year under consideration.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Under the Notification No.GSR 1029, dated 31st December, 1988, companies are required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to your Company, as the shipping industry is not included in the Schedule to the relevant rules.

With regard to foreign exchange earnings and outgo, the position is as under:

| | Rs. in Lacs (2007-08) |
|---|------------------------------|
| (i) Foreign exchange earnings including proceeds on sale of ship (on accrual basis) | 4,152.19 |
| (ii) Foreign exchange outgo including operating components and spare parts and other expenditure in foreign currency (on accrual basis) | 6,597.10 |

PERSONNEL

Information as per section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, as per the provisions of section 219(1)(b)(iv) of the said Act, this Report and the Accounts Statement are being sent to all Shareholders excluding the Statement of Particulars of Employees under Section 217(2A). Any Shareholder interested in obtaining a copy of the statement may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGMENTS

Your Directors thank the Company's clients, vendors, charterers, business associates, main line operators, investors and bankers for their continued support during the year. It will be your Company's endeavour to build and nurture strong links with them based on mutuality, respect and co-operation with each other. Your Directors take this opportunity to thank all employees for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

Your Directors place on record their appreciation for the support and continued co-operation that the Company received from the Government of India, the Ministry of Shipping, the Ministry of Finance, the Ministry of Corporate Affairs, the Directorate General of Shipping, the Mercantile Marine Department, the Stock Exchanges, the Reserve Bank of India, the Central Board of Excise and Customs, and other Government agencies. Your Directors also express their sincere thanks to the Indian National Ship Owners Association, Port authorities, Insurance companies, Protection and Indemnity clubs for their continued support during the year.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th June, 2008

S. Ramakrishnan
Chairman & Managing Director

Management's Discussion and Analysis (Annexure I to the Directors' Report)

Industry review

Container Shipping

Currently, containerized cargo represents about 30 per cent by value of India's external trade (represents cargo which can be containerised). This proportion is likely to grow as containerization increasingly penetrates the general cargo trades and increases its share from the current 68 per cent to near international levels of around 75-80 per cent (World Bank, 2007). Presently, principal containerized commodities that India trades in include engineering goods, agricultural commodities, textiles and readymade garments, pharmaceutical products and machinery. With international trade growth and penetration, being the basic demand drivers, will result in the 21m TEUs of demand in the domestic market by 2015-16.

India handled 649 million tonnes (mt) of cargo traffic in 2006-07 and 569 mt in 2005-06. The total container traffic in 2006-07 was 80.0 mt and in 2005-06 it was 67.1 mt. In terms of Teus, it was 6.0 m TEUs in 2006-07 and 5.0 m TEUs in 2005-06. Growth rate of container traffic outstripped the GDP growth rate. Considering the current CAGR of 15.1 per cent, the container traffic after 5 years (2010-11) is projected to be 10.0 m TEUs and 20.3 m TEUs after 10 years (i.e., 2015-16).

The buoyancy in economy has proved to be a boon for cargo handling since it has witnessed a whopping 22.16% growth during April to November 07 compared to the same period in the previous fiscal. Indian Ports Association (IPA) figures show that the 12 major ports have handled 58.26 million tonnes or 4.53 million TEUs between April-November 2007, as against 46.75 MT or 3.59 million TEUs during the same period of the previous year. Exports have gone up by as much as 25 percent this year as so is the volume of finished goods that are required to be transported by boxes. This has resulted in the country's 12 major ports witnessing a surge in loading and unloading of containers.

With India's external trade skyrocketing and domestic economy showing a sustained pattern of growth, building massive capacity in containerization has become more imperative than ever before.

Logistics

Logistics industry is on an upswing and witnessing a robust growth. The Indian logistics market is currently believed to be around USD 90 billion. By the year 2020, the size of the logistics industry would probably be 10% of India's GDP of USD 200 billion, steadily growing thereafter. Estimates suggest that the Logistics sector will keep growing at a rate of 15-20% in the coming decade.

In the recent past, the importance of logistics has increased by leaps and bounds. 3PL services have come of age in the country and now more companies are seeking services from such service providers in the country. The logistics business is no longer limited to basic transportation but includes a gamut of services such as warehousing, distribution, inventory management, packaging, labeling and a host of other activities.

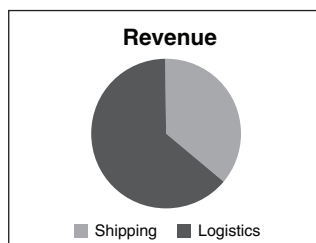
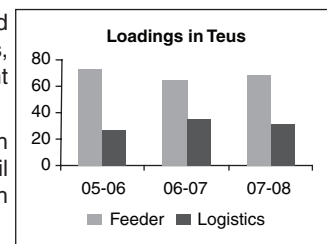
With a large number of MNCs planning to set shop in India, the dynamics of the industry are much likely to change and the logistics players are all set to cash in on the emerging opportunities. Logistics companies are constantly working towards newer and more distinctive services and value additions.

Out of the total volume of 2801.3 million tonnes of cargo moved last year, road handled 1560 million tonnes, rail 667 million tonnes, seaports handled 573 million tonnes and airports 1.3 million tonnes. The industry is still in its growth phase and it is expected that this will continue for another decade. Globalisation and liberalization will be the two major factors that will influence the economic growth of the country which in turn will shape the logistics industry in India.

Performance review of Shreyas

Shreyas' performance during the year has been influenced by various factors including strikes and congestion at various ports in India, fall in the charter rates for smaller container vessels, rising fuel costs, gestation period for the new services introduced during the year, the drydock of vessels and consequent repositioning of tonnage.

Operating costs for the shipping industry are largely driven by the fuel costs which constitute as much as 40% of the total operating cost. During the year there was a steep increase in the prices of fuel oil resulting in operating cost rising significantly. Freight rates could not move commensurate with such increases. This also impacted profitability.



The Profit before tax during the year reduced to Rs.922.93 lacs from Rs.3150.76 lacs during the previous year. This parameter is indicative of the tremendous potential and opportunity in the container shipping and logistics business.

The logistics volumes during the year improved by 40.43% over the previous year. Similarly, the feeder volumes improved by 61.45%. Logistics volumes constituted 33% of the total volumes during the year, the balance being feeder volumes. While the growth in logistics volumes over the previous year is 40.43%, the growth in revenue from logistics is a whopping 40.72% which clearly depicts the improved revenue earning capacity of the logistics business.



During the year, Shreyas acquired M.V. Unity for a cost of about Rs. 5008.53 lacs. Besides, Shreyas Relay Systems Ltd (SRSL), the wholly owned subsidiary, purchased 508 additional containers to build adequate inventory to service the growing domestic volumes.

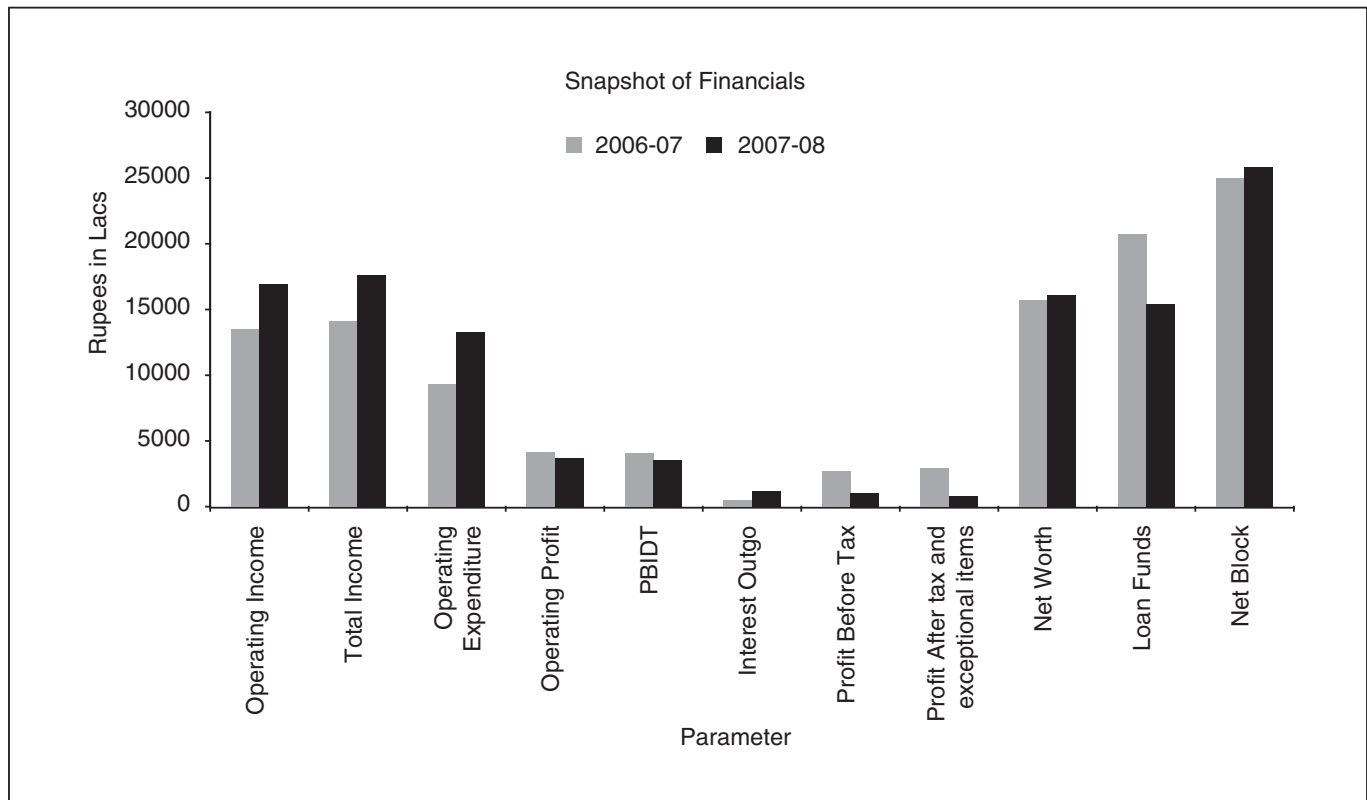
During the year, the Company through SRSL, concentrated on providing best logical logistics solutions adapted and customised to the needs of its clients. In an economy where industry plays a major role, SRSL has specialized in sectors such as electronics and automotive, offering a complete range of services dedicated to this sector and its specific requirements. As a part of its 360 degree service approach, SRSL has established regular consolidated shipment routes on both, the West coast and East coast of India. The Company is constantly upgrading its knowledge of handling logistics business and is bringing in continuous innovative solutions would be the key factor to be successful in logistic business. While the service on the East coast of India is yet to stabilize, the West coast service is performing exceedingly well leading to positive retentions.

The year 2007-08 marked the beginning of shift in transportation mode used for automobile transportation for the North – South sector in the country from road to container train–cum-coastal shipping where Shreyas was a forerunner. Shreyas has continuously invested time and money to nurture this business, which is still in its infancy in India.

Haytrans (India) Ltd, the subsidiary company is one of the country's leading freight forwarders. It has developed co-operation with both air and ocean carriers, which has helped it to provide better services worldwide.

We give below a snapshot of the salient features of the Company's stand-alone performance during 2007-08 vis-à-vis the performance during 2006-07:

- Operating Income increased by 25.77% from Rs.13493.24 lacs to Rs. 16970.26 lacs
- Operating Expenses increased by 42.53% from Rs. 9332.95 lacs to Rs. 13302.78 lacs
- Total Income increased by 24.86% from Rs.14104.98 lacs to Rs. 17611.31 lacs.
- Interest cost increased by 161.78% from Rs.465.85 lacs to Rs. 1219.49 lacs
- Depreciation increased by 43.87% from Rs.919.69 lacs to 1323.14 lacs
- Profit before extraordinary an exceptional items and tax reduced by 62.80% from Rs.2719.18 lacs to Rs. 1011.53 lacs.
- Net block of Fixed assets increased by 20.44% from Rs. 20733.72 lacs to Rs. 24971.44 lacs



Outlook on opportunities

Container shipping

Considering the current CAGR of 15.1 per cent, the container traffic after 5 years (2010-11) is projected to be 10.0 m TEUs and 20.3 m TEUs after 10 years (i.e. 2015-16). With international trade increasing to and from India, containerization is bound to increase. With EXIM trade (including exports and imports) estimated to touch over USD 700 billion from the current USD 270 billion over the next three years, there will be an increasing demand for container efficiencies to leverage this booming trade.

Presently, containerized cargo represents about 30 per cent by value of India's external trade, and this proportion is likely to grow as containerization increasingly penetrates the general cargo trades.

Economies of scale offered by the new mega boxships could be eroded by a shortage of feeder vessels, which shipowners have neglected to order in sufficient numbers. The mega-boxship ordering spree would lead to a scarcity of smaller feeder vessels and will increase the demand for feeding.

Logistics

Emergence of India as "global hub" for manufacturing activities in sectors such as consumer durables, electronics, auto and auto components and the retail boom have fueled the demand for logistics in the country. These sectors are the largest users of supply chain solutions and outsourced logistics services and thus will likely drive growth in the Indian logistics sector.

The Cabinet Committee on Economic Affairs has brought in a distinctive multi-modal element in its ambitious Dedicated Freight Corridor project which is expected to immensely benefit exporters, ports, importers, shipping lines and container operators in the western corridor. In the eastern corridor, it is largely believed to help in the activities of coal companies, steel plants and thermal power stations. The project will provide the much needed rail infrastructure for the growth of the Indian economy and EXIM trade alongwith scores of inland depots and state-of-the-art warehouses.

Various companies have commenced operations under the Indian Railways' New Container Policy in their Public Private Partnership initiative. They operate container trains on a pan-India network. This will further help in filling up of gaps in the supply chain.

With the entry of world retail leaders into Indian retail sector and major Indian entrepreneurs hurrying to establish, the business is expected to boom in India. This will open abundant opportunities for logistics service providers.

Infrastructure in India is expected to grow – matching to the requirement – as road, rail, port and airport sectors are planning huge investments to face the challenge. These infrastructure sectors would be completing their first phase of modernization and setting up plans by 2012. Private sector entry into container train segment has been permitted. PP (Public- private partnership) has envisaged into new routes, railway stations, logistics parks, cargo aggregation and warehouses. If everything goes as planned, India will have world - class infrastructure facilities in transportation sector and undoubtedly, other sectors will follow.

Globalisation and liberalization will be the two major factors that will influence the economic growth of the country which in turn will shape the logistics industry in India. The emergence of the organized retail sector will be one of the key growth drivers of the logistics industry. Besides, strong growth enablers exist in the form of over USD 300 billion infrastructure investments, phased introduction of VAT, development of agrifood processing industries and rapidly growing international trade. India centric business from global logistics companies, the Cold Chain business and as India becomes more affluent, the growth of niche markets will be some of the other factors.

With growing FDI by FMCs, their opening retail outlets in every nook and corner of the country and trend of outsourcing the peripheral services will also be one of the key driving force to fuel the expansion in logistic activities in India.

Outlook on Threats, Risks and Concerns

Shipping

Shortage of seafarers at officer level is a serious threat to the container shipping business.

The industry will also be faced with challenges such as fewer repair yard slots, the shortage of officers, soaring bunker costs and port congestion.

The factors affecting the industry are mainly the high process of bunker (duty-paid) and operational costs under Indian flag and Indian registry. There are numerous tax regimes involved. There is a further difficulty in attracting shipboard staff for coastal operations. Manning costs of Indian registered coastal vessels are extremely high which also needs attention. Lack of container handling facilities at minor ports, and restrictions, are additional major operational issues. Major ports and container terminals continue to be congested and berthing for coastal vessels is a real nightmare. The country is yet to be geared for expansive growth. The coming years will see bottlenecks developing which could impede growth.

Logistics

The most pressing need of the logistics sector at this hour is the lack of an industry status. Owing to this, the sector suffers from immense fragmentation and disparity. Numerous companies, who operate on scanty margins, with little stress on quality, dominate it. Once the sector is awarded with an industry status, there will be a great deal of consolidation and with a single regulatory framework to control and



supervise all policies, practices, etc., there will be uniformity in the sector and the country will be in a position to compete with international players by matching up to their level of operations.

One of the key challenges that have hampered the growth of the industry is the poor infrastructure. Supply chains are no longer working effectively as a result of congestion and poor infrastructure. Though there is adequate demand for logistics services in the country, the present state of infrastructure is inadequate to support it. The poor condition of roads and highways translate into higher operating costs due to increased maintenance, poor turnaround time etc. which acts as a barrier to the growth of the road freight sector.

As a result of the under-developed trade and logistics infrastructure, the logistics cost of the Indian economy is over 13% of the GDP, compared to less than 10% of GDP in almost the entire Western Europe and North America. The poor condition of roads, presence of multiple toll points, multiple tax payment and check posts and absence of proper connectivity between ports, railways and airports often lead to higher turnaround times, thereby affecting margins.

People are the lifeblood of the logistics industry. In any service industry, people are the greatest asset. Finding and integrating quality, skilled staff continue to be difficult challenges.

Internal control systems and their adequacy

The philosophy we have with regard to internal control systems and their adequacy has been formulation of effective systems and their strict implementation to ensure that assets and interests of the Company are safeguarded; checks and balances are in place to determine the accuracy and reliability of accounting data.

The Internal Audit, an independent appraisal function to examine and evaluate the efficiency and effectiveness of the Internal control system, appraises periodically about activities and audit findings to the Audit Committee, Statutory Auditors and the Top Management.

Internal audit ensures that systems are designed and implemented with adequate internal controls commensurate with the size and operations; transactions are executed and assets are safeguarded and deployed in accordance with the policies, existence of adequacy of internal controls in all existing policies and procedures.

M/s. Pricewaterhousecoopers Pvt. Ltd., Chartered Accountants have been re-appointed as the Internal auditors of the Company for the year 2008-09.

Human resources

As on 31st March, 2008, the Company had 40 shore staff and 218 floating staff.

The relations between the employees and the Company remained cordial throughout the year. The Company continues to focus on the safety, training and development of the employees.

Cautionary statement

Statements in this report describing the Company's objectives, projections, estimates and expectations may be forward looking statements, within the meaning of applicable laws and regulations, based on beliefs of Shreyas' Management. Such statements reflect the Company's current views with respect to the future events and are subject to risks and uncertainties. Many factors could cause the actual result to be materially different from those projected in this report, including amongst others, changes in the general economic and business conditions, changes in the currency exchange rates and interest rates, introduction of competing services, lack of acceptance of new services, and changes in business strategy. Shreyas does not intend to assume any obligation to update any forward-looking statements or information, which speak as of their respective dates reflecting circumstances arising after this date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th June, 2008

S. Ramakrishnan
Chairman & Managing Director

Report on Corporate Governance

(Annexure II to the Directors' Report)

(As required by Annexure IC to Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

I. Corporate Governance Philosophy and Practice

The Company's activities are carried out in accordance with good corporate governance practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximising value for all its stakeholders.

The Code of Corporate Governance emphasises means of effective control and measures for the welfare of the shareholders and all other stakeholders in the Company. Your Company appreciates the purpose of the Code of Corporate Governance. The Company's philosophy envisages enhancement of shareholder value, transparency and accountability towards all its stakeholders.

II. Board of Directors

Composition of Board of Directors

The composition of the Board is in accordance with the requirements set forth by Clause 49 in this regard. All the Directors are experts in their respective fields / professions. The Board consists of eleven Directors of which two are Executive Directors and nine are Non-Executive Directors. The Chairman and Managing Director is an Executive Director. The Board has six Independent Directors.

Details, as on date, of the composition of the Board and changes therein since the last Report, category of the Directors and their attendance at Board meetings and the last Annual General Meeting, number of their other directorships and Committee Memberships / Chairmanships are given below:

| Name of the Director | Category of Directorship ¹ | Number of Board meetings attended out of six held during the year 2007-2008 | Attendance at the last AGM (21.07.07) | No. of Directorships in other public limited companies as on 31.03.2008 | No. of Committee positions held in other public limited companies as on 31.03.2008 ² | |
|---|---------------------------------------|---|---------------------------------------|---|---|--------|
| | | | | | Chairman | Member |
| Mr. S. Ramakrishnan ⁵ Chairman & Managing Director | ED | 3 | Yes | 14 | NIL | NIL |
| Mr. Anil Devli Executive Director | ED | 6 | Yes | 2 | NIL | NIL |
| Mr. V. Ramnarayan Director | NED (NI) | 5 | Yes | 14 | NIL | NIL |
| Mr. S. Mahesh ⁵ Director | NED (NI) | 2 | Yes | 14 | NIL | NIL |
| Mr. L. B. Culas Director | NED (NI) | 3 | No | 1 | NIL | NIL |
| Mr. K. P. Medhekar Director | NED (I) | 4 | No | 3 | NIL | 2 |
| Capt. P. P. Radhakrishnan Director | NED (I) | 4 | Yes | 3 | NIL | 1 |
| Mr. Amitabha Ghosh ³ Director | NED (I) | 5 | Yes | 12 | 4 | 4 |
| Mr. S. Ragothaman Director | NED (I) | 5 | Yes | 4 | 1 | 3 |
| Mr. Bherulal Chaudhary Director | NED (I) | 5 | Yes | 1 | 1 | 1 |
| Mr. D. T. Joseph ⁴ Director | NED (I) | 3 | NA | 2 | NIL | NIL |



Notes:

1. Category of Directorship:
ED – Executive Director
NED (NI) – Non-Executive Director and not Independent
NED (I) – Non-Executive Director and Independent
2. As required by Clause 49 of the Listing agreement entered into with the Stock Exchanges, only Membership / Chairmanship of the Audit Committee and Shareholders' / Investors Grievance Committee have been considered. None of the Directors of the Company is a Member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he is a Director.
3. Nomination withdrawn by ICICI Bank Ltd w.e.f. 20th March, 2008. Appointed as Additional Director (Non-Executive Independent) w.e.f. 20th March, 2008.
4. Appointed as Additional Director w.e.f. 10th September, 2007. 4 meetings of the Board were held after his appointment.
5. Mr. S. Ramakrishnan and Mr. S. Mahesh are brothers.

Number of Board meetings

Six Board meetings were held during the year ended on 31st March, 2008. These were on 1st June, 2007, 21st July, 2007, 2nd October, 2007, 30th October 2007, 6th December, 2007 and 26th January, 2008.

The gap between any two Board meetings did not exceed four months as required by Clause 49 of the Listing agreement with the Stock Exchanges.

Information supplied to the Board

To enable the Board members to discharge their responsibilities effectively and take informed decisions, a comprehensive Agenda folder with explanation on each item is sent to each Director well in advance of the Board meeting. All the Agenda items are discussed in detail during the Board meeting. The Board members have complete access to any information within the Company and to any employee of the Company. At the meetings, the Board is provided with all the relevant information on important matters affecting the working of the Company as well as the related details that require deliberation by the members of the Board.

The information as specified in Annexure 1A to Clause 49, is made available to the Board whenever applicable and materially significant.

Code of Conduct

All Board members and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics of the Company during the year ended 31st March, 2008. The said Code has been posted on the website of the Company, i.e., www.shreyas.co.in.

III. Audit Committee of Directors (Audit Committee)

Composition

The present composition of the Audit Committee is as follows:

| Name | Position held | Category |
|-----------------------------------|---------------|--|
| Mr. Amitabha Ghosh | Chairman | Non-Executive and Independent Director |
| Mr. K. P. Medhekar | Member | Non-Executive and Independent Director |
| Capt. P. P. Radhakrishnan | Member | Non-Executive and Independent Director |
| Mr. S. Ragothaman | Member | Non-Executive and Independent Director |
| Ms. Megha Samtani ¹ | Secretary | Company Secretary |
| Ms. Namrata Malushte ¹ | Secretary | Company Secretary |

¹ Ms. Namrata Malushte was appointed as Secretary in place of Ms. Megha Samtani who resigned with effect from 16th May, 2008.

All the members of the Audit Committee are financially literate. In view of their professional qualification and experience in finance, Mr. Amitabha Ghosh and Mr. S. Ragothaman are considered to have accounting and related financial management expertise.

The Chief Financial Officer, representative of the Internal auditors and the Statutory auditors are invitees to the meetings of the Audit Committee.

Terms of reference

The powers and terms of reference of the Audit Committee are comprehensive and include all that is mandated as per Clause 49 of the Listing agreement and Section 292A of the Companies Act, 1956. The Committee is vested with necessary powers, as defined in its Charter, to achieve its objectives.

The Committee, inter alia, has reviewed the financial statements including Auditors' Report for the year ended 31st March, 2008 and has recommended its adoption, records of related party transactions, reports related to compliance of laws and risk management and the financial statements of the subsidiary companies.

Meetings and attendance during the year

| Sr. No. | Name of Director | Meetings / Attendance | | | |
|---------|---------------------------|-----------------------|------------|------------|------------|
| | | 31.05.2007 | 20.07.2007 | 29.10.2007 | 26.01.2008 |
| 1 | Mr. Amitabha Ghosh | Present | Present | Present | Present |
| 2 | Mr. K. P. Medhekar | Present | Absent | Present | Present |
| 3 | Capt. P. P. Radhakrishnan | Present | Present | Present | Present |
| 4 | Mr. S. Ragothaman | Present | Present | Present | Present |

The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the Board Meetings.

The Chairman of the Audit Committee was present at the 19th Annual General Meeting held on 21st July, 2007.

IV. Shareholders' / Investors Grievance Committee of Directors

Composition

The present composition of the Shareholders' / Investors Grievance Committee is as follows:

| Name | Position held | Category |
|-----------------------------------|---------------|---|
| Mr. K. P. Medhekar | Chairman | Non-Executive and Independent Director |
| Mr. V. Ramnarayan | Member | Non-Executive Director; Not Independent |
| Ms. Megha Samtani ¹ | Secretary | Company Secretary & Compliance Officer |
| Ms. Namrata Malushte ¹ | Secretary | Company Secretary & Compliance Officer |

¹ Ms. Namrata Malushte was appointed as Secretary in place of Ms. Megha Samtani who resigned with effect from 16th May, 2008.

Terms of reference

- Review the existing investor redressal system and suggest measures for improvement.
- Resolution of investor grievances / complaints.
- Suggest improvement in investor relations.
- Consider and take on record Certificate from a practicing Company Secretary under Clause 47(c) of the Listing agreement.
- Propose to the Board of Directors, the appointment / re-appointment of the Registrar and Share Transfer Agent, including the terms and conditions, remuneration, service charge / fees.

Meetings and attendance during the year

The Company has held two meetings of the Shareholders' / Investors Grievance Committee during the year ended on 31st March, 2008. These were on 2nd October, 2007 and 17th March, 2008. All members of the Committee and the Secretary were present at the above meetings.

The Secretarial Department of the Company, under the supervision of the Company Secretary, who is also nominated by the Company as the "Compliance Officer" as required under Sebi regulations / Listing agreement, and the Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Ltd. attend to all grievances of the Shareholders and the investors. The Company and M/s. Intime Spectrum Registry Ltd. are making further attempts to ensure that the grievances are expeditiously addressed and redressed to the full satisfaction of the Shareholders. The minutes of the Share Transfer Committee are noted by the Board of Directors at the Board Meetings.

A comparative statement of the various complaints received and redressed by the Company and M/s. Intime Spectrum Registry Ltd. during the year 2007-08 is given below:

| Nature of complaints | Number of complaints | |
|--|----------------------|----------|
| | Received | Pending |
| Non-receipt of dividend | 19 | 0 |
| Non-receipt of Share certificates after transfer | 3 | 0 |
| Non-receipt of Annual Report | 0 | 0 |
| Non-receipt of demat credit / remat credit | 0 | 0 |
| Non-receipt of rejected Demat Requisition Form | 2 | 0 |
| Others (not included above) | 7 | 0 |
| TOTAL | 31 | 0 |



V. Remuneration Committee

Composition

The present composition of the Remuneration Committee is as follows:

| Name | Position held | Category |
|-----------------------------------|---------------|--|
| Capt. P. P. Radhakrishnan | Chairman | Non-Executive and Independent Director |
| Mr. K. P. Medhekar | Member | Non-Executive and Independent Director |
| Mr. S. Ragothaman | Member | Non-Executive and Independent Director |
| Mr. Amitabha Ghosh | Member | Non-Executive and Independent Director |
| Ms. Megha Samtani ¹ | Secretary | Company Secretary & Compliance Officer |
| Ms. Namrata Malushte ¹ | Secretary | Company Secretary & Compliance Officer |

¹ Ms. Namrata Malushte was appointed as Secretary in place of Ms. Megha Samtani who resigned with effect from 16th May, 2008.

Terms of reference

- Determine the Company's policy on specific remuneration packages for Executive Directors.
- Bring about objectivity in determining the remuneration package of Executive Directors while striking a balance between the interest of the Company and the Shareholders.
- Recommend the remuneration package of Executive Directors to the Board for its approval.

During the year, one meeting of the Remuneration Committee was held on 31st May, 2007 which was attended by all the members.

Remuneration Policy

a. For Executive Directors

The Board of Directors is authorised to decide the remuneration of the Executive Director(s), subject to the recommendation of the Remuneration Committee of Directors and approval of the Shareholders and the Central Government, if required. The details of remuneration paid to Mr. S. Ramakrishnan, Chairman & Managing Director and Mr. Anil Devli, Executive Director for the year 2007-08 have been disclosed in Note No.10 to the accounts. The appointment of Mr. S. Ramakrishnan is in terms of the approval received from the Central Government vide its letter bearing reference no. 1/99/2004-CL.VII dated 14th September, 2004 which is valid from 1st April, 2004 up to 31st March, 2009.

The Whole-time directors – Mr. S. Ramakrishnan and Mr. Anil Devli – were paid remuneration as per their respective terms of appointment as approved by the Shareholders.

b. For Non-Executive Directors

All fees / compensation paid to Non-Executive Directors are fixed by the Board of Directors of the Company with the previous approval of the Shareholders in the General meeting. Presently, Non-Executive Directors are paid remuneration by way of Sitting fees of Rs.12,000/- per Board Meeting (revised from Rs. 10,000/- per meeting with effect from 2nd June, 2007) and Rs. 10,000/- per Audit Committee and Remuneration Committee Meeting attended. The details of sitting fees paid to the Non-Executive Directors for the year 2007-08 and shares held by them in the Company as on 31st March, 2008 are as under:

| Name of the Director | Sitting Fees for Board Meetings attended (Rs.) | Sitting Fees for Audit Committee Meetings attended (Rs.) | Sitting Fees for Remuneration Committee Meetings attended (Rs.) | Number of Equity shares held in Shreyas Shipping & Logistics Ltd. as on 31 st March, 2008 |
|---------------------------|--|--|---|--|
| Mr. V. Ramnarayan | 58,000/- | N.A. | N.A. | 109,375 |
| Mr. S. Mahesh | 22,000/- | N.A. | N.A. | 112,475 |
| Mr. L. B. Culas | 34,000/- | N.A. | N.A. | 130,845 |
| Mr. K. P. Medhekar | 46,000/- | 30,000/- | 10,000/- | NIL |
| Capt. P. P. Radhakrishnan | 46,000/- | 40,000/- | 10,000/- | NIL |
| Mr. Amitabha Ghosh | 58,000/- | 40,000/- | 10,000/- | NIL |
| Mr. S. Ragothaman | 58,000/- | 40,000/- | 10,000/- | 3,000 |
| Mr. Bherulal Chaudhary | 58,000/- | N.A. | N.A. | NIL |
| Mr. D. T. Joseph | 36,000/- | N. A. | N.A. | NIL |

Presently, the Directors of the Company who are not in whole-time employment of the Company are compensated only by way of sitting fees for attending the meetings of the Board and its Committees. Approval of the Shareholders was obtained at the Annual General Meeting held on 21st July, 2005 for payment of remuneration in the form of commission to the Directors not in whole-time employment of the Company, such commission not exceeding in the aggregate 1% per annum of the net profits of the Company for the five years commencing from 1st April, 2005, subject to the discretion and directions of the Board of Directors of the Company. The Board of Directors have not recommended commission for the Directors not in whole-time employment of the Company for the year ended 31st March, 2008.

The Company does not have a scheme for stock options for its Directors. None of the Non-executive Directors had pecuniary interest in or transactions with the Company during the year.

VI. Share Transfer Committee

The Share Transfer Committee has been specifically constituted for approving the transfer / transmission / transposition of shares and consolidation / splitting of folios, issue of share certificates in exchange for sub-divided, consolidated, defaced share certificates, etc. ensuring compliance with legal requirements of share transfers and co-ordination with the Registrar and Share Transfer Agent, Depositories, etc. The present composition of the Committee is as follows:

| Name | Position held | Category |
|-----------------------------------|---------------|--|
| Mr. S. Ramakrishnan | Chairman | Chairman & Managing Director |
| Mr. V. Ramnarayan | Member | Director |
| Mr. S. Mahesh | Member | Director |
| Ms. Rajna Ganesh ² | Member | General Manager – Finance & Accounts |
| Mr. Rajesh Desai ² | Member | Sr. Manager - Finance & Accounts |
| Ms. Megha Samtani ¹ | Secretary | Company Secretary & Compliance Officer |
| Ms. Namrata Malushte ¹ | Secretary | Company Secretary & Compliance Officer |

¹ Ms. Namrata Malushte was appointed as Secretary in place of Ms. Megha Samtani who resigned with effect from 16th May, 2008.

² Mr. Rajesh Desai was appointed as Member in place of Ms. Rajna Ganesh who resigned with effect from 31st March, 2008.

Meetings of the Share Transfer Committee are usually held fortnightly. 25 meetings of the Share Transfer Committee were held during the year 2007-08.

VII. General Body Meetings

a. Particulars of the last three Annual General Meetings (AGMs)

| Financial year | AGM No. | Date | Venue | Time |
|----------------|------------------|-----------------------------|---|------------|
| 2006-07 | 19 th | 21 st July, 2007 | Nehru Centre Auditorium, Discovery of India Building, Nehru Centre, Dr. Annie Beasant Road, Worli, Mumbai 400018. | 11.00 a.m. |
| 2005-06 | 18 th | 21 st July, 2006 | Sivaswamy Auditorium of Fine Arts Cultural Centre, Chembur (East), Mumbai – 400 071 | 11.00 a.m. |
| 2004-05 | 17 th | 21 st July, 2005 | | 11.00 a.m. |

b. Special resolutions passed at last three AGMs

The following three Special resolutions were passed by the Shareholders at the AGM held on 21st July, 2007:

- Increase in remuneration payable to Mr. Anil Devli, Executive Director for the period 1st April, 2007 to 20th April, 2007
- Re-appointment of Mr. Anil Devli, Executive Director for a further period of five years w.e.f. 21st April, 2007.
- Increase in the remuneration payable to Mr. S. Ramakrishnan; Chairman & Managing Director.

The following three Special resolutions were passed by the Shareholders at the AGM held on 21st July, 2006:

- Payment of incentive remuneration upto 100% of the salary to Mr. Anil Devli, Executive Director.
- Re-appointment of Mr. Anil Devli, Executive Director for a further period of one year.
- Increase in the remuneration payable to Mr. S. Ramakrishnan; Chairman & Managing Director.

The following five Special resolutions were passed by the Shareholders at the AGM held on 21st July, 2005:

- Increase in the remuneration payable to Mr. S. Ramakrishnan; Chairman & Managing Director.
- Appointment of Mr. Anil Devli as Executive Director.
- Payment of commission to Directors not in whole-time employment of the Company.
- Provision for payment of sitting fees to Directors not in whole-time employment of the Company.
- Approval under proviso to Section 163(1) for place of keeping Register of Members, etc.



c. Passing of resolutions by Postal ballot

No resolutions were passed by postal ballot during the year ended 31st March, 2008. Postal ballot shall be conducted as per the provisions of the Companies Act, 1956, as and when situations arise.

VIII. Disclosures

- a. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in Annexure to the Notes to Accounts. These are not in conflict with the interests of the Company in view of the following:
- (i) All details relating to financial and commercial transactions, wherein Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters.
 - (ii) These are at prices, which are reasonable, having regard to the prevailing market prices at the relevant time.
- b. In continuation of the practice of keeping the Board of Directors informed about the potential risks of running the business and the Company's processes for risk mitigation and control, the Management periodically submits to the Board, a Risk Assessment & Minimisation Report outlining the various risks encountered by the Company, the control mechanisms adopted for mitigating such risks and the impact of materialization of such risks. The Management continues to take effective steps to mitigate such risks by devising an elaborate business strategy to counter and deal with the components of risks.
- c. Disclosures have been received from Senior Management personnel to the effect that during the year ended 31st March, 2008, there were no financial and commercial transactions in which they had personal interest that may have a potential conflict with the interest of the Company at large.
- d. With regard to matters related to capital markets, the Company has duly complied with the requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authority.
- e. As on 31st March, 2008, the Company has two subsidiaries as follows:
- | | | |
|---------------------------|---|-----------------------------|
| Shreyas Relay Systems Ltd | : | 100% holding by the Company |
| Haytrans (India) Limited | : | 51% holding by the Company |
- f. The Company has fully complied with all the mandatory requirements of Clause 49.

