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21st Annual Report 2008-2009



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SHREYAS RELAY SYSTEMS LTD



SHREYAS

SHIPPING & LOGISTICS LIMITED

TRANSWORLD GROUP

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SHREYAS

SHIPPING & LOGISTICS LTD

21ST ANNUAL REPORT 2008-2009

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Letter to Shareholders

Dear Shareholders,

The year 2008 has been one of the most testing years across the globe for almost all the sectors. In particular, it proved to be one of great turmoil in the financial sector with the collapse of the sub prime mortgage market in the US. The global meltdown, which originated in the US and gradually spread to the rest of the world, engulfed most businesses and sectors. What started as just a ripple in the housing sector in the US rapidly turned into a tsunami of economic crisis for the world. In the beginning, the financial crisis that affected banking, investment and real estate in the US later turned towards manufacturing and other allied sectors jolting the world economy. The world output and trade have witnessed a significant fall in the final months of 2008.



The shadows of the financial meltdown have threatened to loom large over the Indian economic horizon as well. The shipping sector was not far behind in being impacted by this crisis. The sky rocketing oil prices gave its first blow but in due course the situation normalized and the circumstances appeared to be balanced. However later during the year, the freight rates drastically came down. Resultantly the shipowners had to lay off their vessels. Freight rates marred the ship movements, port investments etc. finding it difficult to even recover the operating costs for the ship owners. The Indian shipping players are as a matter of fact now waiting for the markets to recover positively.

The journey for Shreyas has been interesting during the current year. Shreyas having realized the gravity of the downturn has taken active steps way before the meltdown actually hit the industry. This has proved to be of great value in retrospect. During the year, Shreyas has sold off four vessels i.e M. V. OEL Express, M. V. OEL India, M. V. OEL Strength, M. V. OEL Aishwarya for a total consideration of Rs. 21011.31 lacs. The Company has, with the sale proceeds, repaid its secured loans to the tune of Rs. 15865.07 lacs. Today the Company enjoys a minimal debt to the tune of Rs.8058.80 lacs as against Rs. 20763. 39 lacs in the previous year.

Even with the reduction in the fleet strength, your Company was able to maintain its total income at Rs. 17984.57 lacs in the current year as against Rs. 17611.31 lacs in the previous year. Profit after Tax was Rs.1453.59 lacs vis-à-vis Rs.838.39 lacs in the previous year which is an increase of 73.38% over the previous year.

We will continue with our goal of providing safe, reliable and cost effective transportation and offer customized transportation solutions to our clients. We will also continue with our quest to strike out new paths. We will not rest on our accomplishments but build on them.

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

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

We look forward for your continued patronage with Shreyas.

Mumbai
17th June, 2009

S. Ramakrishnan
Chairman & Managing Director



SHREYAS

SHIPPING & LOGISTICS LTD

BOARD OF DIRECTORS

Mr. S. Ramakrishnan	-	Chairman & Managing Director
Mr. V. Ramnarayan	-	Executive Director
Mr. S. Mahesh	-	Director
Mr. L. B. Culas	-	Director
Mr. K. P. Medhekar	-	Director
Capt. P. P. Radhakrishnan	-	Director
Mr. Amitabha Ghosh	-	Director
Mr. S. Ragothaman	-	Director
Mr. Bherulal Chaudhary	-	Director
Mr. D. T. Joseph	-	Director

MANAGEMENT TEAM

Mr. V. Ramnarayan	-	Executive Director
Mr. Vinay Kshirsagar	-	Chief Financial Officer
Mr. S. Vardarajan	-	Chief Executive Officer – Shreyas Relay Systems Ltd.
Capt. V. K. Singh	-	Vice President – Commercial
Capt. Kapil Kekre	-	General Manager – Strategic Development
Ms. Namrata Malushte	-	Company Secretary

Bankers

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

Statutory Auditors

PKF Sridhar & Santhanam

Registered Office

4th Floor, Himalayas,
Geetmala Complex,
Near Shah Industrial Estate,
Govandi (E), Mumbai – 400 088.

