

17th ANNUAL REPORT
2004 - 2005

New horizons, New heights



TRANSWORLD
GROUP





SHREYAS
SHIPPING LIMITED

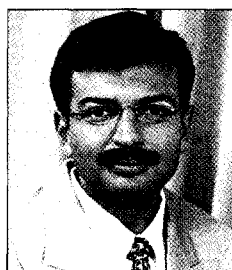
BOARD OF DIRECTORS



S. Ramakrishnan
Chairman &
Managing Director



V. Ramnarayan
Director



S. Mahesh
Director



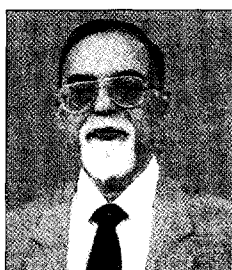
L. B. Culas
Director



Anil Devli
Executive Director



K. P. Medhekar
Director



**Capt. P. P.
Radhakrishnan**
Director



S. Ragothaman
Director



Amitabha Ghosh
Director
(ICICI Bank Ltd. Nominee)

Management Team:

- Mr Anil Devli** - Executive Director
Capt. V. K. Singh - General Manager -
Commercial & Operations
Mr. Vinay Kshirsagar - Chief Financial Officer
Ms. Namrata Malushte - 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

Registrar & Share Transfer Agent

Intime Spectrum Registry Ltd.
 C-13, Pannalal Silk Mills Compound
 L. B. S. Marg, Bhandup (West)
 Mumbai - 400 078
 Tel: 5555 5454
 Fax: 5555 5353

Chairman's Statement	1
Notice	2-7
Directors' Report	8-10
Management's Discussion and Analysis	11-13
Report on Corporate Governance	14-24
Auditors' Certificate on Corporate Governance	24
CEO & CFO Certificate	25
Auditors Report on Accounts	26-27
Balance Sheet	28
Profit and Loss account	29
Schedules to the Accounts	30-36
Notes to the Accounts	37-42
Balance Sheet Abstract	43
Cash Flow Statement	44

Registered office

1110/111 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



SHREYAS
SHIPPING LIMITED

Chairman's Statement

Dear Shareholders,

The fiscal 2004-05 will be recalled as the year when Shreyas has achieved milestones by transcending various boundaries. The dominant theme for us has been growth, both topline and bottomline, through a relentless striving to break performance and efficiency barriers. We have consolidated our position in the container feeder industry and are now looking at other business opportunities and avenues in the shipping industry. Having set our pillars firmly into the shipping industry, we are now faced with a challenge to move forward in the right direction.

A challenge means an urge to transcend one's limitations. The efforts of the Shreyas Team for the year 2004-05 are truly commendable and have brought up for Shreyas such a wonderful performance at both financial and operational front. The word '**Shreyas**' means '**better than the best**' and it truly befits the performance of the Company.

Walking through the trail we find major achievements by Shreyas during the year 2004-05. To name some of them are acquisition of vessel 'Orient Victory', reduction of debt to almost nil with a view to reduce cost and to enhance shareholder value and achievement of outstanding success in domestic operations. On the financial front, the Company has managed to attain a Profit after Tax and Exceptional Items of Rs. 3573.67 lacs, an increase of about 389.01% over the previous year, which is an achievement, by itself. Other financial parameters, which you will note as you go further into this report, indicate that the Company has moved steadily forward during this period and has improved its performance.



The shipping industry is passing through a very interesting phase at the moment. A booming freight and charter market and the introduction of tonnage tax regime have caught the shipping industry on a high wave. The Indian fleet tonnage has crossed the 7.6 million GRT (gross registered tonnage) mark for the first time. Ongoing reforms in national economies, liberalisation of trade policies and its interdependence, fuelled with global outsourcing, continues to dramatically create additional demand, which is forecasted to double in the next decade. Its sunny days and blue skies for the shipping industry in India. Currently India handles close to 460 mn tonnes of traffic at its ports. India's 9% trade growth (by volumes) means that its market share in global trade will increase – given the low growth rates of global trade at 3% which means that India is well poised to garner about 10% of global trade volumes by 2020 (current share 3.5%). In the next decade, what we are going to witness in the Indian maritime sector will be no less than a revolution.

