



SHREYAS
SHIPPING & LOGISTICS LTD

18TH ANNUAL REPORT 2005-2006

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Letter to Shareholders

Dear Shareholders,

Shreyas is on a vertical growth trajectory. It is poised on a defining threshold in its evolution and history. Facing the challenges of a dynamic operating environment, Shreyas has emerged as a full-fledged freight and logistics provider. The Company commenced operations in 1994 as a pure feeder service operator. After over a decade of service, the Company has emerged as a leader in its field of operations. We have now diversified into the fields of cargo consolidation and logistics, thereby offering personalised services to suit the schedules of the clients, work out the fastest transit modes on land, rail and the sea and all this in a cost effective manner.

The year gone by was a period of growth and consolidation for Shreyas. During the fiscal 2005-06, your Company grew much on the expected lines and further feeding into its top line and more significantly the bottom line. During the last three fiscals, we have taken up new initiatives in the form of logistics and domestic shipping services. Now was the time to nurture the roots of all that we had done. As the year progressed, our efforts bore fruit in the form of increase in volumes, clients and cash surpluses. Our investment in new services, restructuring of our business processes, and our focus on account management all led to buoyant performance.



The year 2005 was another great year in shipping, but very much in the shadow of 2004. It may be hoping too much for a third in a row, as it is unprecedented. 2004 was the year in which shipping and the global economy performed better than they had in 30 years, and few people expected either would do as well in 2005. It is in the context of such adjusted expectations that 2005 seems unspectacular and yet it provided returns well above the long-term mean.

As 2006 unfolds, the world is experiencing a broader base of economic growth than for decades. The US economy continues to drive global markets, but Japan is rousing itself from a 15-year slumber and there is continuing rapid growth in China, India and across the Asia-Pacific. There are also the early signs of a recovery in Europe while consumption is rising in the oil and gas exporting countries of the Middle East and Africa among the commodity exporting nations of the southern hemisphere. The demand signals appear to be clear and positive.

Studies reveal that the aggressive giant China will continue to dominate as in 2005. China-centric liner freight will expand further. However, Indian subcontinent, Middle East and Africa will attract most of the liner and logistics operators. The spotlight will also be on the fast growing economies of Latin America.

The opening of rail freight corridors to private players by the Railway Ministry, the announcement of the NMDP policy and rapid port development plans will precipitate India's growth strategy which will spin at a fast pace.

Logistics management is also emerging as a new growth opportunity. Manufacturing companies are increasingly outsourcing their logistics requirements to third party logistics providers. This has led to a pressing need for service providers to adopt multimodal solutions, which has thrown up an opportunity for integration of shipping and surface transportation. Increasing containerisation is both a catalyst and beneficiary of this process. The transport logistics sector will continue to evolve and pose new challenges as a result of globalisation, the digitization of information, security concerns, new technologies, rising energy costs and changing trade patterns.

All said and done, 2006 is going to be the year of considerable action. More so for India, which is on the brink of emerging as an Asian superpower. Industry analysts say that while the last century belonged to the US, this century is going to be Asia's and 2008 is going to be the year when India will take its first step to emerge as an economic superpower.

We are in tune with evolving market dynamics and its demands and are continuously reinventing ourselves to offer the best to our customers. We have a proven record of reliability and timeliness which signifies the strong sense of time value we imbibe at Shreyas.

I would make no secret of the fact that Shreyas fully intends to remain in the ranks of India's top container lines and logistics service providers and is incessantly working towards the same backed by a dedicated team of professionals at all levels who are committed to give their best for achieving total stakeholder satisfaction and the Management philosophy. We have a great responsibility and I wish to assure all our stakeholders that we will strive to live up to the confidence that you have reposed in us.

Mumbai
24th May, 2006

S. Ramakrishnan
Chairman & Managing Director



SHREYAS
SHIPPING & LOGISTICS LTD

BOARD OF DIRECTORS



S. Ramakrishnan
*Chairman &
Managing Director*



S. Mahesh
Director



V. Ramnarayan
Director



L. B. Culas
Director



Anil Devli
Executive Director



K. P. Medhekar
Director



Capt. P. P. Radhakrishnan
Director



Amitabha Ghosh
Director
(ICICI Bank Ltd. Nominee)



S. Ragothaman
Director



Bheru Chaudhary
Director

Management Team:

- Mr Anil Devli** - *Executive Director*
Mr. Vinay Kshirsagar - *Chief Financial Officer*
Capt. V. K. Singh - *General Manager -
Commercial & Operations*
Ms. Megha Samtani - *Company Secretary*

Statutory Auditors

Sridhar & Santhanam

Internal Auditors

Axis Risk Consulting Services Pvt. Ltd.

Solicitors

Mahimtura & Co.

Bankers

Standard Chartered Bank
ICICI Bank Ltd.
Canara Bank, London
State Bank of India
UTI 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: 2284 2324 / 25 / 28 / 31
Fax: 2288 6665

Administrative office
'Orient Shreyas', Plot No. 203
Station Avenue Road
Chembur, Mumbai - 400 071
Tel: 2529 5402
Fax: 2529 5412

Notice

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Shreyas Shipping & Logistics Limited (*formerly known as 'Shreyas Shipping Limited'*) will be held on Friday, the 21st day of July, 2006 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, 2006 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of dividend on Preference Shares redeemed during the year.
3. To confirm the payment of interim dividend on Equity Shares.
4. To declare a dividend on Preference Shares and Equity Shares.
5. To appoint a Director in place of Mr. Krishnanath Pandurang Medhekar, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Varadharajan Ramnarayan, who retires by rotation and, being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Mr. Sivaswamy Mahesh, who retires by rotation and, being eligible, offers himself for re-appointment.
8. To appoint M/s. 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:

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Mr. Bherulal Chaudhary, who was appointed by the Board of Directors at the Board Meeting held on 29th January, 2006 as an Additional Director with effect from 29th January, 2006 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."
10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that in partial modification of the Resolution passed at the Annual General Meeting of the Company held on 21st July, 2005 for the appointment and terms of remuneration of Mr. Anil Devli, Executive Director of the Company and in accordance with the provisions of Sections 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the payment of enhanced remuneration, in the form of incentive remuneration upto 100% of the salary to be paid at the discretion of the Board annually, based on certain performance criteria, to Mr. Anil Devli who was appointed as Executive Director at the Annual General Meeting held on 21st July, 2005 for a period of one year with effect from 21st April, 2005, as set out in the Supplemental agreement entered into by the Company, the draft whereof is placed before the meeting and duly initialed by the Chairman for the purposes of identification, without affecting in any way the payment of the present remuneration and perquisites already sanctioned by the Shareholders and the Board of Directors be and is hereby authorised to alter and vary such revised terms and conditions in accordance with the laws in force from time to time and as may be agreed to by the Directors and acceptable to Mr. Anil Devli provided that such alterations are not less beneficial to the Company.

FURTHER RESOLVED that subject to the provisions of Section 198 and other applicable provisions, if any, of the Companies Act, 1956, the same remuneration and perquisites as set out in the Supplemental agreement between the Company and Mr. Anil Devli be paid and granted to Mr. Anil Devli as minimum remuneration, notwithstanding that in any financial year of the Company during the remaining term of his office as the Whole time Director of the Company, the Company has made no profits or the profits made are inadequate.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution."
11. 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 Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and all guidelines for managerial remuneration issued by the Central Government from time to time and subject to such approvals, if any necessary, the Company hereby accords its approval to the re-appointment of Mr. Anil Devli as an Executive Director for a further period of one year with effect from 21st April 2006 on the terms and conditions including those related to remuneration as set out hereunder with a liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and /or remuneration within the parameters of the applicable laws or any amendments thereto."



(a) Salary

Consolidated salary Rs.40 lacs (Forty Lacs only) per annum **including** Company's contribution to Provident Fund, Gratuity, Exgratia, Leave travel allowance and all other allowances.

(b) Other benefits

- Provision of transportation /conveyance facilities.
- Provision of telecommunication facilities.
- Leave encashment as per rules of the Company.
- Reimbursement of medical expenses incurred for himself and his family.
- Reimbursement of entertainment and other expenses actually and properly incurred for the business of the Company as well as other expenses incurred in the performance of duties on behalf of the Company.
- Personal accident / Mediclaim insurance.

The aggregate remuneration payable to Mr. Anil Devli, shall be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

(c) Minimum Remuneration

Where in any financial year during the tenure of Mr. Anil Devli, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. Anil Devli the above remuneration by way of salary and perquisites as a minimum remuneration subject to the upper limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force.

(d) Sitting fees

Mr. Anil Devli shall not be entitled to any sitting fees.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered desirable and expedient to give effect to this resolution including the execution of agreement between the Company and Mr. Anil Devli."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that in partial modification of the Resolution passed at the Annual General Meeting of the Company held on 21st July, 2005 in relation to the terms of remuneration of Mr. S. Ramakrishnan, Chairman & Managing Director of the Company and in accordance with the provisions of Sections 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in the amount of remuneration and other benefits payable / allowed to Mr. S. Ramakrishnan as set out below (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with effect from 24th May, 2006, and the Board of Directors be and is hereby authorised to alter and vary such revised terms and conditions in accordance with the laws in force from time to time and as may be agreed to by the Directors and acceptable to Mr. S. Ramakrishnan provided that such alterations are not less beneficial to the Company.

(a) Salary

Consolidated salary Rs.50 lacs (Fifty Lacs only) per annum **including** Company's contribution to Provident Fund, Gratuity, Exgratia, Leave travel allowance and all other allowances.

(b) Other benefits

- Provision of transportation /conveyance facilities.
- Provision of telecommunication facilities.
- Leave encashment as per rules of the Company.
- Reimbursement of medical expenses incurred for himself and his family.
- Reimbursement of entertainment and other expenses actually and properly incurred for the business of the Company as well as other expenses incurred in the performance of duties on behalf of the Company.
- Personal accident / Mediclaim insurance.

The aggregate remuneration payable to Mr. S. Ramakrishnan, shall be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956.

(c) Minimum Remuneration

Where in any financial year during the tenure of Mr. S. Ramakrishnan, the Company incurs a loss or its profits are inadequate, the Company shall pay to Mr. S. Ramakrishnan the above remuneration by way of salary and perquisites as a minimum remuneration subject to the upper limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force.

(d) Sitting fees

Mr. S. Ramakrishnan shall not be entitled to any sitting fees.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to take such steps as may be necessary and desirable to give effect to this resolution.”

By Order of the Board of Directors

24th May, 2006

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

Megha Samtani
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, Directors being appointed or re-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, 8th July, 2006 to Friday, 21st July, 2006, 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 Thursday, 27th July, 2006 to Members holding shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Friday, 21st July, 2006. 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, 7th July, 2006 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 5th July, 2006**. 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:
- 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.
 - 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 has been transferred to the said Fund.
- Unclaimed dividend for the financial period ended 31st March, 1999 and thereafter (wherever declared) is still lying with the Company. The Members, who have not yet encashed the dividend warrants for the period ended 31st March, 1999 and financial years ended 31st March, 2001, 31st March, 2002, 31st March, 2004, 31st March, 2005 (interim and final dividend) and 31st March, 2006 (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.

24th May, 2006

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

By Order of the Board of Directors

Megha Samtani
Company Secretary

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

Item No.9

Mr. Bherulal Chaudhary was appointed as an Additional Director of the Company with effect from 29th January, 2006 by the Board of Directors at its Meeting held 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. Bherulal Chaudhary as a Director of the Company.

Mr. Chaudhary aged about 40 years is a Commerce graduate and LL.B. He is qualified as a 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 specializing in Media and Entertainment, Shipping, Corporate and Commercial laws, real estate and litigation and arbitration. He is a partner of a law firm "IC Legal".

He is currently on the Board of Emco Ltd. and occupies the following Committee positions in Emco Ltd.:

Committee Membership	Position ¹
Audit Committee	Member
Investors /Shareholders Grievance Committee	Chairman

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

Mr. Chaudhary 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.9 for your approval.

None of the Directors, other than Mr. Bherulal Chaudhary, are interested in the Resolution.

Item No. 10

The members at the Annual General Meeting of the Company held on 21st July, 2005, appointed Mr. Anil Devli as an Executive Director for a period of 1 year effective 21st April, 2005. Taking into consideration his present salary, the improved performance and growth of the Company under his management and based on the recommendations of the Remuneration Committee, the Board of Directors at its meeting held on 12th December, 2005, approved the revision in the salary of Mr. Anil Devli, subject to the approval of the Members. The increase in remuneration of Mr. Anil Devli is in the form of Performance Incentive upto 100% of salary to be paid at the discretion of the Board annually, based on certain performance criteria. All other terms and conditions of the appointment of Mr. Devli as approved by the Members, will remain unchanged.

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Devli, the profits are inadequate, the Company will pay remuneration by way of salary, incentive remuneration, perquisites and allowances as per the terms and conditions of the appointment of Mr. Devli subject to the upper limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 including any statutory modifications or re-enactments thereof, for the time being in force.

The Board of Directors is of the view that the increase in remuneration is commensurate with the responsibilities shouldered by Mr. Devli and hence recommends this resolution for your approval.

The Supplemental agreement between the Company and Mr. Devli is available for inspection by the Members of the Company at its Registered Office 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.

None of the Directors, other than Mr. Anil Devli, is interested in the Resolution.

Item No. 11

At the Annual General Meeting held on 21st July, 2005, Members have approved the appointment of Mr. Anil Devli as Executive Director of the Company for a period of 1 year from 21st April, 2005. The term of Mr. Anil Devli as Executive Director expired on 20th April, 2006. In view of Mr. Devli's dedicated and meritorious services towards the growth of the Company, the Board of Directors have re-appointed him as Executive Director of the Company for a further period of one year with effect from 21st April, 2006, subject to the approval of the Members of the Company.

Mr. Anil Devli aged about 43 years, 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 also on the Board of Indian National Shipowners Association and is the Vice Chairman of Narottam Morarjee Institute of Shipping.



Mr. Devli holds 6200 equity shares in the Company as on date.

The main terms and conditions of Mr. Devli's re-appointment are specified in Resolution no.11 of this Notice. The Board shall have the discretion and authority to modify the terms and remuneration within, however, the limit prescribed under Schedule XIII to the Companies Act, 1956.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the details of remuneration payable to Mr. Devli are placed before the members, in General meeting, for their approval by way of special resolution.

The Board of Directors is confident that Mr. Devli's vast knowledge and varied experience will be of great value to the Company and hence, commends Resolution no.11 for your approval.

The draft of the agreement entered into with Mr. Anil Devli is available for inspection by any member of the Company at its Registered Office 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.

None of the Directors, other than Mr. Anil Devli, is interested in the Resolution.

Item No. 12

At the Annual General Meeting held on 21st July, 2005, Members have approved the revision in the terms of remuneration of Mr. S. Ramakrishnan; Chairman and Managing Director.

Taking into consideration his present salary, the improvement in the Company's business and financial performance during the year under his leadership, and based on the recommendation of the Remuneration Committee, the Board of Directors of the Company, at its meeting held on 24th May, 2006, approved a revision in the terms of remuneration and benefits of Mr. S. Ramakrishnan with effect from 24th May, 2006, subject to the approval of the Members.

The details of the remuneration and benefits are specified in Resolution no.12 of this Notice. The Board shall have the discretion and authority to modify the terms and remuneration within, however, the limit prescribed under Schedule XIII to the Companies Act, 1956.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the details of remuneration payable to Mr. S. Ramakrishnan are placed before the members, in General meeting, for their approval by way of special resolution.

The Board of Directors is confident that Mr. Ramakrishnan's vast knowledge and varied experience will be of great value to the Company and hence, commends Resolution no.12 for your approval.

The draft of the agreement entered into with Mr. S. Ramakrishnan is available for inspection by any member of the Company at its Registered Office 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.

Mr. S. Ramakrishnan is interested in the Resolution. Mr. S. Mahesh, being related to Mr. S. Ramakrishnan, is deemed to be interested in the Resolution. None of the other Directors are interested in this Resolution.

By Order of the Board of Directors

24th May, 2006

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

Megha Samtani
Company Secretary

Directors' Report

Your Directors are pleased to present the Eighteenth Annual Report and the audited accounts for the financial year ended 31st March, 2006.

FINANCIAL PERFORMANCE

	Current Year ended 31.03.2006	(Rs. in Lacs) Previous Year ended 31.03.2005
Operating Income	12411.14	9683.74
Other Income	391.71	82.22
Profit before Interest, Depreciation and Tax	4540.86	3567.37
Less: Interest	193.01	85.44
Depreciation	846.18	756.70
Profit before Tax and Prior Year Adjustment	3501.67	2725.23
Less: Prior Year Adjustment	-	11.02
Less: Provision for Current Taxation and Fringe Benefit tax	67.61	25.11
Provision for Prior Year Tax	0.10	4.66
Profit After Tax Before Exceptional Item	3433.96	2684.44
Add: Exceptional Items		
Reversal of Deferred Tax	-	767.80
Profit after Tax and Exceptional Items	3433.96	3452.24
Add: Balance brought forward from previous year	1121.83	795.48
Add: Transfer from Capital Redemption Reserve	390.00	-
Amount available for appropriation	4945.79	4247.72
Appropriations:		
Transfer to General Reserve	344.00	1287.30
Transfer to Asset Impairment Reserve	-	300.00
Transfer to Capital Redemption Reserve	-	390.00
Transfer to Tonnage Tax Reserve	688.00	568.00
Interim Dividend paid on Equity shares	198.24	138.77
Preference Dividend paid	66.99	117.00
Tax on dividend paid	37.24	33.43
Proposed Equity Dividend	263.49	257.71
Tax on Equity Dividend	36.96	33.68
Proposed Preference Dividend	45.56	-
Tax on Preference Dividend	6.39	-
Balance carried to Balance Sheet	3,258.92	1121.83

DIVIDEND

The Board of Directors, at its meeting held on 26th October, 2005, declared an Interim dividend at the rate of 10% on Equity shares, i.e., Re.1 per Equity share. The 13,00,000 9% non-convertible, cumulative, redeemable Preference shares were redeemed in full on 27th October, 2005 alongwith dividend payable till the date of redemption. The payment of Interim dividend on Equity shares entailed a cash outflow of Rs.226.04 lacs including dividend distribution tax.

In view of the promising performance of the Company for the year under review, the Board of Directors is pleased to recommend a Final dividend at the rate of 12% on the enhanced equity capital base of Rs.2195.75 lacs for the year ended 31st March, 2006. The payment of Final dividend on Equity shares will entail a cash outflow of Rs.300.45 lacs including dividend distribution tax. Thus, the total dividend on Equity shares for the year ended 31st March, 2006 amounts to Rs.2.20 per share (22%) as compared to Rs.2.00 per share (20%) paid last year on the equity capital base of Rs.1982.42 lacs.

The Board of Directors has recommended Final dividend at the rate of 8.20% on 8.20% Preference shares for the year ended 31st March, 2006 on a pro rata basis from the date of allotment. This will entail a cash outflow of Rs.51.95 lacs including dividend distribution tax.

REVIEW OF OPERATIONS

(a) Business and future prospects

It is estimated that the year 2005 saw a 10.8% year-on-year growth of global total container lifts, and the demand for container capable capacity was certainly showing no sign of softening in the later months of the year. After 10 months the year-to-date growth on Asian containerised exports to the US was showing a 14.0% year-on-year rate of growth. Growth on the same trade in the other direction was also strong, 10.5% up on 2004. Demand in 2006 is expected to record yet another year of double-digit growth, a fifth in succession, followed by 9.8% growth in 2007. A 10.1% growth in global container trade is expected in 2006, followed by a slight softening to 9.8% in 2007.

The container capable fleet passed the 10 million Teu mark in November, 2005 and finally finished the year at 10,162,000 Teu, up 10.6% on the capacity at the end of 2004. At the beginning of March 2006 container capable capacity had risen to 10.3 million TEU. The currently massive orderbook is expected to produce high levels of deliveries in 2006 and 2007, and the two years are projected to see the fleet grow by 12.6% followed by 11.4%.



Supply and demand growth in 2005 are estimated to have been roughly equal, at around 11%. With increased deliveries from a still large orderbook due this year and next, supply is expected to grow 3% faster than demand over the course of 2006. Demand, however is expected to hold up, and the difference between supply growth and demand growth in 2007 is expected to drop slightly to 2%. Every indication suggests that containership demand is maintaining a healthy growth rate, and 10% per annum remains historically high.

Almost as if to coincide with the season of good cheer, the containership charter market ended the year in good spirits. Rates held up well over the closing days of December, 2005 in spite of the fact that physical fixtures in the market were still pretty sparse and things generally were dosed with liberal chunks of sentiment.

Although charter rates have been on a downward slide for most of the second half of the year, the 2005 average charter rate was higher in nearly all size sectors than it was over the course of 2004, and in some cases more than double the average charter rate in 2003.

Looking ahead all eyes will be on Asia, which in 2005 accounted for 52% of the world's container lifts, a share which is expected to grow to nearly 55% by 2007. Development in China will be crucial to this, as the country is expected to post an average annual growth rate of 16% in TEU lifts from 2003 to 2007. Although growth in the demand for containership capacity has begun to slow, there is nothing to indicate anything but a continuation of historically strong growth.

(b) Finance

Shreyas had a fairly good fiscal 05-06. The operating income during the year has grown satisfactorily by 28.16% over the last year. We were able to maintain excellent control on costs and have succeeded in maintaining post-tax profit at about Rs.34 crores. The target for the year to make planned attempts towards derisking of the Company's business model has been achieved with success as Shreyas builds a tactical and strong foothold in the logistics segment. This target was aimed at consolidating Shreyas' performance in the shipping industry in line with its proven core competence.

Redefining the rules of the game, Shreyas broke away from tradition and tapped the foreign finance market to raise funds through an issue of Global Depositary Receipts (GDRs) aggregating USD 8 million. Pursuant to the approval of the Shareholders obtained at the Extraordinary General Meeting held on 16th January, 2006, Shreyas made allotment of 21,33,333 Equity shares underlying the 21,33,333 GDRs. Each GDR represents one share. The GDRs are listed on the Luxembourg Stock Exchange. As a result of the above, the issued, subscribed and paid-up Equity capital stands increased from Rs.198,242,000/- to Rs.219,575,330/-.

Pending utilisation of the proceeds of the GDR issue, Shreyas has, during the year, invested these funds in liquid mutual funds, debt based mutual funds and floaters earning a decent tax free gain.

With its growing focus on the logistics segment of the business, Shreyas would need to make investments in facilities which would enhance its abilities and capabilities in providing terrestrial logistics. This would include purchase and setting up of logistic parks, warehousing and cargo handling equipment. Shreyas proposes to concentrate on augmenting its fleet through the purchase / building of vessel(s) and this is a strategic part of its business plan.

In the year ahead, Shreyas would continue to focus on reducing its dependence on charter hire segment and increasing its focus on feeder and logistics business. The quest is on to research newer sectors and initiate services in these sectors to enhance Shreyas' visibility and presence and to achieve optimal turnaround of vessels and capacities offered while continually sharpening Shreyas' brand image.

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.

CHANGE IN NAME OF THE COMPANY

With the approval of the Shareholders obtained at the Extraordinary General Meeting held on 26th October, 2005 and the approval of the Registrar of Companies, Maharashtra, the name of the Company was changed from "Shreyas Shipping Ltd." to "Shreyas Shipping & Logistics Ltd." with effect from 21st November, 2005. The new name of the Company reflects the diversified areas of its operations and its thrust on the multimodal logistics services.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 205C of the Companies Act, 1956, an amount of Rs.2.95 lacs, being unclaimed dividend for the period ended 30th September, 1998 was transferred during the year to the Investor Education and Protection Fund established by the Central Government.