The status of compliance with **non-mandatory requirements** stipulated by the said Clause is as under:

- Tenure of Independent Directors is not being restricted to period of nine years in the aggregate since the Board of Directors unanimously opine that the length of the tenure on the Board would not have any material negative impact on the performance of Independent directors and discharge of their duties towards the Company.
 - The Board of Directors has constituted a Remuneration Committee consisting of four members, who are non-executive and independent. The Chairman of the Remuneration Committee was present at the 19th Annual General Meeting held on 21st July, 2007.
 - Since the half-yearly financial results are being published in leading newspapers as well as being displayed on the Company's website and EDIFAR website of the SEBI, the said results and summary of significant events are not being sent to each household of Shareholders.
 - Adequate and transparent information is circulated to the members of the Board of Directors at its various meetings, which provide valuable inputs on the business of the Company and their responsibilities as Directors. Also, the Directors are kept abreast of the latest developments in Laws, Rules and Regulations, as also on the various risks to which the Company is subject and the manner in which these risks are mitigated and/or minimised. Therefore, the need for a formal training on these issues is not felt necessary presently.
 - The re-appointment of Non-executive Directors is proposed and seconded at meetings of the Board of Directors on the basis of the contribution and performance of the Director being re-appointed. The Director being re-appointed does not participate during such discussions nor does he vote on the resolution proposing his re-appointment.
 - The Company presently does not have a documented Whistle Blower Policy in place. However, given its dedication to principles such as honesty, quality, responsibility, compassion, fairness, respect, adaptability and gratitude, the Company personnel feel free to report to the Management, any concerns they may have about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.
 - The Company ensures that any person who is being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and which, in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.
- g. **Disclosure regarding appointment or re-appointment of Directors**
- Mr. Bherulal Chaudhary, Mr. K. P. Medhekar and Mr. V. Ramnarayan retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.
- Mr. D. T. Joseph and Mr. Amitabha Ghosh who were appointed as Additional Director with effect from 10th September, 2007 and 20th March, 2008 respectively are being recommended for appointed as Directors of the Company.

The brief resume of Directors is given below:

I. Name: Mr. Bherulal Chaudhary

Experience:

Mr. Bherulal Chaudhary is around 42 years of age. He is a Commerce Graduate and LL.B. He is qualified as Solicitor from Bombay Incorporated Law Society and Law Society of England and Wales. He has vast experience in the field of law for more than a decade. He is engaged in practice of Law specialising in Media and Entertainment, Shipping, Corporate and Commercial Laws, real estate and litigation.

Other Directorships:

| <u>Name of the companies/firm</u> | <u>Nature of interest</u> |
|-----------------------------------|---------------------------|
| Emco Limited | Director |

Committee Memberships:

| <u>Name of the companies/ firm</u> | <u>Name of Committee</u> | <u>Committee Position</u> |
|------------------------------------|---|---------------------------|
| Emco Limited | Audit Committee | Member |
| Emco Limited | Shareholders' / Investor Grievance Committee | Chairman |

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2008: NIL

II. Name: Mr. K. P. Medhekar

Experience:

Mr. K. P. Medhekar is around 81 years of age. He is I.P.S (retd). He retired from the Indian Police Service in 1985 after 37 years of meritorious service. Presently he is a Corporate Management Consultant in HRD, Disaster & Crisis Management and Remuneration Policy. He is also a Faculty member of many reputed institutions of Management and Social Sciences.

Other Directorships:

| <u>Name of the companies/firm</u> | <u>Nature of interest</u> |
|---|---------------------------|
| India Sugar and Refineries Ltd, Hospet | Director |
| Morarka Finance Ltd. | Director |
| Dwarikesh Sugar Industries Ltd. | Director |
| Ex-Servicemen's Multipurpose Services (India) Pvt. Ltd. | Director |
| ISIS Technologies Pvt. Ltd. | Director |

Committee Memberships:

| <u>Name of the companies/firm</u> | <u>Name of Committee</u> | <u>Committee Position</u> |
|-----------------------------------|--------------------------|---------------------------|
| Dwarikesh Sugar Industries Ltd. | Audit Committee | Member |
| Morarka Finance Ltd. | Audit Committee | Member |

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2008: NIL

III. Name: Mr. V. Ramnarayan

Experience:

Mr. V. Ramnarayan is around 59 years of age. He is a graduate in Science from University of Mumbai with a Post Graduate Diploma in Business Management. He has over 28 years of experience in the container shipping industry. He has to his credit the handling experience of the first container service which commenced from India. His experience covers all aspects of shipping.

Other Directorships:

| <u>Name of the companies/firm</u> | <u>Nature of interest</u> |
|--|---------------------------|
| ADMEC Logistics Ltd. | Director |
| Albatross CFS Pvt. Ltd. | Director |
| Albatross Shipping Ltd. | Director |
| Albatross Surveyors Ltd. | Director |
| Albatross Logistics Centre (I) Pvt. Ltd. | Director |
| TLPL Shipping Pvt. Ltd. | Director |
| TLPL Logistics Pvt. Ltd. | Director |



| | |
|---|-------------------|
| CMA CGM East & South India Pvt. Ltd. | Director |
| Clarion Solutions Ltd. | Director |
| Crescent Shipping Agency (I) Ltd. | Director |
| Crescent Take Global Supply Chain Pvt. Ltd. | Director |
| Haytrans (India) Ltd. | Director |
| Interseas Shipping Pvt. Ltd. | Director |
| Meridian Shipping Agency Pvt. Ltd. | Managing Director |
| NLS Agency (I) Pvt. Ltd. | Director |
| Orient Express Ship Management Ltd. | Director |
| Relay Shipping Agency Limited | Director |
| Sea Orient Shipping (India) Pvt. Ltd. | Director |
| Shreyas Relay Systems Ltd. | Director |
| Sivaswamy Holdings Pvt. Ltd. | Director |
| Transcorp Finance Ltd. | Director |
| Transcorp Securities Ltd. | Director |
| Transworld Constructions Pvt. Ltd. | Director |
| Transworld Energies Ltd. | Director |
| Transworld Logistics Ltd. | Director |
| Transworld Management Consultancy Pvt. Ltd. | Director |
| Transworld Plantations Pvt. Ltd. | Director |
| Transworld Shipping & Logistics Ltd. | Managing Director |
| Trident Overseas Pvt. Ltd. | Director |
| Trident Trading Pvt. Ltd. | Director |
| United Arab Shipping Agency Company (I) Pvt. Ltd. | Director |

Committee Memberships: NIL

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2008: 109,375 Equity shares of Rs.10/- each.

IV. Name: Mr. D. T. Joseph

Experience:

Mr. Joseph aged about 64 years is IAS (retd.) by profession. He took over as Secretary in the Ministry of Shipping in the year 2003 and retired in 2005. He also served as Director General of Shipping. As Secretary Shipping, he helped in getting the tonnage tax option implemented for shipowners. As Director General of Shipping, he streamlined chartering guidelines for ships in March 2000 and simplified Articles of Agreement for sailors. He was instrumental in the liberalization of maritime training and education, setting up standards for private institutions and building maritime constituencies. He played an important role in preparation of the comprehensive draft Maritime Policy, and also the National Maritime Development Programme.

Other Directorships:

| <u>Name of the companies/firm</u> | <u>Nature of interest</u> |
|--|----------------------------------|
| Wartsila India Ltd | Director |
| Mundra Port & Special Economic Zone Ltd. | Director |

Committee Memberships: NIL

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2008: NIL

V. Name: Mr. Amitabha Ghosh

Experience:

Mr. Amitabha Ghosh is about 78 years of age. He is a Chartered Accountant by profession and a fellow member of the Indian Institute of Bankers. He joined Allahabad Bank in 1951 as a first Indian Probationary Officer and was elevated to the post of Chairman and Managing Director after holding various important assignments in the Bank. He was also the Deputy Governor of Reserve Bank of India from 1982 to 1984 and from 1985 to 1992. He was Chairman of Reserve Bank of India Services Board during 1992-1993. He is a member of various Working Groups / Committees. He has also contributed a number of articles to the various publications of Government of India and Reserve Bank of India.

Other Directorships:

| <u>Name of the companies/firm</u> | <u>Nature of interest</u> |
|--------------------------------------|---------------------------|
| Centenary Leasing Company Pvt. Ltd. | Director |
| Kesoram Industries Ltd. | Director |
| Joonktolle Tea & Industries Ltd. | Director |
| Mysore Cements Ltd. | Director |
| Peninsula Land Ltd. | Director |
| Orient Papers & Industries Ltd. | Director |
| Palit Consultancy Pvt. Ltd. | Director |
| Sahara India Financial Corp Ltd. | Director |
| Sahara India Life Insurance Co. Ltd. | Director |
| Sahara Prime City Ltd. | Director |
| Shreyas Relay Systems Ltd. | Director |
| Shree Cement Ltd. | Director |
| Xpro India Ltd. | Director |
| Zenith Fibres Ltd. | Director |

Committee Memberships:

| <u>Name of the companies/firm</u> | <u>Name of Committee</u> | <u>Committee Position</u> |
|--------------------------------------|--------------------------|---------------------------|
| Peninsula Land Ltd. | Audit Committee | Chairman |
| Sahara India Financial Corp Ltd. | Audit Committee | Chairman |
| Orient Papers & Industries Ltd. | Audit Committee | Chairman |
| Mysore Cements Ltd. | Audit Committee | Chairman |
| Kesoram Industries Ltd. | Audit Committee | Member |
| Sahara India Life Insurance Co. Ltd. | Audit Committee | Member |
| Joonktolle Tea & Industries Ltd. | Audit Committee | Member |
| Mysore Cements Ltd. | Shareholders / Investor | Member |
| | Grievances Committee | |

IX. Means of communication

- a. The financial results of the Company are being published in leading newspapers to provide easier accessibility to the Shareholders and are also displayed on the Company's website www.shreyas.co.in.

The financial results during the year 2007-08 were published in the newspapers as under:

| Newspapers | Date of publication of results for the Quarter ended | | | |
|----------------------------|--|-----------------------------|----------------------------------|---------------------------------|
| | 31 st March, 2007 | 30 th June, 2007 | 30 th September, 2007 | 31 st December, 2007 |
| The Economic Times, Mumbai | 2.6.2007 | – | – | – |
| Maharashtra Times, Mumbai | 2.6.2007 | – | – | – |
| The Hindu Business Line | – | 23.7.2007 | 31.10.2007 | 28.1.2008 |
| Lokmat | – | 23.7.2007 | 31.10.2007 | 28.1.2008 |

In compliance with Clause 51 of the Listing agreement with the Stock Exchanges, the Company is posting the required statements or documents on the Electronic Data Information Filing and Retrieval 'EDIFAR' website maintained by NIC. The same can be viewed by logging on to www.sebiedifar.nic.in.

- b. Official press releases and presentations as and when made to the media and Analysts are made available on the Company's website www.shreyas.co.in. During the year 2007-08, Press and Analyst meet was organized on 1st June, 2007. Press Releases were issued on 4th May, 2007 and 1st June, 2007.
- c. The Management's Discussion & Analysis Report is appearing as Annexure I to the Directors' Report.



X. Auditors' certificate on Corporate Governance

The Auditors certificate on compliance with the Corporate Governance requirements under Clause 49 of the Listing agreements entered into with the Stock Exchanges is given as Annexure III to the Directors' Report.

XI. Code of Conduct for prevention of Insider trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended in 2002, the Company has adopted a comprehensive "Code of Conduct for Prevention of Insider Trading" and "Code of Corporate Disclosure Practices". The Company believes that these Codes will help in ensuring compliance of the Sebi regulations.

XII. General Shareholders' Information

| Sr. No. | Salient items of interest | Particulars |
|---------|--|---|
| i. | AGM date | 27 th September, 2008 |
| ii. | AGM Time | 11:00 a.m. |
| iii. | AGM Venue | Sivaswamy Auditorium of Fine Arts Cultural Centre, Chembur (East), Mumbai – 400 071 |
| iv. | Financial Calendar (tentative) | 1.04.2008 to 31.03.2009 |
| | Results for the quarter ending | |
| | 30 th June, 2008 | Last week of July, 2008 |
| | 30 th September, 2008 | Last week of October, 2008 |
| | 31 st December, 2008 | Last week of January, 2008 |
| | 31 st March, 2009 | June, 2009 Annual General Meeting is proposed to be held in September, 2009 |
| v. | Dates of Book Closure | 13 th September, 2008 to 27 th September, 2008 (both days inclusive) |
| vi. | Dividend Payment date | 30 th September, 2008 |
| vii. | Listing on Stock Exchanges | A. Equity shares: The Bombay Stock Exchange Ltd., Mumbai National Stock Exchange of India Ltd. B. Preference shares: The Bombay Stock Exchange Ltd., Mumbai C. Global Depository Receipts (GDRs) Bourse de Luxembourg The Company has paid listing fees for the year 2008-09 to the Indian Stock Exchanges where its securities are listed. The Company has paid listing fees for the Calendar year 2008 to the Luxembourg Stock Exchange for the Global Depository Receipts listed on the same. |
| viii. | Stock Code | A. Equity shares: The Bombay Stock Exchange Ltd., Mumbai - 520151 National Stock Exchange of India Ltd. - SHREYAS B. Preference shares: The Bombay Stock Exchange Ltd., Mumbai - 700105 C. Global Depository Receipts (GDRs) CUSIP - Bourse de Luxembourg – 825540107 |
| ix. | The International Securities Identification Number (ISIN) for the Company's Shares in dematerialised form. | A. Equity shares: INE757B01015 B. Preference shares: INE757B04019 C. Global Depository Receipts (GDRs) US8255401072 |

| Sr. No. | Salient items of interest | Particulars |
|---------|--|--|
| x. | Registrar & Share Transfer Agent | Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078 Tel. No.: 2596 3838; Fax No.: 2596 2691 |
| xi. | Share Transfer System | Transfers of Shares in physical form are processed by M/s. Intime Spectrum Registry Limited and are approved by the Share Transfer Committee, which usually meets fortnightly. Transfers of Shares are effected and Share Certificates are dispatched within a period of 30 days from the date of receipt of the request, provided the relevant documents are valid and complete in all respects. Trading in the Company's Shares is permitted only in dematerialised form. In respect of shares held in dematerialised mode, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit / credit of the accounts involved. |
| xii. | Dematerialisation of shares (Equity) | As at 31 st March, 2008 – 15736 Members (77.54% of the total Members) hold 5676507 Equity Shares of Rs.10/- each (25.85% of the total Equity Shares) in dematerialised mode. |
| xiii. | Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity | NIL |
| xiv. | Plant locations | Not applicable as the Company is in shipping and logistics business. |
| xv. | Address for correspondence | Registered office: 1110/1111 Embassy Centre Nariman Point Mumbai – 400 021 Administrative office: 'Orient Shreyas', Plot no.203 Station Avenue Road, Chembur (East) Mumbai – 400 071 Registrar & Share Transfer Agents M/s. Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (West) Mumbai – 400 078 |

Distribution of Shareholding as on 31st March, 2008

| Category (Nominal value of shares) | | No. of Shareholders | % of Total Shareholders | Share amount (In Rs.) | % of Total Shareholding |
|------------------------------------|----------|---------------------|-------------------------|-----------------------|-------------------------|
| From | To | | | | |
| Up to | 2,500 | 17247 | 84.99 | 15862190 | 7.22 |
| 2,501 - | 5,000 | 1642 | 8.09 | 6505120 | 2.96 |
| 5,001 - | 10,000 | 756 | 3.72 | 6271580 | 2.86 |
| 10,001 - | 20,000 | 330 | 1.63 | 5193510 | 2.36 |
| 20,001 - | 30,000 | 118 | 0.58 | 3036870 | 1.38 |
| 30,001 - | 40,000 | 52 | 0.25 | 1869710 | 0.85 |
| 40,001 - | 50,000 | 34 | 0.17 | 1593890 | 0.73 |
| 50,001 - | 1,00,000 | 56 | 0.28 | 4162930 | 1.90 |
| 1,00,001 & | above | 59 | 0.29 | 175079530 | 79.74 |
| Total | | 20294 | 100.00 | 219575330 | 100.00 |



Shareholders' profile

As on 31st March, 2008, the Company had 20294 shareholders. The Company's Shares are held by diverse entities as per the following break-up:

| | | Category | No. of Shares held | Percentage of Shareholding | |
|--------------------|----------|--------------------------------|------------------------------------|----------------------------|------|
| A | 1 | Promoters' Holding | | | |
| | | Promoters | | | |
| | | Indian Promoters: | 1014945 | 4.62 | |
| | | Foreign Promoters: | 15078150 | 68.67 | |
| B | 2 | Non-Promoter Holding | | | |
| | | Institutional Investors | | | |
| | | a. Mutual Funds and UTI | 900 | 0.00 | |
| | | | b. Banks, Financial Institutions | 100 | 0.00 |
| | | | c. Foreign Institutional Investors | 362499 | 1.65 |
| | 3 | Others | | | |
| | | a. Bodies Corporate | 663797 | 3.03 | |
| | | b. Indian Public | 4319753 | 19.68 | |
| | | c. NRIs/OCBs | 165006 | 0.75 | |
| | | d. HUF | 254205 | 1.16 | |
| e. Clearing Member | | 44720 | 0.20 | | |
| | | f. Market Maker | 53458 | 0.24 | |
| | | Total (1+2+3) | 21957533 | 100.00 | |

Top 10 shareholders as on 31st March, 2008

| Sr. No. | Name of the Shareholder | Number of Shares held as on 31.03.08 | % of Shareholding |
|---------|-----------------------------|--------------------------------------|-------------------|
| 1 | Transworld Holdings Limited | 12351650 | 56.25 |
| 2 | Anisha Ramakrishnan | 975575 | 4.44 |
| 3 | Mithila Mahesh | 975575 | 4.44 |
| 4 | Valli Sivaswamy | 383500 | 1.75 |
| 5 | KII Limited | 189500 | 0.86 |
| 6 | Ritesh Ramakrishnan | 168375 | 0.77 |
| 7 | Master Murali Mahesh | 168375 | 0.77 |
| 8 | Rhodes Diversified | 150000 | 0.68 |
| 9 | Rajan Ramnarayan | 140875 | 0.64 |
| 10 | Rajeev Ramnarayan | 136375 | 0.62 |

Stock price data

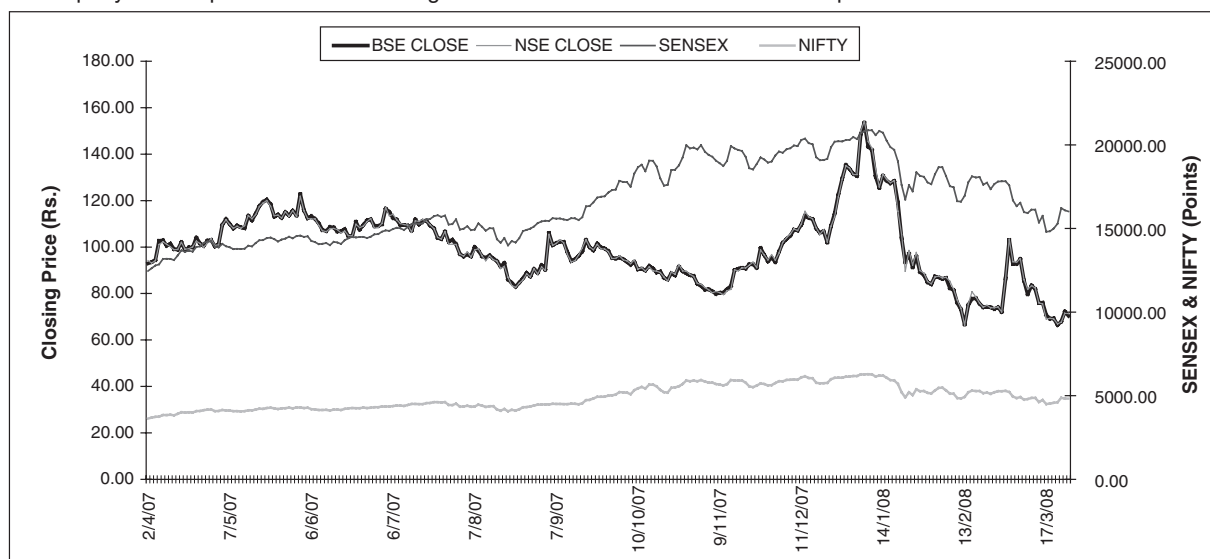
(1) The monthly high and low stock quotations during the financial year 2007-08 and performance in comparison to the BSE Sensex and S&P CNX Nifty is given below:

| Month & Year | Share Price of Shreyas on BSE | | BSE SENSEX | | Share Price of Shreyas on NSE | | S&P CNX Nifty | |
|----------------|-------------------------------|-------------------|----------------------------|---------------------------|-------------------------------|-------------------|----------------------------|---------------------------|
| | Month's High (Rs.) | Month's Low (Rs.) | Month's High (Index point) | Month's Low (Index point) | Month's High (Rs.) | Month's Low (Rs.) | Month's High (Index point) | Month's Low (Index point) |
| April 2007 | 109.90 | 91.00 | 14383.72 | 12425.52 | 110.00 | 92.00 | 4217.90 | 3617.00 |
| May 2007 | 123.00 | 102.50 | 14576.37 | 13554.34 | 123.90 | 102.55 | 4306.75 | 3981.15 |
| June 2007 | 136.00 | 103.00 | 14683.36 | 13946.99 | 135.75 | 104.00 | 4362.95 | 4100.80 |
| July 2007 | 121.05 | 101.00 | 15868.85 | 14638.88 | 119.45 | 100.00 | 4647.95 | 4304.00 |
| August 2007 | 104.90 | 80.00 | 15542.40 | 13779.88 | 111.00 | 82.00 | 4532.90 | 4002.20 |
| September 2007 | 108.35 | 89.20 | 17361.47 | 15323.05 | 107.95 | 89.25 | 5055.80 | 4445.55 |
| October 2007 | 99.05 | 82.00 | 20238.16 | 17144.58 | 98.95 | 76.00 | 5976.00 | 5000.95 |
| November 2007 | 104.70 | 77.00 | 20204.21 | 18182.83 | 102.00 | 75.30 | 6011.95 | 5394.35 |
| December 2007 | 141.90 | 95.00 | 20498.11 | 18886.40 | 144.00 | 90.05 | 6185.40 | 5676.70 |
| January 2008 | 158.80 | 82.40 | 21206.77 | 15332.42 | 158.80 | 82.60 | 6357.10 | 4448.50 |
| February 2008 | 103.80 | 65.00 | 18895.34 | 16457.74 | 103.90 | 60.80 | 5545.20 | 4803.60 |
| March 2008 | 102.90 | 65.00 | 17227.56 | 14677.24 | 103.00 | 62.10 | 5222.80 | 4468.55 |

(2) Shares traded during 1st April, 2007 to 31st March, 2008

| Particulars | On BSE | On NSE |
|--|---|----------------------------|
| No. of shares traded | 93,36,243 | 1,13,89,249 |
| Highest Share price | Rs. 158.80 (on 08/01/2008) | Rs. 158.80 (on 08/01/2008) |
| Lowest Share price | Rs. 65.00 (on 13/02/2008 and 4/03/2008) | Rs. 60.80 (on 13/02/2008) |
| Closing Share price as on 31 st March, 2008 | Rs. 74.85 | Rs. 75.65 |
| Market capitalisation as on 31 st March, 2008 | Rs. 1,64,35,21,345.05 | Rs. 1,66,10,87,371.45 |

(3) The Company's share price movement during 2007-08 on BSE and NSE vis-à-vis respective indices:





- (4) The details of the high /low market price of the GDRs of the Company at the Luxembourg Stock Exchange during 2007-08 are provided hereunder.

| Month | Quotation for GDRs (each GDR representing one underlying Equity share of the face value of Rs.10/- each) | |
|----------------|--|--------------------|
| | Month -end GDR Close Price (in USD) | GDR trading volume |
| April 2007 | 2.46 | N.A. |
| May 2007 | 2.80 | N.A. |
| June 2007 | 2.68 | N.A. |
| July 2007 | 2.51 | N.A. |
| August 2007 | 2.17 | N.A. |
| September 2007 | 2.39 | N.A. |
| October 2007 | 2.23 | N.A. |
| November 2007 | 2.36 | N.A. |
| December 2007 | 3.43 | N.A. |
| January 2008 | 2.13 | N.A. |
| February 2008 | 2.58 | N.A. |
| March 2008 | 1.89 | N.A. |

Note: There were no outstanding GDRs during the year ended 31st March, 2008

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30th June, 2008

S. Ramakrishnan
Chairman & Managing Director

Certificate

(Annexure IV to the Directors' Report)

(As required by Clause 49 of the Listing Agreements entered into with Stock Exchanges)

To the Members of

Shreyas Shipping and Logistics Limited

We have examined the compliance of conditions of Corporate Governance by Shreyas Shipping and Logistics Ltd for the year ended on 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2008, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date: 30th June, 2008

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

(Annexure III to the Directors' Report)

(As required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

To

The Shareholders and the Board of Directors

Shreyas Shipping & Logistics Limited

We, S. Ramakrishnan, Chief Executive Officer (as per Clause 49 of the Listing agreement entered into with the Stock Exchanges) and Vinay Kshirsagar, Chief Financial Officer (as per Clause 49 of the Listing agreement entered into with the Stock Exchanges), of Shreyas Shipping & Logistics Limited, to the best of our knowledge and belief, certify that:

- a. We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2008 (hereinafter referred to as 'the year') and that to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and have taken requisite steps to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year; and
 - ii. significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
- e. There have been no instances of significant fraud of which we have become aware and any involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- f. All Board members and Senior managerial personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics during the year ended 31st March, 2008.

Mumbai
30th June, 2008

S. Ramakrishnan
Chief Executive Officer

Vinay Kshirsagar
Chief Financial Officer



Auditors' Report

To

The Members of Shreyas Shipping and Logistics Ltd.

1. We have audited the attached Balance Sheet of Shreyas Shipping and Logistics Ltd. as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 but for capitalization of forex forward cover losses/ gains as mentioned below.
 - (v) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on that date from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) We draw attention to Note No.10 of Schedule 17 regarding Managerial remuneration which is subject to the approval of shareholders/ Central Government.
 - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and

Subject to capitalising forward cover cancellation losses /gains (actual and notional) related to new built ship which is not in accordance with accounting standards issued by the ICAI, due to which profit for the year is overstated by Rs 433.11 lakhs, 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, 2008.
- (b) In case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date: 30th June, 2008

Annexure to the Auditors' Report

Re: Shreyas Shipping and Logistics Limited

Referred to in paragraph 3 of our report of even date,

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The major fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification;
- (c) A substantial part of fixed assets have not been disposed of during the year.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company had given an unsecured interest free loan of Rs 88 lakhs to its Subsidiary, Shreyas Relay Systems Ltd, in the previous year which was outstanding at the beginning of the year. This loan has been repaid in full by the Subsidiary in the current year. During the year Company has given a fresh unsecured interest free loan of Rs 550 lakhs to the same Subsidiary, the terms and conditions of which are not prima facie prejudicial to the interest of the Company. This loan has been repaid in full by the Subsidiary in the current year. Except for this loan, Company has not given any other loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of services. No goods are sold by the Company. There is no continuing failure to correct major weaknesses in internal control system;
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In respect of transactions exceeding the value of Rs five lakhs in respect of each party made in pursuance of such contracts or arrangements, they have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- (vi) The Company has not accepted deposits from the public;
- (vii) The Company has an internal audit system commensurate with its size and nature of its business;
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act,
- (ix) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of Income tax/Sales tax/Wealth tax/Service tax/Custom duty/Excise duty/Cess that have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial year and in the immediately preceding financial year;
- (xi) The Company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) As this Company is not a Nidhi/Mutual benefit fund/ Society, the provisions of special statute applicable to chit fund is not applicable to this Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions except for guaranteeing loans taken by its Subsidiary, the terms and conditions of which are not prejudicial to the interest of the Company.
- (xvi) Term loans were applied for the purpose for which the loans were obtained;
- (xvii) On an overall examination of the Balance Sheet, we report that the funds raised on short-term basis have not been used for long term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures.
- (xx) There have been no public issues during the year.
- (xxi) No fraud on or by the Company has been noticed or reported during the year.

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date : 30th June, 2008



BALANCE SHEET AS AT 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| | Schedule | AS AT 31.03.2008 | AS AT 31.03.2007 |
|---|----------|----------------------|----------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| SHARE CAPITAL | 1 | 349,575,330 | 349,575,330 |
| RESERVES AND SURPLUS | 2 | 1,170,632,514 | 1,260,974,742 |
| LOAN FUNDS | | 1,520,207,844 | 1,610,550,072 |
| SECURED LOANS | 3 | 2,076,339,365 | 1,539,308,435 |
| | | 2,076,339,365 | 1,539,308,435 |
| TOTAL | | 3,596,547,209 | 3,149,858,507 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | 4 | 2,951,449,616 | 2,396,854,995 |
| LESS : DEPRECIATION | | 454,305,198 | 323,482,718 |
| NET BLOCK | | 2,497,144,418 | 2,073,372,277 |
| CAPITAL WORK-IN-PROGRESS (Ship Under Building) | | 1,049,718,476 | 510,916,941 |
| TOTAL | | 3,546,862,894 | 2,584,289,218 |
| INVESTMENTS | 5 | 73,699,053 | 234,713,817 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| INVENTORIES | 6 | 64,038,605 | 41,741,551 |
| SUNDRY DEBTORS | 7 | 178,355,851 | 177,552,910 |
| CASH AND BANK BALANCES | 8 | 65,840,122 | 74,235,107 |
| OTHER CURRENT ASSETS | 9 | 8,481,989 | 112,277,169 |
| LOANS AND ADVANCES | 10 | 105,075,189 | 96,936,525 |
| CURRENT ASSETS TOTAL (A) | | 421,791,756 | 502,743,262 |
| LESS : CURRENT LIABILITIES AND PROVISIONS | | | |
| CURRENT LIABILITIES | 11 | 243,589,838 | 165,601,963 |
| PROVISIONS | 12 | 202,216,656 | 6,285,827 |
| CURRENT LIABILITIES TOTAL (B) | | 445,806,494 | 171,887,790 |
| NET CURRENT ASSETS (A - B) | | (24,014,738) | 330,855,472 |
| TOTAL | | 3,596,547,209 | 3,149,858,507 |
| NOTES TO THE ACCOUNTS | 17 | | |

AS PER OUR REPORT ATTACHED

For PKF Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
Membership No. 18967

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 30th June, 2008

Anil Devli
Executive Director

Vinay Kshirsagar
Chief Financial Officer

Namrata Malushte
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| | Schedule | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|----------|--------------------------|--------------------------|
| INCOME | | | |
| OPERATING EARNINGS | | | |
| a) CHARTER HIRE INCOME | | 260,897,631 | 329,567,301 |
| b) FREIGHT INCOME | | 1,434,866,331 | 1,016,656,073 |
| c) NON LINEAR INCOME | | 1,262,627 | 3,100,293 |
| TOTAL OPERATING EARNINGS | | 1,697,026,589 | 1,349,323,667 |
| OTHER INCOME | | | |
| a) PROFIT ON SALE OF SHIP | | - | 28,866,636 |
| b) MISCELLANEOUS INCOME | 13 | 64,104,760 | 32,307,222 |
| TOTAL OTHER INCOME | | 64,104,760 | 61,173,858 |
| TOTAL INCOME | | 1,761,131,349 | 1,410,497,525 |
| EXPENDITURE | | | |
| OPERATING EXPENSES | 14 | 1,330,278,065 | 933,294,513 |
| ADMINISTRATION & OTHER EXPENSES | 15 | 75,437,017 | 66,730,365 |
| INTEREST | 16 | 121,949,539 | 46,585,218 |
| DEPRECIATION | | 132,313,533 | 92,104,185 |
| LESS : DEPRECIATION ADJUSTED BY TRANSFER FROM CAPITAL RESERVE | | - | 134,703 |
| | | 132,313,533 | 91,969,482 |
| TOTAL EXPENDITURE | | 1,659,978,154 | 1,138,579,578 |
| PROFIT BEFORE EXTRA ORDINARY AND EXCEPTIONAL ITEMS AND TAXATION | | 101,153,195 | 271,917,947 |
| ADD: EXTRAORDINARY ITEMS | | - | 48,637,472 |
| LESS: EXCEPTIONAL ITEMS (Refer note no 4 in Schedule 17) | | 8,859,653 | 5,478,568 |
| PROFIT BEFORE TAX | | 92,293,542 | 315,076,851 |
| LESS: PRIOR PERIOD ITEMS (net) (Refer note no 7 in Schedule 17) | | 6,005,047 | 293,504 |
| LESS PROVISION FOR TAXATION | | | |
| - CURRENT | | 1,737,000 | 16,000,000 |
| - FRINGE BENEFIT TAX | | 896,000 | 1,329,823 |
| - PRIOR YEAR | | (184,129) | 2,226,691 |
| PROFIT AFTER TAX | | 83,839,624 | 295,226,833 |
| SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR | | 458,881,847 | 325,891,649 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 542,721,471 | 621,118,482 |
| APPROPRIATIONS | | | |
| TRANSFER TO GENERAL RESERVE | | 8,400,000 | 35,000,000 |
| TRANSFER TO ASSET IMPAIRMENT RESERVE | | - | - |
| TRANSFER TO CAPITAL REDEMPTION RESERVE | | - | - |
| TRANSFER TO TONNAGE TAX RESERVE | | 25,000,000 | 60,000,000 |
| INTERIM DIVIDEND PAID ON EQUITY SHARES | | - | 48,306,573 |
| DIVIDEND PAID ON PREFERENCE SHARES | | - | 10,660,000 |
| TAX ON DIVIDEND PAID | | - | 8,270,062 |
| PROPOSED DIVIDEND ON EQUITY SHARES | | 43,915,066 | - |
| TAX ON PROPOSED DIVIDEND ON EQUITY SHARES | | 7,463,370 | - |
| PROPOSED DIVIDEND ON PREFERENCE SHARES | | 10,660,000 | - |
| TAX ON PROPOSED DIVIDEND ON PREFERENCE SHARES | | 1,811,667 | - |
| SURPLUS CARRIED TO BALANCE SHEET | | 445,471,368 | 458,881,847 |
| | | 542,721,471 | 621,118,482 |
| NOTES TO ACCOUNTS | | | |
| Earnings per share-Basic and Diluted (excluding extra-ordinary & exceptional items) (Refer Note 17 in schedule 17) | 17 | 3.65 | 10.93 |
| Earnings per share-Basic and Diluted (including extra-ordinary & exceptional items) (Refer Note 17 in schedule 17) | | 3.25 | 12.89 |

AS PER OUR REPORT ATTACHED

For PKF Sridhar & Santhanam

Chartered Accountants

S.Ramakrishnan

Partner

Membership No. 18967

Place : Mumbai

Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan

Chairman & Managing Director

V. Ramnarayan

Director

K. P. Medhekar

Director

Place : Mumbai

Date : 30th June, 2008

Anil Devli

Executive Director

Vinay Kshirsagar

Chief Financial Officer

Namrata Malushte

Company Secretary



SCHEDULES TO BALANCE SHEET

(AMOUNT IN RUPEES)

SCHEDULE 1 : SHARE CAPITAL

AUTHORISED

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|---|---------------------|---------------------|
| 24,000,000 Equity Shares of Rs 10/- each | 240,000,000 | 240,000,000 |
| 1,400,000 8.2% Non Convertible Cumulative Redeemable Preference Shares of Rs 100/- each | 140,000,000 | 140,000,000 |
| | 380,000,000 | 380,000,000 |

ISSUED, SUBSCRIBED AND PAID-UP

| | | |
|--|--------------------|--------------------|
| 2,19,57,533 Equity Shares of Rs 10/- each fully Paid-up | 219,575,330 | 219,575,330 |
| Of the above, 1,23,51,650 Equity Shares held by Holding Company Transworld Holdings Limited, Mauritius. | | |
| Of the above, 10,162,750 Equity Shares allotted as fully paid-up pursuant to a contract without payment being received in cash. | | |
| Includes 21,33,333 Equity shares of Rs 10 each fully paid-up being the underlying shares in respect of equal number of Global Depository Receipts (GDR) issued and fully paid up. All the GDRs have been converted into Equity Shares. | | |
| 1,300,000 8.2% Non-Convertible, Cumulative, Redeemable Preference Shares of Rs 100/- each fully paid-up | 130,000,000 | 130,000,000 |
| Date of allotment 27th October, 2005 | | |
| To be redeemed at par at the end of the 3rd, 4th & 5th Year from the Date of allotment in the ratio of 30:30:40 | | |
| TOTAL | 349,575,330 | 349,575,330 |