The present period is good for shipping industry and it is time to convert opportunities into success, something which Shreyas has accomplished on a number of occasions in the past. The coastal business of Shreyas is continuously evolving. Having started this business with Kandla - NhavaSheva route, Shreyas has fought its way through against all odds and has expanded this trade. The success in the coastal business is solely attributed to the untiring focus and devotion of the entire Shreyas team. The boom in the shipping industry, as a whole, has also helped boost performance. Improved charter earnings coupled with successful domestic and coastal operations has been instrumental in achievement of a strong financial performance during the fiscal. Having established ourselves firmly in India, we now aspire to expand our horizons to the Indian subcontinent thereby making Shreyas a globally competitive player in the shipping industry. I take this opportunity to thank my team and all our customers, suppliers, lenders and other stakeholders.

Honesty in operations and crystal clear transparency to the stakeholders has been the leading policy of Shreyas as envisaged by our founder Chairman the Late Shri R. Sivaswamy. The Shreyas Team is committed to continue the pace of growth by following his policies, principles and values. Having established ourselves over a decade back, we experience a sense of fulfillment to realise that Shreyas has understood and implemented the magic combination for business success, i.e., planning + intelligence + hard work + networking + building systems + follow through. We are what we repeatedly do. Excellence, then, is not an act, but a habit. Our consistent quality outperforms intermittent excellence. Having a perfect blend of National Spirit and International Skill and embedded with strong work ethics and values such as Vision, Quality, Leadership and many more; Shreyas has got the right elements for further escalating the success ladder.

We will not rest on our accomplishments, but build on them and use the power of compounding. The world is filled with opportunities just waiting to be found. We will now also focus on the 'low lying fruits' in the ancillary business. We will continue our quest to strike out on new paths, rather than travel the worn paths of accepted success. Results are often obtained by impetuosity and daring which could never have been obtained by ordinary methods.

We will dutifully continue with our goal of providing safe, reliable and cost-effective transportation options and a range of customized services to clients and of encouraging India's coastal trade, in continuance of our mission to meet challenges and set new paradigms in the shipping industry. Having reached this far, there is no looking back.

Mumbai
21st April, 2005

S. Ramakrishnan
Chairman & Managing Director



Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Shreyas Shipping Limited will be held on Thursday, the 21st day of July, 2005 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, 2005 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 interim dividend on Preference Shares and Equity Shares.
3. To declare a final dividend on Equity Shares.
4. To appoint a Director in place of Mr. Leonard Basil Culas, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Capt. Panthaloore Puthenveetil Radhakrishnan, who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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:

7. 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 by the shareholders of the Company at the 16th Annual General Meeting held on 23rd July 2004 and pursuant to provisions of Sections 198, 269, 309, 310, Schedule XIII, and other applicable provisions, if any, of the Companies Act, 1956, and/or the guidelines for Managerial Remuneration issued by the Central Government from time to time, and subject to the approval of the Central Government and further subject to the approval of the Reserve Bank of India, if required, the consent of the Company be and is hereby accorded to the payment of enhanced remuneration and perquisites to Mr. S. Ramakrishnan who was appointed as the Chairman and Managing Director at the 16th Annual General Meeting held on 23rd July 2004 for a period of five years with effect from 1st April 2004 on the terms and conditions including those related to remuneration as stated in Serial no. 1 of the Explanatory Statement annexed to this Notice, which terms and conditions are hereby specifically approved with a liberty to the Board to vary the same as may be agreed to between the Board and Mr. S. Ramakrishnan.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to vary the terms and conditions of re-appointment including determination of remuneration payable to Mr. S. Ramakrishnan, Chairman and Managing Director in such manner as the Board in its absolute discretion deems fit, provided that the remuneration payable to Mr. S. Ramakrishnan shall not exceed the maximum limits for payment of Managerial Remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time.

FURTHER RESOLVED that in the event of loss or inadequacy of profits in any financial year during the currency of the tenure of the Chairman and Managing Director, the remuneration and perquisites any other allowances as specified above be paid to Mr. S. Ramakrishnan as minimum remuneration, provided that the total remuneration by way salary and perquisites shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II(A) of Part II of Schedule XIII to the Act or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Act as may be re-codified.

FURTHER RESOLVED that the Board of Directors of the Company be and is hereby authorised to do all such act, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

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

RESOLVED that pursuant to 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 appointment of Mr. Anil Devli as Wholetime Director for a period of one year with effect from 21st April, 2005 on the terms and conditions including those related to remuneration as stated in Serial no. 2 of the Explanatory Statement annexed to this Notice, which terms and conditions are hereby specifically approved with a liberty to the Board of Directors to vary the same as may be agreed to between the Board and Mr. Anil Devli.