QUALITY

Quality, integrity and safety have been core to the Company. We firmly believe that the pursuit of excellence is one of the most critical components for success in the competitive market and therefore, consistently strive to adhere to the highest quality standards. Shreyas has been re-certified by DNV Quality Registrar in accordance with the Standard ISO 9001:2000 upto 31st October, 2006.

It conforms to the International Safety Management Code (ISM Code) which has been designed with a dual objective of promoting safety on board and protecting the marine environment.

FIXED DEPOSITS

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

DIRECTORS

Mr. Bherulal Chaudhary was appointed as Additional Director with effect from 29th January, 2006, 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 his appointment as a Director of the Company.

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

Mr. Anil Devli was re-appointed as Executive Director of the Company by the Board of Directors at its meeting held on 29th January, 2006 for a further period of one year with effect from 21st April, 2006 subject to the approval of the Shareholders.

The above appointments /re-appointment 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, 2006 of Shreyas Relay Systems Ltd., the wholly owned 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, 2006;

- 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, 2006 and of the profit of the Company for the year ended on 31st March, 2006;
- 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 III) and applicable certification of the Chief Executive Officer and Chief Financial Officer (Annexure IV).

AUDITORS

M/s. Sridhar & Santhanam, Chartered Accountants, retire at the conclusion of the 18th 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.

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

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 (2005-06)
(i) Foreign exchange earnings including proceeds on sale of ship (on accrual basis)	12,748.25
(ii) Foreign exchange outgo including operating components and spare parts and other expenditure in foreign currency (on accrual basis)	2,392.88

Note: The above figures do not include receipts and expenditure in foreign currency on account of the issue of Global Depository Receipts.

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 unstinted support and continued co-operation that the Company received from the Government of India, the Ministry of Shipping, the Ministry of Finance, 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: 24th May, 2006

S. Ramakrishnan
Chairman & Managing Director

Management's Discussion and Analysis

(Annexure I to the Directors' Report)

Industry review

The year 2005 was a pivotal year for the world container supply-demand balance. 10-year old container ship values were 10% lower year-on-year at end 2005. Newbuilding prices for container ships had surpassed then returned to end-2004 levels. The world container trade growth increased by 11.0% in 2005 after 13.5% in 2004. Fully cellular fleet capacity rose 13.3% in 2005 from 7.2m-teu to 8.1m-teu. The end-2005 orderbook for fully cellular ships stood at 53% of the end-2005 fleet.

In 2004, demand for containerships exceeded tonnage supply and charter rates, slot rates, secondhand values and newbuilding prices responded accordingly by rising to record levels. In contrast, 2005 can be regarded as a year in which a degree of supply and demand balance was achieved, a function of supply increasing rather than one of demand falling. The container market performed well in the first half of 2005 as values and earnings continued to rise. But, around the middle of the year, the pendulum swung back and charter and slot rates fell anywhere between 20% and 40%, a quite significant capitulation.

Containerised EXIM traffic in India is growing at a rate of 15 to 20 per cent per annum. Over the next five years, this traffic is expected to touch 110 million tonnes (mt) from the existing 55 mt. According to a study, the projected traffic till 2013-14 is expected to grow at a mammoth 706.84 million tonnes, as against the existing 383.75 million tonnes in 2003-04. The forecasted traffic growth would be on the basis of a 7.69 per cent compound annual rate of growth (CAGR). This would be backed heavily with the growth in container traffic. The highest CAGR has been noticed in container traffic at 18.31 per cent. The rate of growth in container traffic projected for India is 9.4 per cent. Further, the surge in growth would be catered through the growth of transshipment traffic from Colombo to India. This is estimated to reach 4 million TEUs by 2011, of which 80 per cent is expected to either originate or destined to Indian ports.

Even though the world shipping markets have levelled out somewhat in recent months, the Indian shipping industry is set for a strong period of growth in the longer term. The entire container shipping industry has benefited in unprecedented fashion from the performance of the Asian economies in the past two years or so. The container shipping industry is sailing in unprecedented waters due to a variety of factors including besides others, over three and a half years of strong and sustained growth in container volumes and restrained newbuilding deployment, which has meant stable freight rates for shippers.

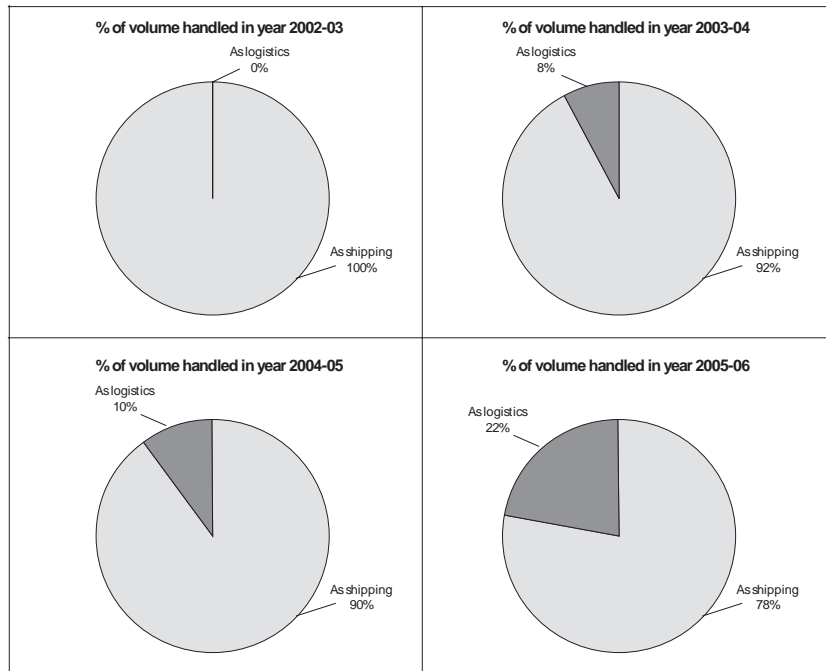
Logistics and Supply Chain Management (SCM) are also key areas of opportunity in the current economic environment. The recent years have witnessed a tremendous awakening amongst the manufacturing and trading community about the need to improve transportation efficiencies. India is developing as a marketing hub and is expected to become a global supplier for quality manufactured goods. It is estimated that India would experience 8.5% industrial growth and the Central Statistical Organization (CSO) has estimated that the economy growth rate would be 8.1 %. Continuous robust economic growth accompanied by increase in domestic consumption provide a vibrant 'scenario' of opportunities for logistics players and technology driven supply chain management. Indian industry today spends about 13% of its USD691 billion GDP on logistics. India needs to attract investments to create a value chain of excellence in logistics to take the opportunity thrown up by the continuing growth of economy and domestic consumption. According to BRIC's economy study, over the next decade, India's GDP could touch USD 1141 billion i.e. a growth of 4.4 % CAGR. At current levels of logistics costs (15%), India may be spending USD 21 billion (approx) on logistics and related services.

The year 2005 remained encouraging for logistics players in India. The Asia – Pacific region is emerging as the hottest logistics market with expenditure on outsourcings growing by 20.6% over the previous year. Multimodal logistics solution providers will have greater demand in future, given the fact that the infrastructure in India is strained and being used in excess of its capacity. Addition to infrastructure will certainly help ease the current pressure on road and rail, but there is immense need to explore other alternative means of transport such as coastal shipping and inland waterways.

Performance review of Shreyas

The year 2005-06 remained encouraging for Shreyas. During the year, we have strengthened our presence in the various industry verticals that we focus on. We have realigned our operations and customer services to be more customer-centric and continued to push the 'single services umbrella' to all our clients. We are concentrating on logistics operations thereby providing end-to-end solutions to the client in the form of storage, consolidation, packaging, repackaging and distribution of cargo through the logistics parks. We have earmarked a sizeable capital expenditure for expanding our logistics operations and acquiring container vessels.

With the vast length and breath of India and the limited scope of expansion for railways and roads, both due to physical and financial constraints, multimodal operations using standard ISO containers via sea routes is an ideal alternate for movement of cargo. Shreyas, in essence, strategically manages the sourcing, aggregation and movement of cargo using its marketing channels in such a way that current and future profitability are maximised for clients, through cost-effective fulfillment of their total (end-to-end) logistic needs. This approach enables strong enduring direct relationships, as a truly value-adding logistics partner, for its clients. Long experience of owning and operating vessels in coastal shipping provides a unique sense of security and reliability to customers, who are increasingly recognising the superiority of integrated multimodal services of Shreyas as a value proposition in terms of cost and convenience.



Thus, Shreyas has transited from being only a provider of coastal shipping services to others' customers, to an integrated value adding logistics partner for its own customers. This is the driver for its enhanced business model which combines its coastal shipping competence for the logistics of movement of domestic cargo, with facilities for collection, aggregation and handling of cargo from end to end under one composite contract with the customer. The model retains the advantage of its traditional presence in feeder services, dealing with transshipment cargo which enables better utilisation of capacity per voyage. This model also includes judicious allocation of some capacity for time charter, which will be gradually reduced in line with the trends in charter rates and inflow of domestic cargo. This enables Shreyas to keep the advantage of diversified revenue streams. This is a prudent business model balancing the advantages of Shreyas' traditional business and its proven ability, unique positioning in providing integrated logistics services for domestic cargo through sea and land, the big growth driver for the immediate future.

The above graphs depict the logistics and shipping volume handled by Shreyas during the last four years.

Diverse business segments provide flexibility to deploy vessels on charter / freight service depending on market scenario and hedge against downturn in any particular segment. Shreyas with its long experience in coastal shipping has management capabilities to identify trends and opportunities in each segment, optimally allocates capacity to each segment and manage the lags in deployment as the flow of domestic cargo builds up. Managing the three businesses in a synergistic way enhances the financial performance and reduces the risk of volatility in charter and freight markets.

During the year, Shreyas continued its quest to increase its operational size and reduce operational cost and adhere to the principle of deriving incremental profits through higher volumes.

A major highlight during the fiscal 05-06 was Shreyas' successful push towards establishing itself as a full-fledged logistics player and increasing the revenue share of the logistics income, thereby reducing the share of charter hire and feeder income which is witnessed by the sharp rise in the revenue from logistics activity during 05-06 over the last year.

As a part of its Capex program announced in July this year, Shreyas has earmarked Rs.350 crores for expanding its logistics operations and acquiring container vessels and containers. As a first step, Shreyas has, through its subsidiary, set up 20,000 sqft. warehousing and logistics facilities at Kandla and an enclosed storage & handling facility at Ahmedabad. It is in the process of setting up similar facilities in North, South and Central India. These logistic parks will enable it to create a synergy of its existing expertise to land. The Company plans to aggressively expand its multimodal logistics operations which includes, among other things, aggregation, consolidation and segregation of cargo and value addition. This will enable the Company to provide end-to-end solutions to all its clients.

Shreyas has, during the year, further invested Rs.49.89 lacs in Shreyas Relay Systems Ltd. (SRSL) to make it a wholly owned subsidiary of Shreyas. SRSL focuses on terrestrial logistics activity and its activities are gradually gaining momentum. SRSL's Operating income since its commencement of operations in August, 2005 till 31st March, 2006 is Rs.4095.96 lacs. The domestic and liner business of Shreyas has been transferred to SRSL.

In view of the improved financial performance during the year, the Board of Directors declared an interim dividend @ 10% (Re.1 per Equity share).

As a move towards reducing its cost and with a view to gain an extended redemption schedule, Shreyas has, during the year, exercised its call option and redeemed in full the 9% Rs.13 crores preference capital by issue of 8.2% Rs.13 crores preference capital. These shares are placed with UTI Bank Ltd. for a tenor of 5 years with redemption at the end of 3rd, 4th and 5th year of allotment. These shares are listed on The Stock Exchange, Mumbai.

In December, 2005, Shreyas sold its vessel 'M.V. Orient Prosperity' for consideration of USD 2.5 million. With the Sale and Purchase market at its peak, the sale resulted in a book profit of about Rs.2.97 crores. This sale was in keeping with the Company's decision to reduce and rationalise the average age of its fleet. With this, the Company now has a fleet of six vessels, i.e., OEL Patriot, OEL Vision, Orient Independence, OEL Aishwarya, Orient Strength and OEL Victory. The vessel which is being built in Singapore is expected to be delivered in November, 2007.

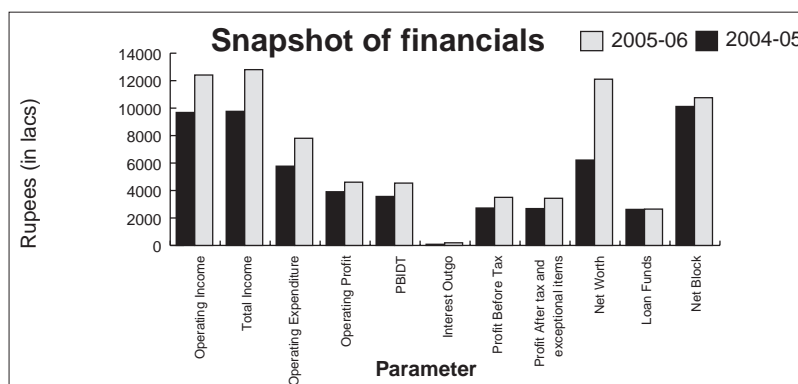
For the first time in its history, Shreyas accessed the international capital market and successfully mobilized USD8 million through Global depositary receipts for financing its Capital expansion plan.

During the year, Shreyas has formed a Forex Management Committee. The role of this Committee is to decide on adoption of appropriate hedging tools to protect the Company from any adverse exchange rate fluctuations. This helps in significantly reducing the foreign currency exposure risk attached with the new ship build payments staggered upto mid 2007. This works as a cost saving measure on the one hand and enables the Company to capture any favourable movements in foreign currencies on the other.

During the year, Shreyas has also formed an Investment Committee which is entrusted with the responsibility of efficiently managing the surplus funds generated by fixing investment parameters and guidelines and reposing the appropriate authority with the senior managerial personnel. Various broad parameters which should act as the guiding factors for any investment proposition are laid down alongwith detailed operational procedures. This ensures optimum utilisation of surplus funds.

We give below a snapshot of the salient features of the Company's stand-alone performance during 2005-06 vis-à-vis the performance during 2004-05.

- Operating income rises by 28.16% to Rs.12,411.14 lacs from Rs.9,683.74 lacs.
- Operating profit at Rs.4,606.95 lacs higher by 17.78% from a profit of Rs.3,911.37 lacs.
- Net profit before Tax and before Prior period items at Rs.3,501.67 lacs as compared to profit of Rs.2,725.23 lacs.
- Net profit after Prior period items, Tax and Exceptional items at Rs. 3,433.96 lacs as against Rs.3,452.24 lacs.
- Earnings Per Share at Rs.16.49 for the year under review as against Rs.12.87 for the previous year.
- Loan funds as at 31st March, 2006 stand at Rs.2647.36 lacs, an increase of around 0.86% as compared to Rs.2624.74 lacs as at 31st March, 2005.
- Net worth (including preference share capital) at Rs.13,707.10 lacs as at 31st March, 2006, an increase of 75.33% over Rs.7,817.86 lacs as at 31st March, 2005.



Outlook on opportunities

Containerised EXIM traffic in India is growing at a rate of 15 to 20 per cent per annum. Over the next five years, this traffic is expected to touch 110 million tonnes (mt) from the existing 55 mt. To achieve this target, the ministry of railways has recently decided to privatize containerised rail freight. This would help in reducing cost and offering a more economical service to the clients as rail is much cheaper than road transport.

India is focusing on substantial reduction in logistics cost to make its global business more competitive. This could pose as a lucrative business opportunity for Shreyas.

The Union Government is committed to giving a thrust to infrastructure development in India by encouraging private investment and public-private partnerships in ports, highways, railways, airports, etc., as well as by facilitative measures such as streamlining Customs procedures and preparing a new model concession agreement for ports. Some of the initiatives being the introduction of tonnage tax, 100 per cent FDI in shipping, allowing private operators in the ICD sector, proposal to set up dedicated freight corridors between Delhi-Mumbai and Delhi-Kolkata, approval to private ownership of rolling stock and rail sidings, etc. Indian shipping industry has received immense encouragement with the Union Ministry of Shipping (MoS) approving the final draft of the National Maritime Development Programme (NMDP). Rs.100,000 crore is proposed to be invested in the NMDP in 10 years.

Rapid port development plans are on the anvil to negate the need for transshipment of cargo. At present, more than half of the cargo to and from India needs to be transhipped through other nearby ports like Colombo, Salalah and Singapore as Major Indian ports are overstretched,



congested, or not adequately connected by major shipping lines. Ports are expected to have deeper draughts and expanded berths at terminals to increase capacity to cope with surging exports, as India records an average 6 per cent annual growth in GDP.

A seamless flow of trade between India and Pakistan is likely following the technical-level agreement on Shipping Protocol finalised by the two countries recently. The Protocol regime proposed to be introduced is expected to facilitate the way for early concretisation of a maritime agreement between the two countries which will enable shipping companies to pick up transshipment cargoes for a third country. Shreyas has taken a lead on this front with an intention to capture the business dedicated to this corridor since it is anticipated that this business would grow.

It is expected that China-centric liner freight will expand further. The upsurge in SEZ's will give a strong thrust to India's foreign trade.

JNPT being the preferred container port for containerised cargo on the West coast of India, the additional capacity created by Gateway Terminals India (GTI) (JNPT's third container terminal) will see new liner services making direct calls at one of the terminals at JN port. New ports on the West coast of India will enhance the cargo handling capacity of non-major ports, which are poised to play a pivotal role in the years ahead.

All said and done, the year 2006 is going to be the year of considerable action. More so for India, which is on the brink of emerging as an Asian superpower. There are sufficient grounds for believing that 2006 will be much better than the long-term mean as prospects for strong economic growth in the US, China and India are still very much on the cards today, and there are early indications of recovery in Japan and Germany and even in the wider eurozone. The commodity-rich exporters in the southern hemisphere and the oil-exporting nations of the Middle East and Africa are also enjoying strong growth which all adds up to a platform of broadly-based growth for shipping and trade.

Outlook on Threats, Risks and Concerns

The new capacities entering the market may create pressure on margins and rates unless there is a huge and consistent surge in demand, which is not expected to happen in the foreseeable future. Statistics reveal that the container industry is set for three years in a row of record deliveries of over 1.3m-teu per annum from 2006 to 2008. These vessels will serve the major trade routes which will necessitate gathering of cargo volume. The huge delivery schedule will play into the hands of shippers when negotiating new contract shipment rates with carriers whilst also giving the carriers greater bargaining power with the charterers from whom they charter their tonnage. This means lower slot rates for lines and lower time charter earnings for most container ships despite the high cost of fuel oil, repositioning, security, terminal charges and so on.

Demand on the headhaul legs of the transpacific and Asia /Europe trades has been growing at double-digit levels for the past few years and remains robust. Although freight rates are stagnating, indicating that the market may have turned already, the global container vessel fleet had increased and is continuing to do so by considerable margin. As of July, 2005, the global order book, when stretched as far as the end of 2009, contained 1,076 vessels which is about 54 per cent of the existing global fleet. Given that it is more than likely that at least one downturn in the trade cycle could take place in this four-year period, these are potentially worrying statistics for the industry. If global demand drops, there will be a large number of vessels with unutilized slots.

To meet the projected growth in the port trade and with increasing containerisation of cargoes, the state-of-the-art ports ought to be in place since infrastructure bottlenecks also count in increasing cost burden to the end-user. Nonetheless, the need for friendly laws and procedures.

There are reasons for concern about the world's imbalances, its energy insecurity and its vulnerability to a calamitous act of terror.

Today's dynamic freight logistics industry has changed the role of shipping lines. With the development of IT-based supply chain integration and value-added service offerings, shipping lines are forced to evolve, or else risk extinction. In addition, ensuring cargo security has become an irreversible part of our responsibility to customers and other supply chain partners. The transport logistics sector will continue to evolve and pose new challenges as a result of globalisation, the digitization of information, security concerns, new technologies, rising energy costs and changing trade patterns.

To mitigate these and other risks to which Shreyas is exposed, Shreyas has a well defined Risk Assessment and Minimisation Report in place. This report identifies the risk elements, the control mechanisms in operation to mitigate such risks and the likely impact of the materialisation of these risks. This report is reviewed periodically by the Management and placed before the Audit Committee for its inputs and suggestions.

Internal control systems and their adequacy

The Company has in place adequate systems of internal control which ensures optimal use of the resources available at its disposal. Internal audit is conducted by Axis Risk Consulting Services Pvt. Ltd. The internal auditors have looked into various areas of the Company with following primary objectives:

- To review the quotation process including the pricing activity and execution of work orders.
- To review the billing and accounting process.

- To review the process for debtors collection and management.
- To review the compliance with statutory laws, rules and regulations.
- To review the vessel repair expenses and accounting thereof.
- To review the Crew related human resource policies and procedures.
- To review the Payroll system for staff on board and on shore staff.

The internal auditors submit their report to the Audit Committee outlining their findings, presenting an analytical review of the functional area looked into and providing practical solutions for the problems observed during the conduct of the internal audit.

Human resources

As on 31st March, 2006, the Company had 36 shore staff and 163 floating staff.

At Shreyas, we regard our people as our most invaluable resources. Shreyas cherishes its association and relationship with every single employee. With this inspired sense of business, Shreyas continuously strives to attract the best talent in the industry. The Company creates an enabling and energising environment which motivates all Team members to collectively strive to achieve its mission and vision.

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: 24th May, 2006

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 Agreements entered into with the Stock Exchanges)

I. Corporate Governance Philosophy and Practice

Shreyas has consistently striven to implement the best Corporate Governance practices, reflecting its fundamentally strong value systems and ethical business conduct. The Company has demonstrated its pro-active and unflinching commitment to timely and accurate disclosure regarding the composition and functioning of the Board of Directors, Management view on business performance and outlook, significant risks and consequent protective measures taken, financial status, performance, ownership and governance, and how all these come together in a corporate symphony to serve the best interests of all stakeholders

Shreyas complies with Clause 49 of the Listing Agreement with the Stock Exchanges (hereinafter referred to as 'Clause 49') and with the norms and disclosure requirements pertaining thereto. It is continuously striving to align the interests of the directors and the management with those of all the stakeholders, thus constantly seeking to enhance value for all 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 ten Directors (including a Nominee Director appointed by ICICI Bank Ltd.) of which two are Executive Directors and eight are Non-Executive Directors. The Chairman and Managing Director is an Executive Director. The Board has five 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 five held during the year 2005-06	Attendance at the last AGM (21.07.05)	No. of Directorships in other public limited companies as on 31.03.2006	No. of Committee positions held in other public limited companies as on 31.03.2006 ²	
					Chairman	Member
Mr. S. Ramakrishnan Chairman & Managing Director	ED	3	Yes	8	NIL	NIL
Mr. Anil Devli³ Executive Director	ED	4	Yes	NIL	NIL	NIL
Mr. V. Ramnarayan Director	NED (NI)	4	Yes	8	NIL	NIL
Mr. S. Mahesh Director	NED (NI)	3	Yes	8	NIL	NIL
Mr. L. B. Culas Director	NED (NI)	2	Yes	NIL	NIL	NIL
Mr. K. P. Medhekar Director	NED (I)	5	Yes	3	NIL	4
Capt. P. P. Radhakrishnan Director	NED (I)	2	Yes	2	1	1
Mr. Amitabha Ghosh Director appointed as Nominee by ICICI Bank Ltd.	NED (I)	5	Yes	8	4	1
Mr. S. Ragothaman Director	NED (I)	4	No	6	3	3
Mr. Bherulal Chaudhary⁴ Director	NED (I)	N.A.	N.A.	1	1	1

Notes:

- Category of Directorship:
ED – Executive Director
NED (NI) – Non-Executive Director and not Independent
NED (I) – Non-Executive Director and Independent
- 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 acts as Chairman of more than 5 Committees across all companies in which he is a Director.
- Appointed as Executive Director with effect from 21st April, 2005.
- Appointed as Additional Director by the Board of Directors at its meeting held on 29th January, 2006.