Registrar & Share Transfer Agent

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

Internal Auditors

Transworld Management Consultancy Pvt. Ltd.

Administrative Office

2nd Floor, Sahyadris, Geetmala Complex,
Near Shah Industrial Estate,
Opp. Deonar Village Road,
Govandi (E), Mumbai - 400 088.
Tel. No. 66220300
Fax. No.: 67141516

Notice

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of *Shreyas Shipping and Logistics Limited* will be held on Friday, 25th September, 2009 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, 2009 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Preference Shares.
3. To appoint a Director in place of Mr. S. Mahesh, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Capt. Panthloor Puthenveetil Radhakrishnan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. Ragothaman, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. PKF Sridhar & Santhanam, Chartered Accountants, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED that subject to the provisions of sections 198, 269, 309, 310, 311, 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 Board of Directors hereby approve the remuneration package as set out below for Mr. S. Ramakrishnan; Chairman and Managing Director, if re-appointed for a period of five years with effect from 1st April, 2009 with a liberty to the Board to vary the remuneration package as may be agreed between the Board and Mr. S. Ramakrishnan, Chairman & Managing Director:

(a) Salary:

Consolidated salary in the range of Rs.7,000,000/- (Seventy lacs only) to Rs.12,500,000/- (One Crore Twenty Five lacs only) per annum including Company's contribution to Provident Fund, Gratuity, Exgratia, Leave travel allowance and all other allowances with authority to the Board to fix his salary within the above range from time to time, increasing thereby proportionately, all benefits related to the quantum of salary.

(b) Other benefits:

1. Provision of transportation /conveyance facilities.
2. Provision of telecommunication facilities.
3. Leave encashment as per rules of the Company.
4. Reimbursement of medical expenses incurred for himself and his family as per rules of the Company.
5. 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.
6. 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 vary the terms and conditions of re-appointment including determination of remuneration payable to Mr. S. Ramakrishnan, Chairman & 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 & Managing Director, the remuneration and perquisites and any other allowances as specified above 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.

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 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 subject to the provisions of sections 198, 269, 309, 310, 311, 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, the Board of Directors hereby approve the remuneration package as set out below for Mr. V. Ramnarayan; Executive Director, if appointed for a period of five years with effect from 13th January, 2009 with a liberty to the Board to vary the remuneration package as may be agreed between the Board and Mr. V. Ramnarayan, Executive Director:

(a) Salary:

NIL

(b) Other benefits:

NIL

The aggregate remuneration payable to Mr. V. Ramnarayan, shall be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956, re-enactments thereof, for the time being in force.

(c) Sitting fees:

Mr. V. Ramnarayan shall not be entitled to any sitting fees.

FURTHER RESOLVED that the Board of Directors be and is hereby authorised to vary the terms and conditions of appointment including determination of remuneration payable to Mr. V. Ramnarayan, Executive Director in such manner as the Board in its absolute discretion deems fit, provided that the remuneration payable to Mr. V. Ramnarayan 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 the Board of Directors and / or Company Secretary of the Company be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

17th June, 2009

By Order of the Board of Directors

Registered Office:

4th Floor, Himalayas, Geetmala Complex,
Near Shah Industrial Estate,
Govandi (E), Mumbai – 400 088.

Namrata Malushte
Company Secretary

NOTES:

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

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

- 2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as set out above, is annexed hereto.**

3. Profiles of the Directors retiring by rotation and Directors being appointed, as required by Clause 49(IV)(G)(i) of the Listing Agreement entered into with the Stock Exchanges, are given in the Report on Corporate Governance forming part of the Directors' Report.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2009 to 25th September, 2009 (both days inclusive).
5. Members are requested to:
 - (a) Notify any change in their address to the Registrar and Share Transfer Agent, M/s. Link Intime India Pvt. 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.
6. 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, year ended 31st March, 1999 and 31st March, 2001 has been transferred to the said Fund.