FURTHER RESOLVED that the Board of Directors be and is hereby authorized to vary the terms and conditions of re-appointment including determination of remuneration payable to Mr. Anil Devli in such manner as the Board in its absolute discretion deems fit and as may be agreed to by Mr. Anil Devli, provided that the remuneration payable to Mr. Anil Devli shall not exceed the maximum limits for payment of Managerial Remuneration specified in Schedule XIII to the Companies Act, 1956 or any amendments thereto as may be made from time to time.

FURTHER RESOLVED that in the event of loss or inadequacy of profits in any financial year, the remuneration, perquisites and any other allowances as may be payable to Mr. Anil Devli shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II(A) of Part II of Schedule XIII to the Act or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Act as may be re-codified.

FURTHER RESOLVED that the Board of Directors of the company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered, desirable, expedient to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. S. Ragothaman, who was appointed by the Board of Directors at the Board Meeting held on 23rd July, 2004 as an Additional Director with effect from 23rd July, 2004 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 pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one per cent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be approved to by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2005."

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

"RESOLVED that in accordance with the provisions of Section 309 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the remuneration payable to the Directors of the Company other than the Managing Director or Wholtime Directors of the Company for attendance at all Meetings of the Board or any Committee thereof shall be such fee or amount as may be determined by the Board from time to time within the limits, if any, permitted under or pursuant to the Act for the time being.

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

12. 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 proviso to Section 163(1) of the Companies Act, 1956, consent of the Company be and is hereby accorded for keeping the Register of Members and Index of Members of the Company at the office of M/s. Intime Spectrum Registry Limited, the Registrar and Share Transfer Agent of the Company, at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078, in stead of at the registered office of the Company."

By Order of the Board of Directors

Registered Office:

1110/1111, Embassy Centre
Nariman Point
Mumbai - 400 021
21st April, 2005

Namrata Malushte
Company Secretary

NOTES:

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

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

2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above, is annexed hereto.
3. Profiles of the Directors retiring by rotation and Director being appointed, as required by Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Stock Exchanges, are given in the Report on Corporate Governance forming part of the Directors' Report.



4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 14th July, 2005 to Thursday, 21st July, 2005, 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 Wednesday, 27th July, 2005 to Members holding shares in physical form and whose names appear on the Company's Register of Members as holders of Equity Shares on Thursday, 21st July, 2005. 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 Wednesday, 13th July, 2005 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
6. Shareholders holding shares in electronic form may please note that their Bank account details, as furnished by their respective Depositories to the Company, will be printed on their Dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Shareholders for deletion of / change in such Bank details furnished by their respective Depositories to the Company. 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 mode. **Shareholders who wish to change such Bank account details are therefore requested to advise their Depository Participants about such change, with complete details of Bank account.**
7. Members are requested to:
 - (a) Notify any change in their address to the Registrar and Share Transfer Agent, M/s. Intime Spectrum Registry Limited; C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078, in case of Members holding shares in physical form and update such details with their respective Depository Participants, in case of Members holding shares in electronic form.
 - (b) Bring their attendance slips alongwith the copies of the Annual Report to the Meeting.
8. 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 has been transferred to the said Fund.

Unclaimed dividend for the financial period ended 30th September, 1998 and thereafter (wherever declared) is still lying with the Company. The Members, who have not yet encashed the dividend warrants for the period ended 30th September, 1998, financial year ended 31st March, 1999, 31st March, 2001, 31st March, 2002, 31st March, 2004 and 31st March, 2005 (interim dividend) are requested to claim it from the Company at the earliest **since no claim shall lie against the Company or the said Fund after transfer as mentioned above.**
9. 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.
10. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
11. 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.
12. 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.

By Order of the Board of Directors

Registered Office:

1110/1111, Embassy Centre
Nariman Point
Mumbai - 400 021
21st April, 2005

Namrata Malushte
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**1. Item No.7**

Mr. S. Ramakrishnan was appointed as the Chairman and Managing Director for a period of five years with effect from 1st April, 2004 at a salary of Rs. 1,50,000/- per month and other perquisites. The shareholders had approved his appointment as well as remuneration at the 16th Annual General Meeting held on 23rd July 2004. The Department of Company Affairs vide its letter no.1/99/2004-CL. VIII dated 14th September, 2004 approved the appointment of Mr. S. Ramakrishnan and payment of remuneration as approved by the shareholders.