Number of Board meetings

Five Board meetings were held during the year ended on 31st March, 2006. These were on 21st April, 2005; 21st July, 2005; 26th October, 2005; 12th December, 2005 and 29th January, 2006.

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, 2006. 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 Board of Directors constituted an Audit Committee in February, 2001. Its present composition 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

Notes:

- Ms. Megha Samtani was appointed as Secretary of the Audit Committee in place of Ms. Namrata Malushte with effect from 26th October, 2005.

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 or related financial management expertise.

The Chief Financial Officer, General Manager – Finance & Accounts, representative of the Internal auditors and the Statutory auditors are permanent 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.

During the year, the Committee focused its attention on overseeing and monitoring the financial reporting system within the Company, considering quarterly, half-yearly and annual financial results of the Company and submitting its observations to the Board of Directors before its adoption by the Board, review of annual budgets, annual internal audit plans, legal compliance reporting system, review of internal control system, audit methodology and process, major accounting policies and practices, compliance with accounting standards, risk management and risk disclosure policy. The Audit Committee also continued to advise the management on areas where greater internal control and internal audit focus was needed and on new areas to be taken up for audit. These were based on the Committee's discussions and review of the observations of the reports submitted by the Company's Internal Auditors in various functional areas.

Meetings and attendance during the year

Sr.No.	Name of Director	Meetings / Attendance			
		20.04.2005	20.07.2005	25.10.2005	29.01.2006
1	Mr. Amitabha Ghosh	Present	Present	Present	Present
2	Mr. K. P. Medhekar	Present	Present	Present	Present
3	Capt. P. P. Radhakrishnan	Absent	Present	Absent	Present
4	Mr. S. Ragothaman	Present	Absent	Present	Present



The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the Board Meetings. As a matter of policy, Minutes of the Audit Committee meetings are circulated to all Directors within one week of the conclusion of the meeting.

The Chairman of the Audit Committee was present at the 17th Annual General Meeting held on 21st July, 2005.

IV. Shareholders' / Investors Grievance Committee of Directors

Composition

The Board of Directors constituted a Shareholders' / Investors Grievance Committee in June, 2001. Its present composition 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

Notes:

1. Ms. Megha Samtani was appointed as Secretary of the Shareholders' / Investors Grievance Committee in place of Ms. Namrata Malushte with effect from 26th October, 2005.

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 three meetings of the Shareholders' / Investors Grievance Committee during the year ended on 31st March, 2006. These were on 14th July, 2005, 26th October, 2005 and 29th January, 2006. 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 Directors review the position on all major investor grievances at meetings of the Board of Directors and the Shareholders' / Investors Grievance Committee.

A comparative statement of the various complaints received and redressed by the Company and M/s. Intime Spectrum Registry Ltd. during the year 2005-06 is given below:

Nature of complaints	Number of complaints	
	Received	Pending
Non-receipt of dividend	41	0
Non-receipt of Share certificates after transfer	62	0
Non-receipt of Annual report	6	0
Non-receipt of demat credit / remat credit	13	0
Non-receipt of rejected Demat Requisition Form	23	0
Others (not included above)	15	0
TOTAL	160	0

V. Remuneration Committee

Composition

The Board of Directors constituted a Remuneration Committee in January, 2004. Its present composition 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 ¹	Member	Non-Executive and Independent Director
Ms. Megha Samtani ²	Secretary	Company Secretary
Ms. Namrata Malushte ²	Secretary	Company Secretary

Notes:

- Mr. Amitabha Ghosh was appointed as Member of the Remuneration Committee with effect from 29th January, 2006.
- Ms. Megha Samtani was appointed as Secretary of the Remuneration Committee in place of Ms. Namrata Malushte with effect from 26th October, 2005.

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.

Meetings and attendance during the year

Sr.No.	Name of Director	Meetings / Attendance		
		21.04.2005	12.12.2005	29.01.2006
1	Capt. P. P. Radhakrishnan	Absent	Absent	Present
2	Mr. K. P. Medhekar	Present	Present	Present
3	Mr. S. Ragothaman	Present	Present	Present
4	Mr. Amitabha Ghosh ¹	N.A.	N.A.	Present

- Mr. Amitabha Ghosh was appointed as Member of the Remuneration Committee with effect from 29th January, 2006.

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 2005-06 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 upto 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.

The remuneration of Mr. S. Ramakrishnan and Mr. Anil Devli was revised with the approval of the Board of Directors at its meeting held on 24th May, 2006 and 12th December, 2005 respectively after the approval accorded by the Remuneration Committee. This is in recognition of their efforts towards bringing Shreyas at the position at which it is today and also in view of the fact that with the formulation of Capital expansion plan for the Company and the onerous task of raising funds for the same, their responsibilities have increased to a great extent.

b. For Non-Executive Directors

All fees / compensation paid to Non-Executive Directors is 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.10,000/- per Board,



Audit Committee and Remuneration Committee Meeting attended (revised from Rs.5,000/- per meeting with effect from 22nd April, 2005). The details of sitting fees paid to the Non-Executive Directors for the year 2005-06 and shares held by them in the Company as on 31st March, 2006 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 31st March, 2006
Mr. V. Ramnarayan	35,000/-	N.A	N.A	109375
Mr. S. Mahesh	25,000/-	N.A	N.A	112475
Mr. L. B. Culas	15,000/-	N.A	N.A	130845
Mr. K. P. Medhekar	45,000/-	35,000/-	10,000/-	NIL
Capt. P. P. Radhakrishnan	20,000/-	20,000/-	10,000/-	NIL
Mr. Amitabha Ghosh	45,000/-	35,000/-	10,000/-	NIL
Mr. S. Ragothaman	35,000/-	25,000/-	10,000/-	3000
Mr. Bherulal Chaudhary	N.A	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, 2006.

The Company does not have a scheme for stock options for its Directors. During the year, the Company transferred 10,000 Equity shares of Rs.10/- each held in M/s. Orient Express Ship Management Ltd. to Mr. V. Ramnarayan and Mr. S. Mahesh, Non-executive Directors (5,000 Equity shares each) for a consideration of Rs.20/- per Share. Apart from the above transaction, none of the Non-executive Directors had pecuniary interest 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 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. Megha Samtani ¹	Member	Company Secretary
Ms. Namrata Malushte ¹	Member	Company Secretary
Capt. V. K. Singh (upto 31st October, 2005)	Member	General Manager – Commercial & Operations
Ms. Rajna Ganesh ²	Member	General Manager – Finance & Accounts
Mr. R. S. Radhakrishnan ²	Member	Senior Manager – Finance & Accounts

Notes:

- Ms. Megha Samtani was appointed as Member of the Share Transfer Committee in place of Ms. Namrata Malushte with effect from 26th October, 2005.
- Ms. Rajna Ganesh was appointed as Member of the Share Transfer Committee in place of Mr. R. S. Radhakrishnan with effect from 26th October, 2005.

Meetings of the Share Transfer Committee are usually held fortnightly. 24 meetings of the Share Transfer Committee were held during the year 2005-06.

VII. General Body Meetings

a. Particulars of the last three Annual General Meetings (AGM's)

Financial year	AGM No.	Date	Venue	Time
2004-05	17th	21st July, 2005	Sivaswamy Auditorium of Fine Arts Cultural Centre Chembur (East) Mumbai – 400 071	11.00 a.m.
2003-04	16th	23rd July 2004		11.00 a.m.
2002-03	15th	17th September, 2003		11.00 a.m.

b. Special resolutions passed at last three AGM's

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.

The following two Special resolutions were passed by the Shareholders at the AGM held on 23rd July, 2004:

- Alteration of Articles of Association of the Company by replacing the Clause 91(3) on 'Sitting fees payable to Directors' by revised Clause 91(3).
- Voluntary delisting of Equity shares of the Company from Madras Stock Exchange Limited, Cochin Stock Exchange Limited and The Stock Exchange, Ahmedabad.

c. Passing of resolutions by Postal ballot

No resolutions were passed by postal ballot during the year ended 31st March, 2006. 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, 2006, 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, 2006, the Company has a wholly owned Subsidiary company Shreyas Relay Systems Ltd.

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 17th Annual General Meeting held on 21st July, 2005.
- 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.
- The Company takes concrete and conscious steps to ensure that the Auditors do not have any qualifications on the financial statements. Queries and suggestions on financial statements, if any, are addressed by the concerned Company representatives to the satisfaction of the Auditors.



- 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.

g. Disclosure regarding appointment or re-appointment of Directors

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

Mr. Bherulal Chaudhary who was appointed as Additional Director with effect from 29th January, 2006, is being recommended for appointment as a Director of the Company.

Mr. Anil Devli who was appointed as Executive Director at the Annual General Meeting held on 21st July, 2005 is being recommended for re-appointment for a further period of one year with effect from 21st April, 2006.

The brief resume of these Directors is given hereinbelow.

I. Name: Mr. K. P. Medhekar

Experience:

Mr. K. P. Medhekar is around 79 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>
ISIS Technologies Pvt. Ltd.	Chairman
Morarka Finance Ltd	Director
ISR Ltd. Hospet	Director
Dwarikesh Sugar Industries Ltd.	Director
Ex-Servicemen's Multipurpose -Services (India) 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
Dwarikesh Sugar Industries Ltd.	Shareholders' /Investors Grievance Committee	Member
Morarka Finance Ltd.	Audit Committee	Member
Morarka Finance Ltd.	Shareholders' /Investors Grievance Committee	Member

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2006: NIL

II. Name: Mr. V. Ramnarayan

Experience: Mr. V. Ramnarayan is around 57 years of age. He is a Graduate in Science from the University of Mumbai with a Post Graduate Diploma in Business Management. He has over 26 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 like commercial, technical, etc.

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 Pvt. Ltd.	Director

<u>Name of the companies/firm</u>	<u>Nature of interest</u>
Albatross Surveyors Ltd.	Director
Albatross Logistics Centre (I) Pvt. Ltd.	Director
TLPL Shipping Pvt. Ltd.	
(Formerly Balaji Logistics Pvt. Ltd.)	Director
TLPL Logistics Pvt. Ltd.	Director
CMA CGM East & South India Pvt. Ltd.	Director
Clarion Solutions Pvt. Ltd.	
(Formerly Clarion Shipping Agency Pvt. Ltd.)	Director
Crescent Shipping Agency (I) Pvt. Ltd.	Director
Crescent Take Global Supply Chain Pvt. Ltd.	Director
Haytrans (India) Pvt. Ltd.	Director
Interseas Shipping Pvt. Ltd.	Director
Meridian Shipping Agency Pvt. Ltd.	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 Pvt. Ltd.	Director
Transworld Management Consultancy Pvt. Ltd.	Director
Transworld Pharma (Madras) Pvt. Ltd.	Director
Transworld Plantations Pvt. Ltd.	Director
Transworld Shipping Services (India) Pvt. Ltd.	Managing Director
Trident Overseas Pvt. Ltd.	Director
Trident Trading Pvt. Ltd.	Director

Committee Memberships: NIL

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2006:

109,375 Equity shares of Rs.10/- each.

III. Name: Mr. S. Mahesh

Experience:

He is around 39 years of age. He is a Graduate in Commerce from the University of Mumbai and has hands on experience in shipowning and ship management. In addition, he has expertise in International Trading.

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 Pvt. Ltd.	Director
Albatross Surveyors Ltd.	Director
Albatross Logistics Centre (I) Pvt. Ltd.	Director
Associated Edible Oil Refineries	Partner
TLPL Shipping Pvt. Ltd.	
(Formerly Balaji Logistics Pvt. Ltd.)	Director
TLPL Logistics Pvt. Ltd.	Director
CMA CGM East & South India Pvt. Ltd.	Director
Clarion Solutions Pvt. Ltd.	
(Formerly Clarion Shipping Agency Pvt. Ltd.)	Director
Crescent Shipping Agency (I) Pvt. Ltd.	Director
Haytrans (India) Pvt. Ltd.	Director
Meridian Shipping Agency Pvt. Ltd.	Director



<u>Name of the companies/firm</u>	<u>Nature of interest</u>
NLS Agency (I) Pvt. Ltd	Director
Orient Express Ship Management Ltd.	Director
Perumbavoor Oil Seed Expellers	Partner
Relay Shipping Agency Limited	Director
Sea Orient Shipping (India) Pvt. Ltd.	Director
Shreyas Relay Systems Ltd.	Director
Sivaswamy Holdings Pvt. Ltd	Director
Tejas Oil Pvt. Ltd.	Director
Transcorp Finance Ltd.	Director
Transcorp Securities Ltd.	Director
Transworld Constructions Pvt. Ltd.	Director
Transworld Energies Ltd.	Director
Transworld Logistics Pvt. Ltd.	Director
Transworld Management Consultancy Pvt. Ltd.	Director
Transworld Oil Pvt. Ltd.	Director
Transworld Pharma (Madras) Pvt. Ltd.	Director
Transworld Plantations Pvt. Ltd.	Director
Transworld Shipping Services (India) Pvt. Ltd.	Director
Trident Overseas Pvt. Ltd.	Director
Trident Trading Pvt. Ltd.	Director

Committee Memberships: NIL

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2006:

112475 Equity shares of Rs.10/- each.

IV. Name: Mr. Bherulal Choudhary

Experience:

He is about 40 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 specializing 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 Ltd.	Director

Committee Memberships:

<u>Name of the companies/firm</u>	<u>Name of Committee</u>	<u>Committee Position</u>
EMCO Ltd.	Investors / Shareholders	Chairman
	Grievance Committee	
EMCO Ltd.	Audit Committee	Member

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2006: NIL

V. Name: Mr. Anil Devli

Experience:

Mr. Anil Devli aged about 43 years 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 also on the Board of Indian National Shipowners Association and is the Vice-Chairman of the Narottam Morarjee Institute of Shipping.

Other Directorships:

<u>Name of the companies/firm</u>	<u>Nature of interest</u>
Indian National Shipowners Association	Director

Committee Memberships: NIL

Shareholding in Shreyas Shipping & Logistics Ltd. as on 31st March, 2006:

6200 Equity shares of Rs.10/- each.

IX. Means of communication

- a. The financial results of the Company are being published in leading newspapers such as the Economic Times and Maharashtra Times 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 2005-06 were published in the newspapers as under:

Newspapers	Date of publication of results for the Quarter ended			
	31.3.05	30.6.05	30.09.05	31.12.05
The Economic Times, Mumbai	22.04.05	-	27.10.05	-
Maharashtra Times, Mumbai	22.04.05	-	27.10.05	-
Business Standard, Mumbai	-	22.07.05	-	01.02.06
Sakal, Mumbai	-	22.07.05	-	01.02.06
Free Press Journal, Mumbai	-	-	-	31.01.06
Navshakti, Mumbai	-	-	-	31.01.06

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 2005-06, Press releases have been issued on 21st April, 2005, 21st July, 2005, 26th October, 2005 and 21st February, 2006.
- 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

S. No.	Salient items of interest	Particulars
i.	AGM date	21st July, 2006
ii.	AGM Time	11:00 a.m.
iii.	AGM Venue	Sivaswamy Auditorium of Fine Arts Cultural Centre, 61/21 R. C. Marg, Opp. Vijaya Bank, Chembur, Mumbai – 400 071
iv.	Financial Calendar (tentative)	1.04.2006 to 31.03.2007
	Results for the quarter ending	
	30th June, 2006	Last week of July, 2006
	30th September, 2006	Last week of October, 2006
	31st December, 2006	Last week of January, 2007
	31st March, 2007	Last week of June, 2007
		Annual General Meeting is proposed to be held in September, 2007
v.	Dates of Book Closure	8th July, 2006 to 21st July, 2006 (both days inclusive)
vi.	Dividend Payment date	The final dividend on Equity shares, as recommended by the Board of Directors, if declared at the ensuing Annual General Meeting, will be paid at par on or after 27th July, 2006 to those Members whose names appear on the Company's Register of Members as holders of Equity Shares in physical form on 21st July, 2006. In respect of Shares held in dematerialised form, the dividend will be paid on the basis of beneficial ownership details to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on the close of business hours on 7th July, 2006.



S. No.	Salient items of interest	Particulars								
vii.	Listing on Stock Exchanges	<p>A. Equity shares: The Stock Exchange, Mumbai National Stock Exchange of India Ltd.</p> <p>B. Preference shares: The Stock Exchange, Mumbai</p> <p>C. Global Depository Receipts (GDRs): Bourse de Luxembourg</p> <p>The Company has paid listing fees for the year 2005-06 to the Indian Stock Exchanges where its securities are listed. The Company has paid listing fees for the Calendar year 2006 to the Luxembourg Stock Exchange for the Global Depository Receipts listed on the same.</p>								
viii.	Stock Code	<p>A. Equity shares: The Stock Exchange, Mumbai - 520151 National Stock Exchange of India Ltd. - SHREYAS</p> <p>B. Preference shares: The Stock Exchange, Mumbai - 700105</p> <p>C. Global Depository Receipts (GDRs): CUSIP -Bourse de Luxembourg –8255401072</p>								
ix.	The International Securities Identification Number (ISIN Number) for the Company's Shares in dematerialised form	<p>A. Equity shares: INE757B01015 B. Preference shares: INE757B04019 C. Global Depository Receipts (GDRs): US8255401072</p>								
x.	Registrar & Share Transfer Agent	<p>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</p>								
xi.	Share Transfer System	<p>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.</p>								
xii.	Dematerialisation of shares	<p>As at 31st March, 2006 – 5821 Members (50% of the total Members) hold 31,94,100 Equity Shares of Rs.10/- each (14.55% of the total Equity Shares) in dematerialised mode.</p>								
xiii.	Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity	<p>Pursuant to the resolution passed by the Shareholders at the Extraordinary General Meeting held on 16th January, 2006, the Company has issued 21,33,333 GDRs representing one underlying Equity share of the face value of Rs.10/- each. The details of GDRs issued and converted during the financial year 2005-06 and outstanding as on 31st March, 2006 are given hereinbelow:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Nos.</th> </tr> </thead> <tbody> <tr> <td>GDRs issued during the year</td> <td>21,33,333</td> </tr> <tr> <td>GDRs converted into shares during the year</td> <td>Nil</td> </tr> <tr> <td>Outstanding GDRs as on 31st March, 2006</td> <td>21,33,333</td> </tr> </tbody> </table>	Particulars	Nos.	GDRs issued during the year	21,33,333	GDRs converted into shares during the year	Nil	Outstanding GDRs as on 31st March, 2006	21,33,333
Particulars	Nos.									
GDRs issued during the year	21,33,333									
GDRs converted into shares during the year	Nil									
Outstanding GDRs as on 31st March, 2006	21,33,333									

S. No.	Salient items of interest	Particulars
xiv.	Plant locations	Not applicable as the Company is a ship owning Company.
xv.	Address for correspondence	<p>Registered office: 1110/1111 Embassy Centre Nariman Point Mumbai – 400 021</p> <p>Administrative office: 'Orient Shreyas', Plot No.203, Station Avenue Road, Chembur (East) Mumbai – 400 071</p> <p>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</p>

Distribution of Shareholding as on 31st March, 2006

Category (Nominal value of shares)		No. of Shareholders	% of Shareholders	Share amount(In Rs.)	% of Shareholding
From	To				
Upto	2,500	9986	85.90	1,02,05,300	4.65
2,501	- 5,000	807	6.94	33,35,490	1.52
5,001	- 10,000	361	3.11	30,98,150	1.41
10,001	- 20,000	236	2.03	36,69,410	1.67
20,001	- 30,000	92	0.79	23,60,670	1.08
30,001	- 40,000	30	0.26	10,91,210	0.50
40,001	- 50,000	26	0.22	12,53,960	0.57
50,001	- 1,00,000	42	0.36	29,55,550	1.34
1,00,001	& above	45	0.39	19,16,05,590	87.26
Total		11625	100.00	21,95,75,330	100.00

Shareholders' profile

As on 31st March, 2006, the Company had 11,625 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	Promoter's Holding		
		Promoters		
		Indian Promoters:	3,759,796	17.12
		Foreign Promoters:	12,351,650	56.25
	2	Persons acting in concert	62,368	0.28
B	3	Public Holding		
		Institutional Investors		
		a. Mutual Funds and UTI	45,121	0.21
		b. Banks, Financial Institutions, Insurance Companies	0	0.00
		c. Foreign Institutional Investors	105,530	0.48
C	4	Others		
		a. Private Corporate Bodies	533,685	2.43
		b. Indian Public	2,913,410	13.27
		c. NRIs/OCBs	52,640	0.24
	5	Global Depository Receipts	2,133,333	9.72
Total (1+2+3+4)			21,957,533	100.00



Top 10 shareholders as on 31st March, 2006

Sr. No	Name of the Shareholder	Number of Shares held as on 31.03.06	% of Shareholding
1	Transworld Holdings Limited	12,351,650	56.25
2	The Bank of New York (Depository for Global Depository Receipts)	2,133,333	9.72
3	Mithila Mahesh	975,575	4.44
4	Geeta Ramakrishnan	933,375	4.25
5	Valli Sivaswamy	383,500	1.75
6	Ritesh Ramakrishnan	168,375	0.77
7	Murali Mahesh	168,375	0.77
8	Anisha Ramakrishnan	150,575	0.69
9	Rajan Ramnarayan	140,875	0.64
10	Rajeev Ramnarayan	136,375	0.62

Stock price data

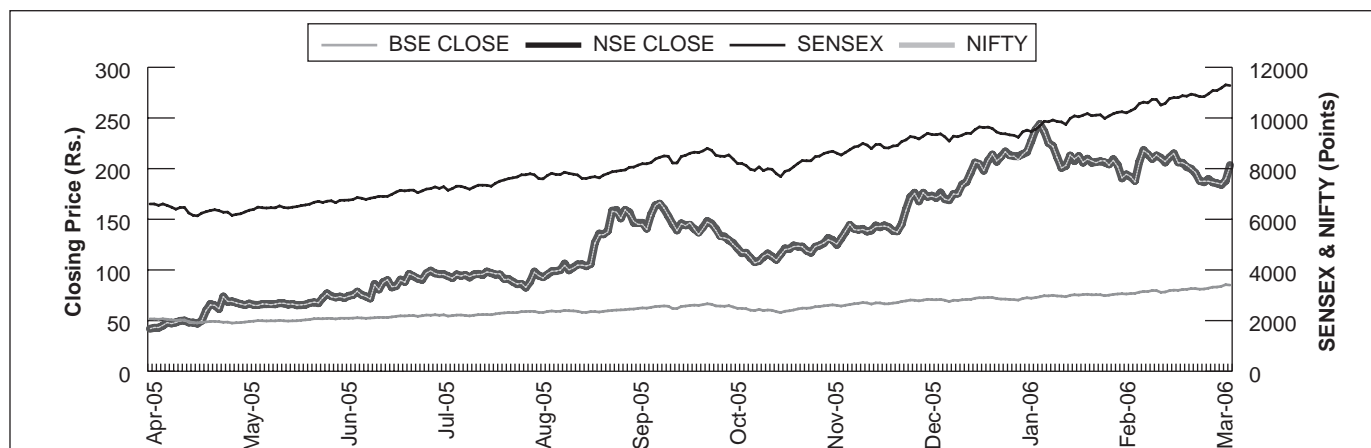
(1) The monthly high and low stock quotations during the financial year 2005-06 and performance in comparison to the BSE Sensex and S&P CNX Nifty is given below:

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 2005	75.95	40.50	6649.42	6118.42	76.40	40.55	2084.90	1896.30
May 2005	77.90	64.05	6772.74	6140.97	79.00	64.00	2099.35	1898.15
June 2005	101.50	69.00	7228.21	6647.36	102.20	65.10	2226.15	2061.35
July 2005	106.00	86.70	7708.59	7123.11	105.50	85.25	2332.55	2171.25
August 2005	142.00	80.00	7921.39	7537.50	142.85	80.00	2426.65	2294.25
September 2005	180.00	133.50	8722.17	7818.90	178.00	132.50	2633.90	2382.90
October 2005	149.80	101.60	8821.84	7656.15	149.15	102.40	2669.20	2307.45
November 2005	151.95	114.05	9033.99	7891.23	148.70	115.75	2727.05	2366.80
December 2005	191.95	136.75	9442.98	8769.56	192.70	132.25	2857.00	2641.95
January 2006	252.00	189.90	9945.19	9158.44	250.45	194.00	3005.10	2783.85
February 2006	221.00	186.10	10422.65	9713.51	225.00	187.00	3090.30	2928.10
March 2006	226.00	183.35	11356.95	10344.26	225.90	182.50	3433.85	3064.00

(2) Shares traded during 1st April, 2005 to 31st March, 2006

Particulars	On BSE	On NSE
No. of shares traded	9843797	13445872
Highest Share price	Rs.252.00 (on 25/01/2006)	Rs.250.45 (on 25/01/2006)
Lowest Share price	Rs.40.50 (on 01/04/2005)	Rs.40.55 (on 01/04/2005)
Closing Share price as on 31st March, 2006	Rs.201.70	Rs.203.50
Market capitalisation as on 31st March, 2006 (including Shares underlying Global Depository Receipts)	Rs. 4,42,88,34,406	Rs. 4,46,83,57,965
Market capitalisation as on 31st March, 2006 (excluding Shares underlying Global Depository Receipts)	Rs.3,99,85,41,140	Rs.4,03,42,24,700

(3) The Company's share price movement during 2005-06 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 2005-06 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
February, 2006*	4.21	N.A
March, 2006	4.53	N.A

* 2,133,333 Global Depository Receipts were allotted on 20th February, 2006.