SCHEDULE 2 : RESERVES AND SURPLUS

SECURITIES PREMIUM

| | | |
|---|--------------------|--------------------|
| As per last Balance Sheet | 382,292,449 | 496,753,213 |
| Less: Expenses on upgradation and refurbishment of vessels and loss of stores in sunken vessel as per court order | - | 114,460,764 |
| (a) | 382,292,449 | 382,292,449 |

GENERAL RESERVE

| | | |
|---|--------------------|--------------------|
| As per last Balance Sheet | 203,489,620 | 168,489,620 |
| Add: Transfer from Profit and Loss Account | 8,400,000 | 35,000,000 |
| Add: Transfer from Capital Reserve | 710,826 | - |
| Less: Transfer to Hedging Reserve (AS-30) | 107,525,147 | - |
| Less: Opening adjustment for Gratuity & Leave encashment (AS-15) (Refer note no 5 in Schedule 17) | 2,806,602 | - |
| (b) | 102,268,697 | 203,489,620 |

TONNAGE TAX RESERVE

| | | |
|---|--------------------|--------------------|
| As per last Balance Sheet | 185,600,000 | 125,600,000 |
| Add: Transfer from Profit and Loss Account | 25,000,000 | 60,000,000 |
| Less Transferred to Tonnage Tax Utilisation Reserve | 103,453,055 | - |
| (c) | 107,146,945 | 185,600,000 |

| | | | |
|---|-----|----------------------|---------------|
| ASSET IMPAIRMENT RESERVE | | | |
| As per last Balance Sheet | (d) | 30,000,000 | 30,000,000 |
| HEDGING RESERVE | | | |
| Add: Transfer from General Reserve | | 107,525,147 | - |
| Less: Provision for Hedging Losses (AS-30) | | 107,525,147 | - |
| | (e) | - | - |
| TONNAGE TAX UTILISATION RESERVE | | | |
| Add: Transferred from Tonnage Tax Reserve | (f) | 103,453,055 | - |
| CAPITAL RESERVE | | | |
| As per last Balance Sheet | | 710,826 | 845,529 |
| Less: Transfer to Profit & Loss Account for adjustment against depreciation | | - | 134,703 |
| Less: Transfer to General Reserve | | 710,826 | - |
| | (g) | - | 710,826 |
| SURPLUS | | | |
| Balance in Profit & Loss Account | | 445,471,368 | 458,881,847 |
| | (h) | 445,471,368 | 458,881,847 |
| TOTAL (a+b+c+d+e+f+g+h) | | 1,170,632,514 | 1,260,974,742 |
| SCHEDULE 3 : SECURED LOANS | | | |
| FROM BANKS | | | |
| ICICI BANK LTD (RUPEE LOAN) | | 111,670,878 | 148,894,502 |
| Secured by an exclusive charge over the Vessel M.V.Orient Victory and a second charge over the Vessel M.V.Orient Aishwaraya | | | |
| ICICI BANK LTD (FCNR LOAN) | | - | 4,252,295 |
| Secured by a charge over the Vessel M.V.Orient Aishwaraya | | | |
| STATE BANK OF INDIA (FCNR LOAN) | | 364,576,483 | 459,300,354 |
| Secured by a charge over the Vessel M.V.Oel Trust | | | |
| STATE BANK OF INDIA (FCNR LOAN) | | 355,061,340 | 435,105,000 |
| Secured by a charge over the Vessel M.V.Independent spirit | | | |
| STATE BANK OF INDIA (FCNR LOAN) | | 178,863,211 | 238,978,125 |
| Secured by a charge over the Vessel M.V.Oel Express | | | |
| STATE BANK OF INDIA (RUPEE TERM LOAN) | | 647,677,500 | 250,000,000 |
| Secured by first charge over Vessel under construction and a second charge over the vessel M.V Orient Independence. | | | |
| STATE BANK OF INDIA (RUPEE TERM LOAN) | | 397,400,000 | - |
| Secured by a charge over the vessel M.V Unity. | | | |
| ICICI BANK LTD (CAR LOAN) | | 2,071,265 | 2,778,159 |
| Secured by hypothecation of Cars | | | |
| STANDARD CHARTERED BANK (Working Capital Loan) | | 19,018,688 | - |
| Secured by hypothecation of present and future book debts & Stocks | | | |
| TOTAL | | 2,076,339,365 | 1,539,308,435 |


SCHEDULE 4 : FIXED ASSETS

(AMOUNT IN RUPEES)

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--|-----------------------|---------------|------------------------|-----------------------|------------------|--------------|------------------------|------------------|------------------|------------------|
| | COST AS AT 01.04.2007 | ADDITIONS | DEDUCTIONS/ADJUSTMENTS | COST AS AT 31.03.2008 | AS AT 01.04.2007 | FOR THE YEAR | DEDUCTIONS/ADJUSTMENTS | AS AT 31.03.2008 | AS AT 31.03.2008 | AS AT 31.03.2007 |
| FLEET | 2,371,469,577 | 551,785,494 | - | 2,923,255,071 | 314,057,575 | 130,200,280 | - | 444,257,855 | 2,478,997,216 | 2,057,412,002 |
| EQUIPMENT ON BOARD | 3,667,946 | - | - | 3,667,946 | 1,456,197 | 220,715 | - | 1,676,912 | 1,991,034 | 2,211,749 |
| FURNITURE & FIXTURES | 6,487,403 | 2,553,807 | - | 9,041,210 | 2,632,514 | 451,888 | - | 3,084,402 | 5,956,808 | 3,854,889 |
| OFFICE EQUIPMENTS (INCLUDING COMPUTERS AND SOFTWARE) | 7,032,230 | 3,372,764 | 142,800 | 10,262,194 | 3,409,339 | 884,040 | 104,990 | 4,188,389 | 6,073,805 | 3,622,891 |
| VEHICLES | 8,197,839 | - | 2,974,644 | 5,223,195 | 1,927,093 | 556,610 | 1,386,063 | 1,097,640 | 4,125,555 | 6,270,746 |
| TOTAL AS ON 31.03.2008 | 2,396,854,995 | 557,712,065 | 3,117,444 | 2,951,449,616 | 323,482,718 | 132,313,533 | 1,491,053 | 454,305,198 | 2,497,144,418 | 2,073,372,277 |
| TOTAL AS ON 31.03.2007 | 1,257,174,950 | 1,578,913,813 | 439,233,768 | 2,396,854,995 | 433,100,225 | 92,104,185 | 201,721,692 | 323,482,718 | 2,073,372,277 | |

Addition/(Deletion) includes Rs. Nil (Previous Year Rs.2,86,83,129) towards adjustment in respect of exchange difference.

SCHEDULE 5 : INVESTMENTS
(A) LONG TERM INVESTMENTS (AT COST)

| S. No. | NAME OF THE COMPANY | Face Value Rupees | As at 31.03.2008 | | As at 31.03.2007 | |
|--------|---|-------------------|---------------------------|-------------------|---------------------------|-------------------|
| | | | No. of Shares/ debentures | Amount Rupees | No. of Shares/ debentures | Amount Rupees |
| 1) | TRADE-UNQUOTED- Fully Paid | | | | | |
| | IN SUBSIDIARIES | | | | | |
| | SHREYAS RELAY SYSTEMS LIMITED | 10 | 2,500,000 | 25,000,000 | 2,500,000 | 25,000,000 |
| | HAYTRANS (INDIA) LTD. | 100 | 10,450 | 5,434,171 | - | - |
| | OTHERS | | | | | |
| | ORIENT EXPRESS SHIP MANAGEMENT LIMITED | 10 | 15,000 | 150,000 | 15,000 | 150,000 |
| 2) | NON TRADE -QUOTED | | | | | |
| | Listed, Secured, Guaranteed, Non-Convertible Debentures of DSP Merrill Lynch Capital Ltd. | 1,000,000 | 10 | 10,000,000 | - | - |
| | TOTAL LONG TERM INVESTMENTS (A) | | | 40,584,171 | | 25,150,000 |

(B) CURRENT INVESTMENTS IN MUTUAL FUNDS - (UNQUOTED, AT LOWER OF COST OR NET ASSET VALUE)

| S. No. | DESCRIPTION | As at 31.03.2008 Face value | As at 31.03.2008 | | As at 31.03.2007 | |
|--------|---|-----------------------------|------------------|---------------|------------------|---------------|
| | | | No. of Units | Amount Rupees | No. of Units | Amount Rupees |
| 1 | LIC MF FMP SERIES 13- 6 MONTHS DIVIDEND PLAN (Nil Units purchased, 174,650 Units cumulated and 4,179,616 units sold during the year) | 10 | - | - | 4,004,966 | 40,049,657 |
| 2 | UTI FMP - (HFMP/0307) - DIVIDEND PLAN- REINVESTMENT (Nil Units purchased , 163,625 Units cumulated and 4,176,889 units sold during the year) | 10 | - | - | 4,013,264 | 40,132,636 |
| 3 | BIRLA FTP - QTRLY- SERIES 9 - DIVIDEND PAYOUT (4,000,000 Units sold during the year) | 10 | - | - | 4,000,000 | 40,000,000 |
| 4 | SBI DEBT FUND SERIES - 90 DAYS (MAR 07) DIVIDEND (4,000,000 sold purchased during the year) | 10 | - | - | 4,000,000 | 40,000,000 |

| S. No. | DESCRIPTION | As at 31.03.2008 Face value | As at 31.03.2008 | | As at 31.03.2007 | |
|--------|---|--------------------------------|-------------------|-------------------|------------------|---------------|
| | | | No.of Units | Amount Rupees | No.of Units | Amount Rupees |
| 5 | RELIANCE FIXED HORIZON FUND II - QTRLY PLAN - SERIES II (290,000 Units sold during the year) | 10 | - | - | 290,000 | 2,900,000 |
| 6 | RELIANCE MONTHLY INTERVAL FUND - SERIES I (150,000 Units sold during the year) | 10 | - | - | 150,000 | 1,500,000 |
| 7 | TATA FIXED HORIZON FUND SERIES 9 - SCHEME A - DIVIDEND-RP (500,000 Units sold during the year) | 10 | - | - | 500,000 | 5,000,000 |
| 8 | LOTUS INDIA FMP - 3 MONTHS - SERIES I - RETAIL DIVIDEND (1256 Units cumulated, 102,029 Units sold during the year) | 10 | - | - | 100,773 | 1,007,726 |
| 9 | UTI LIQUID CASH INSTITUTIONAL DAILY INCOME OPTION (9,998 units purchased, 69 Units cumulated, and 2,461 Units sold during the year) | 1,000 | 10,058.56 | 10,060,713 | 2,453 | 2,501,125 |
| 10 | BIRLA SUNLIFE CASH MANAGER FUND-IP DAILY DIVIDEND (649,805 Units purchased, 4,244 Units cumulated and 1,407,534 Units sold during the year) | 10 | - | - | 753,485 | 7,536,355 |
| 11 | LIC FLOATING RATE FUND - SHORT TERM PLAN - DIVIDEND (3,266 Units cumulated and 747,187 Units sold during the year) | 10 | - | - | 743,921 | 7,552,956 |
| 12 | PRU ICICI SUPER INSTITUTIONAL FUND LIQUID PLAN (4,499,898 Units purchased, 35,717 Units cumulated and 6,317,581 Units sold during the year) | 10 | - | - | 1,781,966 | 17,819,655 |
| 13. | RELIANCE FLOATING RATE FUND DAILY DIVIDEND- REINVEST (1,315 Units cumulated and 355,265 Units sold during the year) | 10 | - | - | 353,950 | 3,562,727 |
| 14 | CHOLA LIQUID INSTITUTIONAL DIVIDEND REINVESTMENT PLAN (1 Unit cumulated and 99 units sold during the year) | 10 | - | - | 98 | 980 |
| 15 | RELIANCE LIQUID PLUS - DAILY DIVIDEND- REINVEST (72,418 Units purchased and 1538 Units cumulated and 73956 units sold during the year) | 1,000 | - | - | - | - |
| 16 | Sundaram BNP Paribas Money Fund (6,185,279 Units purchased and 103821 Units cumulated and 6,289,100 during the year) | 10 | - | - | - | - |
| 17 | TATA Floater Fund (2,441,309 Units purchased, 64,342 Units cumulated and 2,505,651 Units sold during the year) | 10 | - | - | - | - |
| 18 | ABN AMRO FIXED TERM PLAN SERIES-2 (1,000,000 Units purchased, 35,307 units cumulated and 1,035,307 units sold during the year) | 10 | - | - | - | - |
| 19 | Kotak Flexi Debt Scheme (249,225 Units purchased, 5,651 Units cumulated and 254,876 Units sold during the year) | 10 | - | - | - | - |
| 20 | LIC LIQUID PLUS FUND (7,250,000 Units purchased, 2,56,605 Units cumulated and 6,716,493 sold during the year) | 10 | 790,112.24 | 7,901,123 | - | - |
| 21 | UTI Money Market Fund (1,419,487 Units purchased, 6,109 Units cumulated and 1,425,596 Units sold during the year) | 10 | - | - | - | - |



| | | | | | | |
|----------------------------------|---|----------|-------------------|------------|--------------------|---|
| 22 | UTI LIQUID PLUS FUND (12,663 Units purchased, 62 Units cumulated and 12,725 Units sold during the year) | 1,000 | - | - | - | - |
| 23 | Birla Liquid Plus Fund (4,417,942.46 Units purchased, 16,290.10 Units cumulated and 4,434,232.56 Units sold during the year) | 10 10 | - | - | - | - |
| 24 | Prudential ICICI Flexible Income Plan (93,63,030 Units purchased 97,605 Units cumulated during the year and 85,11,846 Units sold during the year) | 10 | 948,789.90 | 10,032,030 | - | - |
| 25 | LIC LIQUID FUND (2,049,162 Units purchased, 344 Units cumulated during the year and 2,049,506 units sold during the year) | 10 | - | - | - | - |
| 26 | ING LIQUID PLUS FUND-INSTITUTIONAL DAILY DIVIDEND (22,49,258 Units purchased, 18,336 Units cumulated during the year and 17,55,661 units sold during the year) | 10 | 511,932.58 | 5,121,016 | - | - |
| Total | | | 33,114,882 | | 209,563,817 | |
| TOTAL INVESTMENTS (A + B) | | | 73,699,053 | | 234,713,817 | |

| S. No. | Description | As on 31.03.2008 | | As on 31.03.2007 | |
|--------------|---|-------------------|--------------|--------------------|--------------|
| | | Cost | Market Value | Cost | Market Value |
| 1 | Aggregate value Quoted Investment (Market Value - No quotes are available) | 10,000,000 | - | - | - |
| 2 | Aggregate value Unquoted Investment | 63,699,053 | - | 234,713,817 | - |
| Total | | 73,699,053 | - | 234,713,817 | - |

(AMOUNT IN RUPEES)

SCHEDULE 6 : INVENTORIES

(At lower of Cost or Net Realisable Value)

Lube Oils and Fuel Oil *

Victualling Stock*

*(As valued and certified by the Management)

TOTAL

**AS AT
31.03.2008**

**AS AT
31.03.2007**

63,340,111

40,792,870

698,494

948,681

64,038,605

41,741,551

SCHEDULE 7 : SUNDRY DEBTORS

(Unsecured and considered good)

Debts outstanding for a period exceeding six months:

Other Debts

TOTAL

470,741

1,470,716

177,885,110

176,082,194

178,355,851

177,552,910

SCHEDULE 8 : CASH AND BANK BALANCES

Cash on Hand

With Scheduled Banks

in Current Accounts

in Margin Money Deposits*

(*Pledged with Bank as Margin for Guarantees/Letters of Credit issued)

in Unclaimed Dividend Accounts

TOTAL

4,162,424

3,044,277

36,198,860

40,602,067

22,491,500

23,116,500

2,987,338

7,472,263

65,840,122

74,235,107

| | | (AMOUNT IN RUPEES) | |
|--|--|--------------------|--------------------|
| | | AS AT | AS AT |
| | | 31.03.2008 | 31.03.2007 |
| SCHEDULE 9 : OTHER CURRENT ASSETS | | | |
| Claims Receivable | | | |
| (Unsecured, Considered good) | | 3,917,037 | 107,265,634 |
| Interest accrued | | 1,270,193 | 1,141,314 |
| Unfinished Voyages Expenses | | 3,294,759 | 3,870,221 |
| TOTAL | | 8,481,989 | 112,277,169 |
| SCHEDULE 10 : LOANS AND ADVANCES | | | |
| (Unsecured, considered good, unless otherwise stated) | | | |
| Loan to Subsidiary | | - | 8,800,000 |
| Advances recoverable in cash or in kind or for value to be received | | 81,353,311 | 87,294,254 |
| Advance Income Tax Less Provisions (includes Fringe Benefits Tax) | | 21,384,564 | - |
| Bills receivable | | | |
| Considered good | | - | - |
| Considered doubtful | | 2,266,418 | 2,266,418 |
| | | 2,266,418 | 2,266,418 |
| Less: Provision for Doubtful Bills receivable | | 2,266,418 | 2,266,418 |
| | | - | - |
| Deposits | | 2,337,314 | 842,271 |
| (Includes Fixed Deposit provided as security to Kandla Port Rs 15 Lakhs) | | | |
| TOTAL | | 105,075,189 | 96,936,525 |
| SCHEDULE 11 : CURRENT LIABILITIES | | | |
| | | 31.03.2008 | 31.03.2007 |
| Sundry Creditors for Trade | | | |
| Due to Micro and Small Enterprises | | 580,175 | - |
| Due to Others | | 174,304,655 | 123,210,093 |
| Creditors for Expenses | | 30,561,232 | 6,107,776 |
| Other Liabilities | | 31,310,135 | 24,975,731 |
| Unfinished Voyages Income | | 3,334,929 | 3,390,855 |
| Investor Education and Protection Fund | | | |
| Unclaimed Dividend | | 2,987,338 | 7,472,262 |
| (No amount is due and outstanding to be credited to the fund.) | | | |
| Interest accrued but not due on loans | | 511,374 | 445,246 |
| TOTAL | | 243,589,838 | 165,601,963 |
| SCHEDULE 12 : PROVISIONS | | | |
| Proposed Equity Dividend | | 43,915,066 | - |
| Provision for tax on Equity Dividend | | 7,463,370 | - |
| Proposed Preference Dividend | | 10,660,000 | - |
| Provision for tax on Preference Dividend | | 1,811,667 | - |
| Provision for tax (Net of Advance Tax) | | - | 4,352,320 |
| Provision for notional Hedging Loss/(Gain) | | 129,348,424 | - |
| Provisions for Gratuity | | 4,885,559 | - |
| Provision for Leave Encashment | | 4,132,570 | 1,933,507 |
| TOTAL | | 202,216,656 | 6,285,827 |



SCHEDULES TO PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

SCHEDULE 13 : MISCELLANEOUS INCOME

| | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|--------------------------|--------------------------|
| Dividend from Mutual Fund Investment (Current - Non Trade) | 11,901,295 | 16,373,523 |
| Interest received on Deposits with Banks (TDS Rs 3,72,155/- , Previous Year Rs 3,81,894/-) | 2,572,027 | 2,478,066 |
| Interest Received Others (TDS Rs Nil, Previous Year Rs 9,30,899/-) | 151,762 | 4,148,499 |
| Duty Credit entitlement under SFIS | 7,847,142 | - |
| Gains on exchange Rate Variation & Forex Derivatives (Net) | 39,670,787 | - |
| Profit on Sale of Investments (Current - Non Trade) | 135,378 | - |
| Other Incomes | 1,826,369 | 9,307,134 |
| TOTAL | 64,104,760 | 32,307,222 |

SCHEDULE 14 : OPERATING EXPENSES

| | | |
|---|----------------------|--------------------|
| Salaries, Wages & Other Allowances for Floating Staff | 213,057,344 | 145,597,734 |
| Contribution to Provident Fund for Floating Staff | 3,298,041 | 2,712,637 |
| Staff Welfare for Floating Staff | 1,846,591 | 1,768,992 |
| TOTAL | 218,201,976 | 150,079,363 |
| Fuel/Lube Oils Consumed | 577,864,046 | 357,128,823 |
| Ocean Freight Charges | 12,928,673 | 1,104,805 |
| Port and Marine Dues | 228,226,792 | 155,417,614 |
| Liner Expenses | - | 38,581 |
| Stores and Spares Consumed | 103,609,808 | 91,910,054 |
| Crew Victualling | 14,966,779 | 17,355,828 |
| Repairs and Maintenance to Fleet | 25,955,965 | 22,443,256 |
| Insurance and Protection Club fee | 35,757,066 | 29,544,440 |
| Vessel Management and Agency Fees | 65,989,874 | 43,088,235 |
| Brokerage / Commission | 103,828 | 782,871 |
| Dry Dock Expenses | 33,513,439 | 52,952,714 |
| Sundry Expenses | 13,159,819 | 11,447,929 |
| TOTAL | 1,330,278,065 | 933,294,513 |

| | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|----------------------------------|--------------------------|
| SCHEDULE 15 : ADMINISTRATION & OTHER EXPENSES | | |
| Salaries, wages and Other Allowances* | | |
| (*includes payments to Managerial Personnel as per item No 10 in Notes to Accounts) | | |
| Salaries and Bonus | 29,872,080 | 21,419,501 |
| Contribution to Provident Fund and Gratuity | 6,292,461 | 2,339,848 |
| Staff Welfare | 2,368,375 | 2,495,753 |
| TOTAL | 38,532,916 | 26,255,102 |
| | | |
| Postage, Telephone and Fax | 2,189,782 | 2,497,027 |
| Travelling and Conveyance | 3,607,593 | 3,703,771 |
| Professional & Consultancy Fees | 8,319,646 | 6,021,572 |
| Bad Debts Written off | 2,054,835 | 382,902 |
| Loss on Sale of Assets | 303,219 | 494,441 |
| Insurance Expenses | 605,493 | 524,958 |
| Rent | 2,350,985 | 2,041,550 |
| Donations | 550,000 | 3,250 |
| Director's Sitting fees | 606,000 | 610,000 |
| Claim Receivable written off | - | 5,929,427 |
| Other Expenses | 16,316,548 | 15,117,168 |
| Loss on Exchange Rate Variation (Net) | - | 3,149,197 |
| TOTAL | 75,437,017 | 66,730,365 |
| | | |
| SCHEDULE 16: INTEREST | | |
| On Loans For Fixed Periods | 121,817,614 | 46,263,151 |
| (Including Payment related to interest swap Rs 284,62,027/- P.Y. Nil) | | |
| Others | 131,925 | 322,067 |
| TOTAL | 121,949,539 | 46,585,218 |



SCHEDULE 17 : NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

(i) Accounting basis and convention

The Financial Statements are prepared under the historical cost convention on accrual and going concern basis and comply with Section 211 (3C) of the Companies Act, 1956.

(ii) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

Expenses specifically attributable to construction of a new built ship including forex loss/ gain on forward covers taken for the purposes of payment of installments to the ship-builder are capitalised.

When assets are retired or otherwise disposed off, the cost of such assets and the related accumulated depreciation are removed from the accounts. Any profit or loss on retirement or other disposal is reflected in the Profit and Loss Account.

(iii) Depreciation

In respect of fleet, the amount determined by charging cost less residual value as technically assessed equally over the expected useful life of the fleet or depreciation at the rate prescribed (5%) under the Schedule XIV of Companies Act, 1956 which ever is higher, is provided as depreciation.

Depreciation on leasehold improvements is provided on the basis that the leases would be renewed consistent with past practice.

In respect of software, Depreciation is provided at 33.33% on Straight line method.

Depreciation of other Fixed Assets has been provided on straight line method on pro-rata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Where the cost of depreciable asset has undergone change due to increase/decrease in :

- a) Long term liability on account of exchange fluctuations.
- b) Additions and major improvements forming an integral part of an asset, depreciation on such changes has been provided prospectively.

(iv) Investments

- a) Long term Investments are stated at cost. Diminution in the value of investments, other than temporary in nature, is provided for.
- b) Current investments are valued at cost or net realizable value whichever is lower.

(v) Inventories

Inventories are valued at lower of Cost or Net Realisable Value. The cost is determined under "First in First out" formula.

(vi) Foreign Exchange Transactions

- a) Transactions in foreign currencies are recorded at standard exchange rates prevailing in the respective months of the relevant transactions. The realized exchange gains or losses are recognized in the Profit and Loss Account.
- b) Monetary Assets and Liabilities denominated in foreign currency are translated at the year end exchange rates. The resultant gain or loss on such translation is recognised in the Profit and Loss Account.
- c) The exchange differences on translation of foreign currency liabilities contracted for acquisition of fixed assets from a Country outside India are added to / deleted from the cost of the relevant fixed assets in terms of Schedule VI to the Companies Act 1956 upto 31st March, 2007.
- d) In respect of forward exchange contracts covering either Company's earnings or payment related to acquisition of fixed assets (other than firm commitments and highly probable forecast transactions), the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period. In case of New Build ship, in respect of forward exchange contract entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction (not covered by Accounting Standing 11 revised 2003), the Company capitalizes all the related costs including premium or discount, exchange differences and profit/loss on cancellation of such contracts, if any.
- e) Derivatives:
Derivatives are accounted as follows based on a limited early adoption of AS-30 to the extent not in conflict with legal provisions and other Accounting Standards:
 - a) Fair value hedges are marked to market and the notional loss or gain is accounted in the Profit and Loss Account.
 - b) Cash flow hedges are marked to market and the notional loss or gain is taken to hedging reserve account.
 - c) Other derivatives are marked to market and the notional losses or gains are booked in the Profit and Loss Account.

(vii) Revenue Recognition

- a) All income and expenditure are accounted for, on accrual basis other than interest on overdue bills.
- b) Operating Earnings represent the value of charter hire and freight earnings. Freight income is recognized once the ship calls on the port of delivery.
- c) Income and Expenses relating to unfinished leg of the voyage as at the date of Balance Sheet are carried forward and included under Current Liabilities and Current Assets respectively. The expenses included under unfinished leg of voyages include fixed and semi-fixed ship operating costs.
- d) Stores and Spares (other than lube oils and victualling) are charged off to Profit and Loss Account, on receipt.

(viii) Dry Dock/Special Survey expenses

Major Improvements/ Upgradation included in dry dock expenditure are capitalized as part of cost of ship.
Other dry dock/Special Survey expenses are charged to Profit and Loss Account as and when incurred.

(ix) Asset Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognized in the year in which impairment takes places.

(x) Assets Impairment Reserve:

Considering that shipping in cyclical and capital intensive, the Board if so required in its judgment sets aside a portion of Net Profits to Asset Impairment Reserve which will be utilized when an impairment loss arises.

(xi) Retirement Benefits

The Company has schemes for retirement benefits namely Provident Fund and Gratuity and contributions are charged to the Profit and Loss Account. Contributions to the Provident Fund are made to the relevant authorities.

The liability for gratuity and leave encashment is provided based on actuarial valuation determined under Projected Unit Credit method as per Accounting Standard 15 (Revised 2005)

Contributions to the Gratuity Fund in respect of shore staff are made in accordance with the terms of Group Gratuity Scheme of the Life Insurance Corporation of India (LIC).

In respect of Floating staff, Gratuity payable to crew is accrued as per agreement with NUSI/NMB. No Gratuity is payable in respect of officers who are on contract with the Company for a period of six months or less only.

(xii) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition / construction of the underlying qualifying fixed assets are capitalised as a part of the respective asset up to the date of acquisition /completion of construction.

(xiii) Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of past events where it is probable that there will be outflow of resource to settle the obligation and when a reliable estimate of the amount of the obligation can be made. When any such present obligation can not be measured or where a realistic estimate of the obligation can not be made, contingent liabilities are recognised.

Contingent liabilities are also recognised when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more certain future events not wholly within the control of the Company.

(xiv) Duty free import licenses under Served from India Scheme

The revenue in respect of the duty free import licenses is recognized as income in the books of account when and to the extent there is no significant uncertainty as to their ultimate realization.

NOTES ON ACCOUNTS

1 The following changes in accounting policies have been made during the year either due to introduction of new standards / announcements made by the Institute of Chartered Accountants of India or to ensure a more appropriate presentation of the Financial statements:

- a) Pursuant to the introduction of the Companies Accounting Standard Rules 2006, Accounting Standard 11 (rev 2003) becomes fully applicable from this year. In view of this exchange difference on translation of foreign currency liabilities contracted for acquisition of fixed assets from a country outside India, which was hitherto added to/deducted from cost of such fixed assets, has been taken to the Profit and Loss Account. Thus an amount of Rs 9,44,06,045/- is included as forex gains in the year ended 31st March, 2008. In view of this the depreciation for the year is more by Rs.52,55,269/-
- b) Pursuant to the announcement issued by the Institute of Chartered Accountants of India on 28th March, 2008, the Company has early adopted Accounting Standard 30 (Financial Instruments) on a limited basis to account for derivatives to the extent that the



adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Companies Act and other regulatory requirements. Till the previous year such derivatives were not accounted for in the books of accounts. Due to this change, a notional loss of Rs 2,49,07,107/- has been booked in the Profit and Loss Account and a notional loss of Rs. 10,75,25,147/- (Net) has been taken to the Hedging Reserve account (recouped from General Reserve). Rs 30,83,830/- being notional exchange gain on Ship under construction has been taken to Capital Work in Progress.

- c) The Company has adopted Accounting Standard 15 Rev 2005 on employee benefits which has become mandatory and in view of this a provision of Rs 48,85,559/- has been made towards Gratuity and Rs 41,32,570/- towards leave encashment based on actuarial valuation; An amount of Rs 28,06,602/- being the difference on account of this adoption as at 1st April, 2007 (The Company does not have any deferred taxation) has been charged to the opening reserves as per the transitional provisions of the Standard.
 - d) Company has entered into forward contracts to hedge its exchange rate fluctuation risks in respect of stage payments to be made to supplier in Singapore who is building a new vessel for the Company. Gain/loss on cancellation / roll over of such contracts was being charged to revenue till the previous year. The Company has changed this policy retrospectively in the current year and has adjusted such losses/gain to Capital Work in Progress. Thus an amount of Rs 4,33,11,123/- has been capitalized during the year (including gain of Rs 56,05,247/- related to the previous year and the notional gain of Rs 30,83,830 mentioned in 1(b) above).
 - e) Vessel steel renewal and such expenditure of capital nature included in dry dock expenses have been capitalised during the year to the extent of Rs 5,09,32,437/-. Till the previous year, dry dock expenses were charged off in total to the Profit and Loss Account. The impact of this change in accounting practice is that the dry dock expense for the year is less by Rs 5,09,32,439/- and depreciation is more by Rs 5,25,795/-.
 - f) The net impact of changes mentioned in d) & e) above is that profit for the year is more by Rs 937,17,767/-.
- 2 During the year, the Company has invested Rs 54,34,171/- for a 51% stake in Haytrans (India) Limited, a company in the business of freight forwarding.

Haytrans (India) Limited has made a loss of Rs 1,17,55,417/- for the year ended 31st March, 2008 and has a negative net worth of Rs 53,48,952/- as on 31st March, 2008. In view of the long term plans for the Company, the diminution in value is considered as temporary and no provision is made.

- 3 Capital work in progress represents new ship under construction and includes Rs. 5,60,81,691/- (PY Rs. 1,59,26,460/-) being interest on direct borrowings capitalised.
- 4 Expenses under exceptional items include: a) Provision for wage arrears to crew in terms of NMB agreement dated 17th February, 2008 for the years 2006-2007 and 2007-2008 Rs. 88.60 Lakhs (PY Rs. 32.08 Lakhs).
- The extraordinary item in the previous year was on account of insurance settlement for loss of vessel "OEL VISION"
- 5 Disclosures as required by AS-15 revised on Employee benefits.

The Company has Defined Benefit plan namely leave encashment / compensated absence and Gratuity for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. With effect from the current year, the liability for these benefits plans is determined by actuary as per the Revised Accounting Standard (AS) 15 on "Employee Benefits".

Termination benefits are recognized as an expense immediately. Actuarial gains and losses are recognized immediately in the Profit & Loss Account as income or expense.

During the year the Company has changed the basis of determining liability for retirement benefits in line with Revised Accounting Standard (AS) 15 on "Employee Benefits".

Consequent to the change:

Transitional adjustment of Rs.28,06,602/- (There is no deferred tax) has been debited against the opening balance in the General Reserve as at 1st April, 2007 in terms of the transitional provisions of the revised Standard as under:

- Additional provision for gratuity of the past years Rs. 9.70 lakhs
- Additional provision for leave encashment for past years Rs. 18.37 lakhs

Net Adjustments

Rs. 28.07 lakhs

The impact of the change due to the adoption of AS-15 (Revised) on the financial statements for the current year is not ascertainable.

The disclosure requirements under Revised AS-15 are given hereunder:

(A) Gratuity Benefits

- (a) Description of the Gratuity Plan:

The Company provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death incapacitation, termination of employment of amounts that are based on salaries and tenure of the employees.

(b) Amount recognized in the Balance Sheet and movements in net liability:

(In Rs. Lakhs)

| Particulars | 2007 – 2008 | 2006 - 2007 |
|--|--------------|-------------|
| Present Value of Funded Obligations | 69.15 | 21.31 |
| Fair Value of Plan Assets | (20.30) | (11.61) |
| Net Liability | 48.85 | 9.70 |
| Amounts in the Balance Sheet | | |
| Liabilities | 48.85 | 9.70 |
| Assets | 0 | 0 |
| Net Liability | 48.85 | 9.70 |
| Net Liability recognised in the Balance Sheet | 48.85 | 9.70 |

(c) The fair value of the plan assets does not include the Company's own financial instruments.

(d) Expenses recognized in the Statement of Profit & Loss Account

(In Rs. Lakhs)

| Particulars | 2007 – 2008 |
|--|--------------|
| Current Service Cost | 2.43 |
| Interest on Defined Benefit Obligation | 1.81 |
| Expected Return on Plan Assets | (0.79) |
| Net Actuarial Losses/ (Gains) Recognized in the year | (0.67) |
| Past Service Cost | 45.74 |
| Losses/ (Gains) on "Curtailements & Settlements" | - |
| Effect of the limit in Para 59(b) | - |
| Total | 48.52 |

(e) The Actual Return on Plan Assets is Rs. 1.29 lakhs.

(f) Actuarial Assumptions at the Valuation date

| Particulars | 2007 – 2008 |
|---|--|
| Discount Rate | 7.80% p.a. |
| Expected Rate of Return on Plan Assets* | 7.50% p.a. |
| Salary Escalation Rate | 10.00% for the first 4 yrs & 7% thereafter |

* This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

(g) Descriptions of the Plan Assets

| Category of Assets | 2007 – 2008 |
|--------------------------------|-------------|
| Government of India Securities | 0% |
| Corporate Bonds | 0% |
| Special Deposit Scheme | 0% |
| Insurer Managed Funds | 100% |
| Others | 0% |
| Total | 100% |



(B) Privileged Leave Encashment (Compensated Absences for Employees)

The Company permits encashment of privileged leave accumulated by their employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave and sick leave liability is not funded.