Mr. S. Ramakrishnan is 44 years of age. He is the driving force of the Company. He is a Commerce Graduate having extensive experience in the Shipping Industry including ship owning, chartering and ship management. His expertise in all facets of running container feeder services has helped the Company in making all round progress including achieving consistent profitability.

Considering his strenuous efforts and absolute expertise in the Shipping Industry, the Board of Directors at its meeting held on 21st April, 2005 revised his remuneration as under subject to the approval of shareholders. The enhanced remuneration shall be payable with effect from 21st April, 2005.

Enhanced remuneration payable to Mr. S. Ramakrishnan:

a) Salary: Rs. 2,75,000/- per month

b) Perquisites:

- i) contribution to provident fund, super-annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
- ii) gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- iii) encashment of leave at the end of the tenure.

c) Perquisites allowable to Mr. S. Ramakrishnan, being a Non-resident Indian**(i) Children's education allowance:**

In case of children studying in or outside India, an allowance limited to a maximum of Rs.5,000/- per month per child or actual expenses incurred, whichever is less. Such allowance is admissible upto a maximum of two children. -

(ii) Holiday passage for children studying outside India/family studying abroad:

Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India with Mr. S. Ramakrishnan.

(iii) Leave Travel Concession

Return passage for self and family in accordance with the rules specified by the Company where it is proposed that leave be spent in the home country instead of anywhere in India.

The above enhancement in the remuneration payable to Mr. S. Ramakrishnan was also approved and recommended by the Remuneration Committee.

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of Mr. S. Ramakrishnan, the remuneration and perquisites and any other allowances as specified above may be paid to Mr. S. Ramakrishnan as minimum remuneration, provided that the total remuneration by way of salary and perquisites shall not, unless approved by the Central Government, exceed the ceiling as provided in Section II of Part II of Schedule XIII to the Act or within such ceiling limits as may be prescribed under Schedule XIII from time to time or the Act as may be re-codified.

Approval of the Members under Section 269 read with Schedule XIII to the Companies Act, 1956, is required for payment of remuneration to Managing Director. Hence, the Board of Directors commends Resolution at Item No. 7 of the accompanying Notice for your approval.

None of the Directors other than Mr. S. Ramakrishnan and Mr. S. Mahesh (who is a relative) are concerned or interested in this Resolution.

2. Item No.8

Mr. Anil Devli was appointed as an Additional Director (Wholtime Director) of the Company with effect from 21st April, 2005 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. Anil Devli as a Wholtime Director of the Company.

Mr. Anil Devli aged about 42 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 Shreyas Shipping Limited as its Chief Executive Officer in mid 1996 and has since then been looking after the affairs of the Company under the guidance of the Board of Directors. He is currently on the Board of Indian National Shipowners' Association and is the Vice Chairman of Narottam Morarjee Institute of Shipping.



Remuneration payable to Mr. Anil Devli:

- a) **Salary:** Rs. 1,50,000/- per month.
 b) **Perquisites:** Perquisites referred to in Category I, II and III below:

Category I

- i. **Leave Travel Allowance:** Leave travel allowance for self and family once in a year subject to ceiling of one month's salary in a year.
 ii. **Medical Benefits:** Medical expenses incurred for self and family not exceeding Rs. 15,000/-
 iii. **Personal Accident/Mediclaim Insurance:** As per the Company's policy.

Category II

- i. **Contribution to Provident Fund:** Company's contribution to Provident Fund shall be 12% of the salary.
 ii. **Gratuity Payable:** Gratuity payable shall not exceed half month's salary for each completed year of service, subject to the ceiling as per the Payment of Gratuity Act, 1972.
 iii. **Leave Encashment:** As per the company policy.

For the purpose of Provident Fund, Gratuity, Leave Encashment, the service of the Wholetime Director will be considered continuous with the Company from the original date of his joining.

Category III

- i. **Car and Telephone:** The Company shall provide telephone (including mobile phone) & car with chauffeur for use on Company's business. The Company shall meet all the running expenses, maintenance and other expenses whatsoever incurred in this respect.
 ii. **Earned/Privilege Leave:** Earned/Privilege Leave with full pay including allowances as per the Company's Rules but not more than one month's leave for 11 months of service. Leave rules shall be as per the Company's policy.
 iii. **Reimbursement of Entertainment Expenses:** Reimbursement of entertainment 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.

MINIMUM REMUNERATION

In the event of loss or inadequacy of profits of the Company in any financial year, the Executive Director shall be entitled to payment by way of salary, perquisites, as specified above subject to the restrictions specified under Section II(A) of part II of Schedule XIII of the Companies Act.