For and on behalf of the Board of Directors,

Place: Mumbai
Date: 24th May, 2006

S. Ramakrishnan
Chairman & Managing Director

Certificate

(Annexure III to the Directors' Report)

(As required by Clause 49 of the Listing Agreements entered into with the 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 2006 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 2006, 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 Sridhar & Santhanam
Chartered Accountants

S Ramakrishnan
Partner
M. No 18967

Place: Mumbai
Date: 24th May 2006



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

(Annexure IV 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 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, 2006.

Mumbai
24th May, 2006

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 2006, 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;
 - (v) On the basis of written representations received from the directors, as on 31st March 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 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, 2006;
 - (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 Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
M. No. 18967

Place : Mumbai
Date : 24 May 2006



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 off 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) Except for an unsecured loan of Rs 280 lakhs to the Subsidiary, Shreyas Relay Systems Ltd, 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. The rate of interest and other terms and conditions of the above referred Loan to Subsidiary are not prima facie prejudicial to the interest of the Company. In respect of this Loan to Subsidiary , the receipt of the interest is regular , no principal is due as on date and there are no overdues
- (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 statutory dues with the appropriate authorities except for some delays in depositing Seamen's Provident Fund and Tax deducted at source for crew. 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.
- (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) While no moneys have been raised during the year by way of a Public issue in India, the Company has issued 21,33,333 Global Depository Receipts (GDRs) (each GDR representing one equity share) at \$3.75/GDR and Note 6 in Notes to the Accounts discloses that the proceeds of the issue have been temporarily parked in Mutual funds pending their utilization and the same has been verified.
- (xxi) No fraud on or by the Company has been noticed or reported during the year.

For Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date : 24 May 2006



BALANCE SHEET AS AT 31ST MARCH, 2006

	Schedule	(AMOUNT IN RUPEES)	
		AS AT 31.03.2006	AS AT 31.03.2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	349,575,330	328,242,000
RESERVES AND SURPLUS	2	1,147,580,011	550,324,540
		<u>1,497,155,341</u>	<u>878,566,540</u>
LOAN FUNDS			
SECURED LOANS	3	264,735,945	262,474,078
		<u>264,735,945</u>	<u>262,474,078</u>
TOTAL		<u>1,761,891,286</u>	<u>1,141,040,618</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	1,257,174,950	1,505,760,381
LESS : DEPRECIATION		433,100,225	493,648,597
NET BLOCK		<u>824,074,725</u>	<u>1,012,111,784</u>
CAPTIAL WORK-IN-PROGRESS (Ship Under Building)		<u>251,849,984</u>	<u>—</u>
TOTAL		<u>1,075,924,709</u>	<u>1,012,111,784</u>
INVESTMENTS			
CURRENT ASSETS, LOANS AND ADVANCES	5	437,240,861	311,000
INVENTORIES	6	30,861,276	16,820,201
SUNDRY DEBTORS	7	176,583,491	69,231,558
CASH AND BANK BALANCES	8	47,766,812	96,627,309
OTHER CURRENT ASSETS	9	14,262,826	10,930,609
LOANS AND ADVANCES	10	97,122,484	80,303,734
		<u>366,596,889</u>	<u>273,913,411</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES	11	82,631,638	116,156,109
PROVISIONS	12	35,239,535	29,139,468
		<u>117,871,173</u>	<u>145,295,577</u>
NET CURRENT ASSETS		<u>248,725,716</u>	<u>128,617,834</u>
TOTAL		<u>1,761,891,286</u>	<u>1,141,040,618</u>
NOTES TO THE ACCOUNTS	17		

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Chairman & Managing Director

Anil Devli
Executive Director

S. Ramakrishnan
Partner
M.No. 18967

V. Ramnarayan
Director

Megha Samtani
Company Secretary

K. P. Medhekar
Director

Vinay Kshirsagar
Chief Financial Officer

Place : Mumbai
Date : 24th May, 2006

Place : Mumbai
Date : 24th May, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2006

	Schedule	(AMOUNT IN RUPEES)	
		Year ended 31.03.2006	Year ended 31.03.2005
INCOME			
OPERATING EARNINGS			
a) CHARTER HIRE INCOME		444,279,804	414,082,438
b) FREIGHT INCOME		796,834,376	554,291,839
OTHER INCOME			
a) PROFIT ON SALE OF SHIP		29,686,790	—
b) MISCELLANEOUS INCOME	13	9,484,385	8,222,493
TOTAL INCOME		1,280,285,355	976,596,770
EXPENDITURE			
OPERATING EXPENSES	14	780,419,477	577,237,383
ADMINISTRATION & OTHER EXPENSES	15	45,780,293	42,622,382
INTEREST	16	19,300,703	8,543,859
DEPRECIATION		84,752,443	75,804,806
LESS : DEPRECIATION ADJUSTED BY TRANSFER FROM CAPITAL RESERVE		134,703	134,703
		84,617,740	75,670,103
TOTAL EXPENDITURE		930,118,213	704,073,727
PROFIT BEFORE TAX		350,167,142	272,523,043
ADD / (LESS) PRIOR PERIOD ITEMS		—	(1,101,944)
LESS: PROVISION FOR TAXATION			
— CURRENT		5,600,000	2,511,000
— FRINGE BENEFIT TAX		1,161,000	—
— PRIOR YEAR		9,555	466,126
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		343,396,587	268,443,973
ADD: EXCEPTIONAL ITEMS			
REVERSAL OF DEFERRED TAX LIABILITY		—	76,779,891
PROFIT AFTER EXCEPTIONAL ITEMS		343,396,587	345,223,864
SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR		112,182,688	79,547,819
ADD: TRANSFER FROM CAPITAL REDEMPTION RESERVE		39,000,000	—
AMOUNT AVAILABLE FOR APPROPRIATION		494,579,275	424,771,683
APPROPRIATIONS			
TRANSFER TO GENERAL RESERVE		34,400,000	128,730,000
TRANSFER TO ASSET IMPAIRMENT RESERVE		—	30,000,000
TRANSFER TO CAPITAL REDEMPTION RESERVE		—	39,000,000
TRANSFER TO TONNAGE TAX RESERVE		68,800,000	56,800,000
INTERIM DIVIDEND PAID ON EQUITY SHARES		19,824,200	13,876,940
DIVIDEND PAID ON PREFERENCE SHARES REDEEMED		6,699,452	11,700,000
TAX ON DIVIDEND PAID		3,724,439	3,342,587
PROPOSED DIVIDEND ON EQUITY SHARES		26,349,040	25,771,460
TAX ON PROPOSED DIVIDEND ON EQUITY SHARES		3,695,453	3,368,008
PROPOSED DIVIDEND ON PREFERENCE SHARES		4,556,055	—
TAX ON PROPOSED DIVIDEND ON PREFERENCE SHARES		638,987	—
SURPLUS CARRIED TO BALANCE SHEET		325,891,649	112,182,688
		494,579,275	424,771,683
NOTES TO THE ACCOUNTS	17		
Earnings per share—Basic and Diluted (excluding exceptional items) (Refer Note 17 in schedule 17)		16.49	12.87

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Chairman & Managing Director

Anil Devli
Executive Director

S. Ramakrishnan
Partner
M.No. 18967

V. Ramnarayan
Director

Megha Samtani
Company Secretary

K. P. Medhekar
Director

Vinay Kshirsagar
Chief Financial Officer

Place : Mumbai
Date : 24th May, 2006

Place : Mumbai
Date : 24th May, 2006



SCHEDULES TO BALANCE SHEET

(AMOUNT IN RUPEES)

SCHEDULE 1 : SHARE CAPITAL

	AS AT 31.03.2006	AS AT 31.03.2005
AUTHORISED		
24,000,000 Equity Shares of Rs 10/- each	240,000,000	240,000,000
1,400,000 9% Non Convertible Cumulative Redeemable Preference Shares of Rs 100/- each	—	140,000,000
1,400,000 Non Convertible Cumulative Redeemable Preference Shares of Rs 100/- each	140,000,000	—
	<u>380,000,000</u>	<u>380,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
2,19,57,533 (Previous year 1,98,24,200) Equity Shares of Rs 10/- each fully Paid up	219,575,330	198,242,000
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 during the year. The GDRs are outstanding as on 31st March, 2006 to be converted into Equity Shares.		
1,300,000 9% Non-Convertible, Cumulative, Redeemable Preference Shares of Rs. 100/- each fully paid up.	—	130,000,000
Date of allotment 22nd October 2002 These shares were to be redeemed at the end of 3rd, 4th and 5th year from the date of allotment in the ratio of 30:30:40 respectively. However by exercising the early call option available after the expiry of 24 months from the date of allotment, Company has fully redeemed these shares at par on 27th October 2005.		
1,300,000 8.20% Non-Convertible, Cumulative, Redeemable Preference Shares of Rs. 100/- each fully paid up 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	130,000,000	—
TOTAL	<u>349,575,330</u>	<u>328,242,000</u>

SCHEDULE 2 : RESERVES AND SURPLUS

SECURITIES PREMIUM		
As per last Balance sheet	177,272,000	177,272,000
Add: Premium received on issue of 21,33,333 Global Depository Receipts (Gross)	333,786,874	—
Less: Expenses on GDR & Preference Shares issue	14,305,661	—
(a)	<u>496,753,213</u>	<u>177,272,000</u>
GENERAL RESERVE		
As per last balance sheet	134,089,620	5,359,620
Add: Transfer from Profit and Loss account	34,400,000	128,730,000
(b)	<u>168,489,620</u>	<u>134,089,620</u>
TONNAGE TAX RESERVE		
As per last balance sheet	56,800,000	—
Add: Transfer from Profit and Loss account	68,800,000	56,800,000
(c)	<u>125,600,000</u>	<u>56,800,000</u>
ASSET IMPAIRMENT RESERVE		
As per last balance sheet	30,000,000	—
Add: Transfer from Profit and Loss account	—	30,000,000
(d)	<u>30,000,000</u>	<u>30,000,000</u>

(AMOUNT IN RUPEES)

	AS AT 31.03.2006	AS AT 31.03.2005
CAPTIAL REDEMPTION RESERVE		
As per last balance sheet	39,000,000	—
Add: Transfer from Profit and Loss account	—	39,000,000
Less: Transfer to Profit and Loss account on redemption of Preference Shares by further issue.	39,000,000	—
(e)	—	39,000,000
CAPITAL RESERVE		
As per last balance sheet	980,232	1,114,935
Less: Transfer to Profit & Loss Account for adjustment against depreciation	134,703	134,703
(f)	845,529	980,232
SURPLUS		
Balance in Profit & Loss Account	325,891,649	112,182,688
(g)	325,891,649	112,182,688
TOTAL (a+b+c+d+e+f+g)	1,147,580,011	550,324,540

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 Aishwarya

186,118,126 223,341,750

ICICI BANK LTD (FCNR LOAN)

Secured by a charge over the Vessel M.V.Orient Aishwarya

21,754,912 38,462,220

STATE BANK OF INDIA (TERM LOAN)

Secured by first charge over Vessel under construction and a second charge over the vessel M.V Orient Independence

10,000,000 —

STATE BANK OF INDIA (CORPORATE LOAN)

Secured by a first charge over the Vessel M.V.Orient Independence

46,425,000 —

ICICI BANK LTD (CAR LOAN)

Secured by hypothecation of Cars

437,907 670,108

TOTAL

264,735,945 262,474,078

SCHEDULE 4 : FIXED ASSETS

(AMOUNT IN RUPEES)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2005	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	COST AS AT 31.03.2006	AS AT 01.04.2005	FOR THE YEAR	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2006	AS AT 31.03.2006	AS AT 31.03.2005
FLEET	1,444,019,679	430,793	213,064,294	1,231,386,178	476,436,286	82,001,848	137,001,553	421,436,581	809,949,597	967,583,393
EQUIPMENT ON BOARD	17,218,984	—	10,012,649	7,206,335	5,818,048	713,900	4,139,430	2,392,518	4,813,817	11,400,936
CONTAINER EQUIPMENT	24,251,250	36,058,115	60,309,365	—	393,509	582,803	976,312	—	—	23,857,741
FURNITURE & FIXTURES	4,028,417	3,600	10,000	4,022,017	2,152,009	197,435	10,000	2,339,444	1,682,573	1,876,408
OFFICE EQUIPMENTS (INCLUDING COMPUTERS AND SOFT WARE)	11,747,002	947,496	3,177,054	9,517,444	7,693,530	800,801	2,949,083	5,545,248	3,972,196	4,053,472
VEHICLES	4,495,049	1,726,120	1,178,193	5,042,976	717,522	320,953	224,437	814,038	4,228,938	3,777,527
ADJUSTMENT FOR DEPRECIATION BY WAY OF TRANSFER FROM CAPITAL RESERVE	—	—	—	—	437,693	134,703	—	572,396	(572,396)	(437,693)
TOTAL AS ON 31.03.2006	1,505,760,381	39,166,124	287,751,555	1,257,174,950	493,648,597	84,752,443	145,300,815	433,100,225	824,074,725	1,012,111,784
TOTAL AS ON 31.03.2005	1,212,621,304	298,273,688	5,134,611	1,505,760,381	418,026,683	75,804,806	182,892	493,648,597	1,012,111,784	

Addition/(Deletion) to Fleet include Rs.4,30,793/- (Previous Year Rs.11,06,341/-) towards adjustment in respect of exchange difference.



SCHEDULE 5 : INVESTMENTS

(A) LONG TERM INVESTMENTS (AT COST)

1 TRADE — UNQUOTED—FULLY PAID

S. No.	NAME OF THE COMPANY	Face Value Rupees	As at 31.03.2006		As at 31.03.2005	
			No. of Shares	Amount Rupees	No. of Shares	Amount Rupees
1	SHREYAS RELAY SYSTEMS LIMITED (SUBSIDIARY COMPANY)	10	500,000	5,000,000	1,100	11,000
2	ORIENT EXPRESS SHIP MANAGEMENT LIMITED	10	15,000	150,000	30,000	300,000
TOTAL LONG TERM INVESTMENT (A)			515,000	5,150,000	31,100	311,000

(B) SHORT TERM INVESTMENTS IN MUTUAL FUND— (UNQUOTED , UNLESS OTHERWISE STATED AT LOWER OF COST OR NET ASSET VALUE)

S. No.	DESCRIPTION	As at 31.03.2006 NAV	As at 31.03.2006		As at 31.03.2005	
			No. of Units	Amount Rupees	No. of Units	Amount Rupees
1	UTI FIXED MATURITY PLAN—QFMP (03/06) DIVIDEND PAYOUT (2,000,000 Units purchased, 3500 Units cumulated during the year)	10.00	2,003,500	20,035,000	—	—
2	PRUDENTIAL ICICI FIXED MATURITY PLAN SERIES 24 (3,000,000 Units purchased, 14,254 Units cumulated during the year)	10.00	3,014,254	30,142,544	—	—
3	PRUDENTIAL ICICI FIXED MATURITY PLAN SERIES 28 (1,000,000 Units purchased, 14,518 Units cumulated during the year)	10.00	1,014,518	10,145,178	—	—
4	RELIANCE FIXED MATURITY PLAN SERIES II QUARTERLY III (4,750,000 Units purchased, 24,617 Units cumulated during the year)	10.00	4,774,617	47,746,172	—	—
5	CHOLA FIXED MATURITY PLAN SERIES—2 QUARTERLY PLAN II (450,000 Units purchased, 1737 Units cumulated during the year)	10.00	451,737	4,517,370	—	—
6	ABN AMRO FIXED TERM PLAN SERIES—2 (250,000 Units purchased, 165 Units cumulated during the year)	10.00	250,165	2,501,650	—	—
7	DSPML FIXED TERM PLAN SERIES —1B (250,000 Units purchased, 1,275 Units cumulated during the year)	10.00	251,275	2,512,746	—	—
8	KOTAK FIXED MATURITY SERIES XVIII (4,025,000 Units purchased, 22,616 Units cumulated during the year)	10.00	4,047,616	40,476,160	—	—
9	LIC LIQUID FUND DIVIDEND PLAN (7,455,108.04 Units purchased, 28,995.18 Units cumulated and 4,028,056.70 Units sold during the year)	10.96	3,456,047	37,866,865	—	—
10	CANLIQUID INSTITUTIONAL FUND (5,229,334 Units purchased, 27059 Units cumulated and 1,001,065 Units sold during the year)	10.04	4,255,328	42,727,745	—	—
11	DSP Merrill Lynch Liquidity Fund Daily— Regular —Dividend (6,493,506 Units purchased, 24,848 Units cumulated and 2,501,652 Units sold during the year)	10.01	4,016,702	40,207,185	—	—
12	STANDARD CHARTERED LIQUIDITY MANAGER (3,749,625.04 Units purchased, 17,156.61 Units cumulated and Nil Units sold during the year)	10.00	3,766,782	37,671,583	—	—
13	J.M.HIGH LIQUIDITY FUND (2,000,000 Units purchased, 9,025.77 Units cumulated and Nil Units sold during the year)	10.00	2,009,026	20,090,258	—	—
14	BIRLA SUNLIFE CASH MANAGER FUND—IP DAILY DIVIDEND (1,999,600.08 Units purchased, 9,233.53 Units cumulated and Nil Units sold during the year)	10.00	2,008,834	20,092,354	—	—
15	CHOLA LIQUID INSTITUTIONAL DIVIDEND REINVESTMENT PLAN (3,240,898.32 Units purchased, 13,612.01 Units cumulated and 250,614.16 Units sold during the year)	10.03	3,003,896	30,129,377	—	—
16	PRINCIPAL CASH MANAGEMENT FUND LIQUID INSTITUTIONAL PLAN (1,999,560.10 Units purchased, 8,574.32 Units cumulated and NIL Units sold during the year)	10.00	2,008,134	20,085,762	—	—
17	PRU ICICI SUPER INSTITUTIONAL FUND LIQUID PLAN (55,97,061.16 Units purchased, 6,538.60 Units cumulated and 51,01,081.80 Units sold during the year)	10.00	502,518	5,025,180	—	—

S. No.	DESCRIPTION	As at 31.03.2006 NAV	As at 31.03.2006		As at 31.03.2005	
			No. of Units	Amount Rupees	No. of Units	Amount Rupees
18	SBI MAGNUM INSTITUTIONAL INCOME FUND (3,438,823.82 Units purchased, 10,498.81 Units cumulated and 1,447,602.58 Units sold during the year)	10.03	2,001,720	20,082,256		
19	UTI LIQUID CASH INSTITUTIONAL DAILY INCOME OPTION (82,712.32 Units purchases, 207.01 Units cumulated and 82,912.73 Units sold during the year)	1,017	7	6,722		
20	RELIANCE TREASURY PLAN INSTITUTIONAL DAILY DIVIDEND PLAN (3,272,658.25 Units purchased, 4862.22 Units cumulated and 3,275,638.43 Units sold during the year)	15.28	1,882	28,754		
21	TATA MUTUAL FUND (522,237 Units purchased, 2,025.82 Units cumulated and 524,262.82 Units sold during the year)		—	—	—	—
22	KOTAK LIQUID INSTITUTIONAL DAILY DIVIDEND (1226682.80 Units purchased, 1662.98 Units cumulated and 1,228,345.78 Units sold during the year)		—	—		
Total			42,838,556	432,090,861	—	—
TOTAL INVESTMENTS (A + B)				437,240,861		311,000
C) DETAILS OF LONG TERM INVESTMENTS SOLD DURING THE YEAR			No. of Units			
1	ORIENT EXPRESS SHIP MANAGEMENT LIMITED		15,000			

		(AMOUNT IN RUPEES)	
		AS AT 31.03.2006	AS AT 31.03.2005
SCHEDULE 6 : INVENTORIES			
(At lower of Cost or Net Realisable Value)			
Lube Oils and Fuel Oil *		30,246,996	16,222,574
Victualling Stock*		614,280	597,627
*(As valued and certified by the Management)			
TOTAL		30,861,276	16,820,201
SCHEDULE 7 : SUNDRY DEBTORS (Unsecured)			
Debts outstanding for a period exceeding six months:			
Considered good		—	106,950
Considered doubtful		—	14,773,055
Less: Provision for doubtful debts		—	14,880,005
Others: (Considered good)		—	14,773,055
		—	106,950
TOTAL		176,583,491	69,124,608
		176,583,491	69,231,558