(a) Actuarial Assumptions at the Valuation date

| Particulars | 2006 – 2007 |
|------------------------|--|
| Discount Rate | 7.80 % p.a. |
| Salary Escalation Rate | 10.00% for the first 4 yrs & 7% thereafter |

(b) Amount recognized in Balance Sheet & movements in net liability:

(In Rs. Lakhs)

| Particulars | Leave Encashment (Compensated Absences for Employees) |
|---|---|
| Balance of Compensated Absences as on 31.03.2007 {after adjustments of opening valuation} (X) | 37.70 |
| Present value of Compensated Absences as on 31.3.2008. (As per actuary valuation) (Y) | 41.33 |

- 6 Under the Loan Agreements with the Company, ICICI Bank Limited has the right of conversion of part of the loan into equity in the event of a default in repayment of payment of any installment of Principal or interest or any combination thereof on the part of the Company.
- 7 Prior period items include Hull & Machinery and War Risk Cover for Vessel Orient Patriot Rs. 3,99,800/- and Profit on cancellation of forward exchange contract relating to acquisition of New Ship Built of Rs. 56,05,247/- capitalised in Current year, both the items are pertaining to F.Y. 2006-07.
- 8 Information pursuant to para 4-D, clauses a,b,c and e of Part II of Schedule VI of the Companies Act, 1956 has not been given in view of exemption granted by the Department of Company Affairs Vide Order No 46/27/2008-CL-III. dated 14th May, 2008.
- 9 Dividend remitted in Foreign Currency

| | | Year ended 31.03.2008 (Rupees) | Year ended 31.03.2007 (Rupees) |
|-------|-------------------------------------|--------------------------------|--------------------------------|
| (i) | Dividend (Gross) | NIL | 4,19,95,610 |
| (ii) | Number of Non-resident shareholders | | 1 |
| (iii) | Number of Shares held | | 1,23,51,650 |
| (iv) | Type | | Final & Interim |
| (v) | For the year – Final | | 2005-2006 |
| | – Interim | | 2006-2007 |

10 MANAGERIAL REMUNERATION*

| (Included under Salary, Wages and Allowances-Schedule –15) | | Year ended 31.03.2008 (Rupees) | Year ended 31.03.2007 (Rupees) |
|--|--------------------------------|--------------------------------------|--------------------------------------|
| TO MANAGING DIRECTOR* | | | |
| (i) | Remuneration | 59,40,000 | 40,89,549 |
| (ii) | Contribution to Provident Fund | 5,36,400 | 4,14,465 |
| (iii) | Holiday Passage | - | - |
| (iv) | Leave Travel Allowance | 3,68,800 | 2,57,361 |
| (v) | Education Allowance | - | - |
| Total | | 68,45,200 | 47,61,375 |
| TO EXECUTIVE DIRECTOR* | | | |
| (i) | Remuneration | 37,78,800 | 33,44,841 |
| (ii) | Contribution to Provident Fund | 3,80,160 | 3,38,400 |
| (iii) | Leave Travel Allowance | 1,50,000 | 1,50,000 |
| (iv) | Medical Allowance | 15,000 | 15,000 |
| (iv) | Special Reward | 6,00,000 | - |
| Total | | 49,23,960 | 38,48,241 |

*The above figures do not include contribution to Gratuity fund (to LIC) as separate figures are not available.

In the view of inadequate profits for the year ended 31st March, 2008, the remuneration payable to the Managing Director/Whole time director is in excess of the limits specified in Sec 309(3) of the Companies Act, 1956.

The remuneration paid to Managing Director is in excess of the limits specified in Para C of Section II of Part II of Schedule XIII by Rs. 15.09 lakhs.

The Company proposes to take the Shareholders/Central Govt. approval for this payment and pending such approval no recovery has been done.

In the case of Executive Director the approval of the shareholders will be taken as required under Para B of Section II of Part II of Schedule XIII.

11 AUDITORS' REMUNERATION

(included in Administration & Other expenses –Schedule 15)

| | | Year ended 31.03.2008 (Rupees) | Year ended 31.03.2007 (Rupees) |
|-------|--|--------------------------------------|--------------------------------------|
| (i) | As Auditors (including Service Tax) | 5,61,800 | 5,61,800 |
| (ii) | In other capacity (including Service Tax) | | |
| | a) Tax and Transfer pricing Audit Fees | 1,12,360 | 1,12,360 |
| | b) Fees for Limited Review of Quarterly Accounts | 2,24,720 | 2,24,540 |
| | c) Fees for Certification. | 33,708 | 86,932 |
| (iii) | Out of Pocket Expenses | 1,93,169 | 234,489 |

12 CONTINGENT LIABILITIES

| | | As at 31.03.2008 (Rupees) | As at 31.03.2007 (Rupees) |
|----|--|---------------------------------|---------------------------------|
| a) | Claims against the Company not acknowledged as debts | 10,57,00,000 | 10,57,00,000 |
| b) | Corporate guarantee given on behalf of Subsidiary company (including interest) | 20,00,42,544 | 5,00,00,000 |
| c) | Estimated amount of Contracts remaining to be executed on Capital Account and not provided for | 24,54,31,000 | 69,26,14,250 |



13 Foreign Currency exposures outstanding at the Balance Sheet date.

Category : Forward Exchange contract for USD 5.25 Million (INR 2090 Lakhs),
 : USD 4 Million (SGD 6.15 Million) and Swap contracts for FCNR loan liability for USD 22.25 Million (INR 9069 lakhs).
 Purpose : In order to hedge the Company's exposure, due to movements in foreign exchange rates.

Foreign currency exposures that are not hedged by derivative instruments.

(Amount in equivalent US Dollars)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|------------------------|--------------------------|--------------------------|
| a) Receivables | 3,82,270 | 44,11,923 |
| b) Payables | 22,81,379 | 12,30,709 |
| c) FCNR Loan from Bank | NIL | 2,58,84,773 |

14 Segment Reporting:

a) Segmentwise Revenue and Results:

(Rs. In Lakhs)

| Particulars | Year ended 31 st March, 2008 | Year ended 31 st March, 2007 |
|---|---|---|
| Revenue by Segment | | |
| Shipping | 10,682.18 | 8,316.41 |
| Logistics (Shipping part) | 6,275.46 | 5,145.80 |
| Others | 653.67 | 642.76 |
| Total Revenue | 17,611.31 | 14,104.97 |
| Segment Results | | |
| Shipping | 1,133.75 | 1,684.63 |
| Logistics (Shipping part) | 1,216.98 | 1,550.40 |
| Others | 634.21 | 632.03 |
| Total | 2,984.94 | 3,867.06 |
| Less: i) Interest & Finance Charges | 1,219.50 | 465.85 |
| ii) Unallocated Expenditure | 753.91 | 682.03 |
| Profit before Tax , Prior Period, Exceptional & Extra ordinary items | 1,011.53 | 2,719.18 |
| Segment Depreciation | | |
| Shipping | 907.73 | 663.31 |
| Logistics (Shipping part) | 396.48 | 241.66 |
| Unallocated | 18.93 | 14.72 |

The Company operates in two business segments viz. Shipping and Logistics. Shipping comprises Charter and Feeder Services and Logistics includes Shipping part of Domestic and Liner business.

b) Geographical Segment (Based on primary Location of Customers)

(Rs. In Lacs)

| Particulars | Year ended 31 st March, 2008 | Year ended 31 st March, 2007 |
|----------------------|---|---|
| In India | 13,459.12 | 8,810.16 |
| In Pakistan | 298.18 | 244.00 |
| Rest of World | 3,854.01 | 5,050.81 |
| Total Revenue | 17,611.31 | 14,104.97 |

c) Segment Capital employed

Fixed Assets used in the Company's business or liabilities contacted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to individual segment assets and liabilities has been made. However Depreciation has been allocated amongst segments based on best estimates of usage of fixed assets in the respective segments during the year.

d) Others under Revenue and Results include profit on sale of ship Rs. NIL (Previous year Rs. 2,88,66,636/-).

15 Intangible Assets

Software is amortised over 3 Years and included under Office equipment in Schedule-4: Fixed Assets.

(Amount in Rupees)

| Particulars | Year ended 31.3.2008 | Year ended 31.3.2007 |
|--------------------------|-------------------------|-------------------------|
| Opening Balance | 1,66,627 | 3,61,360 |
| Addition during the year | | 23,892 |
| Total | 1,66,627 | 3,85,252 |
| Amortisation | 1,64,392 | 2,18,625 |
| Closing Balance | 2,235 | 1,66,627 |

16 Accounting for Lease

a) The Company has taken Vehicles on Cancellable Operating Lease and the lease rental of Rs 1,051,400/- (Rs.1,400,900/-) is charged to the Profit and Loss Account.

17 Working of Earnings Per Share:

| Particulars | Year ended on 31.3.2008 | Year ended on 31.3.2007 |
|---|----------------------------|----------------------------|
| Weighted average number of Equity shares | 2,19,57,533 | 2,19,57,533 |
| Nominal value Per Share | Rs. 10/- | Rs. 10/- |
| Profit for the year after Tax | Rs.8,38,39,624 | Rs.29,52,26,833 |
| Less: Provision for Preference Dividend + Tax (including proposed dividend) | Rs.1,24,71,667 | Rs.1,21,55,065 |
| Net Balance available to Equity Shareholders | Rs 7,13,67,957 | Rs.28,30,71,768 |
| Earnings Per Share (Basic & Diluted) including extraordinary and exceptional items. | Rs.3.25 | Rs. 12.89 |
| Earnings Per Share (Basic & Diluted) excluding extraordinary and exceptional items. | Rs.3.65 | Rs. 10.93 |

18 Disclosure under Micro Small Medium Enterprises Development Act, 2006:

| | | |
|---|--|---|
| A | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year; | Principal: Rs 5,80,175/- : Interest: Rs 8,237/- |
| B | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | Nil |
| C | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil |
| D | The amount of interest accrued and remaining unpaid at the end of each accounting year; | Rs 8,237/- |
| E | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | Nil |

Note: This disclosure is related to such parties as have been identified on the basis of information available with the Company.



19 Loan and Advances include following dues from companies under the same management.

(Amount in Rupees)

| Name of the Company | Year ended on 31.3.2008 | Year ended on 31.3.2007 | Maximum amount due at any one time during the year |
|--|----------------------------|----------------------------|--|
| Relay Shipping Agency Limited | 24,435,043 | 33,688,636 | 47,324,060 |
| Orient Express Ship Management Limited | NIL | 2,377,620 | 3,077,620 |

20 Deposits includes amount with Port Trust of India Rs. 50,000/- (PY Rs. 50,000/-)

21 Disclosure made in terms of clause 32 of the listing agreement with stock exchange.

| Particulars | Name of the company | Amount outstanding as on 31.03.2008 (Rs.) | Maximum amount due at any one time during the year (Rs.) |
|--|--|---|--|
| a) Loans and advances | | | |
| (i) Loans and advances in the nature of loans made to subsidiary company. | Shreyas Relay Systems Ltd. | NIL | 62,919,998/- |
| (ii) Loans and advances in the nature of loans made to associate company. | | | |
| (iii) Loans and advances in the nature of loans where there is. | | | |
| 1) no repayment schedule or repayment beyond seven year (or) 2) no interest or interest below section 372A of the Companies Act. | | | |
| (iv) Loans and advances in the nature of loans made to firms / companies in which directors of the Company are interested. | | NIL | NIL |
| b) Investments by the Company. | | | |
| (i) In subsidiary company | Shreyas Relay Systems Ltd. (2,500,000 Equity shares of Rs 10 each fully paid) | 25,000,000 | 25,000,000 |
| (ii) In subsidiary company | Haytrans (India) Ltd. (10,450 Equity Shares of Rs. 100 each fully paid) | 5,434,171 | 5,434,171 |
| (iii) In associate company | | NIL | NIL |
| c) Investments by the loan in the shares of the parent company and subsidiary company when the company has made a loan or advance in the nature of Loan-NIL. | | | |

22 Related Party Transactions (Refer Annexure 1)

23 Previous years figures have been regrouped/recast wherever necessary to conform to the current year's classifications.

SIGNATURES TO SCHEDULES 1 TO 17

For PKF Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
Membership No. 18967

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 30th June, 2008

Anil Devli
Executive Director

Vinay Kshirsagar
Chief Financial Officer

Namrata Malushte
Company Secretary

Annexure-1

22 RELATED PARTY TRANSACTIONS (as on 31.03.2008)

(Amount in,000)

| TRANSACTION | Holding Company * | Subsidiary Company* | Fellow subsidiaries* | Other related parties* | Key Management personnel* | Relatives of Key Management personnel* | Total as at 31.03.2008 | Total as at 31.03.2007 |
|--|-------------------|---------------------|----------------------|------------------------|---------------------------|--|------------------------|------------------------|
| Charter hire income | | | | | | | | |
| Orient Express Lines Ltd., Mauritius | - | - | 182,413 | - | - | - | 182,413 | 198,926 |
| Service / freight income | | | | | | | | |
| Balaji Shipping (UK) Ltd. | - | - | 8,869 | - | - | - | 8,869 | 13,067 |
| Orient Exp.Lines Singapore | - | - | - | - | - | - | - | 258 |
| Orient Express Lines Ltd., Mauritius | - | - | 7,183 | - | - | - | 7,183 | 4,949 |
| Shreyas Relay Systems Ltd | - | 615,874 | - | - | - | - | 615,874 | 515,522 |
| Relay Shipping Agency Ltd | - | - | - | 2,698 | - | - | 2,698 | 11,603 |
| Clarion Solutions Ltd. | - | - | - | 59 | - | - | 59 | - |
| Loan given | | | | | | | | |
| Shreyas Relay Systems Ltd | - | 55,000 | - | - | - | - | 55,000 | 8,800 |
| Interest received on loan given | | | | | | | | |
| Shreyas Relay Systems Ltd | - | - | - | - | - | - | - | 4,148 |
| Repayment of loan given | | | | | | | | |
| Shreyas Relay Systems Ltd | - | 8,800 | - | - | - | - | 8,800 | 28,000 |
| Shreyas Relay Systems Ltd | - | 55,000 | - | - | - | - | 55,000 | - |
| Repayment of deferred credit for sale consideration for business transfer | | | | | | | | |
| | - | - | - | - | - | - | - | 59,437 |
| Vessel management fees paid | | | | | | | | |
| Orient Express Ship Management Ltd. | - | - | - | 33,000 | - | - | 33,000 | 21,003 |
| Agency Fees paid | | | | | | | | |
| Relay Shipping Agency Ltd. | - | - | - | 26,670 | - | - | 26,670 | 17,193 |
| Lanka Orient Express Line | - | - | - | 771 | - | - | 771 | 2,823 |
| Ocean Sea Freight Charges | | | | | | | | |
| Orient Express Lines Ltd., Mauritius | - | - | 647 | - | - | - | 647 | - |
| Orient Express Lines (S) Pte. Ltd., Singapore | - | - | - | - | - | - | - | 1,105 |
| Rent paid | | | | | | | | |
| Sivaswamy Holdings Pvt. Ltd. | - | - | - | 2,293 | - | - | 2,293 | 1,994 |


Annexure-1
22. RELATED PARTY TRANSACTIONS (as on 31.03.2008) (Contd.)

(Amount in Rs.'000)

| TRANSACTION | Holding Company * | Subsidiary Company* | Fellow subsidiaries* | Other related parties* | Key Management personnel* | Relatives of Key Management personnel* | Total as at 31.03.2008 | Total as at 31.03.2007 |
|--|-------------------|---------------------|----------------------|------------------------|---------------------------|--|------------------------|------------------------|
| Vehicle Lease Rent paid | | | | | | | | |
| Mrs. Savita Kshirsagar | — | — | — | — | — | 455 | 455 | 455 |
| Managerial Remuneration paid | | | | | | | | |
| Mr. S. Ramakrishnan | — | — | — | — | 6,845 | — | 6,845 | 4,761 |
| Mr. Anil Devli | — | — | — | — | 4,924 | — | 4,924 | 3,848 |
| Mr. Vinay Kshirsagar | — | — | — | — | 3,491 | — | 3,491 | 2,386 |
| Stores, spares, victualling, Repairs expenses, etc.paid | | | | | | | | |
| ADMEC Logistics Ltd. | — | — | — | 13,019 | — | — | 13,019 | 20,006 |
| Purchases of Vessels | | | | | | | | |
| Orient Express Lines - Panama | — | — | — | — | — | — | — | 318,577 |
| Allowance Written off | | | | | | | | |
| Orient Express Lines (S) Pte Ltd., Singapore | — | — | — | — | — | — | — | 383 |
| Investment made | | | | | | | | |
| Shreyas Relay Systems Ltd | — | — | — | — | — | — | — | 20,000 |
| Haytrans (India) Limited | — | 5,434 | — | — | — | — | 5,434 | — |
| Purchases of Shares of Haytrans (India) Ltd | | | | | | | | |
| Haytrans Limited, Mauritius | — | — | — | 4,986 | — | — | 4,986 | — |
| Dividend Paid on Equity Shares | | | | | | | | |
| Transworld Holdings Ltd. | — | — | — | — | — | — | — | 41,996 |
| Mr. S. Ramakrishnan | — | — | — | — | — | — | — | 372 |
| Mrs. Geeta Ramakrishnan | — | — | — | — | — | — | — | 368 |
| Mr. Ritesh Ramakrishnan | — | — | — | — | — | — | — | 572 |
| Ms. Anisha Ramakrishnan | — | — | — | — | — | — | — | 3,317 |
| Mr. S. Mahesh | — | — | — | — | — | — | — | 382 |
| Mrs. Mala Mahesh | — | — | — | — | — | — | — | 368 |
| Master Murali Mahesh | — | — | — | — | — | — | — | 572 |
| Kumari Mithila Mahesh | — | — | — | — | — | — | — | 3,317 |
| Mrs. Valli Sivaswamy | — | — | — | — | — | — | — | 1,304 |
| Mr. Anil Devli | — | — | — | — | — | — | — | 21 |

RELATED PARTY TRANSACTIONS (as on 31.03.2008) (Contd.)

Outstanding balances pertaining to related parties as at 31st March, 2008

(Amount in Rs.'000)

| Nature of balance | Holding Company * | Subsidiary Company* | Fellow subsidiaries* | Other related parties* | Key Management personnel* | Relatives of Key Management personnel* | Total as on 31.03.2008 | Total as at 31.03.2007 |
|---------------------------------|-------------------|---------------------|----------------------|------------------------|---------------------------|--|------------------------|------------------------|
| Debit balance due to Company | - | 80,538 | 538 | 25,968 | - | - | 107,044 | 129,074 |
| Loan to Subsidiary Company | - | - | - | - | - | - | - | 8,800 |
| Credit balance due from Company | - | - | 5,932 | 7,174 | - | - | 13,106 | 16,309 |

- NOTE: 1) Figure have been adjusted for exchange rate variations
2) Reimbursement of expenses incurred by/to Group Companies is not included here.

*** Names of related parties**

| Nature of relationship | Name of the related party |
|--|---|
| Holding Company | Transworld Holdings Ltd. (holds 56.25% of the equity share capital as at 31 st March, 2008) |
| Fellow subsidiaries | Shreyas World Navigation Pte. Ltd., Singapore Orient Express Lines Ltd., Mauritius Orient Express Lines (S) Pte. Ltd., Singapore Orient Express Lines Inc, Panama Balaji Shipping (UK) Ltd. Balaji Shipping Co. SA, Panama Aqua Container Lines Ltd. Mauritius Jubilee Shipping Inc. Panama Sea Bridge Shipping L.L.C |
| Subsidiary Companies | Shreyas Relay Systems Ltd Haytrans (India) Limited |
| Other related parties | ADMEC Logistics Ltd. Albatross Shipping Ltd. Clarion Shipping (Pvt.) Ltd., Colombo Clarion Solutions Ltd Crescent Shipping Agency (India) Ltd. Haytrans Limited, Mauritius Lanka Orient Express Lines Ltd. Colombo Meridian Shipping Agency Pvt. Ltd. NLS Agency (India) Pvt. Ltd. Orient Express Ship Management Ltd. Relay Shipping Agency Ltd. Sivaswamy Holdings Pvt. Ltd. Transworld Logistics Ltd. Transworld Management Consultancy Pvt. Ltd. Transworld Shipping and Logistics Ltd. |
| Key Management Personnel | Mr. S. Ramakrishnan Mr. Anil Devli Mr. Vinay Kshirsagar |
| Relatives of Key Management Personnel | Mrs. Geeta Ramakrishnan Mr. Ritesh Ramakrishnan Ms. Anisha Ramakrishnan Mr. S. Mahesh Mrs. Mala Mahesh Master Murali Mahesh Kumari Mithila Mahesh Mrs. Valli Sivaswamy Mrs. Savita Kshirsagar |



Additional information under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile.

| | | |
|--|--|---------------------|
| I Registration details | | |
| Registration No. | | 48500 |
| State Code | | 11 |
| Balance Sheet Date | | 31/03/2008 |
| II Capital raised during the year | | Amount (Rs.in '000) |
| Public Issue | | NIL |
| Rights Issue | | NIL |
| Bonus Issue | | NIL |
| Private Placement | | |
| 8.2% Non-Convertible, Cumulative, Redeemable Preference Share of Rs 100/- each | | NIL |
| III Position of Mobilization and Deployment of Funds | | Amount (Rs.in '000) |
| Total Liabilities | | 3,596,547 |
| Total Assets | | 3,596,547 |
| Source of Funds | | |
| Share Capital | | 349,575 |
| Reserves & Surplus | | 1,170,633 |
| Secured Loans | | 2,076,339 |
| Unsecured Loans | | NIL |
| Deferred Tax Liability | | NIL |
| Application of Funds | | |
| Net Fixed Assets | | 3,546,863 |
| Investments | | 73,699 |
| Net Current Assets | | (24,015) |
| Misc. Expenditure | | NIL |
| Accumulated losses | | NIL |
| IV Performance of the Company | | |
| Turnover (Including other income) | | 1,761,131 |
| Total Expenditure | | 1,659,978 |
| Profit before extraordinary, exceptional items and tax | | 101,153 |
| Profit/(Loss) after Tax | | 83,840 |
| Preference Dividend Paid | | 10,660 |
| Interim Equity Dividend Paid | | NIL |
| Tax on Dividend Paid | | 1,812 |
| Proposed Final Equity Dividend | | 43,915 |
| Tax on final Dividend | | 7,463 |
| Transfer to Tonnage Tax Reserve | | 250,00,000 |
| Transfer to General Reserve | | 8,400 |
| Balance available to Equity Shareholders | | 445,471 |
| Earning per share including Exceptional Items (Rs.) | | 3.25 |
| Earning per share excluding Exceptional items (Rs.) | | 3.65 |
| Interim Equity Dividend Rate % | | NIL |
| Final Equity Dividend rate% | | 20% |
| V Generic Names of three Principal products/Services of the Company | | |
| Item Code No. (ITC Code) | | NIL |
| Product description | | NIL |

Note: This is a Shipping Company.

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Anil Devli
Executive Director

Vinay Kshirsagar
Chief Financial Officer

Namrata Malushte
Company Secretary

Place : Mumbai
Date : 30th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

| Particulars | Year ended 31 st March 2008 | Year ended 31 st March, 2007 |
|---|---|--|
| Cash flow from operating activities | | |
| Net profit/ (Loss) before tax | 101,153,195 | 271,917,947 |
| Adjusted for | | |
| Depreciation | 132,313,533 | 91,969,482 |
| Loss on Sale on Fixed Assets | 303,219 | - |
| Provision for Gratuity & Leave Encashment adjusted against Opening Reserve | (2,806,602) | - |
| Interest Expenses | 121,817,614 | 46,263,151 |
| Exchange Loss/(Gain) on Current Assets & Liabilities | - | 3,149,198 |
| Income for current Investments | - | (16,373,523) |
| Interest Income | (2,572,027) | (2,478,066) |
| Profit on Sale of Ship | - | (28,866,636) |
| Operating Profit Before Working Capital changes (a) | 350,208,932 | 365,581,553 |
| Adjustments for : Increase/(Decrease) in Working Capital Increase/(Decrease) in Current Assets | | |
| Inventories | 22,297,054 | 10,880,275 |
| Sundry Debtors | 802,941 | 969,419 |
| Other Current Assets, Loans and Advances | (108,866,080) | 118,665,590 |
| | (85,766,085) | 130,515,284 |
| Less: Increase/(Decrease) in Current Liabilities & Provision | 107,028,378 | 84,096,880 |
| Net Increase/(Decrease) in Working Capital (b) | (192,794,463) | 46,418,404 |
| Cash Generated from Operations (a) - (b) (c) | 543,003,395 | 319,163,149 |
| Less: Taxation | 23,833,435 | 17,656,809 |
| (Less) /Add : Inflow from extra ordinary & exceptional items (Net) | (8,859,653) | 43,158,904 |
| Less : Prior Period items | 6,005,047 | 293,504 |
| NET CASH FROM OPERATING ACTIVITIES (A) | 504,305,260 | 344,371,740 |
| Cash flow from investing activities | | |
| Addition / Revaluation to Fixed Assets including Capital Work in Progress | (1,096,513,600) | (1,837,980,770) |
| Vessel upgradation and refurbishment expenses (Adjusted to Securities Premium) | - | (114,460,764) |
| Sale of Fixed Assets | 1,323,172 | 266,378,712 |
| Sale of Investments | 64,748,122 | - |
| Purchase of Investments | - | (100,182,293) |
| Income from Current Investments | - | 16,373,523 |
| NET CASH FROM INVESTING ACTIVITIES (B) | (1,030,442,306) | (1,769,871,592) |
| Cash Flow from Financing Activities | | |
| Proceeds / (Repayment) of Borrowings (Net) | 537,030,930 | 1,274,572,490 |
| Loan to Subsidiary (Net of Repayment) | 8,800,000 | 19,200,000 |
| Interest Income | 2,572,027 | 2,478,066 |
| Interest Expenses | (121,817,614) | (46,263,151) |
| Exchange Loss/(Gain) on Current Assets & Liabilities | - | (3,149,198) |
| Dividend Paid | - | (89,871,668) |
| Tax on dividend paid | - | (12,604,502) |
| NET CASH FROM FINANCING ACTIVITIES (C) | 426,585,344 | 1,144,362,037 |
| NET CHANGES IN CASH & CASH EQUIVALENT (A+B+C) | (99,551,702) | (281,137,815) |
| CASH & CASH EQUIVALENTS - OPENING BALANCE | 173,027,868 | 454,165,683 |
| ADD : NET CHANGES IN CASH & CASH EQUIVALENT AS ABOVE | (99,551,702) | (281,137,815) |
| CASH & CASH EQUIVALENTS - CLOSING BALANCE | 73,476,166 | 173,027,868 |
| | (99,551,702) | (281,137,815) |
| CLOSING CASH & CASH EQUIVALENTS CONSISTS OF | | |
| CASH ON HAND (Refer Schedule 8) | 4,162,424 | 3,044,277 |
| BALANCE WITH SCHEDULE BANKS IN CURRENT ACCOUNT (Refer Schedule 8) | 36,198,860 | 40,602,067 |
| INVESTMENT IN LIQUID FUND SECURITIES | 33,114,882 | 129,381,524 |
| TOTAL | 73,476,166 | 173,027,868 |

Notes:

- The above statement has been prepared by indirect method.
- Cash and Cash equivalents include cash and bank balances and Investments in Liquid fund securities of Mutual Funds maturing within 90 days and exclude margin money deposits.

AS PER OUR REPORT ATTACHED

For PKF Sridhar & Santhanam
 Chartered Accountants

S. Ramakrishnan
 Partner
 Membership No. 18967
 Place : Mumbai
 Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
 Chairman & Managing Director

 Place : Mumbai
 Date : 30th June, 2008



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| SR. NO. | PARTICULARS | SHREYAS RELAY SYSTEMS LIMITED | HAYTRANS (INDIA) LIMITED |
|---------|--|--|--|
| 1 | The relevant financial year of the subsidiary ends on | 31 st March, 2008 | 31 st March, 2008 |
| 2 | No. of shares held as on 31 st March, 2008 | 25,00,000 Equity shares of Rs. 10/- each fully paid-up | 10,450 Equity shares of Rs. 100/- each fully paid-up |
| 3 | Extent of holding as on 31 st March, 2008 | 100% | 51.10% |
| 4 | The net aggregate of profit/(loss) of subsidiary so far as they concern the members of the Company | | |
| | (a) Dealt with in the accounts of Company for the year ended 31 st March, 2008 | Not applicable | Not applicable |
| | (a) Not dealt with in the accounts of Company for the year ended 31 st March, 2008 | (4,097,330) | (16,149,735) |
| 5 | The net aggregate of profit/(loss) for previous financial year of the subsidiary, since it became subsidiary so far as they concern members of the Company | | |
| | (a) Dealt with in the accounts of Company | - | - |
| | (a) Not dealt with in the accounts of Company | - | - |

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Anil Devli
Executive Director

Vinay Kshirsagar
Chief Financial Officer

Namrata Malushte
Company Secretary

Place : Mumbai
Date : 30th June, 2008

Auditors' Report on Consolidated Financial Statements

To The Board of Directors of Shreyas Shipping & Logistics Ltd.

1. We have audited the attached consolidated Balance Sheet of Shreyas Shipping & Logistics Ltd. ('the Company') and its subsidiaries (the Company and its subsidiaries constitute 'the Group') as at 31st March 2008, and the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. The financial statements are the responsibility of the Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted Auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of one subsidiary (Haytrans (India) Limited). The financial statement of Haytrans (India) Limited as on 31st March, 08 (Total Assets: Rs.307.77 lacs; Total Revenue Rs 3774.59 lacs) has been audited by another auditor whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included in respect of this subsidiary, is based solely on the reports of the other auditor.
4. (i) We report that the consolidated Financial Statements have been prepared in accordance with the requirements of Accounting Standard (AS 21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, on the basis of the individual audited Financial Statements of the Company and its subsidiaries.
(ii) We draw attention to Note No. 9 of Schedule 17 regarding excess Managerial remuneration which is subject to the approval of shareholders/ Central Government.
(iii) On the basis of the information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements

Subject to capitalising forward cover cancellation losses /gains (actual and notional) related to new built ship which is not accordance with accounting standards issued by the ICAI, due to which profit for the year is overstated by Rs 433.11 lakhs, give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) in the case of consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31,2008;
- b) in the case of consolidated Profit and Loss Account, of the consolidated results of operations of the Group for the year ended as on that date, and
- c) in the case of consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended as on that date.

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date: 30th June, 2008.



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| | Schedule | AS AT 31.03.2008 | AS AT 31.03.2007 |
|--|----------|-----------------------------|-----------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| SHARE CAPITAL | 1 | 349,575,330 | 349,575,330 |
| RESERVES AND SURPLUS | 2 | 1,180,603,696 | 1,286,429,541 |
| | | <u>1,530,179,026</u> | <u>1,636,004,871</u> |
| LOAN FUNDS | | | |
| SECURED LOANS | 3 | 2,312,508,360 | 1,589,308,435 |
| | | <u>2,312,508,360</u> | <u>1,589,308,435</u> |
| DEFERRED TAX LIABILITY (NET) | | <u>7,537,709</u> | <u>5,085,000</u> |
| TOTAL | | <u><u>3,850,225,095</u></u> | <u><u>3,230,398,306</u></u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | 4 | 3,131,105,655 | 2,505,387,651 |
| LESS : DEPRECIATION | | <u>474,181,187</u> | <u>329,778,602</u> |
| NET BLOCK | | <u>2,656,924,468</u> | <u>2,175,609,049</u> |
| CAPTIAL WORK-IN-PROGRESS | | <u>1,049,924,092</u> | <u>511,001,952</u> |
| TOTAL | | <u><u>3,706,848,560</u></u> | <u><u>2,686,611,001</u></u> |
| INVESTMENTS | 5 | 44,431,555 | 209,713,817 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| INVENTORIES | 6 | 64,038,605 | 41,741,551 |
| SUNDRY DEBTORS | 7 | 320,560,944 | 170,919,128 |
| CASH AND BANK BALANCES | 8 | 78,502,629 | 103,131,870 |
| OTHER CURRENT ASSETS | 9 | 23,732,489 | 113,742,562 |
| LOANS AND ADVANCES | 10 | 199,409,974 | 104,225,833 |
| CURRENT ASSETS TOTAL (A) | | <u><u>686,244,641</u></u> | <u><u>533,760,944</u></u> |
| LESS : CURRENT LIABILITIES AND PROVISIONS | | | |
| CURRENT LIABILITIES | 11 | 377,557,082 | 196,899,735 |
| PROVISIONS | 12 | 209,742,579 | 2,787,721 |
| CURRENT LIABILITIES TOTAL (B) | | <u><u>587,299,661</u></u> | <u><u>199,687,456</u></u> |
| NET CURRENT ASSETS (A - B) | | <u><u>98,944,980</u></u> | <u><u>334,073,488</u></u> |
| TOTAL | | <u><u>3,850,225,095</u></u> | <u><u>3,230,398,306</u></u> |
| NOTES TO THE ACCOUNTS | 17 | | |

AS PER OUR REPORT ATTACHED

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
Membership No. 18967

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 30th June, 2008

Anil Devli
Executive Director

Vinay Kshirsagar
Chief Financial Officer

Namrata Malushte
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH, 2008
(AMOUNT IN RUPEES)

| | Schedule | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|----------|--------------------------|--------------------------|
| INCOME | | | |
| OPERATING EARNINGS | | | |
| a) CHARTER HIRE INCOME | | 260,897,631 | 329,567,301 |
| b) FREIGHT INCOME | | 2,262,607,692 | 1,458,478,530 |
| c) NON LINER | | 1,262,627 | 3,100,293 |
| d) FREIGHT FORWARDING INCOME | | 376,388,829 | - |
| TOTAL OPERATING EARNINGS | | 2,901,156,779 | 1,791,146,124 |
| OTHER INCOME | | | |
| a) PROFIT ON SALE OF SHIP | | - | 28,866,636 |
| b) MISCELLANEOUS INCOME | 13 | 74,123,041 | 28,245,513 |
| TOTAL OTHER INCOME | | 74,123,041 | 57,112,149 |
| TOTAL INCOME | | 2,975,279,820 | 1,848,258,273 |
| EXPENDITURE | | | |
| OPERATING EXPENSES | 14 | 2,436,396,108 | 1,318,727,145 |
| ADMINISTRATION & OTHER EXPENSES | 15 | 176,684,362 | 83,816,268 |
| INTEREST | 16 | 133,552,927 | 48,581,424 |
| DEPRECIATION | | 139,903,282 | 96,457,579 |
| LESS : DEPRECIATION ADJUSTED FROM CAPITAL RESERVE | | - | 134,703 |
| | | 139,903,282 | 96,322,876 |
| TOTAL EXPENDITURE | | 2,886,536,680 | 1,547,447,713 |
| PROFIT BEFORE EXTRA ORDINARY AND EXCEPTIONAL ITEMS AND TAXATION | | 88,743,140 | 300,810,560 |
| ADD : EXTRAORDINARY ITEMS | | - | 48,637,472 |
| LESS: EXCEPTIONAL ITEMS (Refer note no. 5 in Schedule 17) | | 10,732,544 | 5,478,568 |
| LESS: GOODWILL WRITTEN OFF | | 455,149 | - |
| PROFIT BEFORE TAX | | 77,555,447 | 343,969,464 |
| LESS: PRIOR PERIOD ITEMS (net) (Refer note no. 7 in Schedule 17) | | 6,005,047 | 2,377,005 |
| LESS PROVISION FOR TAXATION | | | |
| - CURRENT | | 1,758,000 | 22,882,000 |
| - DEFERRED TAX | | 3,472,120 | 2,911,000 |
| - PRIOR PERIOD | | (184,129) | 2,226,691 |
| - FRINGE BENEFIT TAX | | 1,952,902 | 1,657,175 |
| PROFIT AFTER TAX | | 64,551,507 | 311,915,593 |
| ADD : LOSS TRANSFERRED TO MINORITY INTEREST | | 4,764,660 | - |
| PROFIT AFTER TAX | | 69,316,167 | 311,915,593 |
| SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR | | 484,336,646 | 334,657,688 |
| AMOUNT AVAILABLE FOR APPROPRIATION | | 553,652,813 | 646,573,281 |
| APPROPRIATIONS | | | |
| TRANSFER TO GENERAL RESERVE | | 8,400,000 | 35,000,000 |
| TRANSFER FROM GENERAL RESERVE | | 3,208,202 | - |
| TRANSFER TO TONNAGE TAX RESERVE | | 25,000,000 | 60,000,000 |
| INTERIM DIVIDEND PAID ON EQUITY SHARES | | - | 48,306,573 |
| DIVIDEND PAID ON PREFERENCE SHARES | | - | 10,660,000 |
| TAX ON DIVIDEND PAID | | - | 8,270,062 |
| TAX ON INTERIM DIVIDEND EARLIER YEARS | | 77,250 | - |
| PROPOSED DIVIDEND ON EQUITY SHARES | | 43,915,066 | - |
| TAX ON PROPOSED DIVIDEND ON EQUITY SHARES | | 7,463,370 | - |
| PROPOSED DIVIDEND ON PREFERENCE SHARES | | 10,660,000 | - |
| TAX ON PROPOSED DIVIDEND ON PREFERENCE SHARES | | 1,811,667 | - |
| SURPLUS CARRIED TO BALANCE SHEET | | 459,533,662 | 484,336,646 |
| | 17 | 545,252,813 | 646,573,281 |
| Earnings per share-Basic and Diluted (excluding Extraordinary / exceptional items) (Refer Note 14 in schedule 17) | | 3.10 | 11.69 |
| Earnings per share-Basic and Diluted (including Extraordinary / exceptional items) (Refer Note 14 in schedule 17) | | 2.59 | 13.65 |