Unclaimed dividend for the financial year ended 31st March, 2002 and thereafter (wherever declared) is still lying with the Company. The Members, who have not yet encashed the dividend warrants for the financial years ended 31st March, 2004, 31st March, 2005 (interim and final dividend), 31st March, 2006 (interim and final dividend) and 31st March, 2007 (interim dividend), 31st March, 2008 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.**

7. 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.
8. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
9. 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. Link Intime India Pvt. Limited. Blank forms will be supplied by M/s. Link Intime India Pvt. 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.
10. 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.

17th June, 2009

By Order of the Board of Directors

Registered Office:
4th Floor, Himalayas, Geetmala Complex,
Near Shah Industrial Estate,
Govandi (E), Mumbai – 400 088.

Namrata Malushte
Company Secretary



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

Item No. 7

Mr. S. Ramakrishnan was re-appointed as the Chairman & Managing Director of the Company for a period of five years with effect from 1st April, 2004. Consequently, his term as Chairman & Managing Director expired on 31st March, 2009. Mr. S. Ramakrishnan is 48 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 the Board Meeting held on 31st January, 2009 decided to re-appoint Mr. S. Ramakrishnan as the Chairman and Managing Director of the Company for a further period of five years with effect from 1st April, 2009 on the terms and conditions including remuneration given below, subject to the approval of the Shareholders and the Central Government. His re-appointment and remuneration has also been approved by the Remuneration Committee of Directors. Mr. S. Ramakrishnan, being Non-resident Indian, an application has been made to the Central Government for its approval for the re-appointment of Mr. S. Ramakrishnan as Chairman & Managing Director in terms of Clause (e) of Part I of Schedule XIII of the Companies Act, 1956. Mr. S. Ramakrishnan is not liable to retire by rotation in terms of Article 98 of the Articles of Association of the Company. Details of the Board and Committee memberships of Mr. S. Ramakrishnan have been given in the Report on Corporate Governance forming part of the Directors' Report.

Remuneration payable to Mr. S. Ramakrishnan is as follows:

(a) Salary:

Consolidated salary in the range of Rs.7,000,000/- (Seventy lacs only) to Rs.12,500,000/- (One Crore Twenty Five lacs only) per annum including Company's contribution to Provident Fund, Gratuity, Exgratia, Leave travel allowance and all other allowances with authority to the Board to fix his salary within the above range from time to time, increasing thereby proportionately, all benefits related to the quantum of salary.

(b) Other benefits:

1. Provision of transportation /conveyance facilities.
2. Provision of telecommunication facilities.
3. Leave encashment as per rules of the Company.
4. Reimbursement of medical expenses incurred for himself and his family as per rules of the Company.
5. 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.
6. Personal accident / Mediciam 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.

Approval of the Members under Section 269 read with Schedule XIII to the Companies Act, 1956, is required for re-appointment of a Managing Director and for payment of remuneration to him. Hence, the Board of Directors commends Resolution at Item No. 6 of the accompanying Notice for your approval. As required by Section 302 of the Companies Act, 1956, the Abstract of Terms and Memorandum of Interest dated 1st April, 2009 relating to the re-appointment and remuneration of Mr. S. Ramakrishnan has already been sent to the Members.

Mr. S. Ramakrishnan hold 1,09,375 equity shares of the Company as on date.

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

Item No. 8

Mr. V. Ramnarayan is a promoter Director of the Company. He was appointed as an Executive Director of the Company for period of five years w.e.f. 13th January, 2009 by the Board of Directors vide circular resolution dated 13th January, 2009. Mr. V. Ramnarayan is 60 years of age. He is a graduate in Science from University of Mumbai with Post Graduate Diploma in Business Management. He has over 29 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.

Remuneration payable to Mr. V. Ramnarayan, Executive Director:

(a) Salary:

NIL

(b) Other benefits:

NIL

The aggregate remuneration payable to Mr. V. Ramnarayan, shall be subject to the overall ceilings laid down in Sections 198 and 309 and other applicable provisions of the Companies Act, 1956, re-enactments thereof, for the time being in force.