		(AMOUNT IN RUPEES)	
		AS AT 31.03.2006	AS AT 31.03.2005
SCHEDULE 8 : CASH AND BANK BALANCES			
Cash on Hand		3,025,823	7,564,788
With Scheduled Banks			
in Current Accounts		19,048,999	15,695,157
in Term Deposits		—	70,000,000
in Margin Money Deposits*		23,379,000	1,500,000
(*Pledged with Bank as Margin for Guarantees/Letters of Credit issued)			
in Unclaimed Dividend Accounts		2,312,990	1,867,364
	TOTAL	47,766,812	96,627,309
 SCHEDULE 9 : OTHER CURRENT ASSETS			
Claims Receivable			
Considered good		11,094,035	5,654,748
Considered doubtful		—	827,374
		11,094,035	6,482,122
Less: Provision for Doubtful Claim receivable		—	827,374
		11,094,035	5,654,748
Interest income accrued but not due		1,023,038	50,647
Unfinished Voyages Expenses		2,145,753	5,225,214
	TOTAL	14,262,826	10,930,609
 SCHEDULE 10 : LOANS AND ADVANCES			
(Unsecured, considered good, unless otherwise stated)			
Loan to Subsidiary		28,000,000	—
Advances recoverable in cash or in kind or for value to be received (Includes due from a Private Company in which Directors are interested Rs Nil, Previous year Rs 110,000/-)		66,329,910	76,622,813
Advance Income Tax Less Provisions		1,899,705	2,848,758
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			
Considered good		892,869	832,163
Considered doubtful		—	8,200,000
		892,869	9,032,163
Less: Provision for Doubtful Deposits		—	8,200,000
		892,869	832,163
	TOTAL	97,122,484	80,303,734

		(AMOUNT IN RUPEES)	
		AS AT 31.03.2006	AS AT 31.03.2005
SCHEDULE 11 : CURRENT LIABILITIES			
Sundry Creditors for Trade*		57,881,195	64,475,732
Creditors for Expenses*		9,298,666	17,416,385
Other Liabilities		10,126,819	17,310,219
Unfinished Voyages Income		2,440,698	14,402,403
Investor Education and Protection Fund			
Unclaimed Dividend		2,312,990	1,867,364
(No amount is due and outstanding to be credited to the fund.)			
Interest accrued but not due on loans		571,270	684,006
*(Dues to small scale industrial undertakings: NIL)			
	TOTAL	<u><u>82,631,638</u></u>	<u><u>116,156,109</u></u>
 SCHEDULE 12 : PROVISIONS			
Proposed Equity Dividend		26,349,040	25,771,460
Provision for tax on Equity Dividend		3,695,453	3,368,008
Proposed Preference Dividend		4,556,055	—
Provision for tax on Preference Dividend		638,987	—
	TOTAL	<u><u>35,239,535</u></u>	<u><u>29,139,468</u></u>



SCHEDULES TO PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

	Year ended 31.03.2006	Year ended 31.03.2005
SCHEDULE 13 : MISCELLANEOUS INCOME		
Income from Current Investments	3,345,877	—
Interest received on Deposits with Banks (TDS Rs. 2,51,924/-, Previous Year Rs. 1,84,501/-)	1,113,271	903,194
Interest Received Others (TDS Rs. 4,14,481/-, Previous Year Rs. NIL)	1,983,974	120,162
Profit on Sale of Investments (Long term)	150,000	—
Provision for Diminution in Investment no longer required	—	495,000
Other Income	2,891,263	6,704,137
TOTAL	9,484,385	8,222,493
SCHEDULE 14 : OPERATING EXPENSES		
Salaries, Wages & Other Allowances for Floating Staff	129,796,143	110,844,830
Contribution to Provident Fund for Floating Staff	3,130,428	3,403,392
Staff Welfare for Floating Staff	3,413,833	1,551,867
TOTAL	136,340,404	115,800,089
Fuel/Lube Oils Consumed	253,325,438	149,180,499
Slot Hire Costs	6,182,127	10,590,065
Port and Marine Dues	107,029,170	91,815,212
Liner Expenses (Net of Recoveries)	1,483,612	—
Stores and Spares Consumed	69,753,364	56,792,401
Crew Victualling	14,704,168	11,108,328
Repairs and Maintenance to Fleet	20,290,803	19,167,198
Insurance and Protection Club fee	31,669,920	32,053,592
Vessel Management and Agency Fees	45,608,599	36,726,077
Brokerage / Commission	3,235,737	3,842,119
Dry Dock Expenses	83,112,793	43,204,194
Sundry Expenses	7,683,342	6,957,609
TOTAL	780,419,477	577,237,383
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	17,644,641	13,046,226
Contribution to Provident and other Funds	1,540,934	1,414,599
Staff Welfare	2,167,197	1,552,466
TOTAL	21,352,772	16,013,291
Postage, Telephone and Fax	1,948,981	2,058,561
Travelling and Conveyance	2,195,855	3,170,020
Professional & Consultancy Fees	4,352,124	2,662,394
Loan Conversion/ Pre-Payment Fees	—	1,125,771
Bad Debts	408,486	480,733
Loss on Sale Investments	—	497,435
Loss on Sale of Assets	353,728	391,848
Insurance Expenses	349,132	291,176
Rates, Taxes & Fees	200,000	—
Rent	736,920	1,212,602
Donations	700,000	1,157,290
Director's Sitting fees	375,000	123,000
Other Expenses	10,632,877	9,127,554
Loss on Exchange Rate Variation (Net)	2,174,418	4,310,707
TOTAL	45,780,293	42,622,382
SCHEDULE 16: INTEREST		
On Loans for fixed Periods	18,845,218	7,658,166
Others	455,485	885,693
TOTAL	19,300,703	8,543,859

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 an accrual 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. Major improvements to the vessels are added to the cost of the vessel concerned.

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.

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 costs are determined under "First in First out" formula.

(vi) Foreign Exchange Transactions

- a) 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.
- b) In respect of forward exchange contracts covering Company's earnings, 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.
- c) In respect of forward contracts relating to acquisition of fixed assets from a country outside India, profit / premium or loss / discount at the time of inception or on cancellation or renewal of such contracts are adjusted to the cost of relevant capital assets.
- d) 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.
- e) 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.

(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, on receipt.



(viii) 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.

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). The shortfall, if any between the amount payable to the employees determined on actuarial basis and accumulated sum with LIC is provided for / borne by the Company.

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.

Provision for leave encashment is made on actual workings for leave standing to the credit of employees at period end.

(ix) Dry Dock/Special Survey expenses

Dry Dock/Special Survey expenses are charged to Profit and Loss account as and when incurred.

(x) Assets Impairment Reserve

Considering that Shipping is 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) Taxation

As the Company has opted for Tonnage Tax in respect of shipping income deferred tax is not applicable. Tax provision is created for non-shipping income and profit on sale of ships and other related assets.

NOTES ON ACCOUNTS

- 1 During the year the Company has changed its name from Shreyas Shipping Limited to Shreyas Shipping and Logistics Limited w.e.f. from 21st November, 2005.
- 2 During the year, the company has subscribed to 4,98,900 equity shares of Rs. 10/- each, amounting to Rs. 49,89,000/- in Shreyas Relay Systems Limited (SRSL), whereupon SRSL has become a wholly owned subsidiary of the company. In line with AS-21 on "Consolidated Financial Statements" the consolidated accounts of the company along with that of SRSL forms part of this Report. During the year Domestic and Liner business were transferred to the subsidiary as a going concern with effect from 1st August 2005.
- 3 Capital work in progress represents expenses towards new ship under construction and includes Rs 44,42,461/- being the interest on direct borrowings capitalized. Gain on cancellation of forward contracts pertaining to discharge of related foreign currency liabilities Rs 13,13,051/- has been credited to this account.
- 4 The Company has changed the method of accounting for unfinished voyage during the year to recognize income on completion of each leg of voyage as against the practice followed hitherto of recognizing revenue only on completion of the entire voyage. In view of this change in accounting practice, the profit for the year is higher to the extent of Rs 5,041,073/-.
- 5 A sum of Rs 3,90,00,000/- transferred in the previous year to Capital Redemption Reserve has been transferred back to Profit & Loss Account in the current year as the preference shares have been redeemed out of a fresh issue of Redeemable Preference Shares.
- 6 Pursuant to the issue of Global Depositary Receipts (GDR) of USD 8 Million, Company allotted 21,33,333 GDRs at USD 3.75 per GDR, each representing one fully paid Equity share of Rs 10 each ranking paripassu in all respects with existing paid up shares. Proceeds of the issue (net of Rs 1,30,00,951/- being the expenses on issue), has been parked temporarily in Mutual Funds pending their utilization towards Capital expenditure as proposed in the offer document. The expenses on GDR and Preference share issue aggregating Rs 14,305,661/- have been charged to the Securities Premium account as permitted by section 78 of the Companies Act, 1956.
- 7 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 any default in repayment or payment of any installment of Principal or Interest or any combination thereof on the part of the Company.
- 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 46/99/2006-CL-III Dated 5th April, 2006.
- 9 **Dividend remitted in Foreign Currency**

	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
(i) Dividend (Gross)	2,84,08,795	2,34,68,135
(ii) Number of Non-resident shareholders	1	1
(iii) Number of Shares held	1,23,51,650	1,23,51,650
(iv) Type	Final & Interim	Final & Interim
(v) For the year — Final	2004-2005	2003-2004
— Interim	2005-2006	2004-2005

10 MANAGERIAL REMUNERATION
(Included under Salary, Wages and Allowances-Schedule –15)

	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
TO MANAGING DIRECTOR*		
(i) Remuneration	32,16,667	18,00,000
(ii) Contribution to Provident Fund	3,86,000	2,16,000
(iii) Holiday Passage	90,000	50,400
(iv) Leave Travel Allowance	1,50,000	1,50,000
(v) Education Allowance	1,20,000	1,20,000
Total	39,62,667	23,36,400
TO EXECUTIVE DIRECTOR* (w.e.f 21st April, 2005)		
(i) Remuneration	17,00,000	—
(ii) Contribution to Provident Fund	2,04,000	—
(iii) Leave Travel Allowance	150,000	—
(iv) Medical Allowance	15,000	—
(iv) Performance Incentive**	12,00,000	—
Total	32,69,000	Nil

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

** Performance Incentive is being placed before the ensuing Annual General Meeting for the approval of the members.

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

	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
(i) As Auditors (including Service Tax)	3,30,600	3,30,600
(ii) In other capacity (including Service Tax)		
a) Tax and Transfer pricing Audit Fees	82,650	82,650
b) Fees for Limited Review of Quarterly Accounts	1,54,280	1,53,510
c) Tax Representation	6,30,600	—
e) GDR issue Certification*	247,950	—
f) Fees for Certification	1,85,930	1,86,290
(iii) Out of Pocket Expenses	1,95,558	1,28,665

* Netted against Securities Premium account as part of share issue expenses.

12. CONTINGENT LIABILITIES NOT PROVIDED FOR

	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
a) Claims against the Company not acknowledged as debts	1,05,700,000	1,05,700,000
b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	9,31,924,000	11,33,382,000



13 Foreign Currency exposures outstanding at the balance sheet date.

Category : Forward Exchange contract for USD 49,36,443.29

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.

- | | |
|------------------------------|--------------------|
| a) Receivables from Debtors | Rs. 11,71,46,517/- |
| b) Payables to Creditors | Rs. 2,80,24,655/- |
| c) FCNR loan taken from bank | Rs. 2,17,54,912/- |

14. Segment Reporting:

Particulars	Year ended 31 st March, 2006
Revenue by Segment	
Shipping	1,00,40,38,592
Logistics (Shipping part)	23,70,75,588
Others	3,91,71,175
Total Revenue	1,28,02,85,355
Segment Results	
Shipping	28,70,67,550
Logistics (Shipping part)	9,09,11,405
Others	3,91,71,175
Total	41,71,50,130
Less: i) Interest & Finance Charges	1,93,00,703
ii) Unallocated Expenditure	4,76,82,285
Profit before Tax	35,01,67,142
Segment Depreciation	
Shipping	6,97,92,814
Logistics (Shipping part)	1,29,22,935
Unallocated	19,01,991

Notes on segment information :

- In view of changes in internal organisation and management structure during the year including the transfer of business to a wholly owned subsidiary, the Board of Directors have determined that the Company will operate in two business segments viz. Shipping and Logistics from the current year onwards. Shipping will comprise Charter and Feeder Services and Logistics will comprise Shipping part of Domestic and Liner business.
- All the ships are registered in India and can be operated globally without any geographical or client barriers. Hence there are no distinguishable geographical segments for providing secondary segments report.
- 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.
- Others under Revenue and Results include profit on sale of ship Rs. 2,96,86,790/-.

15. Intangible Assets

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

Fixed Assets.

Particulars	Year ended on 31.3.2006	Year ended on 31.3.2005
Opening Balance	5,31,407	Nil
Addition during the year	36,400	6,13,500
Total	5,67,807	6,13,500
Amortisation	2,06,447	82,093
Closing Balance	3,61,360	5,31,407

16. Accounting for Lease

- a) The Company has taken Containers on Operating Lease and the lease rental of Rs.46,38,797/- (Rs. 99,50,148/-) is charged to the Profit and Loss account.
- b) The Company has taken Vehicles on Operating Lease and the lease rental of Rs.10,53,000/- (Rs.3,85,000/-) is charged to the Profit and Loss account.

17. Working of Earning Per Share:

Particulars	Year ended on 31.3.2006	Year ended on 31.3.2005
Weighted average number of Equity shares	2,00,57,990	1,98,24,200
Nominal value Per Shares	Rs. 10/-	Rs. 10/-
Profit for the year after Tax (adjusted for previous year expenses)	Rs. 34,33,96,587	Rs.34,52,23,864
Less: Provision for Preference Dividend + Tax (including proposed dividend)	Rs. 1,27,04,935	Rs.1,32,29,044
Net Balance available to Equity Shareholders	Rs. 33,06,91,652	Rs.33,19,94,820
Earning Per Share (Basic & Diluted) including exceptional item	Rs.16.49	Rs. 16.75
Earning Per Share (Basic & Diluted) excluding exceptional item	Rs. 16.49	Rs. 12.87

18. There are no dues to small scale industrial undertakings.

19. Sundry Debtors—Other Debts include following dues from companies under the same management

Name of the Company	Year ended on 31.3.2006	Year ended on 31.3.2005
Relay Shipping Agency Limited	61,93,760	2,71,040

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

Name of the Company	Year ended on 31.3.2006	Year ended on 31.3.2005
Relay Shipping Agency Limited	3,56,37,061	4,31,15,441
Orient Express Ship Management Limited	29,00,000	NIL

21. Deposits include amount with Port Trust of India

50,000 Nil



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

Particulars	Name of the company	Amount outstanding as on 31.03.2006	Maximum amount due at any one time during the year
a) Loans and advances			
(i) Loans and advances in the nature of loans made to subsidiary company.	Shreyas Relay Systems Ltd	2,80,00,000	2,80,00,000
(ii) Loans and advances in the nature of loans made to associate company.		NIL	NIL
(iii) Loans and advances in the nature of loans where there is.			
1) no repayment schedule or repayment beyond seven years (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.			
b) Investments by the company			
(i) In subsidiary company	Shreyas Relay Systems Ltd (5,00,000 Equity shares of Rs. 10 each fully paid)	50,00,000	50,00,000
(ii) In associates company		NIL	NIL
c) Investments by the loanee 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.			

23) RELATED PARTY TRANSACTIONS

(Amount in Rs.'000)

TRANSACTION	Holding company*	Subsidiary Company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total for the Year 31.03.2006	Total for the Year 31.03.2005
Charter hire income from related parties								
Orient Express Lines Ltd., Mauritius	—	—	264,606	—	—	—	264,606	281,986
Orient Express Lines (S) Pte Ltd., Singapore	—	—	107,639	—	—	—	107,639	—
Balaji Shipping (UK) Ltd.	—	—	27,447	—	—	—	27,447	—
Service / freight income from related parties								
Balaji Shipping (UK) Ltd.	—	—	18,362	—	—	—	18,362	17,901
Orient Express Lines Ltd., Mauritius	—	—	32,476	—	—	—	32,476	20,551
Orient Express Lines (S) Pte Ltd., Singapore	—	—	670	—	—	—	670	206
Shreyas Relay Systems Ltd.	—	237,036	—	—	—	—	237,036	—
Transworld Logistics Pvt. Ltd.	—	—	—	—	—	—	—	—
Meridian Shipping Agency Pvt. Ltd.	—	—	—	—	—	—	—	—
Relay Shipping Agency Ltd.	—	—	—	32,619	—	—	32,619	60,517
Invoicing and freight collection income from related parties (Net)								
Orient Express Lines Ltd., Mauritius	—	—	—	—	—	—	—	46
Orient Express Lines (S) Pte. Ltd., Singapore	—	—	—	—	—	—	—	11
Loan given to related party								
Shreyas Relay Systems Ltd.	—	28,000	—	—	—	—	28,000	—
Sale of Investments								
Mr. S.Ramakrishnan	—	—	—	—	100	—	100	—
Mr. S.Mahesh	—	—	—	—	—	100	100	—
Interest Received on Loan to related party								
Shreyas Relay Systems Ltd.	—	1,847	—	—	—	—	1,847	—
Vessel management fees paid to related parties								
Orient Express Ship Management Ltd.	—	—	—	16,567	—	—	16,567	17,521
Agency Fees paid to related parties								
Relay Shipping Agency Ltd.	—	—	—	12,887	—	—	12,887	10,535
Clarion Shipping (Pvt). Ltd. Colombo	—	—	—	505	—	—	505	281
Lanka Orient Express Lines, Colombo	—	—	12,191	—	—	—	12,191	9,560
Service / freight income paid to related parties								
Orient Express Lines Ltd., Mauritius	—	—	1,521	—	—	—	1,521	374



23) RELATED PARTY TRANSACTIONS (Contd.)

(Amount in Rs. '000)

TRANSACTION	Holding company*	Subsidiary Company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total for the Year 31.03.2006	Total for the Year 31.03.2005
Orient Express Lines (S) Pte. Ltd., Singapore Commission paid to related parties	—	—	4,161	—	—	—	4,161	10,577
Seabridge Shipping Co L.L.C Rent expenses paid to related parties (Gross)	—	—	2,735	—	—	—	2,735	3,279
Sivaswamy Holdings Pvt. Ltd. Vehicle Lease Rental paid to related party	—	—	—	1,064	—	—	1,064	1,416
Mrs. Savita Kshirsagar Remuneration paid to related parties (Gross)	—	—	—	—	—	396	396	66
Mr. S. Ramakrishnan	—	—	—	—	3,963	—	3,963	2,336
Mr. Anil Devli	—	—	—	—	3,269	—	3,269	3,895
Mr Vinay Kshirsagar Container rental charges paid to related parties	—	—	—	—	2,372	—	2,372	141
Balaji Shipping (UK) Ltd. Stores, spares, victualling, Repairs expenses, etc. paid to related parties	—	—	41	—	—	—	41	197
ADMEC Logistics Ltd. Purchase of Vehicle/Vessel from related party	—	—	—	20,686	—	—	20,686	20,516
Orient Express Ship Management Ltd. Investment in Securities of related party	—	—	517	—	—	—	517	—
Jubilee Shipping Inc, Panama— Dividend paid on 9% non-convertible, cumulative, redeemable preference shares to related parties	—	—	—	—	—	—	—	264,000
Shreyas Relay Systems Ltd Dividend paid on 9% non-convertible, cumulative, redeemable preference shares to related parties	—	4,500	—	—	—	—	4,500	11
Transworld Shipping Services (I) Pvt. Ltd. Purchase of shares of / from related party	—	—	—	2,705	—	—	2,705	9,450
Crescent Shipping Agency (India) Pvt. Ltd. Purchase of shares of / from related party	—	—	—	2,267	—	—	2,267	7,920
Meridian Shipping Agency Pvt. Ltd. Purchase of shares of / from related party	—	—	—	1,263	—	—	1,263	4,410
Clarion Shipping Agency Pvt. Ltd. Purchase of shares of / from related party	—	—	—	464	—	—	464	1,620
Mr. S Ramakrishnan	—	—	—	—	50	—	50	—
Mr S.Mahesh	—	—	—	—	—	50	50	—
Mrs. Mala Mahesh	—	—	—	—	—	113	113	—
Mrs Geeta Ramakrishnan	—	—	—	—	—	113	113	—

23) RELATED PARTY TRANSACTIONS (Contd.)

(Amount in Rs. '000)

TRANSACTION	Holding company*	Subsidiary Company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total for the Year 31.03.2006	Total for the Year 31.03.2005
Dividend on Equity shares paid to related parties (net of tax)								
Transworld Holdings Ltd.	28,409	—	—	—	—	—	28,409	23,468
Mr. S. Ramakrishnan	—	—	—	—	252	—	252	208
Mr Anil Devli	—	—	—	—	14	—	14	—
Mrs. Geeta Ramakrishnan	—	—	—	—	—	2,147	2,147	206
Mr. Ritesh Ramakrishnan	—	—	—	—	—	387	387	320
Ms. Anisha Ramakrishnan	—	—	—	—	—	346	346	286
Mrs. Valli Sivaswamy	—	—	—	—	—	882	882	729
Mr. S. Mahesh	—	—	—	—	—	259	259	3,349
Transfer of Business to Subsidiary	—	74029	—	—	—	—	74029	—

Outstanding balances pertaining to related parties as at 31st March, 2006 (In Rs.'000)

(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 at 31.03.2006	Total as at 31.03.2005
Debit balance due to company	—	1,38,088	5,073	44,731	—	—	1,87,892	52,484
Credit balance due from company	—	—	4,401	4,213	—	—	8,614	13,409
Investment in related party	—	5,000	—	—	—	—	5,000	311

NOTE: FIGURES HAVE BEEN ADJUSTED FOR EXCHANGE RATE VARIATIONS*

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, 2006)
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 Company	Shreyas Relay Systems Ltd
Other related parties	Orient Express Ship Management Ltd. Transworld Shipping Services (I) Pvt. Ltd. NLS Agency (India) Pvt. Ltd. Sivaswamy Holdings Pvt. Ltd. Crescent Shipping Agency (India) Pvt. Ltd. Transworld Logistics Pvt. Ltd. Albatross Shipping Pvt. Ltd. Transworld Management Consultancy Pvt. Ltd. Lanka Orient Express Lines Ltd. Colombo Haytrans India Pvt. Ltd. ADMEC Logistics Ltd. Relay Shipping Agency Ltd.



23) RELATED PARTY TRANSACTIONS (Contd.)

Names of related parties (Contd.)

Nature of relationship	Name of the related party
	Meridian Shipping Agency Pvt. Ltd. Clarion Shipping (Pvt.) Ltd. Clarion Shipping Agency Pvt. Ltd. Colombo
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. Valli Sivaswamy Mrs. Savita Kshirsagar

Note : Reimbursement of expenses incurred by/to Group Companies is not included here.

24. Previous year figures have been regrouped/recast wherever necessary to confirm to the current year's classifications.