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Chairman & Managing Director

Anil Devli
Executive Director

S. Ramakrishnan
Partner
Membership No. 18967

V. Ramnarayan
Director

Vinay Kshirsagar
Chief Financial Officer

K. P. Medhekar
Director

Namrata Malushte
Company Secretary

Place : Mumbai
Date : 30th June, 2008

Place : Mumbai
Date : 30th June, 2008



SCHEDULES TO CONSOLIDATED BALANCE SHEET

(AMOUNT IN RUPEES)

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|--|---------------------|---------------------|
| SCHEDULE 1 : SHARE CAPITAL | | |
| AUTHORISED | | |
| 24,000,000 Equity Shares of Rs 10/- each | 240,000,000 | 240,000,000 |
| 1,400,000 8.2% Non-Convertible Cumulative Redeemable Preference Shares of Rs 100/- each | 140,000,000 | 140,000,000 |
| | 380,000,000 | 380,000,000 |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 2,19,57,533 Equity Shares of Rs 10/- each fully Paid up | 219,575,330 | 219,575,330 |
| Of the above, 1,23,51,650 Equity Shares held by Holding Company Transworld Holdings Limited, Mauritius. | | |
| Of the above, 10,162,750 Equity Shares allotted as fully paid up Pursuant to contract without payment being received in cash. | | |
| Includes 21,33,333 Equity Shares of Rs 10 each fully paid up being the underlying shares in respect of equal number of Global Depository Receipts (GDR) issued and fully paid up. All the GDRs have been converted into Equity Shares. | | |
| 1,300,000 8.2% Non-Convertible, Cumulative, Redeemable Preference Shares of Rs 100/- each fully paid up | 130,000,000 | 130,000,000 |
| Date of allotment 27th October, 2005 | | |
| To be redeemed at par at the end of the 3rd, 4th & 5th Year from the Date of allotment in the ratio of 30:30::40. | | |
| TOTAL | 349,575,330 | 349,575,330 |
| SCHEDULE 2 : RESERVES AND SURPLUS | | |
| SECURITIES PREMIUM | | |
| As per last Balance Sheet | 382,292,449 | 496,753,213 |
| Less: Expenses on upgradation and refurbishment of vessels and loss of stores in sunken vessel as per court order. | - | 114,460,764 |
| (a) | 382,292,449 | 382,292,449 |
| GENERAL RESERVE | | |
| As per last Balance Sheet | 203,489,620 | 168,489,620 |
| Add: Transfer from Profit and Loss Account | 8,400,000 | |
| Add: Transfer from Captial Reserve | 710,826 | - |
| Less: Transfer to Hedging Reserve (AS-30) | 107,525,147 | - |
| Less: Opening adjustment for Gratuity & Leave encashment (AS-15) | 3,689,512 | - |
| Less: Transfer to Profit and Loss Account | 3,208,202 | 35,000,000 |
| (b) | 98,177,585 | 203,489,620 |
| TONNAGE TAX RESERVE | | |
| As per last Balance Sheet | 185,600,000 | 125,600,000 |
| Add : Transfer from Profit and Loss Account | 25,000,000 | 60,000,000 |
| Less: Transferred to Tonnage Tax Utilisation Reserve | 103,453,055 | - |
| (c) | 107,146,945 | 185,600,000 |
| ASSET IMPAIRMENT RESERVE | | |
| (d) | 30,000,000 | 30,000,000 |
| HEDGING RESERVE | | |
| Add : Transfer from General Reserve | 107,525,147 | - |
| Less: Provision for Hedging Losses (AS-30) | 107,525,147 | - |
| (e) | - | - |

(AMOUNT IN RUPEES)

| | | AS AT 31.03.2008 | AS AT 31.03.2007 |
|--|--------------------------------|----------------------|----------------------|
| SCHEDULE 2 Continued.. | | | |
| TONNAGE TAX UTILISATION RESERVE | | | |
| Add : Transferred from Tonnage Tax Reserve | | 103,453,055 | - |
| | (f) | 103,453,055 | - |
| CAPITAL RESERVE | | | |
| As per last Balance Sheet | | 710,826 | 845,529 |
| Add : Capital Reserve on Acquisition | | - | - |
| Less: Transfer to General Reserve | | 710,826 | 134,703 |
| | (g) | - | 710,826 |
| SURPLUS | | | |
| Balance in Profit & Loss Account | (h) | 459,533,662 | 484,336,646 |
| | TOTAL (a+b+c+d+e+f+g+h) | 1,180,603,696 | 1,286,429,541 |
| SCHEDULE 3 : SECURED LOANS | | | |
| FROM BANKS | | | |
| ICICI BANK LTD (RUPEE LOAN) | | | |
| Secured by an exclusive charge over the Vessel M.V. Orient Victory and a second charge over the Vessel M.V.Orient Aishwaraya | | 111,670,878 | 148,894,502 |
| ICICI BANK LTD (FCNR LOAN) | | | |
| Secured by a charge over the Vessel M.V. Orient Aishwaraya | | - | 4,252,295 |
| STATE BANK OF INDIA (FCNR LOAN) | | | |
| Secured by a charge over the Vessel Oel Trust | | 364,576,483 | 459,300,354 |
| STATE BANK OF INDIA (FCNR LOAN) | | | |
| Secured by a charge over the Vessel M.V. Independent Spirit | | 355,061,340 | 435,105,000 |
| STATE BANK OF INDIA (FCNR LOAN) | | | |
| Secured by a charge over the Vessel M.V.Oel Express | | 178,863,211 | 238,978,125 |
| STATE BANK OF INDIA (RUPEE TERM LOAN) | | | |
| Secured by first charge over Vessel under construction and a second charge over the vessel M.V. Orient Independence. | | 647,677,500 | 250,000,000 |
| STATE BANK OF INDIA (CORPORATE LOAN) | | | |
| Secured by a first charge over the Vessel M.V. Orient Independence | | - | - |
| STATE BANK OF INDIA (RUPEE TERM LOAN) | | | |
| Secured by first charge over the vessel M.V. Unity | | 397,400,000 | - |
| ICICI BANK LTD (CAR LOAN) | | | |
| Secured by Hypothecation of Cars | | 2,071,265 | 2,778,159 |
| STANDARD CHARTERED BANK | | | |
| Secured by Hypothecation of Specific Containers | | 74,400,000 | 50,000,000 |
| STANDARD CHARTERED BANK (Short Term Working Capital Loan) | | | |
| Secured by first pari passu charge over the books debts of Shreyas Relay Systems Limited | | 92,500,000 | - |
| STATE BANK OF INDIA (FCNR LOAN) | | | |
| Secured by Hypothecation of Specific Containers of Shreyas Relay Systems Limited | | 24,394,203 | - |
| STANDARD CHARTERED BANK (Working Capital Loan) | | | |
| Secured by Hypothecation of present and future book debts & stocks | | 63,893,480 | - |
| | TOTAL | 2,312,508,360 | 1,589,308,435 |



SCHEDULE 4 : FIXED ASSETS

(AMOUNT IN RUPEES)

| DESCRIPTION | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|-----------------------|---|--------------------|------------------------|-----------------------|--------------------|---|--------------------|------------------------|--------------------|----------------------|----------------------|
| | COST AS AT 01.04.2007 | ASSETS OF NEWLY ACQUIRED (SUBSIDIARY, HAYTRANS) | ADDITIONS | DEDUCTIONS/ADJUSTMENTS | COST AS AT 31.03.2008 | AS AT 01.04.2007 | DEPRECIATION OF ASSETS OF NEWLY ACQUIRED SUBSIDIARY, HAYTRANS | DURING THE YEAR | DEDUCTIONS/ADJUSTMENTS | AS AT 31.03.2008 | AS AT 31.03.2008 | AS AT 31.03.2007 |
| FLEET | 2,371,469,577 | - | 551,785,494 | - | 2,923,255,071 | 314,057,575 | - | 130,200,280 | - | 444,257,855 | 2,478,997,216 | 2,057,412,002 |
| LAND | - | 164,863 | - | 164,863 | - | - | - | - | - | - | - | - |
| EQUIPMENT ON BOARD | 3,667,946 | - | - | - | 3,667,946 | 1,456,197 | - | 220,715 | - | 1,676,912 | 1,991,034 | 2,211,749 |
| CONTAINER EQUIPMENT | 107,248,205 | - | 47,691,184 | 273,174 | 154,666,215 | 6,029,580 | - | 5,789,356 | 17,975 | 11,800,961 | 142,865,254 | 101,218,625 |
| FURNITURE & FIXTURES | 6,596,085 | 2,203,959 | 11,503,858 | 318,962 | 19,984,940 | 2,686,096 | 1,131,906 | 1,084,544 | 142,220 | 4,760,326 | 15,224,614 | 3,909,989 |
| OFFICE EQUIPMENTS (INCLUDING COMPUTERS AND SOFT WARE) | 7,699,722 | 7,046,887 | 6,536,776 | 379,282 | 20,904,103 | 3,545,739 | 4,526,838 | 1,656,826 | 181,323 | 9,548,079 | 11,356,024 | 4,153,983 |
| TRAILOR (VEHICLE) | - | - | 2,332,268 | - | 2,332,268 | - | - | 310,823 | - | 310,823 | 2,021,445 | - |
| VEHICLES | 8,706,116 | 1,058,724 | - | 3,482,921 | 6,281,919 | 2,003,415 | 636,089 | 640,707 | 1,466,871 | 1,813,340 | 4,468,579 | 7,409,792 |
| BICYCLES | - | 13,193 | - | - | 13,193 | - | 12,858 | 32 | - | 12,891 | 302 | - |
| ADJUSTMENT FOR DEPRECIATION BY WAY OF TRANSFER FROM CAPITAL RESERVE | - | - | - | - | - | - | - | - | - | - | - | (707,091) |
| TOTAL AS ON 31.03.2008 | 2,505,387,651 | 10,487,626 | 619,849,580 | 4,619,202 | 3,131,105,655 | 329,778,602 | 6,307,692 | 139,903,282 | 1,808,389 | 474,181,187 | 2,656,924,468 | 2,175,609,049 |
| TOTAL AS ON 31.03.2007 | 1,317,516,768 | - | 1,627,104,651 | 439,233,768 | 2,505,387,651 | 435,042,715 | - | 96,457,579 | 201,721,692 | 329,778,602 | 2,175,609,049 | - |

Addition/(Deletion) to Fleet include (Rs NIL) (Previous Year Rs. 2,86,83,129/-) towards adjustment in respect of exchange difference.

SCHEDULE 5 : INVESTMENTS

(A) LONG TERM INVESTMENTS (AT COST)

1 TRADE - UNQUOTED-FULLY PAID

(B) CURRENT NON TRADE INVESTMENT- (UNQUOTED)

1 MUTUAL FUNDS INVESTMENTS (AT LOWER OF COST OR NET ASSET VALUE)

TOTAL (A + B)

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|--|-------------------|--------------------|
| (A) LONG TERM INVESTMENTS (AT COST) | | |
| 1 TRADE - UNQUOTED-FULLY PAID | 11,150,000 | 150,000 |
| (B) CURRENT NON TRADE INVESTMENT- (UNQUOTED) | | |
| 1 MUTUAL FUNDS INVESTMENTS (AT LOWER OF COST OR NET ASSET VALUE) | 33,281,555 | 209,563,817 |
| TOTAL (A + B) | 44,431,555 | 209,713,817 |
| SCHEDULE 6 : INVENTORIES | | |
| (At lower of Cost or Net Realisable Value) | | |
| Lube Oils and Fuel Oil* | 63,340,111 | 40,792,870 |
| Victualling Stock* | 698,494 | 948,681 |
| (*As valued and Certified by the Management) | | |
| TOTAL | 64,038,605 | 41,741,551 |

(AMOUNT IN RUPEES)

SCHEDULE 7 : SUNDRY DEBTORS

(Unsecured and considered good)

Debts outstanding for a period exceeding six months:

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|------------------------------------|---------------------|---------------------|
| Considered Good | 58,737,604 | 1,744,129 |
| Considered doubtful | 3,700,189 | - |
| | 62,437,793 | 1,744,129 |
| Less: Provision for doubtful debts | 3,700,189 | - |
| | 58,737,604 | 1,744,129 |
| Other Debts | 261,823,340 | 169,174,999 |
| TOTAL | 320,560,944 | 170,919,128 |

SCHEDULE 8 : CASH AND BANK BALANCES

| | | |
|--|-------------------|--------------------|
| Cash on Hand | 4,318,536 | 3,048,891 |
| With Scheduled Banks | | |
| Current Accounts | 48,205,255 | 67,994,216 |
| in Margin Money Deposits* | 22,991,500 | 24,616,500 |
| (*Pledged with Bank as Margin for Guarantees/Letters of Credit issued) | | |
| Unclaimed Dividend Account | 2,987,338 | 7,472,263 |
| TOTAL | 78,502,629 | 103,131,870 |

SCHEDULE 9 : OTHER CURRENT ASSETS

| | | |
|-------------------------------------|-------------------|--------------------|
| Claims Receivable (Considered good) | 4,757,043 | 107,265,634 |
| Income accrued | 1,950,000 | 1,374,020 |
| Interest income accrued but not due | 1,301,131 | 1,232,687 |
| Unfinished Voyages Expenses | 15,724,315 | 3,870,221 |
| TOTAL | 23,732,489 | 113,742,562 |

SCHEDULE 10 : LOANS AND ADVANCES

(Unsecured, considered good, unless otherwise stated)

| | | |
|--|--------------------|--------------------|
| Advance for Capital Expenditure | 6,127,589 | 3,535,333 |
| Advances recoverable in cash or in kind or for value to be received | 130,078,419 | 95,731,743 |
| Advance Income Tax Less Provisions (includes Fringe Benefits Tax) | 55,018,254 | 2,318,454 |
| Bills receivable | | |
| Considered good | - | - |
| Considered doubtful | 2,266,418 | 2,266,418 |
| | 2,266,418 | 2,266,418 |
| Less: Provision for Doubtful Bills receivable | 2,266,418 | 2,266,418 |
| | - | - |
| Deposits | 8,185,712 | 2,640,303 |
| (Includes Fixed Deposit provided as security to Kandla Port Rs 15 Lakhs) | | |
| TOTAL | 199,409,974 | 104,225,833 |



(AMOUNT IN RUPEES)

SCHEDULE 11 : CURRENT LIABILITIES

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|---|---------------------|---------------------|
| Sundry Creditors for Trade | | |
| Due to Micro and Small Enterprises | 580,175 | - |
| Due to Others | 287,653,921 | 152,336,554 |
| Creditors for Expenses | 45,833,240 | 7,630,388 |
| Other Liabilities | 35,335,905 | 25,624,430 |
| Unfinished Voyages Income | 4,655,129 | 3,390,855 |
| Investor Education and Protection Fund | | |
| Unclaimed Dividend | 2,987,338 | 7,472,262 |
| (No amount is due and outstanding to be credited to the fund) | | |
| Interest accrued but not due on loans | 511,374 | 445,246 |
| TOTAL | 377,557,082 | 196,899,735 |

SCHEDULE 12 : PROVISIONS

| | | |
|--|--------------------|------------------|
| Proposed Equity Dividend | 43,915,066 | - |
| Provision for tax on Equity Dividend | 7,463,370 | - |
| Proposed Preference Dividend | 10,660,000 | - |
| Provision for tax on Preference Dividend | 1,811,667 | - |
| Provision for notional Hedging Loss/(Gain) | 129,348,424 | - |
| Provisions for Gratuity | 7,032,736 | - |
| Provision for Leave Encashment | 9,511,316 | 2,787,721 |
| TOTAL | 209,742,579 | 2,787,721 |

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

SCHEDULE 13 : OTHER INCOME

| | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|--------------------------|--------------------------|
| Dividend from Mutual Fund Investment (Current-Non-Trade) | 11,901,295 | 16,373,523 |
| Interest received on Deposits with Banks (TDS Rs 3,83,866/- , Previous Year Rs 4,01,348/-) | 2,623,709 | 2,564,754 |
| Interest Received Others (TDS Rs Nil, Previous Year Rs 9,30,899/-) | 151,762 | 102 |
| Duty Credit entitlement under SFIS | 7,847,142 | - |
| Gain on Exchange Rate Variation | 46,620,389 | - |
| Profit on Sale Investments (Long term) | 135,378 | - |
| Profit on sale of Asset | 5,814,304 | - |
| Other Incomes | (970,938) | 9,307,134 |
| TOTAL | 74,123,041 | 28,245,513 |

SCHEDULE 14 : DETAILS OF OPERATING EXPENSES

| | | |
|---|----------------------|----------------------|
| Salaries, Wages & Other Allowances for Floating Staff | 213,057,344 | 145,597,734 |
| Contribution to Provident Fund for Floating Staff | 3,298,041 | 2,712,637 |
| Staff Welfare for Floating Staff | 1,846,591 | 1,768,992 |
| TOTAL | 218,201,976 | 150,079,363 |
| Fuel/Lube Oils Consumed | 577,864,046 | 357,128,823 |
| Ocean Freight Charges | 46,757,711 | 6,734,841 |
| Port and Marine Dues | 228,226,792 | 155,417,614 |
| Stores and Spares Consumed | 103,609,808 | 91,910,054 |
| Crew Victualling | 14,966,779 | 17,355,828 |
| Repairs and Maintenance to Fleet | 25,955,965 | 22,443,256 |
| Insurance and Protection Club fee | 38,104,850 | 30,084,946 |
| Vessel Management and Agency Fees | 82,712,968 | 55,679,323 |
| Brokerage / Commission | 5,572,374 | 6,542,456 |
| Dry Dock Expenses | 33,513,439 | 52,952,714 |
| Sundry Expenses | 13,159,819 | 11,447,929 |
| Terminal Handling Charges Domestic | 204,678,608 | 90,937,068 |
| Transportation Expenses | 329,264,092 | 147,840,740 |
| Other Domestic Expenses | 20,972,475 | 32,976,177 |
| Terminal Handling Charges Liner | 91,594,065 | 34,966,854 |
| Other Liner Expenses | 4,505,559 | 6,267,698 |
| Godown Rent | 2,737,340 | 1,795,220 |
| Container Lease Rent | 54,038,291 | 40,512,029 |
| Other Operating Expenses | 2,080,531 | 4,168,163 |
| Express Cargo Expenses | 854,304 | 1,486,049 |
| Trailer Expenses | 2,568,714 | - |
| Freight Forwarding Expenses | 334,455,602 | - |
| TOTAL | 2,436,396,108 | 1,318,727,145 |



AMOUNT IN RUPEES)

SCHEDULE 15 : ADMINISTRATION & OTHER EXPENSES

Salaries, Wages and Other Allowances*

(*includes payments to Managerial Personnel)

| | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|--------------------------|--------------------------|
| Salaries and Bonus | 77,573,924 | 29,430,573 |
| Contribution to Provident Fund and Gratuity | 11,221,079 | 2,856,709 |
| Staff Welfare | 4,682,543 | 3,194,143 |
| TOTAL | 93,477,546 | 35,481,425 |
| Postage, Telephone and Fax | 6,443,809 | 3,368,510 |
| Travelling and Conveyance | 9,205,100 | 5,145,841 |
| Professional & Consultancy Fees | 13,536,322 | 7,378,012 |
| Bad Debts Written off | 6,062,184 | 382,902 |
| Loss on Sale of Assets | 707,636 | 494,441 |
| Insurance Expenses | 972,639 | 640,093 |
| Rates, Taxes & Fees | - | 113,129 |
| Rent | 11,104,569 | 3,190,988 |
| Gifts & Presents | 11,597 | 31,067 |
| Donations | 950,000 | 303,250 |
| Directors' Sitting fees | 691,000 | 650,000 |
| Claim Receivable written off | - | 5,929,427 |
| Other Expenses | 33,521,960 | 20,314,173 |
| Loss on Exchange Rate Variation (Net) | - | 393,009 |
| TOTAL | 176,684,362 | 83,816,268 |

SCHEDULE 16: INTEREST

| | | |
|-----------------------------|--------------------|-------------------|
| On Loans For Fixed Periods. | 131,474,453 | 48,259,357 |
| Interest on Working Capital | 1,946,549 | - |
| Others | 131,925 | 322,067 |
| TOTAL | 133,552,927 | 48,581,424 |

SCHEDULE 17 : NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

(i) Accounting basis and convention

The Financial Statements are prepared under the historical cost convention on accrual and going concern basis and comply with Section 211 (3C) of the Companies Act, 1956.

(ii) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

Expenses specifically attributable to construction of a new built ship including forex loss/ gain on forward covers taken for the purposes of payment of instalments to the ship-builder are capitalised.

When assets are retired or otherwise disposed of, the cost of such assets and the related accumulated depreciation are removed from the accounts. Any profit or loss on retirement or other disposal is reflected in the Profit and Loss Account.

(iii) Depreciation

In respect of fleet, the amount determined by charging cost less residual value as technically assessed equally over the expected useful life of the fleet or depreciation at the rate prescribed (5%) under the Schedule XIV of Companies Act, 1956 whichever is higher, is provided as depreciation.

Depreciation on leasehold improvements is provided on the basis that the leases would be renewed consistent with past practice.

In respect of second hand Trailors, the depreciation rate is based on balance useful life derived from the rate specified in Schedule XIV to the Companies Act, 1956.

In respect of software, Depreciation is provided at 33.33% on Straight line method.

Depreciation of other Fixed Assets has been provided on Straight line method on prorata basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Where the cost of depreciable asset has undergone change due to increase/decrease in :-

- (a) Long term liability on account of exchange fluctuations.
- (b) Additions and major improvements forming an integral part of an asset, depreciation on such changes has been provided prospectively.

Haytrans (India) Limited, a subsidiary, has provided depreciation on written down value method. The impact of depreciation on straight line method is not likely to be material and hence, not quantified or adjusted.

(iv) Investments

- a) Long term investments are stated at cost. Diminution in the value of investments, other than temporary in nature, is provided for.
- b) Current investments are valued at cost or net realizable value whichever is lower.

(v) Inventories

Inventories are valued at lower of Cost or Net Realisable Value. The cost is determined under "First in First out" formula.

(vi) Foreign Exchange Transactions

- a) Transactions in foreign currencies are recorded at standard exchange rates prevailing in the respective months of the relevant transactions. The realized exchange gains or losses are recognized in the Profit and Loss Account.
- b) Monetary Assets and Liabilities denominated in foreign currency are translated at the year end exchange rates. The resultant gain or loss on such translation is recognised in the Profit and Loss Account.
- c) The exchange differences on translation of foreign currency liabilities contracted for acquisition of fixed assets from a country outside India are added to / deleted from the cost of the relevant fixed assets in terms of Schedule VI to the Companies Act 1956 upto 31st March, 2007.
- d) In respect of forward exchange contracts covering either Holding Company's earnings or payment related to acquisition of fixed assets (other than firm commitments and highly probable forecast transactions), the premium or discount arising at the inception of the contract is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period. In case of New Build ship, in respect of forward exchange contract entered into to hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction (not covered by Accounting Standing 11 revised 2003), the Company capitalizes all the related costs including premium or discount, exchange differences and Profit/Loss on cancellation of such contracts, if any.



e) **Derivatives:**

Derivatives are accounted as follows based on a limited early adoption of AS-30 to the extent not in conflict with legal provisions and other Accounting Standards:

- a) Fair value hedges are marked to market and the notional loss or gain is accounted in the Profit and Loss Account.
- b) Cash flow hedges are marked to market and the notional loss or gain is taken to Hedging reserve account.
- c) Other derivatives are marked to market and the notional losses or gains are booked in the Profit and Loss Account.

(vii) Revenue Recognition

- a) All Income and expenditure are accounted for, on accrual basis other than interest on overdue bills.
- b) Operating Earnings represent the value of charter hire and freight earnings. Freight income is recognized once the ship calls on the port of delivery. In case of liner operations in Shreyas Relay Systems Ltd., a Subsidiary, income is recognized once the ship sails from the port of loading.
- c) Income and Expenses relating to unfinished leg of the voyage as at the date of Balance Sheet are carried forward and included under Current Liabilities and Current Assets respectively. The expenses included under unfinished leg of voyages include fixed and semi-fixed ship operating costs.
- d) Stores and Spares (other than lube oils and victualling) are charged off to Profit and Loss Account, on receipt.

(viii) Dry Dock/Special Survey expenses

Major Improvements/ Upgradation included in dry dock expenditure are capitalized as part of cost of ship.

Other dry dock/Special Survey expenses are charged to Profit and Loss Account as and when incurred.

(ix) Asset Impairment

The Group reviews the carrying values of tangible and intangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognized in the year in which impairment takes places.

(x) Assets Impairment Reserve:

Considering that Shipping in cyclical and capital intensive, the Board if so required in its judgement sets aside a portion of Net Profits to Asset Impairment Reserve which will be utilized when an impairment loss arises.

(xi) Retirement Benefits

The Group has schemes for retirement benefits namely Provident Fund and Gratuity and contributions are charged to the Profit and Loss account. Contributions to the Provident Fund are made to the relevant authorities.

The liability for gratuity and leave encashment is provided based on actuarial valuation determined under Projected Unit Credit method as per Accounting Standard 15 (Revised 2005).

Contributions to the Gratuity Fund in respect of shore staff are made in accordance with the terms of Group Gratuity Scheme of the Life Insurance Corporation of India (LIC).

In respect of Floating staff, Gratuity payable to crew is accrued as per agreement with NUSI/NMB. No Gratuity is payable in respect of officers who are on contract with the Group for a period of six months or less only.

(xii) Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition / construction of the underlying qualifying fixed assets are capitalised as a part of the respective asset up to the date of acquisition /completion of construction.

(xiii) Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of past events where it is probable that there will be outflow of resource to settle the obligation and when a reliable estimate of the amount of the obligation can be made. When any such present obligation can not be measured or where a realistic estimate of the obligation cannot be made, contingent liabilities are recognised.

Contingent liabilities are also recognised when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more certain future events not wholly within the control of the group.

(xiv) Taxation

Deferred Tax Liability and Deferred Tax Assets of companies in the Group have been aggregated in Consolidated financial statement.

(xv) Duty free import licenses under Served from India Schemes

The revenue in respect of the duty free import licenses is recognized as income in the books of account when and to the extent there is no significant uncertainty as to their ultimate realization.

NOTES ON ACCOUNTS

1 The list of subsidiaries which are included in the consolidated along with the group holding therein is given below :

| Name of the Company | No. of Shares held by Shreyas Shipping & Logisitcs Limited | | Holding % | |
|---------------------------|---|-----------|-----------|---------|
| | 2007-08 | 2006-07 | 2007-08 | 2006-07 |
| Shreyas Relay Systems Ltd | 25,00,000 | 25,00,000 | 100 | 100 |
| Haytrans (India) Ltd | 10,450 | NIL | 51.10 | NIL |

2 During the year, the holding Company, Shreyas Shipping and Logisitcs Limited has invested Rs 54,34,171/- for a 51% stake in Haytrans (India) Limited on 3rd August, 2007, a Company in the business of freight forwarding. The consolidation of the Profit and Loss Account is done for the post acquisition period in Haytrans (India) Limited.

3 The following changes in accounting policies have been made during the year either due to introduction of new standards / announcements made by the Institute of Chartered Accountants of India or to ensure a more appropriate presentation of the Financial statements:

- a) Pursuant to the introduction of the Companies Accounting Standard Rules 2006, Accounting Standard 11 (rev 2003) becomes fully applicable from this year. In view of this exchange difference on translation of foreign currency liabilities contracted for acquisition of fixed assets from a country outside India, which was hitherto added to/deducted from cost of such fixed assets, has been taken to the Profit and Loss Account. Thus an amount of Rs 9,44,06,045/- is included as forex gains in the year ended 31st March, 2008. In view of this the depreciation for the year is more by Rs.52,55,269/-.
- b) Pursuant to the announcement issued by the Institute of Chartered Accountants of India on 28 Mar 08, the holding company has early adopted Accounting Standard 30 (Financial Instruments) on a limited basis to account for derivatives to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Companies Act and other regulatory requirements. Till the previous year such derivatives were not accounted for in the books of accounts. Due to this change, a notional loss of Rs 2,49,07,107/- has been booked in the Profit and Loss account and a notional loss of Rs. 10,75,25,147/- (Net) has been taken to the Hedging Reserve account (recouped from General Reserve). Rs 30,83,830/- being notional exchange gain on Ship under construction has been taken to Capital Work-in-Progress.
- c) Disclosures as required by AS-15 revised on Employee benefits.

The Group has defined Benefit plan namely leave encashment / compensated absence and Gratuity for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. With effect from the current year, the liability for these benefit plans is determined by actuary as per the Revised Accounting Standard (AS) 15 on "Employee Benefits".

Termination benefits are recognized as an expense immediately. Actuarial gains and losses are recognized immediately in the Profit & Loss Account as income or expense.

During the year the Group has changed the basis of determining liability for retirement benefits in line with Revised Accounting Standard (AS) 15 on "Employee Benefits".

Consequent to the change:

Transitional adjustment of Rs.34.10 Lakhs (net of deferred tax) has been adjusted against the opening balance in the General Reserve as at 1st April, 2007 in terms of the transitional provisions of the revised Standard as under:

| | |
|--|------------------------|
| • Additional provision for gratuity of the past years | Rs. 14.11 lakhs |
| • Additional provision for leave encashment for past years | Rs. 19.99 lakhs |
| Net Adjustments | <u>Rs. 34.10 lakhs</u> |

The impact of the change due to the adoption of AS-15 (Revised) on the financial statements for the current year is not ascertainable.

The disclosure requirements under Revised AS-15 are given hereunder:

(A) Gratuity Benefits

(a) Description of the Gratuity Plan:

The Group provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death incapacitation, termination of employment of amounts that are based on salaries and tenure of the employees.



(b) Amount recognized in the Balance Sheet and movements in net liability:

(In Rs. Lakhs)

| Particulars | 2007 – 2008 | 2006 - 2007 |
|--|--------------|--------------|
| Present Value of Funded Obligations | 84.31 | 29.08 |
| Fair Value of Plan Assets | (25.63) | (12.69) |
| Net Liability | 58.68 | 16.39 |
| <u>Amounts in the Balance Sheet</u> | | |
| Liabilities | 58.68 | 16.39 |
| Assets | - | - |
| Net Liability | 58.68 | 16.39 |
| Net Liability recognised in the Balance Sheet | 58.68 | 16.39 |

(c) The fair value of the plan assets does not include the Group's own financial instruments.

(d) Expenses recognized in the Statement of Profit & Loss Account

(In Rs. Lakhs)

| Particulars | 2007 – 2008 |
|--|--------------|
| Current Service Cost | 3.83 |
| Interest on Defined Benefit Obligation | 2.51 |
| Expected Return on Plan Assets | (1.00) |
| Net Actuarial Losses/ (Gains) Recognized in the year | 4.72 |
| Past Service Cost | 45.74 |
| Losses/ (Gains) on "Curtailments & Settlements" | - |
| Effect of the limit in Para 59(b) | - |
| Total | 55.80 |

(e) The Actual Return on Plan Assets is Rs. 1.59 lakhs.

(f) Actuarial Assumptions at the Valuation date

| Particulars | 2007 – 2008 |
|---|--|
| Discount Rate | 7.80% p.a. |
| Expected Rate of Return on Plan Assets* | 7.50% p.a. |
| Salary Escalation Rate | 10.00% for the first 4 yrs & 7% thereafter |

* This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

(g) Descriptions of the Plan Assets

| Category of Assets | 2007 – 2008 |
|--------------------------------|-------------|
| Government of India Securities | 0% |
| Corporate Bonds | 0% |
| Special Deposit Scheme | 0% |
| Insurer Managed Funds | 100% |
| Others | 0% |
| Total | 100% |

(B) Privileged Leave Encashment (Compensated Absences for Employees)

The Group permits encashment of privileged leave accumulated by its employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave and sick leave liability is not funded.

a) Actuarial Assumptions at the Valuation date

| Particulars | 2006 – 2007 |
|------------------------|--|
| Discount Rate | 7.80 % p.a. |
| Salary Escalation Rate | 10.00% for the first 4 yrs & 7% thereafter |

b) Amount recognized in Balance Sheet & movements in net liability:

(In Rs. Lakhs)

| Particulars | Leave Encashment (Compensated Absences for Employees) |
|---|---|
| Balance of Compensated Absences as on 31.03.2007 {after adjustments of opening valuation} (X) | 48.69 |
| Present value of Compensated Absences as on 31.03.2008 (As per actuary valuation) (Y) | 65.54 |

The above figures do not include that of Subsidiary, Haytrans (India) Ltd (HIL) in the absence of detailed disclosures in the Standalone accounts.

HIL has adjusted Gratuity & Leave Encashment of Rs. 2.80 Lakhs against Opening General Reserve.

HIL has made a provision of Rs 11.64 Lakhs towards Gratuity and Rs. 29.58 Lakhs towards leave encashment based on actuarial valuation.

- d) Holding company has entered into forward contracts to hedge its exchange rate fluctuation risks in respect of stage payments to be made to supplier in Singapore who is building a new vessel for the Holding company. Gain/loss on cancellation / roll over of such contracts was being charged to revenue till the previous year. The Holding company has changed this policy retrospectively in the current year and has adjusted such losses/gain to Capital Work in Progress. Thus an amount of Rs 4,33,11,123/- has been capitalized during the year (including gain of Rs 56,05,247/- related to the previous year and the notional gain of Rs 30,83,830 mentioned in 3(b) above).
- e) Vessel steel renewal and such expenditure of capital nature included in dry dock expenses have been capitalised during the year to the extent of Rs 5,09,32,437/-. Till the previous year, dry dock expenses were charged off in total to the Profit and Loss Account. The impact of this change in accounting practice is that the dry dock expense for the year is less by Rs 5,09,32,439/- and depreciation is more by Rs 5,25,795/- .
- f) During the year, there is a change in accounting policy in subsidiary company, Shreyas Relay Systems Limited, for recognition of liner income. Income is recognized once the ship sails from the port of loading and till previous year this income was recognized once the ship called on the port of delivery. Due to this change the consolidated Profit after tax for the year is more by Rs. 51.43 Lakhs.
- g) The net impact of changes mentioned in d) e) & f) above is that Profit after tax for the year is more by Rs 9,88,60,767/-.
- 4 Capital work in progress represents new ship under construction and includes Rs. 5,60,81,691/- (PY Rs. 1,59,26,460/-) being interest on direct borrowings capitalized.
- 5 Expenses under exceptional items include: a) Provision for wage arrears to crew in terms of NMB agreement dated 17th February, 2008 for the years 2006-2007 and 2007-2008 Rs. 88.60 Lakhs (PY Rs. 32.08 Lakhs).
The extraordinary item in the previous year was on account of insurance settlement for loss of vessel "OEL VISION" and old balance written off.
- 6 Under the Loan Agreements with the Holding company, ICICI Bank Limited has the right of conversion of part of the loan into equity in the event of a default in repayment of payment of any instalment of Principal or interest or any combination thereof on the part of the Company.
- 7 Prior period items include Hull & Machinery and War Risk Cover for Vessel 'Orient Patriot' Rs. 3,99,800/- and Profit on cancellation of forward exchange contract relating to acquisition of New Ship Built of Rs. 56,05,247/-, capitalised in current year; both the items are pertaining to F.Y. 2006-07.



8 CONTINGENT LIABILITIES

(Amount in Rupees)

| | | As at 31.03.2008 | As at 31.03.2007 |
|----|--|------------------|------------------|
| a) | Claims against the Company not acknowledged as debts | 10,57,00,000 | 10,57,00,000 |
| b) | Estimated amount of Contracts remaining to be executed on Capital Account and not provided for | 24,54,31,000 | 70,28,90,367 |
| c) | Bank Guarantee issued to customers/vendors | 33,00,000 | 15,00,000 |

9 MANAGERIAL REMUNERATION*

| (Included under Salary, Wages and Allowances–Schedule –15) | | Year ended 31.03.2008 (Rupees) | Year ended 31.03.2007 (Rupees) |
|--|--------------------------------|--------------------------------------|--------------------------------------|
| TO MANAGING DIRECTOR* | | | |
| (i) | Remuneration | 59,40,000 | 40,89,549 |
| (ii) | Contribution to Provident Fund | 5,36,400 | 4,14,465 |
| (iii) | Holiday Passage | - | - |
| (iv) | Leave Travel Allowance | 3,68,800 | 2,57,361 |
| (v) | Education Allowance | - | - |
| Total | | 68,45,200 | 47,61,375 |
| TO EXECUTIVE DIRECTOR* | | | |
| (i) | Remuneration | 37,78,800 | 33,44,841 |
| (ii) | Contribution to Provident Fund | 3,80,160 | 3,38,400 |
| (iii) | Leave Travel Allowance | 1,50,000 | 1,50,000 |
| (iv) | Medical Allowance | 15,000 | 15,000 |
| (v) | Special Reward | 6,00,000 | |
| Total | | 49,23,960 | 38,48,241 |

*The above figures do not include contribution to Gratuity fund (to LIC) as separate figures are not available.