The appointment of Mr. Anil Devli as Wholetime Director and payment of remuneration as above was approved and recommended by the Remuneration Committee. The above remuneration shall be payable to Mr. Anil Devli with effect from 21st April, 2005.

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

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

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

3. Item No. 9

Mr. S. Ragothaman was appointed as an Additional Director of the Company with effect from 23rd July, 2004 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. S. Ragothaman as a Director of the Company.

Mr. S. Ragothaman aged 59 years is a Commerce Graduate and a Chartered Accountant. He is Ex General Manager of erstwhile ICICI Ltd (since merged with ICICI Bank Ltd). During his almost 3 decades of service at ICICI, he had exposures in Project finance, Investment Banking, Leasing and other financials services. He has represented ICICI Ltd on the Boards of various companies including ICICI Asset Management Co. Ltd and ICICI Bank. After moving out of ICICI Ltd in 1997 he has been offering advisory services to Corporates in the areas of Fund mobilisation, Mergers and Acquisitions, Business restructuring, Micro finance etc. He is currently on the Board of following Companies.

Company	Position	Committee Memberships and Position ¹
The Bombay Dyeing & Mfg. Co. Ltd.	Director	Audit Committee – Member
Xpro India Ltd.	Director	Audit Committee – Chairman
Ennore Foundries Ltd.	Director	Audit Committee – Member Investor Grievance/Share Transfer Committee – Member
Semam Microfinance Intelligent Empowerment Ltd	Director	—

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

Mr. S. Ragothaman holds 3,000 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. S. Ragothaman, is interested in the Resolution.

4. Item No.10

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. As per Section 309 of the Companies Act, 1956, a director who is not in the whole-time employment of the company nor a managing director may be paid remuneration by way of commission if the company by special resolution authorises such payment. Also, the remuneration paid to all such directors together, where the company has a managing or whole-time director, shall not exceed 1% of the net profits of the company without the approval of the Central Government.

Taking into account the increase in the activities of the Company and the consequent increase in the responsibilities of the Directors as also the various amendments to Laws, Rules and Regulations casting onerous responsibilities on the Directors of the Company not in whole-time employment, it is proposed that in terms of Section 309(4) of the Companies Act, 1956, the Directors (apart from the Managing Director and the Whole-time Directors) be paid for each of the five financial years of the Company commencing 1st April, 2005, remuneration not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board.

All the Directors of the Company except the Chairman & Managing Director and Mr. Anil Devli, the Wholetime Director, are concerned or interested in the Resolution at Item no.10 of the Notice to the extent of the remuneration that may be received by them. Mr. S. Ramakrishnan, Chairman & Managing Director, being a relative of Mr. S. Mahesh, is concerned or interested in this Resolution to the extent of the remuneration that may be received by Mr. S. Mahesh pursuant to this resolution.

5. Item No.11

Article no. 91(3) of the Articles of Association of the Company provides that sitting fees payable to the directors for attending the meetings of the Board and its Committees shall be such sum as may be prescribed by the Board of Directors from time to time not exceeding the limit as may be prescribed by the Companies Act, 1956 and Rules thereunder. Clause 49(I)(B) of the Listing agreement with the Stock Exchanges mandates, inter-alia, that all fees paid to Non-executive directors, including independent directors, shall be fixed by the Board of Directors and shall require previous approval of the Shareholders in the general meeting. Therefore, as a matter of abundant caution, approval of the Shareholders is being sought for payment of sitting fees to the Directors other than the Managing Director or Wholetime Directors of the Company for attendance at all Meetings of the Board or any Committee thereof.

The Board of Directors commends Resolution at Item no.11 of the accompanying Notice for your approval.

Mr. S. Ramakrishnan, being a relative of Mr. S. Mahesh is interested in this Resolution. All the other Directors, other than Mr. Anil Devli, the Wholetime Director, are also interested in this Resolution.

6. Item No.12

As per the proviso to Section 163(1) of the Companies Act, 1956, a company may, with the approval of its Shareholders accorded by way of special resolution, maintain its Register and Index of Members at any place other than the registered office of the Company. For administrative convenience, it is proposed that the Register and Index of Members be maintained at the office of M/s. Intime Spectrum Registry Limited, the Registrar and Share Transfer Agent of the Company, at C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

The Register and Index of Members will be open for inspection by the Members at the said office of M/s. Intime Spectrum Registry Ltd. during working hours on any business day. The Board of Directors commends Resolution at Item no.12 of the accompanying Notice for your approval.