(c) Sitting fees:

Mr. V. Ramnarayan shall not be entitled to any sitting fees.

The appointment of Mr. V. Ramnarayan as Executive Director of the Company and payment of remuneration as above was approved and recommended by the Remuneration Committee.

Mr. V. Ramnarayan hold 1,09,375 equity shares of the Company as on date.

Approval of the Members under Section 198, 269, 309, 310, 311 read with Schedule XIII to the Companies Act, 1956, is required for appointment and payment of remuneration. Hence Board commends this resolution for your approval.

None of the Directors other than Mr. V. Ramnarayan is interested in the Resolution.

17th June, 2009

By Order of the Board of Directors

Registered Office:

4th Floor, Himalayas, Geetmala Complex,
Near Shah Industrial Estate,
Govandi (E), Mumbai – 400 088.

Namrata Malushte
Company Secretary



Directors' Report

Your Directors are pleased to present the Twenty First Annual Report and the audited accounts for the financial year ended 31st March, 2009.

FINANCIAL PERFORMANCE

(Rs. in Lacs)

	Current Year ended 31.03.2009	Previous Year ended 31.03.2008
Operating Income	14,922.80	17,048.74
Other Income	3,061.77	562.58
Profit before Interest, Depreciation and Tax	3,999.65	3,554.16
Less: Interest	825.14	1,219.50
Depreciation	1,334.73	1,323.14
Profit before Tax and Prior Year Adjustment	1,836.11	1,011.52
Add / Less: Extraordinary items	-	(88.59)
Less: Prior Year Adjustment	3.67	60.05
Less: Provision for Current Taxation and Fringe Benefit tax	320.39	26.33
Provision for Prior Year Tax	16.51	(1.84)
Profit After Tax And Exceptional Items	1,499.20	838.39
Add: Balance brought forward from previous year	4,454.71	4,588.81
Amount available for appropriation	5,953.92	5,427.21
Appropriations:		
Transfer to General Reserve	-	84.00
Transfer to Capital Redemption Reserve	390.00	-
Transfer to Tonnage Tax Reserve	-	250.00
Preference Dividend paid	18.13	-
Tax on dividend paid	3.08	-
Proposed Equity Dividend	-	439.15
Tax on Equity Dividend	-	74.63
Proposed Preference Dividend	74.62	106.60
Tax on Preference Dividend	12.68	18.12
Balance carried to Balance Sheet	5,455.40	4,454.71

DIVIDEND

In order to conserve the resources to meet the future financial requirements, the Board of Directors do not recommend a Dividend on the Equity shares for the current financial year. However the Board of Directors recommend a dividend of Rs.8.20 per Preference share (8.20%; previous year total dividend: 8.20%). This Dividend is subject to the approval of the Members at the Twenty first Annual General Meeting to be held on 25th September, 2009.

The payment of dividend on Preference shares will entail a cash outflow of Rs. 87.30 lacs including dividend distribution tax.

REVIEW OF OPERATIONS

The Profit before tax during the year increased to Rs.1836.11 lacs from Rs. 922.93 lacs during the previous year. Interest has reduced

to Rs. 825.14 lacs in the current year from Rs. 1219.50 lacs in the previous year. The Profit after tax has increased to Rs. 1499.20 lacs in the current year from Rs. 838.40 lacs in the previous year.

During the year, Shreyas has sold off four vessels i.e M. V. OEL Express, M. V. OEL India, M. V. OEL Strength, M. V. OEL Aishwarya for a total consideration of Rs. 21011.31 lacs. The Company has, with the sale proceeds, prepaid its outstanding secured loans to the tune of Rs. 15865.07 lacs. The total secured loan outstanding as on 31st March, 2009 after the repayment stands at Rs. 8058.81 lacs.

The oil prices rose significantly during the year and had a bigger influence on the maritime industry. The Company had to absorb