In the view of inadequate profits for the year ended 31st March, 2008, the remuneration payable to the Managing Director/Whole time Director is in excess of the limits specified in Sec 309(3) of the Companies Act, 1956 in the holding company.

The remuneration paid to Managing Director is in excess of the limits specified in Para C of Section II of Part II of Schedule XIII by Rs. 15.09 lakhs.

The Company proposes to take the Shareholders/Central Govt. approval for this payment and pending such approval no recovery has been done.

In the case of Executive Director the approval of the shareholders will be taken as required under Para B of Section II of Part II of Schedule XIII.

10 Foreign Currency exposures outstanding at the Balance Sheet date

Category : Forward Exchange contract for USD 5.25 Million (INR 2090 Lakhs) &
: USD 4 Million (SGD 6.15 Million) and Swap contracts for FCNR loan liability for USD 22.25 Million (INR 9069 lakhs)

Purpose : In order to hedge the Company's exposure, due to movements in Foreign Exchange rates.

Foreign currency exposures that are not hedged by derivative instruments

(Amount in equivalent US Dollars)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|------------------------------|--------------------------|--------------------------|
| a) Receivables | 9,05,865 | 42,96,534 |
| b) Payables | 25,61,112 | 12,71,739 |
| c) FCNR Loan taken from Bank | 6,00,000 | 2,58,84,773 |

11 Segment Reporting:

a) Segment wise Revenue and Results:

(Rs. In Lacs)

| Particulars | Year ended 31 st March, 2008 | Year ended 31 st March, 2007 |
|---|--|--|
| Revenue by Segment | | |
| Shipping | 10,682.18 | 8,316.41 |
| Logistics | 20,713.11 | 14,719.27 |
| Freight Forwarding | 3,763.92 | - |
| Others | 753.86 | 643.61 |
| Total Revenue | 35,913.07 | 23,679.29 |
| Less : Intersegment Revenue | 6,160.27 | 5,196.70 |
| | 29,752.80 | 18,482.59 |
| Segment Results | | |
| Shipping | 1,133.75 | 1,684.63 |
| Logistics | 1,220.57 | 1,872.35 |
| Freight Forwarding | (111.84) | - |
| Others | 734.39 | 618.97 |
| Total | 2,976.87 | 4,175.95 |
| Less: i) Interest & Finance Charges | 1,335.53 | 485.81 |
| ii) Unallocated Expenditure | 753.91 | 682.03 |
| Profit before Prior Period, Extraordinary, Exceptional items, Tax, Minority Interest | 887.43 | 3,008.11 |
| Segment Depreciation | | |
| Shipping | 907.71 | 663.31 |
| Logistics | 463.94 | 285.19 |
| Freight Forwarding | 8.45 | - |
| Unallocated | 18.93 | 14.72 |

The Group operates in three business segments viz. Shipping, Logistics and Freight Forwarding. Shipping comprises Charter and Feeder Services and Logistics includes Shipping part of Domestic and Liner business.

b) Geographical Segment (Based on Primary Location of Customers)

(Rs. In Lacs)

| Particulars | Year ended 31 st March, 2008 | Year ended 31 st March, 2007 |
|----------------------|--|--|
| In India | 31,453.11 | 18,093.38 |
| In Pakistan | 390.83 | 460.32 |
| Rest of World | 4069.13 | 5,125.59 |
| Total Revenue | 35,913.07 | 23,679.29 |

c) Segment Capital employed

Fixed Assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to individual segment assets and liabilities has been made. However Depreciation has been allocated amongst segments based on best estimates of usage of fixed assets in the respective segments during the year.

d) Others under Revenue and Results include profit on sale of ship Rs. NIL (PY Rs. 2,88,66,636/-).



12. Intangible Assets

Software is amortised over 3 years and included under Office equipment in Schedule-4: Fixed Assets

(Amount in Rupees)

| Particulars | Year ended 31.3.2008 | Year ended 31.3.2007 |
|--------------------------|-------------------------|-------------------------|
| Opening Balance | 1,66,627 | 3,61,360 |
| Addition during the year | NIL | 23,892 |
| Total | 1,66,627 | 3,85,252 |
| Amortisation | 1,64,392 | 2,18,625 |
| Closing Balance | 2,235 | 1,66,627 |

13. Accounting for Lease

- Shreyas Relay Systems Limited, a subsidiary Company, has taken Containers on Cancellable Operating Lease and the lease rental of Rs.5,40,38,291/- (P.Y Rs 4,05,12,029) is charged to the Profit and Loss Account.
- The Group has taken Vehicles on Cancellable Operating Lease and the lease rental of Rs. 26,80,719/- (P.Y Rs.21,71,915/-) is charged to the Profit and Loss Account.

14. Working of Earnings Per Share:

| Particulars | Year ended on 31.3.2008 | Year ended on 31.3.2007 |
|---|----------------------------|----------------------------|
| Weighted average number of Equity shares | 2,19,57,533 | 2,19,57,533 |
| Nominal value Per Share | Rs. 10/- | Rs. 10/- |
| Profit for the year after Tax | Rs.6,93,16,167 | Rs.31,19,15,593 |
| Less: Provision for Preference Dividend + Tax (including proposed dividend) | Rs.1,24,71,667 | Rs.1,21,55,065 |
| Net Balance available to Equity Shareholders | Rs.5,68,44,500 | Rs.29,97,60,528 |
| Earnings Per Share (Basic & Diluted) including extraordinary and exceptional items. | Rs.2.59 | Rs. 13.65 |
| Earnings Per Share (Basic & Diluted) excluding extraordinary and exceptional items. | Rs.3.10 | Rs. 11.69 |

15. Deferred Tax

(Amount in Rupees)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|--|--------------------------|--------------------------|
| Deferred Tax Liabilities | | |
| Timing Difference on Depreciation | 96,11,000 | 53,75,000 |
| Less: | | |
| Deferred Tax Assets | | |
| Timing differences on | | |
| Leave encashment & Preliminary Expense | 20,37,955 | 2,90,000 |
| Difference in WDV of Assets | 35,336 | NIL |
| Net Deferred Tax Liability | 75,37,709 | 50,85,000 |

- In view of the losses incurred during the year by the subsidiary company Haytrans (India) Ltd., Goodwill of Rs. 4.55 lakhs is fully charged off in the consolidated accounts.
- Related Party Transactions (Refer Annexure 1)
- Previous year's figures have been regrouped/recast wherever necessary to conform to the current year's classifications.

SIGNATURES TO SCHEDULES 1 TO 17

For PKF Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
Membership No. 18967

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 30th June, 2008

Anil Devli
Executive Director

Vinay Kshirsagar
Chief Financial Officer

Namrata Malushte
Company Secretary

RELATED PARTY TRANSACTIONS (as on 31.03.2008)

Annexure 1

(Rs.in 000)

| Transaction | Holding company * | Fellow subsidiaries* | Other related parties* | Key Management personnel* | Relatives of Key Management personnel* | Total as at 31.03.2008 | Total as at 31.03.2007 |
|--|-------------------|----------------------|------------------------|---------------------------|--|------------------------|------------------------|
| Charter hire income | | | | | | | |
| Orient Express Lines Ltd., Mauritius | - | 182,413 | - | - | - | 182,413 | 198,926 |
| Orient Express Lines (S) Pte Ltd., Singapore | - | - | - | - | - | - | - |
| Balaji Shipping (UK) Ltd. | - | - | - | - | - | - | - |
| Service / freight income | | | | | | | |
| Balaji Shipping (UK) Ltd. | - | 8,869 | - | - | - | 8,869 | 13,067 |
| Orient Exp. Lines Singapore | - | - | - | - | - | - | 258 |
| Orient Express Lines Ltd., Mauritius | - | 7,183 | - | - | - | 7,183 | 4,949 |
| Relay Shipping Agency Ltd. | - | - | 3,348 | - | - | 3,348 | 11,603 |
| Clarion Solutions. Ltd. | - | - | 245 | - | - | 245 | - |
| Albatross Shipping Ltd. | - | - | 3,397 | - | - | 3,397 | - |
| Trailor Income | | | | | | | |
| Admec Logistics Ltd. | - | - | 2,915 | - | - | 2,915 | - |
| Vessel management fees paid | | | | | | | |
| Orient Express Ship Management Ltd. | - | - | 33,000 | - | - | 33,000 | 21,003 |
| Agency Fees paid | | | | | | | |
| Relay Shipping Agency Ltd. | - | - | 34,458 | - | - | 34,458 | 17,193 |
| Lanka Orient Express Line | - | - | 771 | - | - | 771 | 2,823 |
| Crescent Shipping Agency (India) Ltd. | - | - | 77 | - | - | 77 | - |
| Clarion Shipping Agency (pvt.) Ltd. Colombo | - | - | 396 | - | - | 396 | - |
| Seabridge Shipping Co LLC | - | 1,441 | - | - | - | 1,441 | - |
| Donation paid | | | | | | | |
| Sivaswamy Memorial Charitable Trust | - | - | 400 | - | - | 400 | - |
| Ocean Sea Freight Charges | | | | | | | |
| Orient Express Lines Ltd., Mauritius | - | 647 | - | - | - | 647 | - |
| Orient Express Linse (S) Pte. Ltd., Singapore | - | 18 | - | - | - | 18 | 1,105 |
| Relay Shipping Agency Ltd. | - | - | 18 | - | - | 18 | - |
| Rent paid | | | | | | | |
| Sivaswamy Holdings Pvt. Ltd. | - | - | 9,145 | - | - | 9,145 | 1,994 |
| S. Ramakrishnan | - | - | - | 398 | - | 398 | - |
| Container charges paid | | | | | | | |
| Admec Logistics Ltd. | - | - | 2,457 | - | - | 2,457 | - |
| Transportation charges paid | | | | | | | |
| Admec Logistics Ltd. | - | - | 749 | - | - | 749 | - |
| Trailor Expenses | | | | | | | |
| Management fee Admec Logistics Ltd. | - | - | 112 | - | - | 112 | - |
| Vehicle Lease Rent paid | | | | | | | |
| Mrs. Savita Kshirsagar | - | - | - | - | 455 | 455 | 455 |
| Managerial Remuneration paid | | | | | | | |
| Mr. S. Ramakrishnan | - | - | - | 6,845 | - | 6,845 | 4,761 |
| Mr. Anil Devli | - | - | - | 4,924 | - | 4,924 | 3,848 |
| Mr. Vinay Kshirsagar | - | - | - | 3,491 | - | 3,491 | 2,386 |
| Stores, spares, victualling, Repairs expenses, etc.paid | | | | | | | |
| ADMEC Logistics Ltd. | - | - | 13,019 | - | - | 13,019 | 20,006 |


RELATED PARTY TRANSACTIONS (as on 31.03.2008)

(Rs.in 000)

| Transaction | Holding company * | Fellow subsidiaries* | Other related parties* | Key Management personnel* | Relatives of Key Management personnel* | Total as at 31.03.2008 | Total as at 31.03.2007 |
|--|-------------------|----------------------|------------------------|---------------------------|--|------------------------|------------------------|
| Purchase of Containers | | | | | | | |
| Transworld Logistics Ltd. | - | - | 34,484 | - | - | 34,484 | - |
| Purchases of Vessels | | | | | | | |
| Orient Express Lines - Panama | - | - | - | - | - | - | 318,577 |
| Purchase of vehicles | | | | | | | |
| Admec Logistics Ltd. | - | - | 2,332 | - | - | 2,332 | - |
| Allowance Written off | | | | | | | |
| Orient Express Lines (S) Pte Ltd., Singapore | - | - | - | - | - | - | 383 |
| Forwarding Income | | | | | | | |
| United Arab Shipping Co. Ltd. (TWSS) | - | - | 1,686 | - | - | 1,686 | - |
| Cresecent Shipping Agency (I) Ltd. | - | - | 367 | - | - | 367 | - |
| Meridian Shipping Agency (I) Ltd. | - | - | 32 | - | - | 32 | - |
| NLS Agency (I) Ltd. | - | - | 57 | - | - | 57 | - |
| Transworld Logistics Ltd. | - | - | 23 | - | - | 23 | - |
| TLPL Logistics Pvt. Ltd. | - | - | 2,147 | - | - | 2,147 | - |
| Albatross Shipping Ltd. | - | - | 1,179 | - | - | 1,179 | - |
| Relay Shipping Agency Ltd. | - | - | 4 | - | - | 4 | - |
| Merdian Shipping Trading LLC | - | - | 36 | - | - | 36 | - |
| Sea Bridge Shipping | - | - | 12 | - | - | 12 | - |
| TLSS - USA | - | - | 88 | - | - | 88 | - |
| Forwarding Expenses | | | | | | | |
| United Arab Shipping Co. Ltd. (TWSS) | - | - | 92,836 | - | - | 92,836 | - |
| Cresecent Shipping Agency (I) Ltd. | - | - | 19,538 | - | - | 19,538 | - |
| Meridian Shipping Agency (I) Ltd. | - | - | 5,271 | - | - | 5,271 | - |
| NLS Agency (I) Ltd. | - | - | 7,225 | - | - | 7,225 | - |
| Transworld Logistics Ltd. | - | - | 1,171 | - | - | 1,171 | - |
| TLPL Shipping Pvt. Ltd. | - | - | 132 | - | - | 132 | - |
| TLPL Logistics Pvt. Ltd. | - | - | 554 | - | - | 554 | - |
| Albatross Shipping Ltd. | - | - | 3,444 | - | - | 3,444 | - |
| Admec Logistics Ltd. | - | - | 394 | - | - | 394 | - |
| Relay Shipping Agency Ltd. | - | - | 253 | - | - | 253 | - |
| Merdian Shipping Trading LLC | - | - | 455 | - | - | 455 | - |
| Sea Bridge Shipping | - | - | 322 | - | - | 322 | - |
| TLSS - USA | - | - | 941 | - | - | 941 | - |
| Personnel Delegation | | | | | | | |
| Transworld Management Private Ltd. | - | - | 4,320 | - | - | 4,320 | - |
| Purchases of Shares of Haytrans (India) Ltd | | | | | | | |
| Haytrans Limited, Mauritius | - | - | 4,986 | - | - | 4,986 | - |
| Dividend Paid on Equity Shares | - | - | - | - | - | - | - |
| Transworld Holdings Ltd. | - | - | - | - | - | - | 41,996 |
| Mr. S. Ramakrishnan | - | - | - | - | - | - | 372 |
| Mrs. Geeta Ramakrishnan | - | - | - | - | - | - | 368 |
| Mr. Ritesh Ramakrishnan | - | - | - | - | - | - | 572 |
| Ms. Anisha Ramakrishnan | - | - | - | - | - | - | 3,317 |
| Mrs. Valli Sivaswamy | - | - | - | - | - | - | 1,304 |
| Mr. S. Mahesh | - | - | - | - | - | - | 382 |
| Mrs. Mala Mahesh | - | - | - | - | - | - | 368 |
| Master Murali Mahesh | - | - | - | - | - | - | 572 |
| Kumari Mithila Mahesh | - | - | - | - | - | - | 3,317 |
| Mr. Anil Devli | - | - | - | - | - | - | 21 |

RELATED PARTY TRANSACTIONS (as on 31.03.2008)

Outstanding balances pertaining to related parties as at 31st March, 2008 (In Rs.'000)

| Nature of balance | Holding company * | Fellow subsidiaries* | Other related parties* | Key Management personnel* | Relatives of Key Management personnel* | Total as on 31.03.2008 | Total as on 31.03.2007 |
|---------------------------------|-------------------|----------------------|------------------------|---------------------------|--|------------------------|------------------------|
| Debit balance due to Company | - | 538 | 63,118 | - | - | 63,656 | 129,074 |
| Loan to Subsidiary Company | - | - | - | - | - | - | 8,800 |
| Credit balance due from Company | - | 5,932 | 21,427 | - | - | 27,359 | 16,309 |

NOTE: 1) Figures have been adjusted for exchange rate variations
2) Reimbursement of expenses incurred by/to Group Companies is not included here.

*** Names of related parties**

| Nature of relationship | Name of the related party |
|---------------------------------------|---|
| Holding company | Transworld Holdings Ltd. (holds 56.25% of the equity share capital as at 31 st March, 2008) |
| Fellow subsidiaries | Shreyas World Navigation Pte. Ltd., Singapore Orient Express Lines Ltd., Mauritius Orient Express Lines (S) Pte. Ltd., Singapore Orient Express Lines Inc, Panama Balaji Shipping (UK) Ltd. Balaji Shipping Co. SA, Panama Aqua Container Lines Ltd., Mauritius Jubilee Shipping inc., Panama Sea Bridge Shipping L.L.C |
| Other related parties | Orient Express Ship Management Ltd. Transworld Shipping and Logistics Ltd. NLS Agency (India) Pvt. Ltd. Sivaswamy Holdings Pvt. Ltd. Crescent Shipping Agency (India) Ltd. Transworld Logistics Ltd. Albatross Shipping Ltd. Transworld Management Consultancy Pvt. Ltd. Lanka Orient Express Lines Ltd., Colombo Haytrans Limited, Mauritius ADMEC Logistics Ltd. Relay Shipping Agency Ltd. Meridian Shipping Agency Pvt. Ltd. Clarion Shipping (Pvt.) Ltd., Colombo Clarion Solutions Ltd. |
| Key Management Personnel | Mr. S. Ramakrishnan Mr. Anil Devli Mr. Vinay Kshirsagar |
| Relatives of Key Management Personnel | Mrs. Geeta Ramakrishnan Mr. Ritesh Ramakrishnan Ms. Anisha Ramakrishnan Mr. S. Mahesh Mrs. Mala Mahesh Master Murali Mahesh Kumari Mithila Mahesh Mrs. Valli Sivaswamy Mrs. Savita Kshirsagar |



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| Particulars | Year ended 31 st March 2008 | Year ended 31 st March 2007 |
|--|---|---|
| A Cashflow from operating activities | | |
| Net profit/ (Loss) Before tax | 88,743,140 | 300,810,560 |
| Adjusted for non-operating expenses (income) | | |
| Depreciation | 139,903,282 | 96,322,876 |
| Pre-acquisition Profit (51.10%) | 2,245,496 | - |
| Minority Interest | (4,764,660) | - |
| Amortisation of miscellaneous expenses | | |
| Loss on Sale on Fixed assets | 707,636 | - |
| Loss/(Profit) on Sale of Investments | (135,378) | (28,866,636) |
| Provision for Gratuity & Leave Encashment adjusted Opening Reserve | (4,000,094) | - |
| Interest Expenses | 133,552,927 | 48,581,424 |
| Exchange Loss/(Gain) on Current Assets & Liabilities | (46,620,389) | 393,010 |
| Prior year adjustment | | |
| Income for current Investments | (11,901,295) | (16,373,523) |
| Interest Income | (2,775,471) | (2,564,754) |
| Operating Profit Before Working Capital changes (a) | 294,955,194 | 398,302,957 |
| Adjustments for : Increase/(Decrease) in Working Capital | | |
| Increases/(Decreases) in Current Assets | | |
| Inventories | 22,297,054 | 10,880,275 |
| Sundry Debtors | 149,641,816 | 58,940,723 |
| Other Current Assets, Loans and Advances | (49,150,733) | 120,750,675 |
| | 122,788,137 | 190,571,673 |
| Less: increases(Decreases) in Current Liabilities & Provision | 220,721,879 | 93,845,145 |
| Less: increases(Decreases) in Current Liabilities & Provision of acquisition of Haytrans (India) Ltd | | |
| Net increases(Decreases) in Working Capital (b) | (97,933,742) | 96,726,528 |
| Cash Generated from Operations (a) - (b) (c) | 392,888,936 | 301,576,429 |
| Less: Taxation | 56,226,573 | 23,333,263 |
| Add : Extra Ordinary Item | - | 48,637,472 |
| Less : Exceptional Items | 10,732,544 | 5,478,568 |
| Less : Prior Period | 6,005,047 | 2,377,005 |
| Less : Dividend Paid | 77,250 | - |
| LESS: GOODWILL WRITTEN OFF | 455,149 | - |
| NET CASH FROM OPERATING ACTIVITIES (A) | 319,392,373 | 319,025,065 |
| B Cash flow from investing activities | | |
| Addition / Revaluation to fixed Assets including Capital Work in Progress | (1,158,771,721) | (1,854,586,337) |
| Sale of Fixed Assets | 2,103,177 | 266,378,712 |
| Sale of investments | 64,748,122 | (114,460,764) |
| Purchase of Investments | (166,673) | (80,182,293) |
| Income from current investments | 11,901,295 | 16,373,523 |
| NET CASH FROM INVESTING ACTIVITIES (B) | (1,080,185,800) | (1,766,477,159) |
| C Cash Flow from Financing Activities | | |
| Proceeds / (Repayment) of Borrowings (Net) | 723,199,925 | 1,324,572,490 |
| Interest Income | 2,775,471 | 2,564,754 |
| Interest Expenses | (133,552,927) | (48,581,424) |
| Exchange Loss/(Gain) on Current Assets & Liabilities | 46,620,389 | (393,010) |
| Dividend Paid | - | (89,871,668) |
| Tax on dividend paid | - | (12,604,502) |
| NET CASH FROM FINANCING ACTIVITIES (C) | 639,042,858 | 1,175,686,640 |
| NET CHANGES IN CASH & CASH EQUIVALENT (A+B+C) | (121,750,569) | (271,765,454) |
| CASH & CASH EQUIVALENTS - OPENING BALANCE | 200,424,631 | 472,190,085 |
| OPENING BALANCE of CASH & CASH EQUIVALENTS of HAYTRANS (INDIA) LTD | 6,964,610 | |
| ADD : NET CHANGES IN CASH & CASH EQUIVALENT AS ABOVE | (121,750,569) | (271,765,454) |
| CASH & CASH EQUIVALENTS - CLOSING BALANCE | 85,638,672 | 200,424,631 |
| CLOSING CASH & CASH EQUIVALENTS CONSISTS OF | | |
| CASH ON HAND (Refer Schedule 8) | 4,318,536 | 3,048,891 |
| BALANCE WITH SCHEDULE BANK IN CURRENT ACCOUNT (Refer Schedule 8) | 48,205,255 | 67,994,216 |
| INVESTMENT IN LIQUID FUND SECURITIES (Refer Schedule 5) | 33,114,882 | 129,381,524 |
| TOTAL | 85,638,673 | 200,424,631 |

- Notes:** 1) The above statement has been prepared by indirect method except in case of dividend and investments which have been considered on the basis of actual movement of cash.
2) Cash and Cash equivalents include cash and bank balances and Investments in Liquid funds and Mutual Funds

AS PER OUR REPORT ATTACHED

For PKF Sridhar & Santhanam

Chartered Accountants

S.Ramakrishnan

Partner

Membership No. 18967

Place : Mumbai

Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan

Chairman & Managing Director

Place : Mumbai

Date : 30th June, 2008

Directors' Report

Your Directors are pleased to present the Fifteenth Annual Report and the Audited Accounts for the financial year ended 31st March, 2008.

FINANCIAL PERFORMANCE

| | Current Year ended 31.03.2008 | (Rs. in Lacs) Previous Year ended 31.03.2007 |
|--|--|---|
| Operating Income | 14,437.65 | 9,573.44 |
| Other Income | 89.52 | 28.43 |
| Profit before Interest, Depreciation and Tax | 160.56 | 393.91 |
| Less: Interest | 91.30 | 61.45 |
| Depreciation | 67.45 | 43.53 |
| Profit Before Tax | 1.81 | 288.93 |
| Less: Provision for Tax | | |
| Current | 0.21 | 68.82 |
| Deferred | 37.13 | 29.11 |
| Fringe Benefit Tax | 5.45 | 3.27 |
| Profit / (Loss) After Tax | (40.98) | 166.88 |
| Surplus / Deficit Brought Forward from Previous Year | 254.55 | 87.66 |
| Surplus Carried to Balance Sheet | 213.57 | 254.55 |

DIVIDEND

Your Directors do not recommend any dividend for the financial year 2007-08.

REVIEW OF OPERATIONS

Your Company is the logistics arm of Shreyas Shipping & Logistics Ltd. It is dedicated towards offering focused terrestrial logistics services including mid size and small parcel services. It provides seamless door to door multimodal transportation solutions. The operating earnings during the year increased by 50.81% from Rs. 9,573.44 lacs during 2006-07 to Rs. 14,437.65 lacs during 2007-08.

QUALITY

Your Company firmly believes that the pursuit of excellence is one of the most critical components for success in the competitive market and therefore consistently strives to adhere to the highest quality standards. Your Company has been certified by DNV Quality Registrar in accordance with Standard ISO 9001: 2000 for Systems for Multimodal Transportation of Cargo up to 30th November, 2009.

FIXED DEPOSITS

The Company has not accepted fixed deposits from the public during the year under review.

HOLDING COMPANY

Your Company continues to be a wholly-owned subsidiary of Shreyas Shipping and Logistics Limited as defined under Section 4(1)(b) of the Companies Act, 1956.

SUBSIDIARY COMPANY

The Company has no subsidiary company during the year under review.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr. V. Ramnarayan retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Anil Devli has been appointed as an Additional Director (Executive Director) of the Company with effect from 1st August, 2007 to hold office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notice under Section 257 of the Companies Act, 1956 from a member proposing the appointment of Mr. Anil Devli as an Executive Director of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNING AND OUTGO

Under the Notification No. GSR 1029 dated 31st December, 1988, Companies are required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to your Company, as the industry in which the Company

operates is not included in the Schedule to the relevant rules.

With regard to foreign exchange earnings and outgo, the position is as under:

Rs. in Lacs (2007-08)

| | |
|--|----------|
| (i) Foreign exchange earnings (on accrual basis) | 3,077.04 |
| (ii) Foreign exchange outgo including operating and other expenditure, purchase of containers in foreign currency (on accrual basis) | 1,689.10 |

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors confirm that, to the best of their knowledge and belief, in respect of the year ended on 31st March, 2008;

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- appropriate accounting policies have been selected and applied consistently, and such judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on 31st March, 2008;
- proper and sufficient care has been taken 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; and
- the annual accounts have been prepared on a 'going concern' basis.

AUDITORS

M/s PKF Sridhar & Santhanam, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and offer themselves for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

COST AUDIT

The Central Government has not recommended cost audit of the Company during the year under consideration.

PERSONNEL

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 which is required to form part of this Report has been sent to the shareholders separately.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and acknowledge with gratitude, the support and co-operation that the Company received from the Government of India, the Ministry of Shipping, the Ministry of Finance, the Ministry of Corporate Affairs, the Directorate General of Shipping, the Mercantile Marine Department, the Reserve Bank of India, the Central Board of Excise and Customs and other government agencies.

Your Directors thank the Company's clients, vendors, bankers and the employees and look forward to their continued support.

For and on behalf of the Board of Directors

S. Ramakrishnan
Chairman

Place: Mumbai
Date: 30th June, 2008

Auditors' Report

To
The Members of Shreyas Relay Systems Ltd.

1. We have audited the attached Balance Sheet of Shreyas Relay Systems Ltd. as at 31st March, 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on that date from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (b) In case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For PKF Sridhar & Santhanam.
Chartered Accountants

S. Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date: 30th June, 2008

Annexure to the Auditors' Report (Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The major fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification;
- (c) A substantial part of fixed assets have not been disposed of during the year.
- (ii) The Company has no inventories.
- (iii) (a) The Company has not given any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has repaid interest free unsecured loan of Rs 88 lakhs taken in the previous year, which was outstanding at the beginning of the year and Rs.550 lakhs taken in the current year from its holding Company, Shreyas Shipping and Logistics Ltd., the terms and conditions of which are not prima facie prejudicial to the interests of the Company The Company has not taken any other loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. No goods are sold by the Company. There is no continuing failure to correct major weaknesses in internal control system;
- (v) (a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) In respect of transactions exceeding the value of Rs Five lakhs in respect of each party made in pursuance of such contracts or arrangements, they have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;
- (vi) The Company has not accepted deposits from the public.
- (vii) The Company has an internal audit system commensurate with its size and nature of its business.
- (viii) Maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act,
- (ix) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) There are no dues of Income tax/sales tax/Wealth tax/Service tax//custom duty/excise duty/Cess that have not been deposited on account of any dispute.
- (x) The Company has been in existence for less than 5 years and hence clause (x) is not applicable.
- (xi) The Company has not defaulted in repayment of dues to any financial institution or bank or debentureholders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- (xiii) As this Company is not a Nidhi/Mutual benefit fund/ Society, the provisions of special statute applicable to chit fund, is not applicable to this Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

- (xvi) The term loans taken from the Bank were applied for the purpose for which they were obtained.
- (xvii) On an overall examination of the Balance Sheet, we report that the funds raised on short-term basis have been used for long term investment
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any debentures.
- (xx) There have been no public issues during the year.
- (xxi) No fraud on or by the Company has been noticed or reported during the year.

For PKF Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date : 30th June, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| | Schedule | AS AT 31.03.2008 | AS AT 31.03.2007 |
|--|----------|---------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| SHARE CAPITAL | 1 | 25,000,000 | 25,000,000 |
| RESERVES AND SURPLUS | 2 | 20,754,310 | 25,454,800 |
| | | <u>45,754,310</u> | <u>50,454,800</u> |
| LOAN FUNDS | | | |
| SECURED LOANS | 3 | 200,042,544 | 50,000,000 |
| UNSECURED LOANS | 4 | - | 8,800,000 |
| | | <u>200,042,544</u> | <u>58,800,000</u> |
| DEFERRED TAX LIABILITY (NET) | | <u>8,487,000</u> | <u>5,085,000</u> |
| TOTAL | | <u><u>254,283,854</u></u> | <u><u>114,339,800</u></u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| GROSS BLOCK | 5 | 167,155,974 | 108,532,656 |
| LESS : DEPRECIATION | | 12,942,339 | 6,295,884 |
| NET BLOCK | | <u>154,213,635</u> | <u>102,236,772</u> |
| CAPITAL WORK- IN-PROGRESS | | 205,616 | 85,011 |
| TOTAL | | <u><u>154,419,251</u></u> | <u><u>102,321,783</u></u> |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| SUNDRY DEBTORS | 6 | 166,626,652 | 83,346,770 |
| CASH AND BANK BALANCES | 7 | 11,372,841 | 28,896,763 |
| OTHER CURRENT ASSETS | 8 | 15,250,500 | 1,465,393 |
| LOANS AND ADVANCES | 9 | 77,714,430 | 20,441,629 |
| CURRENT ASSETS TOTAL (A) | | <u>270,964,423</u> | <u>134,150,555</u> |
| LESS : CURRENT LIABILITIES AND PROVISIONS | | | |
| CURRENT LIABILITIES | 10 | 167,695,395 | 121,278,324 |
| PROVISIONS | 11 | 3,404,425 | 854,214 |
| CURRENT LIABILITIES TOTAL (B) | | <u>171,099,820</u> | <u>122,132,538</u> |
| NET CURRENT ASSETS (A - B) | | <u>99,864,603</u> | <u>12,018,017</u> |
| TOTAL | | <u><u>254,283,854</u></u> | <u><u>114,339,800</u></u> |
| NOTES TO THE ACCOUNTS | 17 | | |

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
Membership No. 18967

S. Ramakrishnan
Chairman

Anil Devli
Executive Director

V. Ramnarayan
Director

Sameer Chavan
Company Secretary

Place : Mumbai
Date : 30th June, 2008

Place : Mumbai
Date : 30th June, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| | Schedule | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|----------|--------------------------|--------------------------|
| INCOME | | | |
| OPERATING EARNINGS | 12 | 1,443,765,324 | 957,344,215 |
| OTHER INCOME | 13 | 8,951,599 | 2,842,876 |
| TOTAL INCOME | | 1,452,716,923 | 960,187,091 |
| EXPENDITURE | | | |
| OPERATING EXPENSES | 14 | 1,387,539,845 | 900,954,390 |
| ADMINISTRATION & OTHER EXPENSES | 15 | 49,121,058 | 19,842,090 |
| INTEREST | 16 | 9,129,530 | 6,144,603 |
| DEPRECIATION | 5 | 6,745,238 | 4,353,394 |
| TOTAL EXPENDITURE | | 1,452,535,671 | 931,294,477 |
| PROFIT BEFORE TAX | | 181,252 | 28,892,614 |
| LESS PRIOR PERIOD EXPENSES | | - | 2,083,501 |
| PROVISION FOR TAX FOR THE YEAR | | | |
| – CURRENT | | 21,000 | 6,882,000 |
| – DEFERRED TAX | | 3,712,582 | 2,911,000 |
| – SHORT PROVISION FOR TAX | | - | - |
| – FRINGE BENEFIT TAX | | 545,000 | 327,352 |
| PROFIT/(LOSS) AFTER TAX | | (4,097,330) | 16,688,761 |
| SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR | | 25,454,800 | 8,766,039 |
| SURPLUS/(DEFICIT) CARRIED TO BALANCE SHEET | | 21,357,470 | 25,454,800 |
| NOTES TO THE ACCOUNTS | | | |
| Earnings per Share (Basic & Diluted) Ref Note No. 4 In schedule No. 17 | 17 | (1.64) | 15.93 |

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For PKF Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
Membership No. 18967

S.Ramakrishnan
Chairman

Anil Devli
Executive Director

V. Ramnarayan
Director

Sameer Chavan
Company Secretary

Place : Mumbai
Date : 30th June, 2008

Place : Mumbai
Date : 30th June, 2008

**SCHEDULES TO BALANCE SHEET**

(AMOUNT IN RUPEES)

SCHEDULE 1 : SHARE CAPITAL**AUTHORISED**

30,00,000 Equity Shares of Rs 10/- each

| AS AT 31.03.2008 | AS AT 31.03.2007 |
|---------------------|---------------------|
|---------------------|---------------------|

| | |
|------------|------------|
| 30,000,000 | 30,000,000 |
|------------|------------|

| | |
|-------------------|-------------------|
| <u>30,000,000</u> | <u>30,000,000</u> |
|-------------------|-------------------|

ISSUED, SUBSCRIBED AND PAID-UP

25,00,000 Equity Shares of Rs 10/- each fully Paid-up

All the shares are held by Shreyas Shipping & Logistics Ltd, the Holding Company and its nominees

| | |
|------------|------------|
| 25,000,000 | 25,000,000 |
|------------|------------|

TOTAL

| | |
|-------------------|-------------------|
| <u>25,000,000</u> | <u>25,000,000</u> |
|-------------------|-------------------|

SCHEDULE 2 : RESERVES AND SURPLUS**SURPLUS:**

Balance in Profit & Loss A/c.

| | |
|------------|------------|
| 21,357,470 | 25,454,800 |
|------------|------------|

Less: Opening adjustment for Gratuity & Leave encashment (AS-15)

| | |
|---------|---|
| 603,160 | - |
|---------|---|

TOTAL

| | |
|-------------------|-------------------|
| <u>20,754,310</u> | <u>25,454,800</u> |
|-------------------|-------------------|

SCHEDULE 3 : SECURED LOANS**Loan from Banks**

Standard Chartered Bank (Term Loan)

| | |
|------------|------------|
| 74,400,000 | 50,000,000 |
|------------|------------|

Secured by Hypothecation of specific Containers and Corporate guarantee from Shreyas Shipping & Logistics Ltd, the Holding Company

Standard Chartered Bank (Short Term Working Capital Loan) Secured by first pari passu charge over the books debts of the company & corporate guarantee from Shreyas Shipping & Logistics Ltd, the Holding Company

| | |
|------------|---|
| 92,500,000 | - |
|------------|---|

State Bank of India (FCNR Term Loan including interest due) Secured by Hypothecation of specific Containers and Corporate guarantee from Shreyas Shipping & Logistics Ltd, the Holding Company

| | |
|------------|---|
| 24,394,203 | - |
|------------|---|

Standard Chartered Bank (Over Draft) Secured by first pari passu charge over the books debts of the company & corporate guarantee from Shreyas Shipping & Logistics Ltd, the Holding Company

| | |
|-----------|---|
| 8,748,341 | - |
|-----------|---|

TOTAL

| | |
|--------------------|-------------------|
| <u>200,042,544</u> | <u>50,000,000</u> |
|--------------------|-------------------|