None of the Directors is interested in the said resolution.

By Order of the Board of Directors

Registered Office:
1110/1111, Embassy Centre
Nariman Point
Mumbai - 400 021
21st April, 2005

Namrata Malushte
Company Secretary



Directors' Report

Your Directors are pleased to present the Seventeenth Annual Report and the audited accounts for the financial year ended 31st March, 2005.

FINANCIAL PERFORMANCE

	Current Year ended 31.03.2005	(Rs. in Lacs) Previous Year ended 31.03.2004
Operating Income	9683.74	7689.86
Other Income	82.22	693.08
Profit before Interest, Depreciation and Tax	3567.37	1964.14
Less: Interest	85.44	174.65
Depreciation	756.70	786.93
Profit before Tax and Prior Year Adjustment	2725.23	1002.56
Less: Prior Year Adjustment	11.02	—
Less: Provision for Current Taxation	25.11	77.30
Provision for Deferred Tax	—	194.47
Provision for Prior Year Tax	4.66	—
Profit After Tax Before Exceptional Item	2684.44	730.79
Add: Exceptional Items	—	—
Reversal of Impairment Loss	121.44	—
Reversal of Deferred Tax	767.80	—
Profit after Tax and Exceptional Items	3573.68	730.79
Add: Balance brought forward from previous year	795.48	465.05
Amount available for appropriation	4369.16	1195.84
Appropriations:		
Transfer to General Reserve	1287.30	—
Transfer to Impairment Reserve	300.00	—
Transfer to Capital Redemption Reserve	390.00	—
Transfer to Tonnage Tax	568.00	—
Interim Dividend paid	138.77	—
Interim Preference Dividend paid	117.00	—
Tax on dividend paid	33.43	—
Proposed Equity Dividend	257.71	237.89
Tax on Equity Dividend	33.68	30.48
Proposed Preference Dividend	—	117.00
Tax on Preference Dividend	—	14.99
Balance carried to Balance Sheet	1243.27	795.48

DIVIDEND

The Board of Directors, at its meeting held on 22nd January, 2005, declared an Interim dividend at the rate of 7% on Equity Shares and at the rate of 9% on 9% non-convertible, cumulative, redeemable Preference Shares (i.e., Re.0.70 per Equity Share of Rs.10/- each and Rs.9/- per Preference Share of Rs.100/- each respectively) for the year ending 31st March, 2005. The payment of Interim dividend on Equity Shares and Preference Shares entailed a cash outflow of Rs.156.91 lacs and Rs.132.29 lacs respectively including dividend distribution tax.

As regards Preference shares, no further dividend is payable for the year and the interim dividend is to be treated as final dividend. Considering the excellent performance of the Company for the year under review and the future requirement of funds by the Company, the Board of Directors is pleased to recommend a Final dividend at the rate of 13% on Equity Shares for the year ended 31st March, 2005. The payment of Final dividend on Equity Shares will entail a cash outflow of Rs.291.39 lacs including dividend distribution tax. Thus, the total dividend on Equity Shares for the year ended 31st March, 2005 amounts to Rs.2 per share (20%) as compared to Re.1.20 per share (12%) paid last year.

REVIEW OF OPERATIONS

(a) Business and future prospects

A booming freight market and the introduction of tonnage tax regime have caught the shipping industry on a high wave, with the Indian fleet tonnage crossing the 7.6 million GRT (gross registered tonnage) mark for the first time. With the massive fleet acquisition plans undertaken by the Indian shipping companies, it is expected that the Indian fleet would cross the 10 million GRT mark shortly. Performance of major ports, as measured by cargo handled, has registered an impressive growth in the fiscal 2004-05.

The freight market is witnessing the biggest boom over the past 50 years. After a softening of the rates in early December 2004, the shipping freight market is likely to hit a new trajectory. The outlook for growth of Indian shipping remains positive with the continuing firm trends in the freight market and introduction of tonnage tax.

Your Company has made steady progress throughout the year under review. It made a significant stride recording a Profit after Tax and Exceptional Items of Rs.3573.68 lacs for the year under review as compared to Rs.730.79 lacs for the previous year. The operating income has increased significantly from Rs.7689.86 lacs for the year ended 31st March, 2004 to Rs.9683.74 lacs for the year under review. Your Company's performance was mainly driven by the buoyancy in the charter markets and firming up of freight rates. More importantly, its results for the year demonstrate a consistent financial performance and continued momentum. During the year, your