SIGNATURES TO SCHEDULES 1 TO 17

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M.No. 18967

Place : Mumbai
Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 24th May, 2006

Anil Devli
Executive Director

Megha Samtani
Company Secretary

Vinay Kshirsagar
Chief Financial Officer

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		31/03/2006
II Capital raised during the year	Amount (Rs.in '000)	
Public Issue		21,333
Rights Issue		Nil
Bonus Issue		Nil
Private Placement - 8.2% Non-Convertible, Cumulative, Redeemable Preference Share of Rs 100/- each		1,30,000
III Position of Mobilization and Deployment of Funds	Amount (Rs.in '000)	
Total Liabilities		17,61,891
Total Assets		17,61,891
Source of Funds		
Share Capital		3,49,575
Reserves & Surplus		11,47,580
Secured Loans		2,64,736
Unsecured Loans		NIL
Deferred Tax Liability		NIL
Application of Funds		
Net Fixed Assets		10,75,925
Investments		4,37,241
Net Current Assets		2,48,725
Miscellaneous Expenditure		NIL
Accumulated losses		NIL
IV Performance of the Company		
Turnover (Including other income)		12,80,285
Total Expenditure		9,30,118
Profit/(Loss) before Tax		3,50,167
Profit/(Loss) after Tax and prior period item		3,43,397
Profit/(Loss) after Exceptional Items		3,43,397
Transfer from Capital Redemption Reserve		39,000
Preference Dividend Paid		6,699
Interim Equity Dividend Paid		1,98,242
Tax on Dividend Paid		3,724
Proposed Final Equity Dividend		26,349
Tax on Dividend		3,695
Proposed Preference Dividend		4,556
Tax on Preference Dividend		639
Transfer to Tonnage Tax Reserve		68,800
Transfer to General Reserve		34,400
Balance available to Equity Shareholders		35,293
Earning per share including Exceptional Items (Rs.)		16.49
Earning per share excluding Exceptional items (Rs.)		16.49
Interim Equity Dividend Rate %		10%
Final Equity Dividend rate%		12%
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. Ramkrishnan
Chairman & Managing Director

Anil Devli
Executive Director

V. Ramnarayan
Director

Megha Samtani
Company Secretary

K. P. Medhekar
Director
Place : Mumbai
Date : 24th May, 2006

Vinay Kshirsagar
Chief Financial Officer



CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2006

Particulars	Year ended 31st March, 2006	Year ended 31st March, 2005
A Cashflow from operating activities		
Net profit/ (Loss) Before tax	350,167,142	272,523,043
Adjusted for Non-cash/Non-operating expenses (income)		
Depreciation	84,617,740	75,670,103
Amortisation of miscellaneous expenses	—	15,295,302
Loss on Sale on Fixed assets	353,728	391,848
Loss on Sale of Investments	—	497,435
Interest Expenses	19,300,703	8,543,859
Exchange Loss/(Gain) on Current Assets & Liabilities	2,174,418	4,310,707
Prior year adjustment	—	(1,101,944)
Income from current Investments	(3,345,877)	—
Interest Income	(3,097,245)	(1,023,356)
Provision for Diminution in Investment no longer required	—	(495,000)
Profit on Sale of Investments	(150,000)	—
Profit on Sale of Fixed Assets	(29,686,790)	—
Operating Profit Before Working Capital changes	(a) 420,333,819	374,611,997
Adjustments for changes in Working Capital		
Increase/(Decrease) in Current Assets		
Inventories	14,041,075	80,883
Sundry Debtors	47,914,959	15,668,458
Other Current Assets, Loans and Advances	14,979,020	36,501,451
	<u>76,935,054</u>	<u>52,250,792</u>
Less: Increase/(Decrease) in Current Liabilities & Provisions	(62,663,939)	31,722,466
Net increase/(Decrease) in Working Capital	(b) 139,598,993	20,528,326
Cash Generated from Operations	(a) - (b) = (c) 280,734,826	354,083,671
Less: Taxation	5,821,502	501,993
NET CASH FROM OPERATING ACTIVITIES	(A) 274,913,324	353,581,678
B Cash flow from investing activities		
Addition to fixed Assets including Capital Work in Progress	(291,016,108)	(294,073,817)
Sale of Fixed Assets	171,783,802	360,000
Sale of investments	300,000	1,090,396
Purchase of Investments	(4,989,000)	—
Income from current investments	3,345,877	—
NET CASH FROM INVESTING ACTIVITIES	(B) (120,575,429)	(292,623,421)
C Cash Flow from Financing Activities		
Proceeds / (Repayment) of Borrowings (Net)	2,261,867	104,249,619
Proceeds from issue of Shares/GDR (net of issue expenses)	340,814,543	—
Loan to Subsidiary	(28,000,000)	—
Deferred Payment credit for Sale consideration to Subsidiary	(59,436,974)	—
Interest Income	3,097,245	969,136
Interest Expenses	(19,300,703)	(8,543,858)
Exchange Loss/(Gain) on Current Assets & Liabilities	(2,174,418)	(4,310,707)

Particulars		Year ended 31st March, 2006	Year ended 31st March, 2005
Dividend Paid		(26,523,652)	(64,956,142)
Tax on dividend paid		(3,724,439)	(3,435,527)
NET CASH FROM FINANCING ACTIVITIES	(C)	207,013,469	23,972,521
NET CHANGES IN CASH & CASH EQUIVALENT	(A+B+C)	361,351,364	84,930,779
CASH & CASH EQUIVALENTS — OPENING BALANCE		95,127,309	10,196,530
CASH & CASH EQUIVALENTS — CLOSING BALANCE		456,478,673	95,127,309

Notes:

- 1) The above statement has been prepared in indirect method except in case of dividend on investments which have been considered on the basis of actual movement of cash.
- 2) Cash and Cash equivalents include cash and bank balance and Investments in Liquid fund securities of Mutual Funds and exclude margin money deposits.

AS PER OUR REPORT ATTACHED

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M.No. 18967

Place : Mumbai
Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman & Managing Director

Place : Mumbai
Date : 24th May, 2006



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

SR. NO.	PARTICULARS	SHREYAS RELAY SYSTEMS LIMITED
1	The relevant financial year of the subsidiary ends on	31st March, 2006
2	No. of shares held as on 31st March, 2006	5,00,000 Equity shares of Rs. 10/- each fully paid-up
3	Extent of holding as on 31st March, 2006	100%
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 31st March, 2006	Not applicable
	(a) Not dealt with in the accounts of company for the year ended 31st March, 2006	8,866,239
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	Not applicable
	(a) Not dealt with in the accounts of company	(100,200)

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman & Managing Director

Anil Devli
Executive Director

V. Ramnarayan
Director

Megha Samtani
Company Secretary

K. P. Medhekar
Director

Vinay Kshirsagar
Chief Financial Officer

Place : Mumbai
Date : 24th May, 2006

Auditor's 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 wholly owned subsidiary Shreyas Relay Systems Ltd. (the company and its subsidiary constitutes 'the Group') as at 31st March 2006, 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 presentations. We believe that our audit provides a reasonable basis for our opinion.
3. (i) We report that the consolidated Financial Statements have been prepared in accordance with the requirement 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 subsidiary.
(ii) On the basis of the information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements 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, 2006;
 - 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 Sridhar & Santhanam

S. RAMAKRISHNAN
Partner
M. No. 18967

Mumbai
24 May'2006



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

		(AMOUNT IN RUPEES)	
	Schedule	AS AT	31.03.2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1		349,575,330
RESERVES AND SURPLUS	2		1,156,346,050
			<u>1,505,921,380</u>
LOAN FUNDS			
SECURED LOANS	3		264,735,945
			<u>264,735,945</u>
DEFERRED TAX LIABILITY (NET)			
			2,174,000
		TOTAL	<u>1,772,831,325</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4		1,317,516,768
LESS : DEPRECIATION			435,042,715
			<u>882,474,053</u>
NET BLOCK			
			882,474,053
CAPTIAL WORK-IN-PROGRESS (Ship Under Building)			251,849,984
		TOTAL	<u>1,134,324,037</u>
INVESTMENTS			
	5		432,240,861
CURRENT ASSETS, LOANS AND ADVANCES			
INVENTORIES	6		30,861,276
SUNDRY DEBTORS	7		111,978,405
CASH AND BANK BALANCES	8		66,291,214
OTHER CURRENT ASSETS	9		14,262,826
LOANS AND ADVANCES	10		110,284,505
			<u>333,678,226</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES	11		92,172,264
PROVISIONS	12		35,239,535
			<u>127,411,799</u>
NET CURRENT ASSETS			
			<u>206,266,427</u>
		TOTAL	<u>1,772,831,325</u>
NOTES TO THE ACCOUNTS			
	17		

AS PER OUR REPORT ATTACHED

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M.No. 18967

Place : Mumbai
Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 24th May, 2006

Anil Devli
Executive Director

Megha Samtani
Company Secretary

Vinay Kshirsagar
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	(AMOUNT IN RUPEES)
		Year ended 31.03.2006
INCOME		
OPERATING EARNINGS		
a) CHARTER HIRE INCOME		444,279,804
b) FREIGHT INCOME		969,354,911
OTHER INCOME		
a) PROFIT ON SALE OF SHIP		29,686,790
b) MISCELLANEOUS INCOME	13	7,642,008
TOTAL INCOME		1,450,963,513
EXPENDITURE		
OPERATING EXPENSES	14	928,573,369
ADMINISTRATION & OTHER EXPENSES	15	52,705,607
INTEREST	16	19,311,952
DEPRECIATION		86,694,933
LESS: DEPRECIATION ADJUSTED BY TRANSFER FROM CAPITAL RESERVE		134,703
TOTAL EXPENDITURE		86,560,230
PROFIT BEFORE TAX		363,812,355
PROVISION FOR TAXATION		
— CURRENT		8,100,000
— DEFERRED TAX		2,174,000
— FRINGE BENEFIT TAX		1,265,974
— PRIOR YEAR		9,555
PROFIT AFTER TAX BEFORE EXCEPTIONAL ITEMS		352,262,826
PROFIT AFTER EXCEPTIONAL ITEMS		352,262,826
SURPLUS BROUGHT FORWARD FROM PREVIOUS YEAR		112,082,488
ADD: TRANSFER FROM CAPITAL REDEMPTION RESERVE		39,000,000
AMOUNT AVAILABLE FOR APPROPRIATION		503,345,314
APPROPRIATIONS		
TRANSFER TO GENERAL RESERVE		34,400,000
TRANSFER TO ASSET IMPAIRMENT RESERVE		—
TRANSFER TO CAPITAL REDEMPTION RESERVE		—
TRANSFER TO TONNAGE TAX RESERVE		68,800,000
INTERIM DIVIDEND PAID ON EQUITY SHARES		19,824,200
DIVIDEND PAID ON PREFERENCE SHARES REDEEMED		6,699,452
TAX ON DIVIDEND PAID		3,724,439
PROPOSED DIVIDEND ON EQUITY SHARES		26,349,040
TAX ON PROPOSED DIVIDEND ON EQUITY SHARES		3,695,453
PROPOSED DIVIDEND ON PREFERENCE SHARES		4,556,055
TAX ON PROPOSED DIVIDEND ON PREFERENCE SHARES		638,987
SURPLUS CARRIED TO BALANCE SHEET		334,657,688
NOTES TO THE ACCOUNTS	17	503,345,314
Earnings per share-Basic and Diluted (excluding exceptional items) (Refer Note 12 in schedule 17)		16.92

AS PER OUR REPORT ATTACHED

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M.No. 18967

Place : Mumbai
Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman & Managing Director

V. Ramnarayan
Director

K. P. Medhekar
Director

Place : Mumbai
Date : 24th May, 2006

Anil Devli
Executive Director

Megha Samtani
Company Secretary

Vinay Kshirsagar
Chief Financial Officer



SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006

		(AMOUNT IN RUPEES)
		AS AT 31.03.2006
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED		
24,000,000	Equity Shares of Rs 10/- each	240,000,000
1,400,000	9% Non Convertible Cumulative Redeemable Preference Shares of Rs 100/- each	—
1,400,000	Non Convertible Cumulative Redeemable Preference Shares of Rs 100/- each	140,000,000
		380,000,000
ISSUED, SUBSCRIBED AND PAID UP		
2,19,57,533	(Previous year 1,98,24,200) Equity Shares of Rs 10/- each fully Paid up	219,575,330
<p>Of the above, 1,23,51,650 Equity Shares held by Holding Company Transworld Holdings Limited., Mauritius.</p> <p>Of the above, 10,162,750 Equity Shares allotted as fully paid up Pursuant to contract without payment being received in cash.</p> <p>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 during the year. The GDRs are outstanding as on 31st March,2006 to be converted into Equity Shares.</p>		
1,300,000	9% Non-Convertible,Cumulative, Redeemable Preference Shares of Rs 100/- each fully paid up	—
<p>Date of allotment 22nd October 2002</p> <p>These shares were to be redeemed at the end of 3rd,4th and 5th year from the date of allotment in the ratio of 30:30:40 respectively. However by exercising the early call option available after the expiry of 24 months from the date of allotment, Company has fully redeemed these shares at par on 27th October 2005.</p>		
1,300,000	8.20% Non-Convertible,Cumulative, Redeemable Preference Shares of Rs 100/- each fully paid up	130,000,000
<p>Date of allotment 27th October, 2005</p> <p>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.</p>		
TOTAL		349,575,330

		(AMOUNT IN RUPEES)
		AS AT 31.03.2006
SCHEDULE 2 : RESERVES AND SURPLUS		
SECURITIES PREMIUM		
As per last Balance sheet		177,272,000
Add: Premium received on issue of 21,33,333 Global Depository Receipts (Gross)		333,786,874
Less: Expenses on GDR & Preference Shares issue.		14,305,661
	(a)	496,753,213
GENERAL RESERVE		
As per last balance sheet		134,089,620
Add: Transfer from Profit and Loss account		34,400,000
	(b)	168,489,620
TONNAGE TAX RESERVE		
As per last balance sheet		56,800,000
Add Transfer from Profit and Loss account		68,800,000
	(c)	125,600,000
ASSET IMPAIRMENT RESERVE		
As per last balance sheet		30,000,000
Add: Transfer from Profit and Loss account		
	(d)	30,000,000
CAPTIAL REDEMPTION RESERVE		
As per last balance sheet		39,000,000
Add: Transfer from Profit and Loss account		—
Less Transfer to Profit and Loss account on redemption of Preference Shares by further issue.		39,000,000
	(e)	—
CAPITAL RESERVE		
As per last balance sheet		980,232
Less: Transfer to Profit & Loss Account for adjustment against depreciation		134,703
	(f)	845,529
SURPLUS		
Balance in Profit & Loss Account		334,657,688
	(g)	334,657,688
TOTAL (a+b+c+d+e+f+g)		1,156,346,050
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 Aishwarya		186,118,126
ICICI BANK LTD (FCNR LOAN)		
Secured by a charge over the Vessel M.V.Orient Aishwarya		21,754,912
STATE BANK OF INDIA (TERM LOAN)		
Secured by first charge over Vessel under construction and a second charge over the vessel M.V Orient Independence.		10,000,000
STATE BANK OF INDIA (CORPORATE LOAN)		
Secured by a first charge over the Vessel M.V.Orient Independence		46,425,000
ICICI BANK LTD (CAR LOAN)		
Secured by hypothecation of Cars		437,907
	TOTAL	264,735,945


SCHEDULE 4 : FIXED ASSETS

(AMOUNT IN RUPEES)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK
	COST AS AT 01.04.2005	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	COST AS AT 31.03.2006	AS AT 01.04.2005	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2006	AS AT 31.03.2006
FLEET	1,444,019,679	430,793	213,064,294	1,231,386,178	476,436,286	82,001,848	137,001,553	421,436,581	809,949,597
EQUIPMENT ON BOARD	17,218,984	—	10,012,649	7,206,335	5,818,048	713,900	4,139,430	2,392,518	4,813,817
CONTAINER EQUIPMENT	24,251,250	36,058,115	976,314	59,333,051	393,509	2,459,109	976,312	1,876,306	57,456,745
FURNITURE & FIXTURES	4,028,417	69,050	10,000	4,087,467	2,152,009	203,944	10,000	2,345,953	1,741,514
OFFICE EQUIPMENTS (INCLUDING COMPUTERS & SOFTWARE)	11,747,002	1,278,613	3,073,131	9,952,484	7,693,530	832,308	2,949,083	5,576,755	4,375,729
VEHICLES	4,495,049	2,234,397	1,178,193	5,551,253	717,522	349,121	224,437	842,206	4,709,047
ADJUSTMENT FOR DEPRECIATION BY WAY OF TRANSFER FROM CAPITAL RESERVE	—	—	—	—	437,693	134,703	—	572,396	(572,396)
TOTAL AS ON 31.03.2006	1,505,760,381	40,070,968	228,314,581	1,317,516,768	493,648,597	86,694,933	145,300,815	435,042,715	882,474,053

Addition/(Deletion) to Fleet include Rs.4,30,793/- (NIL) towards adjustment in respect of exchange difference.

(AMOUNT IN RUPEES)

SCHEDULE 5 : INVESTMENTS

(A) LONG TERM INVESTMENTS (AT COST)

1 TRADE - UNQUOTED - FULLY PAID

150,000

(B) SHORT TERM INVESTMENTS (UNQUOTED)

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

432,090,861

TOTAL (A + B)
432,240,861
SCHEDULE 6 : INVENTORIES

(At lower of Cost or Net Realisable Value)

Lube Oils and Fuel Oil*

30,246,996

Victualling Stock*

614,280

(*As valued and Certified by the Management)

TOTAL
30,861,276
SCHEDULE 7 : SUNDRY DEBTORS (Unsecured)

Debts outstanding for a period exceeding six months:

Considered good

278,546

Considered doubtful

—

278,546

Less: Provision for doubtful debts

—

Others (Considered good)

111,699,859

TOTAL
111,978,405
SCHEDULE 8 : CASH AND BANK BALANCES

Cash on Hand

3,045,551

With Scheduled Banks

Current Accounts

37,053,673

in Term Deposits

—

in Margin Money Deposits*

23,879,000

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

2,312,990

Unclaimed Dividend Account

—

TOTAL
66,291,214

(AMOUNT IN RUPEES)

	AS AT 31.03.2006
SCHEDULE 9 : OTHER CURRENT ASSETS	
Claims Receivable	
Considered good	11,094,035
Considered doubtful	—
	11,094,035
Less: Provision for Doubtful Claim receivable	—
	11,094,035
Interest income accrued but not due	1,023,038
Unfinished Voyages Expenses	2,145,753
TOTAL	14,262,826
 SCHEDULE 10 : LOANS AND ADVANCES (Unsecured, considered good, unless otherwise stated)	
Advance for Capital Expenditure	26,694,840
Advances recoverable in cash or in kind or for value to be received	76,469,085
Advance Income Tax Less Provisions	5,751,057
Bills receivable	
Considered good	—
Considered doubtful	2,266,418
	2,266,418
Less: Provision for Doubtful Bills receivable	—
	2,266,418
Deposits	
Considered good	1,369,523
Considered doubtful	—
	1,369,523
Less: Provision for Doubtful Deposits	—
	1,369,523
TOTAL	110,284,505
 SCHEDULE 11 : CURRENT LIABILITIES	
Sundry Creditors for Trade*	65,419,963
Creditors for Expenses*	10,989,274
Other Liabilities	10,438,069
Unfinished Voyages Income	2,440,698
Investor Education and Protection Fund.	
Unclaimed Dividend (No amount is due and outstanding to be credited to the fund.)	2,312,990
Interest accrued but not due on loans (Dues to small scale industrial undertakings NIL)	571,270
TOTAL	92,172,264
 SCHEDULE 12 : PROVISIONS	
Proposed Equity Dividend	26,349,040
Provision for tax on Equity Dividend	3,695,453
Proposed Preference Dividend	4,556,055
Provision for tax on Preference Dividend	638,987
TOTAL	35,239,535



SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

(AMOUNT IN RUPEES)

	Year ended 31.03.2006
SCHEDULE 13 : OTHER INCOME	
Income from Current Investments	3,345,877
Interest received on Deposits with Banks (TDS Rs 2,51,924)	1,117,956
Interest Received Others (TDS Rs 4,14,481)	136,912
Profit on Sale of Investments (Long term)	150,000
Other Income	2,891,263
TOTAL	7,642,008
SCHEDULE 14 : DETAILS OF OPERATING EXPENSES	
Salaries, Wages & Other Allowances for Floating Staff	129,796,143
Contribution to Provident Fund for Floating Staff	3,130,428
Staff Welfare for Floating Staff	3,413,833
TOTAL	136,340,404
Fuel/Lube Oils Consumed	253,325,438
Slot Hire Costs	11,729,212
Port and Marine Dues	107,029,170
Domestic Freight Expenses	103,559,969
Liner Expenses (Net of Recoveries)	14,255,557
Logistic Expenses	438,064
Stores and Spares Consumed	69,753,364
Crew Victualling	14,704,168
Repairs and Maintenance to Fleet	20,290,803
Insurance and Protection Club fee	31,824,027
Vessel Management and Agency Fees	51,752,351
Brokerage / Commission	5,325,998
Dry Dock Expenses	83,112,793
Sundry Expenses	7,683,342
Container Lease Rental	12,275,954
Other Operating Expenses	5,172,755
TOTAL	928,573,369
SCHEDULE 15 : ADMINISTRATION & OTHER EXPENSES	
Salaries, wages and Other Allowances* (*includes payments to Managerial Personnel)	
Salaries and Bonus	21,459,604
Contribution to Provident and other Funds	1,707,463
Staff Welfare	2,419,391
TOTAL	25,586,458
Postage, Telephone and Fax	2,337,619
Travelling and Conveyance	2,519,133
Professional & Consultancy Fees	4,778,923
Bad Debts	408,486
Loss on Sale of Assets	353,728
Insurance Expenses	375,001
Rates, Taxes & Fees	207,248
Rent	1,088,220
Donations	700,000
Director's Sitting fees	375,000
Other Expenses	12,552,536
Loss on Exchange Rate Variation (Net)	1,416,440
Preliminary Expenses written off	6,815
TOTAL	52,705,607
SCHEDULE 16: INTEREST	
On Loans for fixed Periods	18,856,467
Others	455,485
TOTAL	19,311,952

SCHEDULE 17 : CONSOLIDATED NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES

(i) Accounting basis and convention

The consolidated Financial Statements relate to Shreyas Shipping & Logistics Ltd. (Holding Company) and its subsidiary (Shreyas Relay Systems Ltd.) and have been prepared in accordance with Accounting Standard (AS 21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants Of India. The Financial Statements are prepared under the historical cost convention on an accrual 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. Major improvements to the vessels are added to the cost of the vessel concerned. 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 whichever is higher, is provided as depreciation. 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 costs are determined under "First in First out" formula.

(vi) Foreign Exchange Transactions

- a) 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.
- b) In respect of forward exchange contracts covering Company's earnings, 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.
- c) In respect of forward contracts relating to acquisition of fixed assets from a country outside India profit / premium or loss / discount at the time of inception or on cancellation or renewal of such contracts are adjusted to the cost of relevant capital assets.
- d) 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.
- e) 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.

(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, on receipt.

(viii) 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.

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). The shortfall, if any between the amount payable to the employees determined on actuarial basis and accumulated sum with LIC is provided for / borne by the Company.

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.

Provision for leave encashment is made on actual workings for leave standing to the credit of employees at period end.

(ix) Dry Dock/Special Survey expenses

Dry Dock/Special Survey expenses are charged to Profit and Loss account as and when incurred.

(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) Taxation

As the Company has opted for Tonnage Tax in respect of shipping income in the Holding Company deferred tax is not applicable. Tax provision is created for non-shipping income and profit on sale of ships and other related assets as per Income Tax Act, 1961. Deferred tax resulting from difference between book and tax profit in the Subsidiary is accounted for at the current rate of tax, to the extent the timing differences are expected to crystallize.