SCHEDULE 4 : UNSECURED LOANS

From Holding Company

| | |
|---|-----------|
| - | 8,800,000 |
|---|-----------|

TOTAL

| | |
|----------|------------------|
| <u>-</u> | <u>8,800,000</u> |
|----------|------------------|

SCHEDULE 5 : FIXED ASSETS

(AMOUNT IN RUPEES)

| DESCRIPTION | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|-----------------------------------|--------------------------|-------------------|----------------------------|--------------------------|--------------------|------------------|----------------------------|---------------------|---------------------|---------------------|
| | COST AS AT 01.04.2007 | ADDITIONS | DEDUCTIONS/ ADJUSTMENTS | COST AS AT 31.03.2008 | AS AT 1.04.2007 | FOR THE YEAR | DEDUCTIONS/ ADJUSTMENTS | AS AT 31.03.2008 | AS AT 31.03.2008 | AS AT 31.03.2007 |
| CONTAINER EQUIPMENT | 107,248,205 | 47,691,184 | 273,174 | 154,666,215 | 6,029,580 | 5,789,356 | 17,975 | 11,800,961 | 142,865,254 | 101,218,625 |
| FURNITURE & FIXTURES | 108,682 | 7,544,182 | - | 7,652,864 | 53,582 | 407,200 | - | 460,782 | 7,192,082 | 55,100 |
| COMPUTERS | 530,032 | 819,940 | - | 1,349,972 | 109,168 | 172,537 | - | 281,705 | 1,068,267 | 420,864 |
| OFFICE EQUIP- MENTS | 137,460 | 1,017,195 | - | 1,154,655 | 27,232 | 60,836 | - | 88,068 | 1,066,587 | 110,228 |
| VEHICLES | 508,277 | - | 508,277 | - | 76,322 | 4,486 | 80,808 | - | - | 431,955 |
| TRAILOR (VE- HICLE) | - | 2,332,268 | - | 2,332,268 | - | 310,823 | - | 310,823 | 2,021,445 | - |
| TOTAL AS ON 31.03.2008 | 108,532,656 | 59,404,769 | 781,451 | 167,155,974 | 6,295,884 | 6,745,238 | 98,783 | 12,942,339 | 154,213,635 | 102,236,772 |
| TOTAL AS ON 31.03.2007 | 60,341,818 | 48,190,838 | - | 108,532,656 | 1,942,490 | 4,353,394 | - | 6,295,884 | 102,236,772 | |

SCHEDULE 6 : SUNDRY DEBTORS

(Unsecured, considered good, unless otherwise stated)

Debts outstanding for a period exceeding six months

Considered Good

Considered doubtful

Less: Provision for doubtful debts

Others

TOTAL

| | |
|-----------------------------|-----------------------------|
| AS AT 31.03.2008 | AS AT 31.03.2007 |
|-----------------------------|-----------------------------|

7,526,041 273,413

695,966 -

8,222,007 273,413

695,966 -

7,526,041 273,413

159,100,611 83,073,357

166,626,652 83,346,770

SCHEDULE 7 : CASH AND BANK BALANCES

Cash on Hand

With Scheduled Banks

in Current Accounts

in Margin Money Deposit*

(*Pledged with Bank as Margin for Guarantees issued)

TOTAL

29,053 4,614

10,843,788 27,392,149

500,000 1,500,000

11,372,841 28,896,763

(AMOUNT IN RUPEES)

SCHEDULE 8 : OTHER CURRENT ASSETS

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|-------------------------------------|---------------------|---------------------|
| Income accrued | 1,950,000 | 1,374,020 |
| Interest income accrued but not due | 30,938 | 91,373 |
| Unfinished Voyage Expenses | 12,429,556 | - |
| Claim Receivable | 840,006 | - |
| TOTAL | 15,250,500 | 1,465,393 |

SCHEDULE 9 : LOANS AND ADVANCES

(Unsecured, considered good)

| | | |
|--|-------------------|-------------------|
| Advance for Capital Expenditure | 6,127,589 | 3,535,333 |
| Advances recoverable in cash or in kind or for value to be received | 44,721,896 | 8,437,490 |
| Advance Income Tax less provision | 23,708,137 | 6,670,774 |
| Deposits | 3,156,808 | 1,798,032 |
| TOTAL | 77,714,430 | 20,441,629 |

SCHEDULE 10 : CURRENT LIABILITIES

| | | |
|------------------------------------|--------------------|--------------------|
| Sundry Creditors for Trade | | |
| Due to Micro and Small Enterprises | - | - |
| Due to Others | 153,149,042 | 119,107,013 |
| Creditors for Expenses | 9,200,386 | 1,522,612 |
| Unfinished voyage income | 1,320,200 | - |
| Other Liabilities | 4,025,767 | 648,699 |
| TOTAL | 167,695,395 | 121,278,324 |

SCHEDULE 11 : PROVISION

| | | |
|--------------------------------|------------------|----------------|
| Provision for Leave Encashment | 2,420,963 | 854,214 |
| Provision for Gratuity | 983,462 | - |
| TOTAL | 3,404,425 | 854,214 |

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

| | Year ended 31.03.2008 | Year ended 31.03.2007 |
|---|--------------------------|--------------------------|
| SCHEDULE 12 : OPERATING EARNINGS | | |
| Domestic Freight income | 1,110,556,541 | 733,754,123 |
| Liner Income | 329,720,634 | 222,713,909 |
| Express Cargo Income | 573,149 | 876,183 |
| Trailer Income | 2,915,000 | - |
| TOTAL | 1,443,765,324 | 957,344,215 |
| SCHEDULE 13: OTHER INCOME | | |
| Interest on bank deposit (TDS Rs 11,711/- Previous Year Rs 19,454/-) | 51,682 | 86,688 |
| Other Income (Profit share on Operational Arrangement) | 1,950,315 | - |
| Gains on exchange Rate Variation (Net) | 6,949,602 | 2,756,188 |
| TOTAL | 8,951,599 | 2,842,876 |
| SCHEDULE 14 : OPERATING EXPENSES | | |
| Terminal Handling Charges Domestic | 204,678,608 | 90,937,068 |
| Transportation Expenses | 329,264,092 | 147,840,740 |
| Other Domestic Expenses | 20,972,475 | 32,976,177 |
| Terminal Handling Charges Liner | 91,594,065 | 34,928,273 |
| Other Liner Expenses | 4,505,559 | 6,267,698 |
| Godown Rent | 2,737,340 | 1,795,220 |
| Trailer Expenses | 2,568,714 | - |
| Container/Cargo Insurance | 2,347,784 | 540,506 |
| Container Lease Rent | 54,038,291 | 40,512,029 |
| Other Operating Expenses | 2,080,531 | 4,168,163 |
| Express cargo Expenses | 854,304 | 1,486,049 |
| Agency Fees | 16,723,094 | 12,591,088 |
| Brokerage / Commission | 5,471,975 | 5,759,585 |
| Ocean Freight Charges | 649,703,013 | 521,151,794 |
| TOTAL | 1,387,539,845 | 900,954,390 |
| SCHEDULE 15 : ADMINISTRATION & OTHER EXPENSES | | |
| Salaries and Other Allowances | | |
| Salaries and Bonus | 22,413,654 | 8,011,072 |
| Contribution to Provident Fund and Gratuity | 1,586,657 | 516,861 |
| Staff Welfare | 1,515,721 | 698,390 |
| Total | 25,516,032 | 9,226,323 |
| Postage, Telephone and Fax | 1,724,802 | 871,483 |
| Travelling and Conveyance | 2,190,226 | 1,442,070 |
| Professional & Consultancy Fees | 4,275,174 | 1,356,440 |
| Provision for Doubtful Debts | 695,966 | - |
| Insurance Expenses | 200,657 | 115,135 |
| Gifts & Presents | 11,597 | 31,067 |
| Rent | 5,515,920 | 1,149,438 |
| Loss on Sale of Assets | 378,699 | - |
| Director Sitting Fees | 85,000 | 40,000 |
| Rates and Taxes | - | 113,129 |
| Donation | 400,000 | 300,000 |
| Miscellaneous Expenses | 8,126,985 | 5,197,005 |
| TOTAL | 49,121,058 | 19,842,090 |
| SCHEDULE 16 : INTEREST | | |
| On Loans for Fixed Periods | 7,182,981 | 6,144,603 |
| On Working Capital Loan | 1,946,549 | - |
| TOTAL | 9,129,530 | 6,144,603 |

SCHEDULE 17 : NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

(i) Accounting basis and convention

The Financial Statements are prepared under the historical cost convention on accrual and going concern basis and comply with Section 211 (3C) of the Companies Act, 1956.

(ii) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use. When assets are retired or otherwise disposed off, the cost of such assets and related accumulated depreciation are removed from the accounts. Any profit or loss on retirement or other disposal is reflected in Profit and Loss Account.

(iii) Depreciation

Depreciation on Fixed Assets has been provided on straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

In respect of second hand Trailors, the depreciation rate is based on balance useful life derived from the rate specified in Schedule XIV to the Companies Act, 1956.

Depreciation on leasehold improvements is provided on the basis that the leases would be renewed consistent with past practice.

(iv) Foreign Exchange Transactions

- a) Transactions in foreign currencies are recorded at standard exchange rates prevailing in the respective months of the relevant transactions. The realized exchange gains or losses are recognized in the Profit and Loss Account .
- b) Monetary Assets and Liabilities denominated in foreign currency are translated at the year end exchange rates. The resultant gain or loss on such translation is recognized in the Profit and Loss Account.

(v) Revenue Recognition

- a) All Income and expenditure are accounted for, on accrual basis other than interest on overdue bills which is accounted on receipt basis.
- b) Operating Income represent freight earnings. Freight income is recognized once the ship calls on the port of delivery in case of domestic voyages. In case of liner operations, income is recognized once the ship sails from the port of loading.
- c) Income and Expenses relating to unfinished legs of voyages as at the date of Balance Sheet are carried forward and included under Current Liabilities and Current Assets respectively in case of domestic voyages.

(vi) Employee Benefits

Contributions to the Provident Fund are made to Provident Fund Organization and charged to the Profit & Loss Account.

The Company has defined Benefit plan namely Gratuity for employees, the liability for which is determined on the basis of an actuarial valuation at the end of the year. With effect from the current year, the liability for the defined benefit plans and long term compensated absences is determined by actuary as per the Revised Accounting Standard (AS) 15 on "Employee Benefits".

The Company contributes to the Group Gratuity scheme of Life Insurance Corporation of India.

(vii) Taxation

Provision for tax is made as per Income Tax Act, 1961. Deferred tax resulting from difference between book and tax profit is accounted for at the current rate of tax, to the extent the timing differences are expected to crystallize. Deferred tax assets are recognized only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying value at each Balance Sheet date. When there are unabsorbed depreciation and carry forward losses as per Income Tax Act, deferred tax assets are recognised only if there exists virtual certainty of their realisation.

(viii) Asset Impairment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each Balance Sheet date. Impairment loss, if any, is recognized in the year in which impairment takes place.

(ix) Provisions and Contingent liabilities

Provisions are recognised when there is a present obligation as a result of past events where it is probable that there will be outflow of resource to settle the obligation and when a reliable estimate of the amount of the obligation can be made. When any such present obligation cannot be measured or where a realistic estimate of the obligation cannot be made, Contingent liabilities are recognised.

Contingent liabilities are also recognised when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more certain future events not wholly within the control of the Company.

NOTES ON ACCOUNTS

1. Changes in accounting policies:

- a. Liner income is recognised from the current year once the ship sails from the port of loading; till the previous year this income was accounted once the ship called on the port of delivery. Impact of this change decreases the net loss after tax for the year by Rs. 51.43 lakhs.
- b. During the year the Company has changed the basis of determining liability for retirement benefits in line with Revised Accounting Standard (AS) 15 on "Employee Benefits".

Consequent to the change:

Additional provision of Rs. 6.03 lakhs (net of deferred tax) has been adjusted against the opening balance in the Profit & Loss Account as at April 1, 2007 in terms of the transitional provisions of the Standard as under:

- Additional provision for gratuity of the past years
(net of deferred tax adjustment of Rs. 2.27 lakhs) Rs. 4.41 lakhs
- Additional provision for leave encashment for earlier years
(net of deferred tax adjustment of Rs. 0.83 lakhs) Rs. 1.62 lakhs

Total Adjustment Rs. 6.03 lakhs

The impact of the change due to the adoption of AS-15 (Revised) on the financial statements for the current year is not ascertainable.

The disclosure requirements under Revised AS-15 are given hereunder:

(A) Gratuity Benefits

(a) Description of the Gratuity Plan:

The Company provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees.

(b) Amount recognized in the Balance Sheet and movements in net liability:

| (Rs. in Lakhs) | | |
|--|-------------|-------------|
| Particulars | 2007 – 2008 | 2006 - 2007 |
| Present Value of Funded Obligations | 15.16 | 7.77 |
| Fair Value of Plan Assets | (5.33) | (1.08) |
| Net liability | 9.83 | 6.69 |
| Amounts in the Balance Sheet | | |
| Liabilities | 9.83 | 6.69 |
| Assets | 0.00 | 0.00 |
| Net Liability | 9.83 | 6.69 |
| Net Liability recognised in the Balance Sheet | 9.83 | 6.69 |

(c) The fair value of the plan assets does not include the Company's own financial instruments.

(d) Expenses recognized in the statement of Profit & Loss Account

| (Rs. in Lakhs) | |
|--|-------------|
| Particulars | 2007 – 2008 |
| Current Service Cost | 1.40 |
| Interest on Defined Benefit Obligation | 0.70 |
| Expected Return on Plan Assets | (0.21) |
| Net Actuarial Losses/ (Gains) Recognized in the year | 5.39 |
| Past Service Cost | - |
| Losses/ (Gains) on "Curtailments & Settlements" | - |
| Effect of the limit in Para 59(b) | - |
| Total | 7.28 |

- (e) The Actual Return on Plan Assets is Rs. 0.30 lakh.
(f) Actuarial Assumptions at the Valuation date

| Particulars | 2007 – 2008 |
|---|--|
| Discount Rate | 7.80% p.a. |
| Expected Rate of Return on Plan Assets* | 7.50% p.a. |
| Salary Escalation Rate | 10.00% for the first 4 yrs & 7% thereafter |

* This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

- (g) Descriptions of the Plan Assets

| Category of Assets | 2007 – 2008 |
|--------------------------------|-------------|
| Government of India Securities | 0% |
| Corporate Bonds | 0% |
| Special Deposit Scheme | 0% |
| Insurer Managed Funds | 100% |
| Others | 0% |
| Total | 100% |

(B) Privileged Leave Encashment (Compensated Absences for Employees)

The Company permits encashment of privileged leave accumulated by their employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The privileged leave liability is not funded.

- (a) Actuarial Assumptions at the Valuation date

| Particulars | 2006 – 2007 |
|------------------------|--|
| Discount Rate | 7.80% p.a. |
| Salary Escalation Rate | 10.00% for the first 4 yrs & 7% thereafter |

- (b) Amount recognized in Balance Sheet & movements in net liability:

(Rs. In Lakhs)

| Particulars | Leave Encashment (Compensated Absences for Employees) |
|---|---|
| Balance of Compensated Absences as on 31.03.2007 (X) | 10.99 |
| Present value of Compensated Absences as on 31.03.2008 (As per actuary valuation) (Y) | 24.21 |

2. Information pursuant to para 4-D, clauses a,b,c and e of Part II of Schedule VI of the Companies Act, 1956 has not been given as an exemption has been granted by the Department of Company Affairs Vide Order No.46/26/2008-CL-III. Dated 14th May, 2008.
3. Foreign Currency exposures not hedged by derivative instrument.

(Amount in equivalent US Dollar)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|------------------------------|-----------------------|-----------------------|
| a) Receivables | 5,23,595 | 1,84,611 |
| b) Payables | 2,79,733 | 41,030 |
| c) FCNR Loan taken from Bank | 6,00,000 | NIL |

The Company does not have any derivatives.

4. Working for Earnings per share

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|--|--------------------------|--------------------------|
| Weighted average number of Equity shares | 2500000 | 1047945 |
| Nominal value Per Share | Rs. 10/- | Rs. 10/- |
| Profit/(Loss) after Tax | (Rs.40,97,330/-) | Rs.1,66,88,761/- |
| Earnings Per Share (Basic & Diluted) | (Rs. 1.64) | Rs. 15.93 |

5. Deferred Tax

(Amount in Rupees)

| Particulars | Year ended 31.03.2008 | Year ended 31.03.2007 |
|--|--------------------------|--------------------------|
| Deferred Tax Liabilities | | |
| Timing Difference on Depreciation | 96,11,000 | 53,75,000 |
| Less: | | |
| Deferred Tax Assets | | |
| Timing differences on Leave encashment & Preliminary Expense | 11,24,000 | 2,90,000 |
| Net Deferred Tax Liability | 84,87,000 | 50,85,000 |

6. Loans and advances include the following dues from companies under the same management.

(Amount in Rupees)

| Name of the Company | Year ended on 31.3.2008 | Year ended on 31.3.2007 | Maximum amount due at any one time during the year |
|--|----------------------------|----------------------------|---|
| Relay Shipping Agency Limited | 3,53,36,266 | NIL | 6,69,05,948 |
| Orient Express Ship Management Limited | NIL | 5,000 | 5,000 |

7. AUDITORS REMUNERATION (included in Administration & Other expenses –Schedule 15)

(Amount in Rupees)

| | Year ended 31.03.2008 | Year ended 31.03.2007 |
|--|--------------------------|--------------------------|
| (i) As Auditors (including Service Tax) | 3,37,080 | 3,37,080 |
| (ii) In other capacity (including Service Tax) | | |
| a) Tax Audit Fees | 95,476 | 95,476 |
| b) Fees for Certification | 39,314 | 18,836 |
| c) Travel expenses | 13,849 | |

8. CONTINGENT LIABILITIES

(Amount in Rupees)

| | As at 31.03.2008 | As at 31.03.2007 |
|---|------------------|------------------|
| a) Bank Guarantees issued to Customers/vendors. | 33,00,000 | 15,00,000 |
| b) Estimated amount of contracts on Capital Account not provided for. | NIL | 1,02,76,117 |

9. Segment Reporting

- The Company's business is only in one segment namely Logistics.
- Geographical Segment (Based on Location of customers)

(Amount in Rupees)

| PARTICULARS | Year ended 31.03.2008 | Year ended 31.03.2007 |
|----------------------|--------------------------|--------------------------|
| In India | 1,42,19,40,155 | 93,10,79,016 |
| In Pakistan | 92,64,860 | 2,16,31,567 |
| Rest of World | 2,15,11,908 | 74,76,508 |
| TOTAL REVENUE | 1,45,27,16,923 | 96,01,87,091 |

10. Accounting for Lease

- The Company has taken Containers on Cancelable Operating Lease and the lease rental of Rs.5,40,38,291/- (P.Y Rs 4,05,12,029) is charged to the Profit and Loss Account.
 - The Company has taken Vehicles on Cancelable Operating Lease and the lease rental of Rs. 16,29,319/- (P.Y Rs.7,71,015/-) is charged to the Profit and Loss Account.
11. The Company does not owe any moneys to Micro and Small enterprises as of 31st March, 2008. This information required to be disclosed under the Micro, Small & Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

| | | |
|-----|--|-----|
| (a) | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year; | Nil |
| (b) | The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; | Nil |
| (c) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | Nil |
| (d) | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil |
| (e) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | N.A |

12. Income from operating arrangement with a company for warehousing, is accounted based on unaudited financial statements received from them.
13. Related Party Transactions (Refer Annexure 1)
14. Previous years figures have been regrouped/recast wherever necessary to conform to the current year's classifications.

SIGNATURES TO SCHEDULES 1 TO 17

FOR AND ON BEHALF OF THE BOARD

For PKF Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
Membership No. 18967

Place : Mumbai
Date : 30th June, 2008

S.Ramakrishnan
Chairman

V. Ramnarayan
Director

Place : Mumbai
Date : 30th June, 2008

Anil Devli
Executive Director

Sameer Chavan
Company Secretary

13) RELATED PARTY TRANSACTIONS (as on 31.03.08)

| TRANSACTION | Holding company | Fellow Subsidiaries | Other related parties* | Key Management personnel* | (Rs.in 000) | |
|--|-----------------|---------------------|------------------------|---------------------------|----------------------|----------------------|
| | | | | | Total as at 31.03.08 | Total as at 31.03.07 |
| Service / freight income received | | | | | | |
| Haytrans (India) Ltd. | - | 150 | - | - | 150 | 2 |
| Haytrans (Lanka) Pvt Ltd. | - | - | - | - | - | 44 |
| Transworld Shipping & Logistics Ltd. | - | - | - | - | - | 1,050 |
| Relay Shipping Agency Ltd. | - | - | 650 | - | 650 | 231 |
| Albatross Shipping Ltd. | - | - | 3,397 | - | 3,397 | - |
| Clarion Solutions Ltd. | - | - | 186 | - | 186 | - |
| Agency Fees/ Brokerage Paid | | | | | | |
| Relay Shipping Agency Ltd. | - | - | 7,788 | - | 7,788 | 8,655 |
| Crescent Shipping Agency (India) Ltd. | - | - | 77 | - | 77 | 1,038 |
| Albatross Shipping Ltd. | - | - | - | - | - | 8 |
| Clarion Shipping Agency (Pvt.) Ltd. Colombo | - | - | 396 | - | 396 | 690 |
| Haytrans (India) Ltd. | - | 3 | - | - | 3 | - |
| Seabridge Shipping Co LLC. | - | - | 1,441 | - | 1,441 | 29 |
| Donation paid | | | | | | |
| Sivaswamy Memorial Charitable Trust | - | - | 400 | - | 400 | 300 |
| Rent paid | | | | | | |
| Sivaswamy Holdings Pvt. Ltd. | - | - | 3,224 | - | 3,224 | 1,100 |
| S. Ramakrishnan | - | - | - | 398 | 398 | - |
| Container charges paid | | | | | | |
| Haytrans (India) Ltd. | - | - | - | - | - | 8 |
| Admec Logistics Ltd. | - | - | 2,457 | - | 2,457 | 1,867 |
| Transportation charges paid | | | | | | |
| Admec Logistics Ltd. | - | - | 749 | - | 749 | 1,943 |
| Trailer Income | | | | | | |
| Admec Logistics Ltd. | - | - | 2,915 | - | 2,915 | - |
| Trailer Expenses | | | | | | |
| Management fee Admec Logistics Ltd. | - | - | 112 | - | 112 | - |
| Ocean Sea Freight Charges | | | | | | |
| Orient Express Lines Ltd., Mauritius | - | - | 24,887 | - | 24,887 | 5,583 |
| Shreyas Shipping & Logistics Ltd. | 615,874 | - | - | - | 615,874 | 515,522 |
| Orient Express Lines Ltd., Singapore | - | - | 18 | - | 18 | - |
| Relay Shipping Agency Ltd. | - | - | 18 | - | 18 | - |
| Allotment of Equity Shares | | | | | | |
| Shreyas Shipping & Logistics Ltd. | - | - | - | - | - | 20,000 |
| Repayment of Purchases Consideration for business transfer | - | - | - | - | - | 59,437 |
| Purchase of Containers | | | | | | |
| Transworld Logistics Ltd. | - | - | 34,484 | - | 34,484 | 21,220 |
| Purchase of vehicles | | | | | | |
| Admec Logistics Ltd. | - | - | 2,332 | - | 2,332 | - |

| TRANSACTION | Holding company | Fellow Subsidiaries | Other related parties* | Key Management personnel* | (Rs.in 000) | |
|---|-----------------|---------------------|------------------------|---------------------------|----------------------|----------------------|
| | | | | | Total as at 31.03.08 | Total as at 31.03.07 |
| Interest paid on Loan taken | | | | | | |
| Shreyas Shipping & Logistics Ltd. | - | - | - | - | - | 4,148 |
| Loan taken | | | | | | |
| Shreyas Shipping & Logistics Ltd. | 55,000 | - | - | - | 55,000 | 8,800 |
| Repayment of Loan taken | | | | | | |
| Shreyas Shipping & Logistics Ltd. | 63,800 | - | - | - | 63,800 | 28,000 |
| Security deposit given | | | | | | |
| Transworld Management Consultancy Pvt. Ltd. | - | - | - | - | - | 72 |

Outstanding balances pertaining to related parties as at 31st March 2008 (In Rs.'000)

| Nature of balance | Holding company * | Fellow Subsidiaries | Other related parties | Key Management personnel* | TOTAL AS AT 31.03.08 | TOTAL AS AT 31.03.07 |
|----------------------------------|-------------------|---------------------|-----------------------|---------------------------|----------------------|----------------------|
| Debit balances due to company | - | 369 | 35,827 | - | 36,196 | 9,590 |
| Credit balances due from company | 80,538 | - | 7,678 | - | 88,216 | 94,150 |
| Loan from Holding Company | - | - | - | - | - | 8,800 |

- Note:** 1) Figures have been adjusted for exchange rate variations.
2) Reimbursement of expenses incurred by/to Group Companies is not included here.

*** Names of related parties**

| Nature of relationship | Name of the related party |
|--------------------------|---|
| Holding company | Shreyas Shipping & Logistics Ltd. |
| Fellow Subsidiaries | Haytrans (India) Ltd. |
| Key management personnel | S. Ramakrishnan |
| Other related parties | Transworld Shipping & Logistics Ltd. |
| | Orient Express Lines Ltd., Mauritius |
| | Sea Bridge Shipping L.L.C |
| | Crescent Shipping Agency (India) Ltd. |
| | Sivaswamy Holdings Pvt. Ltd. |
| | Transworld Logistics Ltd. |
| | Transworld Management Consultancy Pvt. Ltd. |
| | Albatross Shipping Ltd. |
| | Admec Logistics Ltd. |
| | Clarion Shipping Agency Pvt. Ltd. Colombo |
| | Relay Shipping Agency Ltd. |
| | Sivaswamy Memorial Charitable Trust |
| | Clarion Solutions Ltd. |

Additional information under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile.

| | | | |
|------------|--|----------------------|------------|
| I | Registration details | | |
| | Registration No. | | 77152 |
| | State Code | | 11 |
| | Balance Sheet Date | | 31/03/2008 |
| II | Capital raised during the year | Amount (Rs. in '000) | |
| | Public Issue | | NIL |
| | Rights Issue | | NIL |
| | Private Placement | | NIL |
| III | Position of Mobilization and Deployment of Funds | Amount (Rs. in '000) | |
| | Total Liabilities | | 254284 |
| | Total Assets | | 254284 |
| | Source of Funds | | |
| | Share Capital | | 25000 |
| | Reserves & Surplus | | 20754 |
| | Secured Loans | | 200043 |
| | Unsecured Loans | | NIL |
| | Deferred Tax Liability | | 8487 |
| | Application of Funds | | |
| | Net Fixed Assets | | 154419 |
| | Investments | | NIL |
| | Net Current Assets | | 99865 |
| | Misc. Expenditure | | NIL |
| | Accumulated losses | | NIL |
| IV | Performance of the Company | | |
| | Turnover (Including other income) | | 1452717 |
| | Total Expenditure | | 1452536 |
| | Profit/(Loss) before Tax | | 181 |
| | Profit/(Loss) after Tax and prior period item | | (4097) |
| | Profit/(Loss) after Exceptional Items | | (4097) |
| | Balance available to Equity Shareholders | | (4097) |
| | Earnings per share including Exceptional Items (Rs.) | | (1.64) |
| | Earnings per share excluding Exceptional items (Rs.) | | (1.64) |
| | Interim Equity Dividend Rate % | | NIL |
| | Final Equity Dividend Rate% | | NIL |
| V | Generic Names of three Principal products/Services of the Company | | |
| | Item Code No. (ITC Code) | | NIL |
| | Product description | | NIL |

FOR AND ON BEHALF OF THE BOARD

S.Ramakrishnan
Chairman

Anil Devli
Executive Director

V. Ramnarayan
Director

Sameer Chavan
Company Secretary

Place : Mumbai
Date : 30th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

| Particulars | Year ended 31 st March, 2008 | Year ended 31 st March, 2007 |
|---|--|--|
| A Cashflow from operating activities | | |
| Net profit/ (Loss) Before tax | 181,252 | 28,892,614 |
| Adjusted for: | | |
| Depreciation | 6,745,238 | 4,353,394 |
| Loss on Sale of Fixed Asset | 378,699 | - |
| Provision for Gratuity & Leave Encashment adjusted against Opening Reserve (Gross). | (913,742) | - |
| Interest Expenses | 9,129,530 | 6,144,603 |
| Interest income | (51,682) | - |
| Exchange Loss/(Gain) on Current Assets & Liabilities | (6,949,602) | (2,756,188) |
| Operating Profit Before Working Capital changes (a) | 8,519,693 | 36,634,423 |
| Adjustments for Increase/Decrease in Working Capital | | |
| Increase/(Decrease) in Current Assets | | |
| Sundry Debtors | 83,279,882 | 37,863,571 |
| Margin money deposits | (1,000,000) | 1,000,000 |
| Other Current assets | 13,785,107 | 1,460,708 |
| Loans & Advances | 37,643,182 | (375,622) |
| | 133,708,171 | 39,948,657 |
| Less: Increase/(Decrease) in Current Liabilities | 48,967,282 | 53,429,826 |
| Net increase/(Decrease) in working Capital (b) | 84,740,889 | (13,481,169) |
| Cash Generated from Operations (a) - (b)= (c) | (76,221,196) | 50,115,592 |
| Less: Taxation | 17,603,363 | 10,028,774 |
| Less: Prior period expenses | - | 2,083,501 |
| NET CASH FROM OPERATING ACTIVITIES (A) | (93,824,559) | 38,003,317 |
| B Cash flow from investing activities | | |
| (Addition) to Fixed Assets including capital advances | (62,117,630) | (16,605,567) |
| Sale of Asset | 303,969 | - |
| NET CASH FROM INVESTING ACTIVITIES (B) | (61,813,661) | (16,605,567) |
| C Cash Flow from Financing Activities | | |
| Proceeds / (Repayment) of Borrowings (Net) | 141,242,544 | 30,800,000 |
| Issue of Equity Shares | - | 20,000,000 |
| Deferred Payment credit for purchase consideration | - | (59,436,974) |
| Interest income | 51,682 | - |
| Interest Expenses | (9,129,530) | (6,144,603) |
| Exchange Gain/(Loss) on Current Assets & Liabilities | 6,949,602 | 2,756,188 |
| NET CASH FROM FINANCING ACTIVITIES (C) | 139,114,298 | (12,025,389) |
| NET CHANGES IN CASH & CASH EQUIVALENT (A+B+C) | (16,523,922) | 9,372,361 |
| CASH & CASH EQUIVALENTS - OPENING BALANCE | 27,396,763 | 18,024,402 |
| ADD : NET CHANGES IN CASH & CASH EQUIVALENT AS ABOVE | (16,523,922) | 9,372,361 |
| CASH & CASH EQUIVALENTS - CLOSING BALANCE | 10,872,841 | 27,396,763 |
| CLOSING CASH & CASH EQUIVALENTS CONSISTS OF(Refer Schedule 7) | | |
| CASH ON HAND | 29,053 | 4,614 |
| BALANCE WITH SCHEDULED BANK IN CURRENT ACCOUNT | 10,843,788 | 27,392,149 |
| TOTAL | 10,872,841 | 27,396,763 |

Notes: 1) The above statement has been prepared by indirect method
2) Cash and Cash equivalents include cash and bank balances except Margin money Deposits.

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For PKF Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
Membership No. 18967

S. Ramakrishnan
Chairman

Place : Mumbai
Date : 30th June, 2008

Place : Mumbai
Date : 30th June, 2008

Directors' Report

Your Directors are pleased to present the 28th Annual Report and the Audited Accounts of the Company for the financial year ended 31st March, 2008.

FINANCIAL PERFORMANCE

(Amount in Rs.)

| | Current year ended 31.03.2008 | Previous Year ended 31.03.2007 |
|--|--|--------------------------------------|
| Income | 72,827,408 | 64,933,015 |
| Expenditure | 81,024,396 | 52,589,109 |
| Profit Before Taxation | (8,196,988) | 12,343,906 |
| Less: Earlier year Expenses/Exceptional Item | 1,872,891 | 5,987,766 |
| Less: Provision for Taxation | 1,685,538 | 5,189,553 |
| Profit After Tax | (11,755,417) | 1,166,586 |
| Add: Balance B/F | 291,674 | 4,897,587 |
| Amount available for appropriation | (11,463,743) | 6,064,173 |

DIVIDEND

Your Directors do not recommend any Dividend for the financial year 2007-08.

REVIEW OF OPERATIONS

In view of immense business opportunities between India and China, your Company has commenced business of imports from China to India by sea and air. Your Directors are happy to report that this business is gaining momentum by the passing day. Your Company has been able to create a niche for itself in handling export goods at the domestic end due to consistent performance in handling export shipments of sugar and rice.

Your company has developed specialization in handling of Project Cargo / special equipments (Over Dimension Cargo) movements for export since last three years. This has improved growth at the top line as well as bottom line.

FIXED DEPOSITS

The Company has not accepted fixed deposits from the public during the year under review.

HOLDING COMPANY

Your Company has during the current year become a subsidiary of Shreyas Shipping and Logistics Limited as defined under Section 4(1) (b) of the Companies Act, 1956.

SUBSIDIARY COMPANY

The Company has no subsidiary company during the year under review.

COMPLIANCE CERTIFICATE

Your Directors wish to state that pursuant to Section 383A of the Companies Act, 1956, the Company has obtained requisite Certificate from a Company Secretary in whole-time practice.

DIRECTORS

In accordance with the Articles of Association of the Company and the relevant provisions of the Companies Act, 1956, Mr. V. Ramnarayan, Director, retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

Capt. P.P. Radhakrishnan has been appointed as a Nominee Director of Shreyas Shipping and Logistics Ltd., with effect from 30th October, 2007.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors confirm, to the best of the knowledge and belief, that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures has been made for the same;

- b) appropriate accounting policies have been selected and applied consistently, and such judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the profit of the Company for the year ended on 31st March, 2008;
- c) proper and sufficient care has been taken 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; and
- d) the Annual Accounts have been prepared on a 'going concern' basis.`

AUDITORS

M/s. K. L. Murty & Co., Chartered Accountants, retire at the conclusion of the 28th Annual General Meeting and offers themselves for re-appointment. A certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

Under Notification Number GSR 1029, dated 31st December, 1988, companies are required to furnish prescribed information regarding conservation of energy and technology absorption. This, however, does not apply to your Company. With regard to foreign exchange earnings and outgo, the position is as under:

(In Rs. Lakhs)
(2007-08)

| | |
|--|--------|
| (i) Foreign exchange earnings (on accrual basis) | 246.16 |
| (ii) Foreign exchange outgo (on accrual basis) | 856.67 |

PERSONNEL

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 which is required to form part of this Report has been sent to the shareholders separately.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their gratitude for the excellent assistance and co-operation received from the Company's clients, vendors, business associates and bankers, employees and look forward for their continued support.

For and on behalf of the Board of Directors
For Haytrans (India) Limited

S. Ramakrishnan
Chairman

Place: Mumbai
Date: 30th June, 2008

Auditors' Report

To

The Members of HAYTRANS (INDIA) LIMITED

1. We have audited the attached Balance Sheet of Haytrans (India) Limited as at 31st March, 2008, and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004 issued by the Company Law Board, in terms of sub-section 4A of Section 227 of the Companies Act, 1956 (Order) we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph-3 above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the Directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2008 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008; and
 - b) in case of the Profit and Loss Account, of the loss for the year ended on that date.

For K. L. Murty & Co
Chartered Accountants

K. Uma Murty
Proprietor
Membership Number : 016634

Place : Mumbai
Date : 30th June, 2008

Annexure to the Auditors' Report

Referred to in paragraph 3 of our report of even date on the accounts of Haytrans (India) Limited for the year ended 31st March, 2008.

