

# Chairman's Message



## *Dear Shareholders,*

The Indian economy continued to strengthen in 2018, reclaiming its position as the world's fastest growing economy. This economy growth was led by a number of factors, including macro-economic policies, improved consumer sentiment and structural reforms introduced by the Government.

The global GDP in 2019 has grown by 2.6% and it is projected to grow to only 2.7% in 2020. The growth among emerging and developing economy is estimated to drop to a 4-year low of 4% in 2019. The growth is constrained by sluggish investments and risks including rising trade barriers, renewed financial stress and sharper than expected slowdowns in several major economies.

At the beginning of the financial year, Howe Robinson Container Index (HRCI) was at 746 points, which came down to 650 points at the close of financial year end. During the last financial year, market remained volatile, leading to drop in volume and changes in the utilization level on our operating assets. Charter hire rates are now about 12% higher than their January low, and has a positive outlook.

Shreyas shipping has lived up to the expectations and continued to be a leader and the largest player in the domestic container shipping business in India. We ended the financial year with 13 operating vessels with a capacity of 24,519 TEUs. During the year, we acquired a container vessel, namely SSL Krishna (2,490 TEUs) to excel and expand across the Indian coastline. The container vessels have maintained optimum utilization levels this year and with the help of break-bulk cargo in our multi-purpose vessels, we see this trend to be followed.

In the financial year 2018-19, we have endeavoured volume growth of 7% with a top line of INR 625 Cr as against INR 541 Cr reporting a growth of 16%. This year served as a roller-coaster ride which was driven by higher bunker fuel prices, an explosion of one of our vessels, SSL Kolkata and a broader gap between the demand and supply. Despite these stormy headwinds, we still managed to achieve EBITDA margins of 11.26% and PAT margins of 5.39%.

This year was a year of resilience where we used the asset-light model strategy by chartering out vessels to get better yields during the uptrend of fuel prices especially in the first half of the financial year 2019. Also, cabotage relaxation has helped to use the utilization levels efficiently and use tonnage more effectively making the Indian trade competitive and allowing coastal movement of export/import containers by foreign vessels.

With IMO 2020 coming near, we are prepared to overcome the headwinds and difficulties with alternative strategies and cost-effective business models.

In the future, your Company strategies to acquire additional container vessels in a span of two years. Your company also plans to expand into Inland water ways and invest in acquisition of barges for both owning as well as operating.

Your company is also keen to have various profit centre and support centre verticals, which will be integral part of the company. Such strategic plan can lead to a full-fledged shipping company leading to exponential growth.

India is one of the fastest growing economies in the world, we have always stayed one step ahead in implementing new technologies, strategies and processes to cater to the modern culture and have a competitive edge over any other.

Looking forward, we only see greater opportunity ahead, as businesses become more technology-intensive and this would drive competitive differentiation. Our agility, core attributes and belief systems which have ensured our success over the last thirty years will continue to help us benefit and create ever more value for our stakeholders. I thank you all for your continued support and encouragement.

Best Wishes,



**S. Ramakrishnan**  
Executive Chairman