17. NOTES ON ACCOUNTS

- 1 During the year the Company has changed its name from Shreyas Shipping Limited to Shreyas Shipping and Logistics Limited.
- 2 Capital work in progress represents expenses towards new ship under construction and includes Rs.44.42 Lacs being the interest on direct borrowings capitalized. Gain on cancellation of forward contracts pertaining to discharge of related foreign currency liabilities Rs.13.13 Lacs has been credited to this account.
- 3 The Company has changed the method of accounting for unfinished voyage during the year to recognize income on completion of each leg of voyage as against the practice followed hitherto of recognizing revenue only on completion of the entire voyage. In view of this change in accounting practice, the profit for the year is higher to the extent of Rs 50.41 Lacs.
- 4 A sum of Rs 390 Lacs transferred in the previous year to Capital Redemption Reserve has been transferred back to Profit & Loss Account in the current year as the preference shares have been redeemed out of a fresh issue of Redeemable Preference Shares.
- 5 Pursuant to the issue of Global Depository Receipts (GDR) of USD 8 Million, Company allotted 21,33,333 GDRs at USD 3.75 per GDR, each representing one fully paid Equity share of Rs 10/- each ranking paripassu in all respects with existing paid up shares. Proceeds of the issue (net of Rs 130.01 Lacs being the expenses on issue), has been parked temporarily in Mutual Funds pending their utilization towards Capital expenditure as proposed in the offer document. The expenses on GDR and Preference share issue aggregating Rs 143.06 Lacs have been charged to the Securities Premium account as permitted by section 78 of the Companies Act, 1956.
- 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 any default in repayment or payment of any installment of Principal or Interest or any combination thereof on the part of the Company.

7 CONTINGENT LIABILITIES NOT PROVIDED FOR

	Year ended 31.03.2006 (Rupees)
a) Claims against the Company not acknowledged as debts	1057 Lacs
b) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for	9319.24 Lacs

8 Derivative Instrument outstanding on Balance sheet date.

Category : Forward Exchange Contract for USD 49,36,443.29

Purpose : In order to hedged the company's exposure, due to movement in foreign exchange rates.

Foreign Currency exposures, not hedged by derivative instrument.

a) Receivable from Debtors	Rs. 1204.72 Lacs
b) Payable to Creditors	Rs. 281.59 Lacs
c) FCNR Loan taken from Banks	Rs. 217.55 Lacs

9 Segment Reporting:

Particulars	Year ended 31 st March' 2006 (Rs in Lacs)
Revenue by Segment	
Shipping	10,040.38
Logistics	6,466.72
Others	391.76
TOTAL	16,898.86
Less : Intersegment Revenue	2,389.22
Net Revenue	14,509.64
Segment Results	
Shipping	2,870.68
Logistics	1,064.10
Others	373.29
TOTAL	4,308.07
Less:	
i) Interest & Finance Charges	193.12
ii) Unallocated Expenditure	476.83
Profit before Tax	3,638.12
Segment Depreciation	
Shipping	697.93
Logistics	148.65
Unallocated	19.02

Notes on segment information:

- a. In view of changes in internal organisation and management structure during the year including the transfer of business to a wholly owned subsidiary, the Board of Directors have determined that the company will operate in two business segments viz. Shipping and Logistics from the current year onwards. Shipping will comprise Charter and Feeder Services and Logistics will comprise Domestic and Liner business.
- b. All the ships are registered in India can be operated globally without any geographical segment or client barriers. Hence there are no distinguishable geographical segments for providing secondary segments reports.



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 various assets in the respective segments during the year.

d. Others under Revenue and Results include profit on sale of ship Rs. 296.87 Lacs.

10. Intangible Assets

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

(Rs in Lacs)

Particulars	Year ended on 31.3.2006
Opening Balance	5.31
Addition during the year	0.36
Total	5.67
Amortisation	2.06
Closing Balance	3.61

11. Accounting for Lease

- a) The Company has taken Containers on Operating Lease and the lease rental of Rs.169.15 Lacs is charged to the Profit and Loss account.
- b) The Company has taken Vehicles on Operating Lease and the lease rental of Rs.12.78 Lacs is charged to the Profit and Loss account.

12. Working of Earning Per Share:

(Rs. In Lacs)

Particulars	Year ended on 31.3.2006
Weighted average number of Equity shares	2,00,57,990
Nominal value Per Shares	Rs. 10/-
Profit for the year after Tax (adjusted for previous year expenses)	3,522.63
Less: Provision for Preference Dividend + Tax including proposed dividend	127.05
Net Balance available to Equity Shareholders	3395.58
Earning Per Share (Basic & Diluted) including exceptional item.	Rs.16.92
Earning Per Share (Basic & Diluted) excluding exceptional item.	Rs. 16.92

13. Deferred Tax

Particulars	Amount (Rs. in Lacs)
Deferred Tax Liabilities	
Timing Difference on Depreciation	23.60
Less: Deferred Tax Assets	
Timing difference on Leave encashment & Preliminary Expense	1.86
Net Deferred Tax Liability	21.74

14) RELATED PARTY TRANSACTIONS

(Amount in Rs. '000)

TRANSACTION	Holding company *	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2006
Charter hire income from related parties						
Orient Express Lines Ltd., Mauritius	—	264,606	—	—	—	264,606
Orient Express Lines (S) Pte Ltd., Singapore	—	107,639	—	—	—	107,639
Balaji Shipping (UK) Ltd.	—	27,447	—	—	—	27,447
Service / freight income from related parties						
Balaji Shipping (UK) Ltd.	—	18,362	—	—	—	18,362
Orient Express Lines Ltd., Mauritius	—	32,476	—	—	—	32,476
Orient Express Lines (S) Pte Ltd., Singapore	—	670	—	—	—	670
Relay Shipping Agency Ltd.	—	—	32,619	—	—	32,619
Haytrans (India) Pvt. Ltd.	—	—	1,181	—	—	1,181
Vessel management fees paid to related parties						
Orient Express Ship Management Ltd.	—	—	16,567	—	—	16,567
Agency Fees paid to related parties						
Relay Shipping Agency Ltd.	—	—	16,556	—	—	16,556
Crescent Shipping Agency (India) Pvt. Ltd.	—	—	423	—	—	423
Clarion Shipping (Pvt). Ltd. Colombo	—	—	2,031	—	—	2,031
Lanka Orient Express line, Colombo	—	12,191	—	—	—	12,191
Transworld Logistics Pvt. Ltd.	—	—	125	—	—	125
Service / freight income paid to related parties						
Orient Express Lines Ltd., Mauritius	—	1,521	—	—	—	1,521
Orient Express Linse (S) Pte. Ltd., Singapore	—	4,161	—	—	—	4,161
Commission paid to related parties						
Seabridge Shipping Co L.L.C	—	2,735	—	—	—	2,735
Clarion Shipping (Pvt). Ltd.Colombo	—	—	319	—	—	319
Rent expenses paid to related parties (Gross)						
Sivaswamy Holdings Pvt. Ltd.	—	—	1,064	—	—	1,064
Vehicle Lease Rental paid to related party						
Mrs. Savita Kshirsagar	—	—	—	—	396	396
Remuneration paid to related parties (Gross)						
Mr. S. Ramakrishnan	—	—	—	3,963	—	3,963
Mr. Anil Devli	—	—	—	3,269	—	3,269
Mr Vinay Kshirsagar	—	—	—	2,372	—	2,372
Slot charges paid to Related Parties						
Orient Express Lines Ltd. Mauritius	—	—	4159	—	—	4159
Container rental/Repair charges paid to related parties						
Balaji Shipping (UK) Ltd.	—	41	—	—	—	41
Admec Logistics Ltd.	—	—	522	—	—	522
Stores, spares, victualling, Repairs expenses, etc. paid to related parties						
ADMEC Logistics Ltd.	—	—	20,686	—	—	20,686
Purchase of vehicle/Vessel from related party						
Orient Express Ship Management Ltd.	—	517	—	—	—	517


14) RELATED PARTY TRANSACTIONS (Continued)

(Amount in Rs. '000)

TRANSACTION	Holding company *	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2006
Sale of Investments						
Mr. S. Ramakrishnan	—	—	—	100	—	100
Mr. S. Mahesh	—	—	—	—	100	100
Purchase of shares from related parties						
Mr. S. Ramakrishnan	—	—	—	50	—	50
Mr. S. Mahesh	—	—	—	—	50	50
Mrs. Mala Mahesh	—	—	—	—	113	113
Mrs. Geeta Ramakrishnan	—	—	—	—	113	113
Dividend paid on 9% non-convertible, cumulative, redeemable preference shares to related parties						
Transworld Shipping Services (I) Pvt. Ltd.	—	—	2,705	—	—	2,705
Crescent Shipping Agency (India) Pvt. Ltd.	—	—	2,267	—	—	2,267
Meridian Shipping Agency Pvt. Ltd.	—	—	1,263	—	—	1,263
Clarion Shipping Agency Pvt. Ltd.	—	—	464	—	—	464
Dividend paid to related parties (net of tax)						
Transworld Holdings Ltd.	28,409	—	—	—	—	28,409
Mr. S. Ramakrishnan	—	—	—	252	—	252
Mr. Anil Devli	—	—	—	14	—	14
Mrs. Geeta Ramakrishnan	—	—	—	—	2,147	2,147
Mr. Ritesh Ramakrishnan	—	—	—	—	387	387
Ms. Anisha Ramakrishnan	—	—	—	—	346	346
Mrs. Valli Sivaswamy	—	—	—	—	882	882
Mr. S. Mahesh	—	—	—	—	259	259

Outstanding balances pertaining to related parties as at 31st March, 2006 (In Rs.'000)

Nature of balance	Holding company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2006
Debit balance due to company	—	5,073	53,233	—	—	58,306
Credit balance due from company	—	4,401	4,522	—	—	8,923

NOTE: FIGURES HAVE BEEN ADJUSTED FOR EXCHANGE RATE VARIATIONS

*** 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 31st March, 2006)
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 Services (I) Pvt. Ltd. NLS Agency (India) Pvt. Ltd. Sivaswamy Holdings Pvt. Ltd. Crescent Shipping Agency (India) Pvt. Ltd. Transworld Logistics Pvt. Ltd. Albatross Shipping Pvt. Ltd. Transworld Management Consultancy Pvt. Ltd. Lanka Orient Express Lines Ltd. Colombo Haytrans India Pvt. Ltd. ADMEC Logistics Ltd. Relay Shipping Agency Ltd. Meridian Shipping Agency Pvt. Ltd. Clarion Shipping (Pvt.) Ltd. Clarion Shipping Agency Pvt. Ltd.Colombo
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. Valli Sivaswamy Mrs. Savita Kshirsagar

Note : Reimbursement of expenses incurred by/to Group Companies is not included here.

SIGNATURES TO SCHEDULE 1 TO 17

FOR AND ON BEHALF OF THE BOARD

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Chairman & Managing Director

Anil Devli
Executive Director

S. Ramakrishnan
Partner
M.No. 18967

V. Ramnarayan
Director

Megha Samtani
Company Secretary

K. P. Medhekar
Director

Vinay Kshirsagar
Chief Financial Officer

Place : Mumbai
Date : 24th May, 2006

Place : Mumbai
Date : 24th May, 2006



STATEMENT OF CONSOLIDATED CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2006

		Year ended 31st March, 2006
A Cashflow from operating activities		
Net profit/ (Loss) Before tax		363,812,355
Adjusted for Non-cash/Non-operating expenses (income)		
Depreciation		86,560,230
Amortisation of miscellaneous expenses		6,815
Loss on Sale of Fixed assets		353,728
Interest Expenses		19,311,952
Exchange Loss/(Gain) on Current Assets & Liabilities		1,416,440
Income from current Investments		(3,345,877)
Interest Income		(1,254,868)
Profit on Sale of Investments		(150,000)
Profit on Sale of Fixed Assets		(29,686,790)
Operating Profit Before Working Capital changes	(a)	437,023,985
Adjustments for changes in Working Capital		
Increase/(Decrease) in Current Assets		
Inventories		14,041,075
Sundry Debtors		42,747,107
Other Current Assets, Loans and Advances		52,789,689
		109,577,871
Less: increase/(Decrease) in Current Liabilities & Provision		(53,129,753)
Net increase/(Decrease) in Working Capital	(b)	162,707,624
Cash Generated from Operations	(a) - (b) = (c)	274,316,361
Less: Taxation		12,277,828
NET CASH FROM OPERATING ACTIVITIES	(A)	262,038,533
B Cash flow from investing activities		
Addition to fixed Assets including Capital Work in Progress		(291,920,952)
Sale of Fixed Assets		112,346,828
Sale of investments		300,000
Purchase of Investments		(489,000)
Income from current investments		3,345,877
NET CASH FROM INVESTING ACTIVITIES	(B)	(176,417,247)
C Cash Flow from Financing Activities		
Proceeds / (Repayment) of Borrowings (Net)		2,261,867
Proceeds from issue of Shares/GDR (net of issue expenses)		340,814,543
Interest Income		1,254,868
Interest Expenses		(19,311,952)
Exchange Loss/(Gain) on Current Assets & Liabilities		(1,416,440)
Dividend Paid		(26,523,652)
Tax on dividend paid		(3,724,439)
NET CASH FROM FINANCING ACTIVITIES	(C)	293,354,795
NET CHANGES IN CASH & CASH EQUIVALENT	(A+B+C)	378,976,081
CASH & CASH EQUIVALENTS - OPENING BALANCE		95,526,994
CASH & CASH EQUIVALENTS - CLOSING BALANCE		474,503,075

Notes:

- 1) The above statement has been prepared in indirect method except in case of dividend on investments which have been considered on the basis of actual movement of cash.
- 2) Cash and Cash equivalents include cash and bank balance and Investments in Liquid fund securities of Mutual Funds and exclude margin money deposits.

AS PER OUR REPORT ATTACHED

For Sridhar & Santhanam

Chartered Accountants

S. Ramakrishnan

Partner

M.No. 18967

Place : Mumbai

Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan

Chairman & Managing Director

Place : Mumbai

Date : 24th May, 2006

Directors' Report

Your Directors are pleased to present the Thirteenth Annual Report and the audited accounts for the financial year ended 31st March, 2006.

FINANCIAL RESULTS

Your Company has commenced business operations during August, 2005. During the year, your Company has recorded operating income of Rs.4,095.96 lacs and Profit before tax of Rs.136.45 lacs. This is an encouraging performance, given that it is the first year of operations.

DIVIDEND

With a view to conserve the resources of the Company, your Directors do not recommend any dividend.

SHARE CAPITAL

In order to meet the fund requirements, your Company, during the year, issued and allotted 4,50,000 further equity shares to Shreyas Shipping & Logistics Ltd. (formerly known as 'Shreyas Shipping Ltd. '), the holding company. The Company would continue to explore opportunities in the future for raising capital using a judicious mix of debt and equity.

OPERATIONS

Your Company is the arm of Shreyas Shipping & Logistics Ltd. (formerly known as 'Shreyas Shipping Ltd.' (SLL)) – its holding company – dedicated towards offering focused terrestrial logistics services including mid-size parcel services. It carries on business of domestic multimodal transportation, international liner services and supply chain management thereby offering comprehensive solutions to its clients.

CONVERSION TO PUBLIC LIMITED COMPANY

With the approval of the Shareholders and the Registrar of Companies, Maharashtra, the Company was converted into a public limited company with effect from 6th May, 2005.

FIXED DEPOSITS

The Company has not accepted fixed deposits from the public 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.

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 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 (2005-06)
(i) Foreign exchange earnings (on accrual basis)	656.19
(ii) Foreign exchange outgo including operating and other expenditure, purchase of containers in foreign currency (on accrual basis)	673.81

AUDITORS

M/s. K. L. Murty & Co., Chartered Accountants, who were appointed as Auditors of your Company at the last Annual General Meeting tendered their resignation during the year due to their other commitments.

M/s. Sridhar & Santhanam, Chartered Accountants, having been appointed by the Shareholders at the Extraordinary General Meeting held on 28th November, 2005, in the casual vacancy created by the resignation of M/s. K. L. Murty & Co., 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.

PARTICULARS OF EMPLOYEES

The Company has no employee covered under Section 217(2A) of the Companies Act, 1956, and thus the required information has not been furnished.

SECRETARIAL AUDIT

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' 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, 2006;

- 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, 2006 and of the profit of the Company for the year ended on 31st March, 2006;
- 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.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation and acknowledge with gratitude, the support and co-operation extended by the clients, vendors, bankers and the employees and look forward to their continued support.

Place: Mumbai
Date: 24th May, 2006

For and on behalf of the Board of Directors
S. Ramakrishnan
Chairman

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 2006, 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 (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. 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 the Company has filed an application with Department of Company Affairs for exemption from furnishing the necessary information.
5. 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 2006 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 subject to item 4 above 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, 2006;
 - (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 Sridhar & Santhanam.
Chartered Accountants

S.Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date: 24th May 2006

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 off during the year.
- (ii)
 - (a) 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) Except for an unsecured loan of Rs 280 lakhs from its holding Company Shreyas Shipping & Logistics Ltd., the terms and conditions of which are not prima facie prejudicial to the interests of this Company, 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. In respect of loan from holding company, payment of the interest is regular, the principal is not yet due and there are no overdues.
- (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) As the paid up capital of the Company at the commencement of the financial year was less than Rs 50 lakhs and it just commenced operations during this year, we are not required to comment on the internal audit system.
- (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 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 but has incurred small cash loss in the immediately preceding financial year; (The Company started its operations only in the current year)
- (xi) The Company has not defaulted in repayment of dues to any 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.
- (xvi) The Company has no Term loans;
- (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 except to its holding company; The price at which shares have been issued is not prejudicial to the interest of the Company.
- (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 Sridhar & Santhanam
Chartered Accountants

S.Ramakrishnan
Partner
M. No. 18967

Place: Mumbai
Date : 24th May 2006

BALANCE SHEET AS AT 31ST MARCH, 2006

(AMOUNT IN RUPEES)

	Schedule	AS AT 31.03.2006	AS AT 31.03.2005
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	5,000,000	500,000
RESERVES AND SURPLUS	2	8,766,039	—
		<u>13,766,039</u>	<u>500,000</u>
LOAN FUNDS			
UNSECURED LOANS	3	28,000,000	—
		<u>28,000,000</u>	<u>—</u>
DEFERRED TAX LIABILITY (NET)			
		<u>2,174,000</u>	<u>—</u>
	TOTAL	<u><u>43,940,039</u></u>	<u><u>500,000</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	60,341,818	—
LESS : DEPRECIATION		<u>1,942,490</u>	<u>—</u>
NET BLOCK		<u><u>58,399,328</u></u>	<u><u>—</u></u>
CURRENT ASSETS, LOANS AND ADVANCES			
SUNDRY DEBTORS	5	45,483,199	—
CASH AND BANK BALANCES	6	18,524,402	399,685
LOANS AND ADVANCES	7	41,162,021	—
		<u>105,169,622</u>	<u>399,685</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES	8	119,628,911	6,700
		<u>119,628,911</u>	<u>6,700</u>
NET CURRENT ASSETS		<u><u>(14,459,289)</u></u>	<u><u>392,985</u></u>
MISCELLANEOUS EXPENDITURE			
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	9	—	107,015
	TOTAL	<u><u>43,940,039</u></u>	<u><u>500,000</u></u>
NOTES TO THE ACCOUNTS	14		

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Chairman

S. Ramakrishnan
Partner
M.No. 18967

V. Ramnarayan
Director

Place : Mumbai
Date : 24th May, 2006

Place : Mumbai
Date : 24th May, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2006

		(AMOUNT IN RUPEES)	
	Schedule	Year ended 31.03.2006	Year ended 31.03.2005
INCOME			
OPERATING EARNINGS			
a) DOMESTIC FREIGHT INCOME		350,340,563	—
b) LINER FREIGHT INCOME		59,255,560	—
OTHER INCOME	10	762,663	—
TOTAL INCOME		410,358,786	—
EXPENDITURE			
OPERATING EXPENSES	11	385,229,480	—
ADMINISTRATION & OTHER EXPENSES	12	7,683,292	6,815
INTEREST	13	1,858,311	—
DEPRECIATION	4	1,942,490	—
TOTAL EXPENDITURE		396,713,573	6,815
PROFIT BEFORE TAX		13,645,213	(6,815)
LESS PROVISION FOR TAXATION			
— CURRENT		2,500,000	—
— DEFERRED		2,174,000	—
— FRINGE BENEFIT TAX		104,974	—
PROFIT AFTER TAX		8,866,239	(6,815)
EXPENSES TRANSFERRED TO PRELIMINARY EXPENSES		—	6,815
DEFICIT BROUGHT FORWARD FROM PREVIOUS YEAR		(100,200)	(100,200)
SURPLUS/(DEFICIT) CARRIED TO BALANCE SHEET		8,766,039	(100,200)
NOTES TO THE ACCOUNTS	14		
Earning per Share (Basic & Diluted) Ref. Note No. 6 in Schedule 14		24.50	(0.14)

AS PER OUR REPORT ATTACHED

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Partner
M.No. 18967

Place : Mumbai
Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan
Chairman

V. Ramnarayan
Director

Place : Mumbai
Date : 24th May, 2006

SCHEDULES TO BALANCE SHEET

SCHEDULE 1 : SHARE CAPITAL

(AMOUNT IN RUPEES)

	AS AT 31.03.2006	AS AT 31.03.2005
AUTHORISED		
20,00,000 (Previous Year 50,000) Equity Shares of Rs 10/- each	20,00,000	500,000
	<u>20,00,000</u>	<u>500,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
5,00,000 (Previous Year 50,000) Equity Shares of Rs 10/- each fully Paid up	5,00,000	500,000
All the shares are held by the Holding Company, Shreyas Shipping & Logistics Ltd. (Formally known as Shreyas Shipping Ltd.) (Previous year 1100)		
TOTAL	<u>5,00,000</u>	<u>500,000</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
SURPLUS		
Balance in Profit & Loss A/c.	8,766,039	—
TOTAL	<u>8,766,039</u>	<u>—</u>
SCHEDULE 3 : UNSECURED LOANS		
From Holding Company	31.03.2006 28,00,000	31.03.2005 —
TOTAL	<u>28,00,000</u>	<u>—</u>

SCHEDULE 4 : FIXED ASSETS

(AMOUNT IN RUPEES)

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2005	ADDITIONS	DEDUCTIONS/ADJUSTMENTS	COST AS AT 31.03.2006	AS AT 01.04.2005	FOR THE YEAR	DEDUCTIONS/ADJUSTMENTS	AS AT 31.03.2006	AS AT 31.03.2006	AS AT 31.03.2005
CONTAINER EQUIPMENT	—	59,333,051	—	59,333,051	—	1,876,306	—	1,876,306	57,456,745	—
FURNITURE & FIXTURES	—	65,450	—	65,450	—	6,509	—	6,509	58,941	—
COMPUTERS	—	368,155	—	368,155	—	27,409	—	27,409	340,746	—
OFFICE EQUIPMENTS	—	66,885	—	66,885	—	4,098	—	4,098	62,787	—
VEHICLES	—	508,277	—	508,277	—	28,168	—	28,168	480,109	—
TOTAL AS ON 31.03.2006	—	60,341,818	—	60,341,818	—	1,942,490	—	1,942,490	58,399,328	—
TOTAL AS ON 31.03.2005	—	—	—	—	—	—	—	—	—	—

SCHEDULE 5 : SUNDRY DEBTORS

(Unsecured, considered good)

(AMOUNT IN RUPEES)

PARTICULARS	AS AT	AS AT
	31.03.2006	31.03.2005
Debts outstanding for a period exceeding six months	278,546	—
Others	45,204,653	—
TOTAL	45,483,199	—

SCHEDULE 6 : CASH AND BANK BALANCES

Cash on Hand	19,728	—
With Scheduled Banks		
in Current Accounts	18,004,674	399,685
in Margin Money Deposit *	500,000	—
(* Pledged with Bank as Margin for Guarantees issued)		
TOTAL	18,524,402	399,685

SCHEDULE 7 : LOANS AND ADVANCES

(Unsecured, considered good)

a) Advance for Capital Expenditure	26,694,840	—
b) Advances recoverable in cash or in kind or for value to be received	10,139,175	—
c) Advance Income Tax less provision	3,851,352	—
d) Deposits	476,654	—
TOTAL	41,162,021	—

SCHEDULE 8 : CURRENT LIABILITIES

Shreyas Shipping & Logistics Ltd. (Business transfer Purchase Consideration)	59,436,974	—
Sundry Creditors for Trade (Dues to Small Scale Industrial Undertaking Nil)	58,190,079	—
Creditors for Expenses	1,690,608	6,700
Other Liabilities	311,250	—
TOTAL	119,628,911	6,700

SCHEDULE 9 : MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Preliminary Expenditure	—	6,815
Profit & Loss Account	—	100,200
TOTAL	—	107,015

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(AMOUNT IN RUPEES)

	AS AT 31.03.2006	AS AT 31.03.2005
SCHEDULE 10 : OTHER INCOME		
Gains on Exchange Rate Variation	757,978	—
Interest on Bank deposits (TDS Nil)	4,685	—
TOTAL	762,663	—
SCHEDULE 11 : OPERATING EXPENSES		
Domestic Freight Expenses	103,559,969	—
Liner Freight Expenses	12,771,945	—
Logistic Expenses	438,064	—
MTO Cargo Insurance Expenses	154,107	—
Container Leases Rental	12,275,954	—
Other Operating Expenses	5,172,755	—
Agency Fees	6,143,752	—
Brokerage / Commission	2,090,261	—
Slot Charges	242,622,673	—
TOTAL	385,229,480	—
SCHEDULE 12 : ADMINISTRATION & OTHER EXPENSES		
Salaries and Other Allowances		
Salaries and Bonus	3,814,963	—
Contribution to Provident Fund	166,529	—
Staff Welfare	252,194	—
TOTAL	4,233,686	—
Postage, Telephone and Fax	388,638	—
Travelling and Conveyance	323,278	—
Legal & Professional Fees	426,799	—
Audit Fees	110,200	2,500
Insurance Expenses	25,869	—
Rent	351,300	—
Rates and Taxes	7,248	—
Miscellaneous Expenses	1,809,459	4,315
Preliminary Expenses written off	6,815	—
TOTAL	7,683,292	6,815
SCHEDULE 13: INTEREST		
On Loans for Fixed Periods	1,858,311	—
On Other Loans	—	—
TOTAL	1,858,311	—

SCHEDULE 14 : NOTES TO THE ACCOUNTS**SIGNIFICANT ACCOUNTING POLICIES****(i) Accounting basis and convention**

The Financial Statements are prepared under the historical cost convention on an accrual 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.