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- i)
 - a) The Company is maintaining proper records for all the fixed assets showing full particulars including quantitative details and their situation.
 - b) As explained to us, fixed assets are physically verified by the management at end of the year and no significant discrepancies were noticed on such verification.
 - c) Fixed Asset disposed during the year were not substantial and therefore do not affect the going concern assumption.
- ii) In respect of inventory, the said clause is not applicable as there are no inventories in the Company.
- iii)
 - a) The Company has not granted any loans secured or unsecured during the year to the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of clause (iii) (a) above clause (iii) (b), clause (iii) (c) and clause (iii) (d) is not applicable.
 - e) The Company has not taken any loans secured or unsecured during the year from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - f) In view of clause (iii) (e) above clause (iii) (f) and clause (iii) (g) is not applicable.
- iv) There is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets; and the services rendered (the Company does not sell any goods). During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v)
 - a) The particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
 - b) Transactions exceeding the value of Rs. Five Lakh in respect of each party made in pursuance of such contracts or arrangements, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the Public.
- vii) The Company does not have an Internal Audit System.
- viii) The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company.
- ix)
 - a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities and no undisputed amounts payable in respect of the statutory dues were in arrears, as at March 31, 2008 for a period of more than six months from the date they became payable.
 - b) There are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute.
- x) The Company has accumulated losses more than 50% of net worth of the Company at end of the year and also it has incurred cash loss during the financial year covered by audit but has not incurred any cash loss during the immediately preceding financial year.
- xi) The Company has not defaulted in repayment of dues to any financial institution or bank or debentureholders.
- xii) No loans/advances have been given by the Company on the basis of security.
- xiii) Provisions of special statute applicable to chit fund are not applicable to this Company.
- xiv) During the year the Company has not entered any transactions in respect of trading in securities, debentures and other investments.
- xv) The Company has not given guarantees for loans taken by others from banks or financial institutions.
- xvi) The Company has not taken any term loan during the year.
- xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the Company, we are of the opinion that the Company has not utilized any funds raised on short term basis for long term investments.

HAYTRANS (INDIA) LIMITED

- xviii) The Company has not made any preferential allotment to parties and companies covered under register maintained under Section 301 of the Act during the year.
- xix) No debentures have been issued by the Company.
- xx) There has been no Public issue during the year.
- xxi) According to the information and explanations provided to us, no fraud on or by the Company has been noticed or reported during the year.

For K.L. Murty & Co

K. Uma Murty
Proprietor

Membership Number: 016634

Place : Mumbai

Date : 30th June, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

(AMOUNTS IN RUPEES)

| | Schedule | AS AT 31.03.2008 | AS AT 31.03.2007 |
|---|----------|---------------------|---------------------|
| I SOURCES OF FUNDS: | | | |
| 1) SHAREHOLDERS FUNDS: | | | |
| a) Share Capital | A | 2,045,000 | 1,960,000 |
| b) Reserves & Surplus | B | (7,393,951) | 4,367,914 |
| c) Secured Loans | C | 36,126,451 | 28,535,212 |
| TOTAL | | 30,777,500 | 34,863,126 |
| II APPLICATION OF FUNDS: | | | |
| 1) FIXED ASSETS: | D | | |
| a) Gross Block | | 12,500,065 | 10,487,626 |
| b) Less: Depreciation | | 6,933,650 | 5,725,773 |
| c) Net Block | | 5,566,415 | 4,761,853 |
| 2) INVESTMENTS | E | 1,166,673 | 1,000,000 |
| 3) CURRENT ASSETS, LOANS & ADVANCES | F | | |
| a) Sundry Debtors | | 56,484,676 | 58,761,789 |
| b) Cash and Bank Balance | | 1,289,666 | 6,949,974 |
| c) Loans & Advances | | 27,080,857 | 21,196,119 |
| | | 84,855,199 | 86,907,882 |
| LESS: CURRENT LIABILITIES & PROVISIONS | G | | |
| a) Sundry Creditors and other liability | | 47,178,080 | 42,343,083 |
| b) Provisions | | 14,581,998 | 16,172,355 |
| | | 61,760,078 | 58,515,438 |
| NET CURRENT ASSETS | | 23,095,121 | 28,392,444 |
| DEFERRED TAX ASSETS | | 949,291 | 708,829 |
| TOTAL | | 30,777,500 | 34,863,126 |
| NOTES TO ACCOUNTS | J | | |

AS PER OUR REPORT ATTACHED

For K.L. Murty & Co.
Chartered Accountants

K. Uma Murty
Proprietor
Membership Number: 016634

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman

V. Ramnarayan
Director

Sivaswamy Mahesh
Director

Place : Mumbai
Date : 30th June, 2008

HAYTRANS (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED AS ON 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| | Schedule | FOR THE YEAR ENDED 31.03.2008 | FOR THE YEAR ENDED 31.03.2007 |
|---|----------|-------------------------------------|-------------------------------------|
| I Freight Forwarding Income | H | | |
| Gross Revenue | | 580,467,763 | 531,626,313 |
| Less: Operating Expenses | | 514,747,492 | 467,042,124 |
| Gross Profit | | <u>65,720,271</u> | <u>64,584,189</u> |
| Other Income | H | 7,107,137 | 348,826 |
| TOTAL INCOME | | <u>72,827,408</u> | <u>64,933,015</u> |
| II EXPENDITURE | | | |
| A) Admin. & Other Charges | I | 76,141,074 | 49,229,351 |
| B) Finance Charges | | 3,456,892 | 2,075,410 |
| C) Depreciation | | 1,426,430 | 1,284,348 |
| TOTAL EXPENDITURE | | <u>81,024,396</u> | <u>52,589,109</u> |
| III PROFIT BEFORE EXTRAORDINARY AND EXCEPTIONAL ITEMS AND TAXATION | | <u>(8,196,988)</u> | <u>12,343,906</u> |
| Less : Exceptional Items (Old Bal W/off) | | 1,872,891 | 5,987,766 |
| IV PROFIT AFTER EXCEPTIONAL ITEMS AND PRIOR YEAR ITEMS AND BEFORE TAXATION | | <u>(10,069,879)</u> | <u>6,356,140</u> |
| V Less : Provision for Taxation | | | |
| Current | | 1,160,000 | 4,400,000 |
| Deferred | | (240,462) | 32,553 |
| FBT | | 766,000 | 757,000 |
| | | <u>1,685,538</u> | <u>5,189,553</u> |
| VI PROFIT AFTER EXCEPTIONAL ITEMS AND PRIOR YEAR ITEMS AND TAXATION | | <u>(11,755,417)</u> | <u>1,166,587</u> |
| VII Add: Balance C/F from previous year | | 291,674 | 4,897,587 |
| VIII AMOUNT AVAILABLE FOR APPROPRIATION | | <u>(11,463,743)</u> | <u>6,064,174</u> |
| IX APPROPRIATION | | | |
| Interim Dividend paid on Equity shares | | - | 5,000,000 |
| Tax on Interim Dividend | | - | 772,500 |
| Tax on Interim Dividend Earlier years | | 77,250 | - |
| Transfer from General Reserve | | (3,208,202) | - |
| Balance Transferred to Balance Sheet | | (8,332,791) | 291,674 |
| | | <u>(11,463,743)</u> | <u>6,064,174</u> |
| NOTES TO ACCOUNTS | J | | |

AS PER OUR REPORT ATTACHED

For K.L. Murty & Co.
Chartered Accountants

K. Uma Murty
Proprietor
Membership Number: 016634

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman

V. Ramnarayan
Director

Sivaswamy Mahesh
Director

Place : Mumbai
Date : 30th June, 2008

SCHEDULES TO BALANCE SHEET

(AMOUNT IN RUPEES)

SCHEDULE - A :

SHARE CAPITAL

AUTHORISED :

25000 Equity shares of Rs.100/- each

ISSUED, SUBSCRIBED & PAID-UP :

20,450 Equity shares of Rs.100/- each Fully Paid-up in Cash

TOTAL

| AS AT 31.03.2008 | AS AT 31.03.2007 |
|---------------------|---------------------|
| 2,500,000 | 2,500,000 |
| 2,045,000 | 1,960,000 |
| 2,045,000 | 1,960,000 |

SCHEDULE - B :

RESERVES AND SURPLUS

a) GENERAL RESERVE

Less : Provision for Gratuity (Earlier Years)

Less : Transferred to P & L A/c

b) PROFIT & LOSS A/C BALANCE

c) SHARE PREMIUM

TOTAL

| | |
|-------------|-----------|
| 3,487,952 | 3,487,952 |
| (279,750) | - |
| (3,208,202) | - |
| - | 3,487,952 |
| (8,332,791) | 291,674 |
| 938,840 | 588,288 |
| (7,393,951) | 4,367,914 |

SCHEDULE - C :

SECURED LOANS

Standard Chartered Bank-Cash Credit

TOTAL

| | |
|------------|------------|
| 36,126,451 | 28,535,212 |
| 36,126,451 | 28,535,212 |

SCHEDULE-D :

FIXED ASSETS

| DESCRIPTION | LAND | PREMISES | FURNITURE & FIXTURES | OFFICE EQUIPMENTS | VEHICLES | BICYCLES | TOTAL |
|--|---------|----------|-------------------------|----------------------|-----------|----------|------------|
| COSTS AS ON 1/4/2007 | 164,863 | - | 2,203,959 | 7,046,887 | 1,058,724 | 13,193 | 10,487,626 |
| ADD: ADDITIONS | - | - | 1,405,869 | 1,326,877 | - | - | 2,732,746 |
| TOTAL | 164,863 | - | 3,609,828 | 8,373,764 | 1,058,724 | 13,193 | 13,220,372 |
| LESS: DEDUCTIONS | 164,863 | - | 318,962 | 236,482 | - | - | 720,307 |
| TOTAL AS ON 31/03/2008 | - | - | 3,290,866 | 8,137,282 | 1,058,724 | 13,193 | 12,500,065 |
| ACCU. DEPRECIATION AS ON 1/4/2007 | - | - | 1,016,384 | 4,101,251 | 595,297 | 12,842 | 5,725,773 |
| DEPRECIATION FOR THE YEAR | - | - | 340,978 | 964,999 | 120,404 | 49 | 1,426,430 |
| DEPRECIATION DEDUCTION | - | - | 142,220 | 76,333 | - | - | 218,553 |
| ACCU. DEPRECIATION AS ON 31/03/2008 | - | - | 1,215,142 | 4,989,917 | 715,701 | 12,891 | 6,933,650 |
| NET BLOCK AS ON 31/03/2008 | - | - | 2,075,724 | 3,147,365 | 343,023 | 302 | 5,566,415 |
| NET BLOCK AS ON 1/03/2007 | 164,863 | - | 1,187,575 | 2,945,636 | 463,428 | 351 | 4,761,853 |

HAYTRANS (INDIA) LIMITED

(AMOUNT IN RUPEES)

SCHEDULE E : INVESTMENTS

| | AS AT 31.03.2008 | AS AT 31.03.2007 |
|--|---------------------|---------------------|
| Unquote Shares : | | |
| Transcorp Finance Limited (1,00,000 Equity Shares of Rs. 10/- each) | 1,000,000 | 1,000,000 |
| Investment in Mutual Fund - Kotak Liquid Fund | 166,673 | - |
| TOTAL | 1,166,673 | 1,000,000 |

SCHEDULE - F :

CURRENT ASSETS LOANS & ADVANCES

A) CURRENT ASSETS

| | | |
|--|-------------------|-------------------|
| 1. Sundry Debtors (Unsecured - considered Good) | | |
| - Not exceeding six months | 53,745,045 | 46,706,333 |
| - Exceeding six months | 5,743,854 | 12,689,191 |
| | 59,488,899 | 59,395,524 |
| Less : Prov for Doubtful Debts | 3,004,223 | 633,735 |
| | 56,484,676 | 58,761,789 |
| 2. Cash And Bank Balances | | |
| a) Cash on hand | 127,059 | 109,876 |
| b) Balance in Current Accounts with Banks | 1,162,607 | 6,840,097 |

A

57,774,342 **65,711,763**

B) LOANS AND ADVANCES

| | | |
|--|------------|------------|
| 1. (Advances recoverable in cash or in kind or for value to be received) | | |
| a) Deposits | 2,691,590 | 3,969,723 |
| b) Loans and advances | 4,003,214 | 2,893,165 |
| 2. Taxes Paid (Advance Tax + TDS Receivables) | 20,386,053 | 14,333,231 |

B

27,080,857 **21,196,119**

TOTAL (A+B)

84,855,199 **86,907,882**

SCHEDULE - G :

CURRENT LIABILITIES & PROVISIONS

A) CURRENT LIABILITIES :

| | | |
|---------------------------|-------------------|-------------------|
| 1. Sundry Creditors | 40,737,909 | 33,680,044 |
| 2. Creditors for Expenses | 6,440,172 | 8,663,039 |
| A | 47,178,080 | 42,343,083 |

B) PROVISIONS :

| | | |
|--|-----------|-----------|
| 1. For Taxation | 8,210,000 | 7,050,000 |
| 2. For Leave Salary & Gratuity Prov. | 4,121,498 | 1,865,355 |
| 3. For FBT | 2,250,500 | 1,484,500 |
| 4. For Interim Dividend 06-07 | - | 5,000,000 |
| 5. For Dividend Distribution Tax 06-07 | - | 772,500 |

B

14,581,998 **16,172,355**

TOTAL (A + B)

61,760,078 **58,515,438**

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

SCHEDULE H : INCOME

FREIGHT FORWARDING INCOME:

| | FOR THE YEAR ENDED 31.03.2008 | FOR THE YEAR ENDED 31.03.2007 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Gross Revenue | 580,467,763 | 531,626,313 |
| Less: Operating Expenses | 514,747,492 | 467,042,124 |
| Gross Profit | 65,720,271 | 64,584,189 |
| Other / Miscellaneous Income: | | |
| - Profit on Sale of Assets | 5,814,304 | - |
| - Rent Income | 488,880 | 330,559 |
| - Dividend income | 16,673 | - |
| - Interest Income | 145,225 | 762 |
| - Misc. Income | 188,406 | 7,934 |
| - Foreign Exchange Gain | 453,649 | 9,571 |
| | 7,107,137 | 348,826 |
| TOTAL | 72,827,408 | 64,933,015 |

SCHEDULE I : OPERATING AND OTHER EXPENSES

| | | |
|---|-------------------|-------------------|
| 1. Salaries, Bonus and other Benefits: | | |
| a) Salaries | 35,782,499 | 23,270,139 |
| b) Staff Welfare Expenses | 798,447 | 1,401,670 |
| c) Contribution to ESIC | 119,193 | 184,582 |
| d) Group Gratuity | 1,169,645 | 604,270 |
| e) Leave Salary | 2,476,409 | 767,523 |
| f) Contribution to Provident Fund | 2,053,123 | 1,610,519 |
| | 42,399,316 | 27,838,703 |
| 2. Rent, Rates and Taxes | 5,292,398 | 4,708,781 |
| 3. Electricity Charges | 1,237,118 | 1,334,010 |
| 4. Printing and Stationery | 1,028,921 | 943,307 |
| 5. Vehicle Fuel & Maintenance | 3,053,378 | 3,017,459 |
| 6. Insurance Charges | 221,121 | 193,012 |
| 7. Postage, Telegram, Telephone & Telex | 3,622,888 | 3,343,623 |
| 8. Travelling & Conveyance: | 5,903,705 | 3,214,206 |
| 9. Legal & Professional Fees | 1,072,145 | 1,405,146 |
| 10. Business Promotion Expenses | 428,140 | 250,233 |
| 11. Auditor's Remuneration | 142,240 | 140,300 |
| 12. Repairs & Maintenance | 1,212,210 | 863,217 |
| 13. Office Expenses | 1,254,723 | 762,832 |
| 14. Software developments charges | 576,087 | 477,699 |
| 15. Personnel Delegation Expenses | 4,320,000 | - |
| 16. Profit /Loss on sale of Assets | 25,718 | 12,122 |
| 17. General Expenses | 693,924 | 583,023 |
| 18. Membership & Subscription | 215,889 | 111,091 |
| 19. Bad & D/Debts w/off | 1,070,664 | - |
| 20. Provision for Bad & D/Debts | 2,370,489 | 30,586 |
| TOTAL | 76,141,074 | 49,229,350 |

SCHEDULE - J :

1. THE SIGNIFICANT ACCOUNTING POLICIES SUMMARISED BELOW :-

a) BASIC OF ACCOUNTING

The financial statement are prepared under the historical cost convention on an actual basis.

b) FIXED ASSETS AND DEPRECIATION

1. All Fixed Assets are stated at cost less depreciation Cost of acquisition includes inward freight duties and Taxes and incidental expenses related to acquisition and installation.

2. I) Depreciation on all assets has been provided by the Written Down Value method at the rates specified in the Schedule XIV of the Companies Act, 1956.

II) Depreciation on assets acquired during the year is provided on pro-rata basis.

c) SUNDRY DEBTORS

Sundry Debtors are stated after making adequate provision for doubtful debts, if any.

d) LOANS & ADVANCES

Loans and advances are stated at realizable values.

e) RECOGNITION OF INCOME & EXPENDITURE

Items of Income and Expenditure are recognized on accrual basis.

f) EMPLOYEES BENEFITS

1. The Company contributes to an approved Gratuity fund with Life Insurance Corporation of India (LIC). The Company's contribution to the fund are charged to the Revenues account in the respective Financial Year. The shortfall, if any between the amount payable to the employee determined on actuarial basis and accumulated sum with LIC is provided for / borne by the Company.

2. Contribution of Provident Fund are made on monthly basis and charged to the revenue account in the respective Financial Year.

3. Leave Salary.

Leave encashment benefits been provided on the actuarial basis.

The Company has adopted AS - 15 (revised) w.e.f. 01.04.2008. The Company has debited employees benefits worth Rs.2.80 Lacs of earlier years is debited to General Reserves.

2. In the opinion of the Board and to the best of their knowledge and belief, the value on realization of Current Assets, Loans & Advances in the ordinary course of business would not be less than the amount at which they stated in the Balance Sheet except to the extent considered doubtful and not provided for.

3. Confirmation of balances of Sundry Creditors, Sundry Debtors and Loans & Advances has not been received and hence balances are subject to reconciliation and adjustments if any.

4. Payment to auditors :-

(Amount in Rs.)

| | 2007-08 | 2006-07 |
|---------------------|-------------------|-------------------|
| i) Audit Fees | 100,000.00 | 100,000.00 |
| ii) Tax audit fees | 25,000.00 | 25,000.00 |
| iii) Out of pockets | 1,790.00 | - |
| iv) Service Tax | 15,450.00 | 15,300.00 |
| Total | 142,240.00 | 140,300.00 |

5. Information pursuant to Paras 3 & 4 of schedule VI of the Companies Act, 1956.

(In Rs. Lakhs) (2007-08)

| | |
|-------------------------------------|--------|
| i) Earning in foreign currency | 246.16 |
| ii) Expenditure in foreign currency | 856.67 |

6. DEFERRED TAXES

| | 2007-08 | 2006-07 |
|--|----------------|----------------|
| Deferred Tax Asset on Unabsorbed P & L | - | - |
| Deferred Tax Asset for Difference in WDV of Assets | 35,336 | 74,795 |
| Deferred Tax Asset on Leave Salary | 913,955 | 634,034 |
| Prov for d/debts | - | - |
| Total | 949,291 | 708,829 |

7. Segment Reporting

a) Segment wise Revenue & Results

| Particulars | 31.03.2008 |
|--|--------------------|
| Revenue by Segment | |
| - Sea Division | 516,960,057 |
| - Air Division | 63,507,706 |
| | 580,467,763 |
| Segment Results : Gross Profit | |
| - Sea Division | 54,426,105 |
| - Air Division | 11,294,166 |
| | 65,720,271 |
| Add: Other Income | 7,107,137 |
| Less: Administrative Expns | 76,141,074 |
| Less: Finance Cost | 3,456,892 |
| Less: Depreciation | 1,426,430 |
| Profit Before Exceptional Item and Taxation | (8,196,988) |

Segment wise figures for the pervious year are not available with the Company as the Segment reporting was not mandatory up to previous year.

8. Related Party Transactions - Refer Annexure - 1
9. Figures have been rounded off to nearest Rupee.
10. The figures in respect of previous years have been regrouped wherever necessary.
11. Schedules A to J form an integral part of accounts and have been duly authenticated.

SIGNATURES TO SCHEDULES A TO J

For K.L. Murty & Co.
Chartered Accountants

K. Uma Murty
Proprietor
Membership Number: 016634

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman

V. Ramnarayan
Director

Sivaswamy Mahesh
Director

Place : Mumbai
Date : 30th June, 2008

HAYTRANS (INDIA) LIMITED

Annexure 1

RELATED PARTY TRANSACTIONS AS ON 31/03/2008

Amt Rs. in, 000

| Particulars | 2007-08 | 2006-07 |
|---|-----------|-----------|
| Forwarding Income : | | |
| United Arab Shipping Co. Ltd. (TWSS) | 1,685.70 | 420.67 |
| Crescent Shipping Agency (I) Ltd. | 367.27 | 376.51 |
| Meridian Shipping Agency Pvt. Ltd. | 32.32 | 116.06 |
| NLS Agency (I) Pvt. Ltd. | 56.64 | 107.42 |
| Transworld Logistics Ltd. | 22.91 | 8.59 |
| TLPL Logistics Pvt. Ltd. | 2,147.06 | 473.66 |
| Albatross Shipping Ltd. | 1,179.19 | 567.10 |
| Relay Shipping Agency Ltd. | 3.57 | 3.08 |
| Meridian Shipping Trading LLC | 35.64 | 115.74 |
| Sea Bridge Shipping | 11.93 | 314.53 |
| TLSS - USA | 88.18 | 64.56 |
| Shreyas Relay Systems Ltd. | 3.00 | - |
| Forwarding Expenses : | | |
| United Arab Shipping Co. Ltd. (TWSS) | 92,835.76 | 57,395.11 |
| Crescent Shipping Agency (I) Ltd. | 19,537.57 | 14,911.83 |
| Meridian Shipping Agency Pvt. Ltd. | 5,270.56 | 12,285.14 |
| NLS Agency (I) Pvt. Ltd. | 7,224.51 | 1,687.34 |
| Transworld Logistics Ltd. | 1,171.28 | 1,180.89 |
| TLPL Shipping Pvt. Ltd. | 131.62 | - |
| TLPL Logistics Pvt. Ltd. | 554.09 | 1,539.53 |
| Albatross Shipping Ltd. | 3,444.11 | 3,223.16 |
| Admec Logistics Ltd. | 393.54 | 618.21 |
| Relay Shipping Agency Ltd. | 253.36 | - |
| Meridian Shipping Trading LLC | 454.81 | 726.80 |
| Sea Bridge Shipping | 322.35 | 21.55 |
| TLSS - USA | 940.70 | 41.91 |
| Shreyas Relay Systems Ltd. | 150.00 | 2.00 |
| Rent Paid | | |
| Sivaswamy Holdings Pvt Ltd. | 3,627.70 | 2,837.00 |
| Personnel Delegation | | |
| Transworld Management Consultancy Private Ltd. | 4,320.00 | - |
| Allotment of Equity Shares along with Premium | | |
| Shreyas Shipping & Logistics Ltd. | 435.55 | - |
| Outstanding Balance of Related Parties at the year end : | | |
| | 31-Mar-08 | 31-Mar-07 |
| Debit Balance Due To Company | 1,322.75 | 1,307.02 |
| Credit Balance Due From Company | 6,944.22 | 1,773.29 |

Names of the Related Parties

| Nature of Relationship | Name of the Related Parties |
|------------------------|--|
| Holding Company | Shreyas Shipping & Logistics Ltd. |
| Fellow Subsidiary | Shreyas Relay Systems Ltd. |
| Other Related Parties | United Arab Shipping Co. Ltd. (TWSS) Crescent Shipping Agency (I) Ltd. Meridian Shipping Agency Pvt. Ltd. NLS Agency (I) Pvt. Ltd. Transworld Logistics Ltd. TLPL Logistics Pvt Ltd. Albatross Shipping Ltd. Relay Shipping Agency Ltd. Meridian Shipping Trading LLC Sea Bridge Shipping TLSS - USA |

Schedule VI - Part IV
Balance Sheet Abstract And General Business Profile
(Inserted by Notification No. GSR 388 (E), dated 15.5.1995)

| | | |
|--|--------------------------------|---------------|
| 1. Registration Details | | |
| Registration No. | | 22476 of 2002 |
| State Code | | 11 |
| Balance Sheet Date | | 31.03.2008 |
| 2. Capital Raised during the period | | Rs. |
| Public issue | | Nil |
| Right issue | | Nil |
| Bonus issue | | Nil |
| Private placement | | Nil |
| 3. Position of Mobilisation and Deployment of funds | | Rs. |
| Total Liabilities | | 30,777,500 |
| Total Assets | | 30,777,500 |
| Sources of Funds | | |
| Paid-up Capital | | 2,045,000 |
| Reserves & Surplus | | (7,393,951) |
| Secured Loans | | 36,126,451 |
| Unsecured Loans | | Nil |
| Application of Funds | | Rs. |
| Net Fixed Assets | | 5,566,415 |
| Investments | | 1,166,673 |
| Net Current Assets | | 23,095,121 |
| Misc. Expenditure | | - |
| Deferred Tax Asset | | 949,291 |
| Accumulated Losses | | Nil |
| 4. Performance of Company | | Rs. |
| Turnover | | 587,574,900 |
| Total Expenditure | | 597,644,779 |
| Profit Before Tax | | (10,069,879) |
| Profit After Tax | | (11,755,417) |
| Earning per share in | | (574.84) |
| Dividend @ % per share | | - |
| 5. Generic Names of Three Principal Products/ Services of Company | | |
| (as per monetary terms) | | |
| Item Code No. (ITC Code) | This is a C & F Agency Company | |
| Product Description | | |

AS PER OUR REPORT ATTACHED

For K.L. Murty & Co.
Chartered Accountants

K. Uma Murty
Proprietor
Membership Number : 016634

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman

V. Ramnarayan
Director

Sivaswamy Mahesh
Director

Place : Mumbai
Date : 30th June, 2008

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2008

(AMOUNT IN RUPEES)

| Particulars | Year ended 31 st March, 2008 | Year ended 31 st March, 2007 |
|--|--|--|
| A Cashflow from operating activities | | |
| Net profit/ (Loss) Before Exceptional tax | (8,196,988) | 12,343,905 |
| Adjusted for: | | |
| Depreciation | 1,426,430 | 1,284,348 |
| Amortisation of misc. expenses | - | - |
| Profit on Sale of Assets | (5,817,304) | - |
| Loss on Sale of Fixed Asset | 25,718 | 37,812 |
| Interest Expenses | 3,456,892 | 2,075,410 |
| Interest income | (145,225) | (762) |
| Exchange Gain on Current Assets & Liabilities | (453,649) | (9,571) |
| Gratuity Provision for earlier years adjusted to General Reserve | (279,750) | - |
| Operating Profit Before Working Capital changes (A) | (9,983,876) | 15,731,142 |
| Adjustments for in Working Capital | | |
| Increase / (Decrease) in Current Assets | | |
| Sundry Debtors | (2,277,114) | (23,377,965) |
| Margin money deposits | - | - |
| Other Current Assets | - | - |
| Loans & Advances | 5,884,738 | 12,962,530 |
| | 3,607,624 | (10,415,435) |
| Less: Increase/(Decrease) in Current Liabilities & Provisions | 3,244,641 | (12,705,380) |
| Net increase/(Decrease) in working Capital (B) | (362,983) | (2,289,945) |
| Cash Generated from Operations (A) - (B) = (C) | (10,346,859) | 13,441,197 |
| Less: Taxation | 1,926,000 | 5,157,000 |
| Less: Exceptional Items | 1,872,891 | 5,987,766 |
| Less: Dividend (Including DDT) | 77,250 | 5,772,500 |
| NET CASH FROM OPERATING ACTIVITIES (A) | (14,223,000) | (3,476,069) |
| B Cash flow from investing activities | | |
| Addition to Fixed Assets including capital advances | (2,732,746) | (2,038,496) |
| Sale of Asset | 6,293,343 | 679,599 |
| Purchase of Investment | (166,673) | - |
| Interest Income | 145,225 | 762 |
| NET CASH FROM INVESTING ACTIVITIES (B) | 3,539,149 | (1,358,135) |
| C Cash Flow from Financing Activities | | |
| Proceeds / (Repayment) of Borrowings (Net) | 7,591,238 | 9,191,413 |
| Issue of Equity Share | 435,548 | - |
| Deferred Payment credit for purchase consideration | - | - |
| Interest Expenses | (3,456,892) | (2,075,410) |
| Exchange Gain/(Loss) on current Assets & Liabilities | 453,649 | 9,571 |
| NET CASH FROM FINANCING ACTIVITIES (C) | 5,023,543 | 7,125,574 |
| NET CHANGES IN CASH & CASH EQUIVALENT (A + B + C) | (5,660,308) | 2,291,370 |
| CASH & CASH EQUIVALENTS - OPENING BALANCE | 6,949,974 | 4,658,602 |
| ADD : NET CHANGES IN CASH & CASH EQUIVALENT AS ABOVE | (5,660,308) | 2,291,371 |
| CASH & CASH EQUIVALENTS - CLOSING BALANCE | 1,289,666 | 6,949,973 |
| CLOSING CASH & CASH EQUIVALENTS CONSIST; (Refer Schedule F) | | |
| CASH ON HAND | 127,059 | 109,876 |
| BALANCE WITH SCHEDULE BANK IN CURRENT ACCOUNT | 1,162,607 | 6,840,097 |
| TOTAL | 1,289,666 | 6,949,973 |

Notes: 1) The above statement has been prepared in indirect method
2) Cash and Cash equivalents include cash and bank balance except Margin Money Deposits.

AS PER OUR REPORT ATTACHED

For K.L. Murty & Co.
Chartered Accountants

K. Uma Murty
Proprietor
Membership Number : 016634

Place : Mumbai
Date : 30th June, 2008

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman

V. Ramnarayan
Director

Sivaswamy Mahesh
Director

Place : Mumbai
Date : 30th June, 2008

20TH ANNUAL REPORT**SHREYAS**
SHIPPING & LOGISTICS LTD**ATTENDANCE SLIP**

Registered office : 1110/1111 Embassy Center, Nariman Point, Mumbai – 400 021

I/We hereby record my/our presence at the Twentieth Annual General Meeting of the Company held at Sivaswamy Auditorium of Fine Arts Cultural Centre, 61/21 R. C. Marg, Opp. Vijaya Bank, Chembur, Mumbai – 400 071 on Saturday, 27th September, 2008 at 11:00 am.

**NAME & ADDRESS OF THE SHARE HOLDER
(IN BLOCK LETTERS)****L.F. NO.****NO. OF SHARES HELD**

*D.P. Id No.

*Client Id No.

SIGNATURE/NAME OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING

| | |
|----------------------------------|----------------------------|
| If Shareholder, please sign here | If Proxy, please sign here |
| | |
| Name | Name |

Notes:

1. You are requested to sign and hand this over at the entrance.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the proxy form must be deposited at the Registered office of the Company at 1110/1111 Embassy Centre, Nariman Point, Mumbai - 400 021 not less than 48 hours before the time for holding the meeting.
3. If you are attending the meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/your proxy for reference at the meeting.

* In case of dematerialised shares.

**SHREYAS**
SHIPPING & LOGISTICS LTD**PROXY FORM**

Registered office : 1110/1111 Embassy Center, Nariman Point, Mumbai – 400 021

I/We of of
 in the district of being a Member/Members of the above named Company, hereby
 appoint of
 in the district of or failing him
 of in the district of as my/our proxy to attend and vote for me/us and
 on my/our behalf at the Twentieth Annual General Meeting of the Company to be held on Saturday, 27th September, 2008 and at any
 adjournment thereof.

Signed this day of 2008

Signature _____

Please
Affix Re.1/-
Revenue
Stamp**Registered Folio:** _____**DPID No.:** _____**Client ID No.:** _____**No. of Shares :** _____**Notes:**

1. The Proxy form must be deposited at the Registered Office of the Company at 1110/1111 Embassy Centre, Nariman Point, Mumbai -400021, not less than 48 hours before the time for holding the Meeting.
2. This form is to be used ^{* in favour}_{* against} of the resolution. Unless otherwise directed, the Proxy will act as he thinks fit.

* strike out whichever is not applicable.



SHREYAS
SHIPPING & LOGISTICS LTD

FINANCIAL HIGHLIGHTS

(Rs. in Lacs except where stated otherwise)

| Particulars | 1998-99* | 1999-00# | 2000-01 | 2001-02 | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08** |
|--|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating Earnings | 5,741.10 | 10,544.32 | 6,674.57 | 6,492.67 | 6,757.39 | 7,689.86 | 9,683.74 | 14136.35 | 17911.46 | 29011.57 |
| Other Income | 6.57 | 91.12 | 147.17 | 116.14 | 147.92 | 693.08 | 82.22 | 373.29 | 571.12 | 741.23 |
| Total Income | 5,747.67 | 10,635.44 | 6,821.74 | 6,608.81 | 6,905.31 | 8,382.94 | 9,765.96 | 14509.64 | 18482.58 | 29752.80 |
| Operating Expenses | 4,470.81 | 9,917.71 | 4,769.91 | 4,768.15 | 5,252.90 | 5,925.77 | 5,772.37 | 9,285.73 | 13187.27 | 24363.96 |
| Administration & Other Expenses | 296.79 | 297.56 | 486.43 | 305.76 | 371.09 | 493.03 | 462.22 | 527.06 | 838.16 | 1766.84 |
| PBIDT | 980.07 | 420.17 | 1,565.40 | 1,534.90 | 1,281.32 | 1,964.14 | 3,567.37 | 4,696.85 | 4457.15 | 3621.99 |
| Interest | 421.09 | 681.14 | 679.16 | 569.10 | 273.91 | 174.65 | 85.44 | 193.12 | 485.81 | 1335.53 |
| PBDT | 558.98 | (260.97) | 886.24 | 965.80 | 1,007.41 | 1,789.49 | 3,481.93 | 4,503.73 | 3971.34 | 2286.46 |
| Depreciation | 300.94 | 607.73 | 610.10 | 605.58 | 666.96 | 786.93 | 756.70 | 865.60 | 963.23 | 1399.03 |
| PBT | 258.04 | (868.70) | 276.14 | 360.22 | 340.45 | 1,002.56 | 2,725.23 | 3,638.13 | 3008.11 | 887.43 |
| Tax | 27.75 | — | 2.79 | 53.55 | 278.19 | 271.77 | 29.77 | 115.5 | 296.77 | 69.99 |
| PAT (including exceptional & prior year item) | 230.29 | (868.70) | 273.35 | 306.67 | 106.53 | 730.79 | 3,573.68 | 3,522.63 | 3119.15 | 645.52 |
| Share Capital | 1,982.42 | 1,982.42 | 1,982.42 | 1,982.42 | 3,282.42 | 3,282.42 | 3,282.42 | 3,495.75 | 3495.75 | 3495.75 |
| Reserves & Surplus | 3,095.07 | 2,226.36 | 2,390.48 | 2,623.64 | 2,303.86 | 2,632.94 | 5,503.25 | 11,563.46 | 12864.30 | 11806.04 |
| Net Worth | 5,077.49 | 4,208.78 | 4,372.90 | 4,606.06 | 5,586.28 | 5,915.36 | 8,785.67 | 15,059.21 | 16360.05 | 15301.79 |
| Loan Funds | 6,277.15 | 5,835.31 | 5,139.88 | 5,271.75 | 4,760.51 | 1,582.24 | 2,624.74 | 2,647.36 | 15893.08 | 23125.08 |
| Fixed Assets (Net)(including Capital work-in-progress) | 9,796.09 | 9,262.00 | 8,668.44 | 9,392.09 | 10,209.73 | 7,945.95 | 10,121.12 | 11,343.24 | 26866.11 | 37068.49 |
| Investments | 69.17 | 40.33 | 14.63 | 223.75 | 224.51 | 14.05 | 3.11 | 4,322.41 | 2097.14 | 444.32 |
| Net Current Assets | 1,226.58 | (263.49) | 205.43 | 106.97 | 84.47 | 152.46 | 1,286.18 | 2,062.66 | 3340.73 | 989.45 |
| EPS (Annualised) (Rs.)(excluding exceptional items) | 2.32 | — | 1.38 | 1.55 | 0.24 | 3.02 | 12.87 | 16.92 | 11.69 | 3.10 |
| Debt Equity Ratio | 1.24 | 1.39 | 1.17 | 1.14 | 0.85 | 0.27 | 0.30 | 0.18 | 0.97 | 1.51 |
| Dividend Per Equity Share (Rs.) | 0.70 | — | 0.50 | 0.60 | — | 1.20 | 2.00 | 2.20 | 2.20 | 2.00 |
| Book Value per share (Rs.) | 25.61 | 21.23 | 22.06 | 23.23 | 21.62 | 22.45 | 32.88 | 62.29 | 60.10 | 54.18 |

* For 18 months

For 6 months

** Consolidated figures have been presented.

BOOK-POST

If undelivered, please return to:

Shreyas Shipping & Logistics Ltd.

'Orient Shreyas', Plot No. 203,

Station Avenue Road,

Chembur, Mumbai - 400 071