(iii) Depreciation

Depreciation of 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.

(iv) Foreign Exchange Transactions

- a) 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 except that pertaining to capital assets which are adjusted to their carrying cost in terms of schedule VI to the Companies Act, 1956.
- b) 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 or adjusted to carrying cost of capital assets depending upon the nature of transactions.

(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 Earnings represent freight earnings. Freight income is recognized once the ship calls on the port of delivery.
- 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.

(vi) Retirement Benefits

Contributions to the Provident Fund are made to Provident Fund Organisation and charged to the profit & loss A/c.

Provision for leave encashment is provided based on actual workings for leave standing to the credit of employees at period end.

The Company is in the process of taking a policy with Life Insurance Corporation of India for gratuity. In the meantime the policy of holding company covers these employees too.

(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.

14 : NOTES ON ACCOUNTS

1. The company was incorporated on 17.03.1994 as Shreyas Shipping Services (India) Pvt. Ltd. The name was changed to Shreyas Relay Systems Pvt. Ltd. on 29.12.2004. The company was converted into a public limited company on 06.05.2005.
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 application for exemption of the same is filed with the Department of Company Affairs.
3. This is the first year of operation and hence previous year figures are not comparable.
4. Domestic and Liner business has been transferred by Shreyas Shipping & Logistics Ltd. (Holding company) w.e.f. 01.08.2005 as a going concern to the company for a purchase consideration of Rs. 7,40,28,746/-.
5. Foreign Currency exposures not hedged by derivative instrument
 - a. Receivable from Debtors Rs. 33,25,028/-
 - b. Payable to Creditors Rs. 1,33,713/-

6. Working of Earning per share

Particulars	Year ended on 31.03.2006	Year ended on 31.03.2005
Weighted average number of Equity shares	361918	50000
Nominal value Per Shares	Rs. 10/-	Rs. 10/-
Profit after Tax	Rs 88,66,239/-	Rs.(6,815)
Earning Per Shares (Basic & Diluted)	Rs. 24.50/-	Rs. (0.14)

7. Deferred Tax

Particulars	Amount
Deferred Tax Liabilities	
Timing Difference on Depreciation	23,60,000
Less:	
Deferred Tax Assets	
Timing difference on Leave encashment & Preliminary Expense	1,86,000
Net Deferred Tax Liability	21,74,000

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

Particulars	Amount
Relay Shipping Agency Ltd.	69,97,155
Orient Express Ship Management Ltd.	5,000

9. Segment Reporting

The company's business is only in one segment namely logistics.

10. Accounting for Lease

- a) The Company has taken Containers on Operating Lease and the lease rental of Rs.1,22,75,954/- (Rs NIL) is charged to the Profit and Loss account.
- b) The Company has taken Vehicles on Operating Lease and the lease rental of Rs.2,24,680/- (Rs.NIL) is charged to the Profit and Loss account.

11. RELATED PARTY TRANSACTIONS

(Rs. In '000)

TRANSACTION	Holding company *	Subsidiary Company*	Fellow subsidiaries*	Other related parties*	Key Management personnel*	Relatives of Key Management personnel*	Total as at 31.03.2006	Total as at 31.03.2005
Service/freight income from related parties								
Haytrans (India) Pvt. Ltd	—	—	—	1,181	—	—	1,181	—
Agency Fees paid to related parties								
Relay Shipping Agency Ltd.	—	—	—	3,669	—	—	3,669	—
Crescent Shipping Agency (India) Pvt. Ltd.	—	—	—	423	—	—	423	—
Clarion Shipping (Pvt). Ltd.	—	—	—	1,526	—	—	1,526	—
Transworld Logistics Pvt Ltd	—	—	—	125	—	—	125	—
Brokerage & Commission to related party								
Clarion Shipping Agency (Pvt). Ltd. Colombo	—	—	—	319	—	—	319	—
Container Repairs & Other charges to related parties								
Admec Logistics Ltd	—	—	—	522	—	—	522	—
Slot charges paid to Related Parties								
Orient Express Lines Ltd , Mauritius	—	—	—	4,159	—	—	4,159	—
Service/freight charges paid to related parties								
Shreyas Shipping & Logistics Ltd	237,076	—	—	—	—	—	237,076	—
Issue of Shares to related party								
Shreyas Shipping & Logistics Ltd	4,500	—	—	—	—	—	4,500	11
Transfer of business from related party								
Shreyas Shipping & Logistics Ltd	74,029	—	—	—	—	—	74,029	—
Loan taken from Related Party								
Shreyas Shipping & Logistics Ltd	28,000	—	—	—	—	—	28,000	—
Interest on loan paid to related party								
Shreyas Shipping & Logistics Ltd	1,847	—	—	—	—	—	1,847	—

Outstanding balances pertaining to related parties as at 31st March, 2006 (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 at 31.03.2006	Total as at 31.03.2005
Debit balance due to company	—	—	—	8,502	—	—	8,502	—
Credit balance due from company	1,38,088	—	—	309	—	—	138,397	—

NOTE: FIGURES HAVE BEEN ADJUSTED FOR EXCHANGE RATE VARIATIONS*

*** Names of related parties**

Nature of relationship	Name of the related party
Holding company	Shreyas Shipping & Logistics Ltd.
Other related parties	Orient Express Lines Ltd. Mauritius
	Crescent Shipping Agency (India) Pvt. Ltd.
	Transworld Logistics Pvt. Ltd.
	Haytrans India Pvt. Ltd.
	Admec Logistics Ltd.
	Relay Shipping Agency Ltd.
	Clarion Shipping (Pvt.) Ltd.
	Clarion Shipping Agency Pvt. Ltd. Colombo

Note : Reimbursement of expenses incurred by/to Group Companies is not included here.

SIGNATURES TO SCHEDULES 1 TO 14

For Sridhar & Santhanam

Chartered Accountants

S. Ramakrishnan

Partner

M.No. 18967

Place : Mumbai

Date : 24th May, 2006

FOR AND ON BEHALF OF THE BOARD

S. Ramakrishnan

Chairman

V. Ramnarayan

Director

Place : Mumbai

Date : 24th May, 2006

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	31/03/2006
II Capital raised during the year	Amount (Rs. in '000)
Public Issue	Nil
Rights Issue	Nil
Private Placement	4500
III Position of Mobilization and Deployment of Funds	Amount (Rs. in '000)
Total Liabilities	43940
Total Assets	43940
Source of Funds	
Share Capital	5000
Reserves & Surplus	8766
Secured Loans	NIL
Unsecured Loans	28000
Deferred Tax Liability	2174
Application of Funds	
Net Fixed Assets	58399
Investments	NIL
Net Current Assets	-14459
Miscellaneous Expenditure	NIL
Accumulated losses	NIL
IV Performance of the Company	
Turnover (Including other income)	410359
Total Expenditure	396714
Profit/(Loss) before Tax	13645
Profit/(Loss) after Tax and prior period item	8866
Profit/(Loss) after Exceptional Items	8866
Balance available to Equity Shareholders	8866
Earning per share including Exceptional Items (Rs.)	24.50
Earning per share excluding Exceptional items (Rs.)	24.50
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

V. Ramnarayan
Director

Place : Mumbai
Date : 24th May, 2006

CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2006

Particulars	As at 31st March, 2006	As at 31st March, 2005
A Cashflow from operating activities		
Net profit/ (Loss) Before tax	13,645,213	(6,815)
Adjusted for Non-cash/Non operating expenses (income):		
Depreciation	1,942,490	—
Amortisation of miscellaneous expenses	6,815	—
Interest Expenses	1,858,311	—
Interest income	(4,685)	—
Exchange Loss/(Gain) on Current Assets/Liabilities	(757,978)	—
Operating Profit Before Working Capital changes (a)	16,690,166	(6,815)
Adjustments for changes in Working Capital increase (Decrease) in Current Assets		
Sundry Debtors	45,483,199	—
Loans & Advances	37,810,669	—
	83,293,868	—
Less: Increase/(Decrease) in Current Liabilities & Provisions	60,185,237	6,700
Net increase/(Decrease) in working Capital (b)	23,108,631	(6,700)
Cash Generated from Operations (a) - (b) = (c)	(6,418,465)	(115)
Less: Taxation	6,456,326	—
NET CASH FROM OPERATING ACTIVITIES (A)	(12,874,791)	(115)
B Cash flow from investing activities		
Addition to Fixed Assets (Net)	(60,341,818)	—
NET CASH FROM INVESTING ACTIVITIES (B)	(60,341,818)	—
C Cash Flow from Financing Activities		
Proceeds/(Repayment) of Borrowings (Net)	28,000,000	—
Deferred payment credit for Business Purchases consideration.	59,436,974	—
Issue of Equity Shares	4,500,000	399,800
Interest Income	4,685	—
Interest Expenses	(1,858,311)	—
Exchange Loss/(Gain) on Current Assets & Liabilities	757,978	—
NET CASH FROM FINANCING ACTIVITIES (C)	90,841,326	399,800
NET CHANGES IN CASH & CASH EQUIVALENT (A+B+C)	17,624,717	399,685
CASH & CASH EQUIVALENTS - OPENING BALANCE	399,685	—
CASH & CASH EQUIVALENTS - CLOSING BALANCE	18,024,402	399,685

Notes:

- The above statement has been prepared in indirect method.
- Cash and cash equivalents include cash & bank balances except margin money deposits.

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF THE BOARD

For Sridhar & Santhanam
Chartered Accountants

S. Ramakrishnan
Chairman

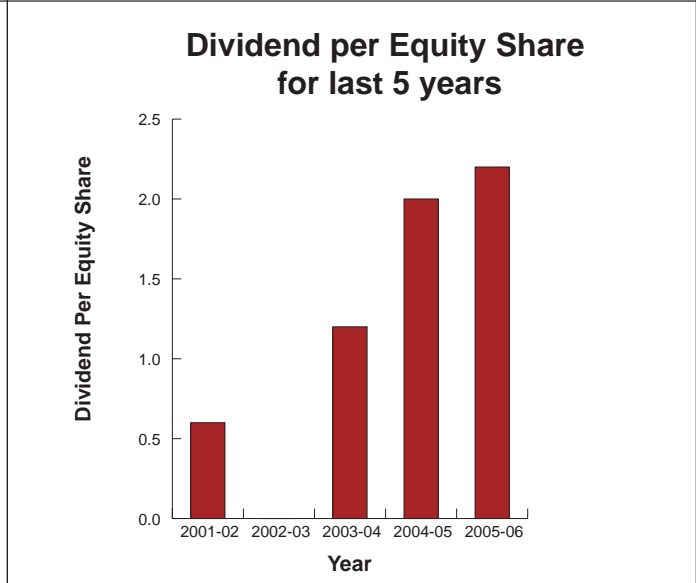
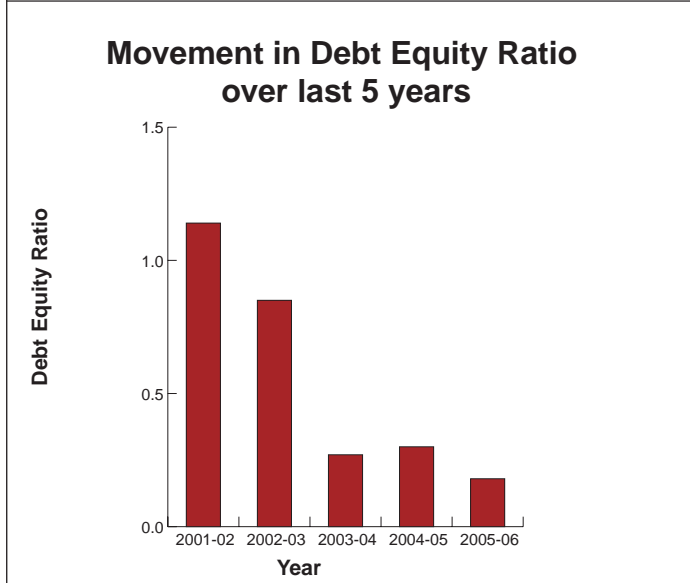
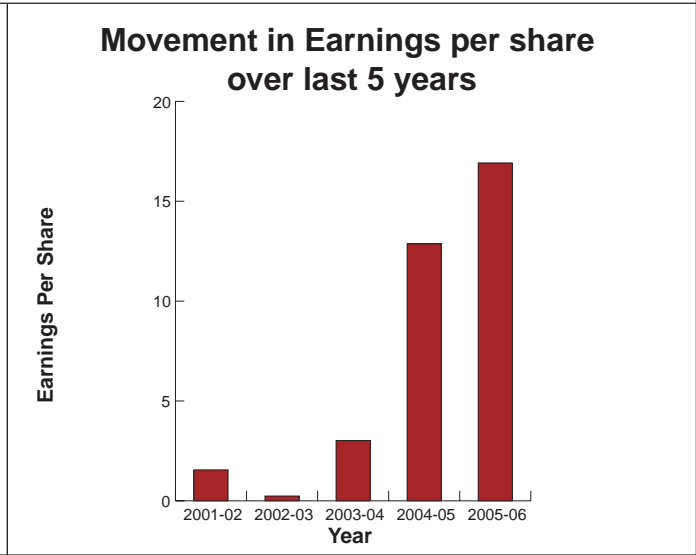
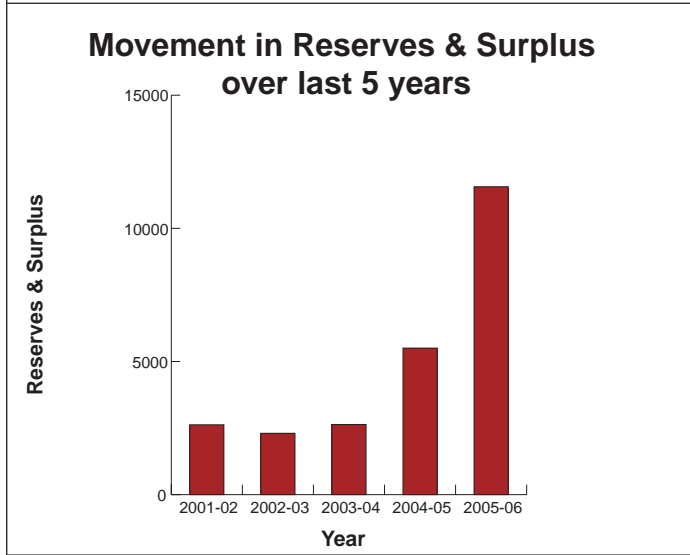
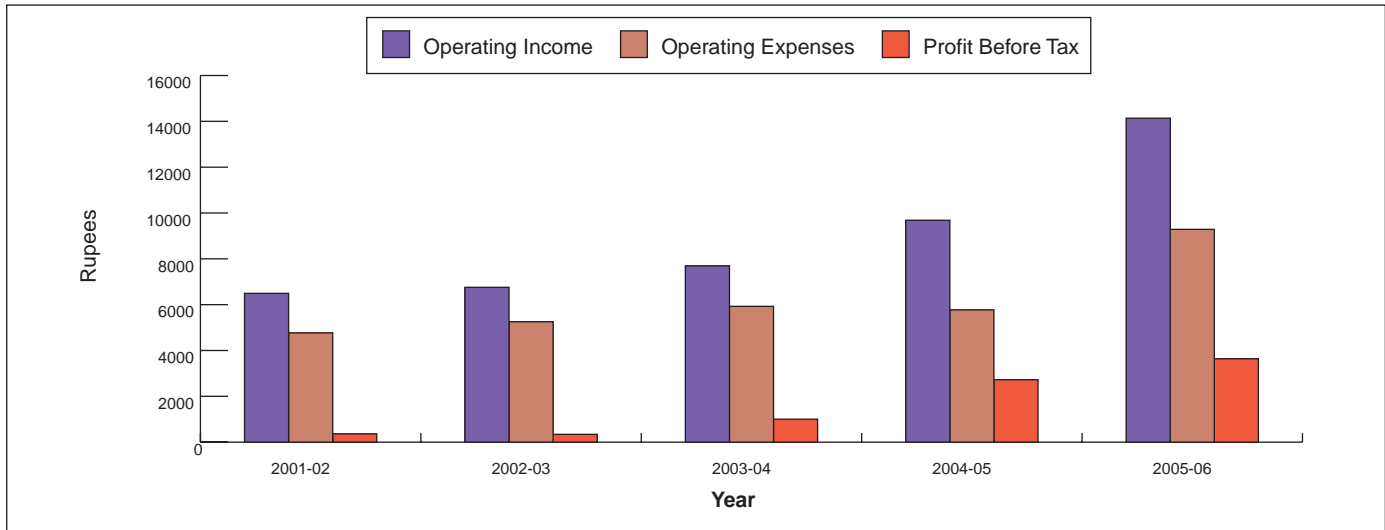
S. Ramakrishnan
Partner
M.No. 18967

Place : Mumbai
Date : 24th May, 2006

Place : Mumbai
Date : 24th May, 2006



FINANCIAL HIGHLIGHTS





SHREYAS
SHIPPING & LOGISTICS LTD

FINANCIAL HIGHLIGHTS

(Rs. in Lacs except where stated otherwise)

Particulars	1996-97	1997-98*	1998-99#	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06†
Operating Earnings	10,521.14	17,544.36	5,741.10	10,544.32	6,674.57	6,492.67	6,757.39	7,689.86	9683.74	14,136.35
Other Income	11.59	84.40	6.57	91.12	147.17	116.14	147.92	693.08	82.22	373.29
Total Income	10,532.73	17,628.76	5,747.67	10,635.44	6,821.74	6,608.81	6,905.31	8,382.94	9765.96	14,509.64
Operating Expenses	9,236.10	14,898.85	4,470.81	9,917.71	4,769.91	4,768.15	5,252.90	5,925.77	5772.37	9,285.73
Administration & Other Expenses	291.99	502.42	296.79	297.56	486.43	305.76	371.09	493.03	462.22	527.06
PBIDT	1,004.64	2,136.49	980.07	420.17	1,565.40	1,534.90	1,281.32	1,964.14	3567.37	4,696.85
Interest	373.33	977.71	421.09	681.14	679.16	569.10	273.91	174.65	85.44	193.12
PBDT	631.31	1,158.78	558.98	(260.97)	886.24	965.80	1,007.41	1,789.49	3481.93	4,503.73
Depreciation	361.56	762.15	300.94	607.73	610.10	605.58	666.96	786.93	756.70	865.60
PBT	269.75	396.63	258.04	(868.70)	276.14	360.22	340.45	1,002.56	2725.23	3,638.13
Tax	35.00	41.65	27.75	-	2.79	53.55	278.19	271.77	29.77	115.50
PAT (Including prior year item)	234.75	354.98	230.29	(868.70)	273.35	306.67	106.53	730.79	3573.68	3,522.63
Share Capital	1,982.42	1,982.42	1,982.42	1,982.42	1,982.42	1,982.42	3,282.42	3,282.42	3282.42	3,495.75
Reserves & Surplus	2,881.90	3,018.81	3,095.07	2,226.36	2,390.48	2,623.64	2,303.86	2,632.94	5503.25	11,563.46
Loan Funds	3,409.38	7,067.93	6,277.15	5,835.31	5,139.88	5,271.75	4,760.51	1,582.24	2624.74	2,647.36
Fixed Assets (Net) (including Capital work-in-progress)	6,244.26	9,996.25	9,796.09	9,262.00	8,668.44	9,392.09	10,209.73	7,945.95	10121.12	11,343.24
Investments	39.81	69.17	69.17	40.33	14.63	223.75	224.51	14.05	3.11	4,322.41
Net Current Assets	1,638.70	1,664.12	1,226.58	(263.49)	205.43	106.97	84.47	152.46	1286.18	2,062.66
EPS (Annualised) (Rs.) (excluding exceptional items)	1.18	1.19	2.32	-	1.38	1.55	0.24	3.02	12.87	16.92
Debt Equity Ratio	0.70	1.41	1.24	1.39	1.17	1.14	0.85	0.27	0.30	0.18
Dividend Per Equity Share (Rs.)	1.00	1.00	0.70	-	0.50	0.60	-	1.20	2.00	2.20
Book Value per share (Rs.)	24.54	25.23	25.61	21.23	22.06	23.23	21.62	22.45	32.88	62.29

* For 18 months

For 6 months

† Consolidated figures have been presented

