Annexure 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC OVERVIEW

The global economy is projected to expand at 2.9% in 2019 as compared to last year's forecast. For 2020, the global economy is projected to grow 2.9% again. Global economic growth is expected to decelerate this year mostly due to softer dynamics among developed economies, which are approaching the tail-end of their current economic cycles. Nevertheless, the global economy is seen benefiting from tight labour markets, still accommodative monetary policy and fiscal stimulus in some countries like China.

The growth rate for emerging market and developing economies is estimated to reach 5.0 percent in 2019-20. This Growth forecast primarily reflects stronger projected activity in emerging Europe and Asia economies for 2017 to 2019. With growth in advanced economies projected to gradually decline toward potential growth rates of about 1.7 percent once economic slack is eliminated, the further pickup in global activity is entirely driven by emerging markets and developing economies. In these countries, growth is projected to increase to 5 percent by the end of the forecast period, with their impact on global activity boosted by their rising world economic weight.

INDIAN ECONOMIC OVERVIEW

The Indian economy started the fiscal year 2018–19 with a healthy 8.2 percent growth in the first quarter on the back of domestic resilience. Growth eased to 7.3 percent in the subsequent quarter due to rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. Further, the Indian rupee suffered because of the crude price shock, and conditions exacerbated as recovery in some advanced economies caused faster investment outflows. Going ahead, the Indian economy is likely to sustain the rebound in FY 2018–19, growth is projected to be in the 7.2 percent to 7.5 percent range and is estimated to remain upward of 7 percent for the year ahead. These projections could be attributed to the sustained rise in consumption and a gradual revival in investments, especially with a greater focus on infrastructure development.

Among all large economies, India is likely to demonstrate a rapid and sustainable growth, at a CAGR of 9.46% over the period 2016-2021, driven by strong manufacturing-led industrial expansion and consumption demands from the private sector. According to Frost & Sullivan's analysis based on data from 2017 IMF WEO Update, the country's GDP is well positioned to cross USD 3,000 Bn (INR 200 Tn) by 2020; in the event of accelerated manufacturing and investment, this figure could even potentially balloon to USD 3,600 Bn (INR 240 Tn). India is expected to be the third largest consumer economy as its consumption may triple to USD 4 Tn by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report; and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040, according to a report by Pricewaterhouse Coopers.

INDUSTRY STRUCTURE AND DEVELOPMENTS

SHIPPING INDUSTRY

Indian logistics industry is highly fragmented and unorganized in nature while Organized players accounts only 10 per cent of the total market share. With the consumer base of the sector encompassing a wide range of industries including retail, automobile, telecom, pharmaceuticals and heavy industries, logistics industry has been increasingly attracting investments in the last decade. But on the other hand the logistics industry faces challenges such as under-developed material handling infrastructure, fragmented warehousing, multiple regulatory & policy making bodies, lack of seamless movement of goods across modes, minimal integrated IT infrastructure. In order to develop this sector, focus on new technology, improved investment, skilling, removing bottlenecks, improving inter-modal transportation, automation, single window system for giving clearances, and simplifying processes would be required. The logistics division of Ministry of Commerce, GOI is in process of formulating comprehensive national logistics policy which will form the cornerstone of a robust logistics system.

The shipping industry in India is an essential part of the country's logistics sector and contributes close to 14% of the country's GDP. The industry gains significance owing to the country's 7,517 km long coastline. The government has a target to achieve 3,130 million tons of port capacity under The Maritime Agenda 2010-20 and also has taken initiative through NMDP, to develop the Maritime Sector, with a planned outlay of USD 11.8 Bn.

There are 12 major ports and 150 non-major ports which cater to EXIM, coastal shipping and cruise shipping, where non- major ports contributes only around 30-35% to coastal shipping and EXIM trade. In terms of maritime cargo handled in the country, major ports registered a growth of 4.77% during 2018 at 680 Mn tonnes. The domestic shipping industry in India handles 7-7.5% of the overseas trade by volume.

COASTAL SHIPPING IN INDIA

Coastal shipping is being encouraged by the government as it is expected to drastically reduce the cost of logistics. Coastal shipping has been growing faster than the overseas trade shipping and is expected to continue the growth voyage over the next 5 years.

As per ports body IPA, India's 12 major ports recorded 2.90% growth in cargo handling at 699.04 million tonnes (MT) in the concluded fiscal.

Government of India has been providing several benefits to coastal shipping players. Reduction in GST on bunker oil for vessels used for coastal trade, 40% discount on cargo and vessel related charges, 80% discount would be given on vessel and cargo related charges for two years to Ro-Ro vessels used for transportation of vehicles, introduction of green channel clearance for faster evacuation of coastal cargo at major ports and the investment of INR 8.5 Tn with Sagarmala Pariyojana are expected to help the entire logistic sector as a whole.

In the recent Interim Budget, the government gave more focus on digitalisation of export and import transactions and leverage electronic tagging technology to improve export logistics. The country's logistics industry is projected to be worth USD 215 Bn by 2020-21, recording a 10 per cent compounded annual growth rate (CAGR) over its approximate size of USD 160 Bn in 2016-17.

GLOBAL CONTAINER SHIPPING INDUSTRY

In the financial year 2018-19 the shipping industry has been significantly affected by high crude oil prices with the shortfall in oil supplies due to US embargo on Iran for oil supply to the other countries. In October 2018, oil prices were at a four year high which has affected all the shipping companies in the terms of their margins.

In 2018, the Global Freight Brokerage Market size was USD 45.400 Bn and it is expected to reach USD 72.9 Bn by the end of 2025, with a CAGR of 6.1% during 2019-2025.

In terms of demand, the industry will see softening of the global container port demand growth rate down from an estimated 4.7% in 2018 to just over 4% in 2019 (although 4% is still very respectable and adds over 30 Mn TEU to the world total). However, the projection for 2019 is highly uncertain due to the US-China tariff wars, Brexit etc.

On the profit front, despite all the above challenges, the global container terminal industry will remain a very solid and a profitable business. The 2019 industry throughput of over 800 Mn TEU should generate EBITDA in excess of USD 25 Bn.

The charter rates are a function of global demand supply trends for the major segments — dry bulk, tankers, containers and the offshore segment. The tanker rates had witnessed a moderation during 2016 and 2017 and reached lows of —USD 3,000 / day during May 2018. There has been a much-awaited recovery in the tanker charter rates seen in the last 3-4 months with the rates crossing USD 5,000 / day in November 2018. The increase in rates has been driven by the lower net additions of ships in the current year and increase in US exports of crude oil to newer geographies resulting in higher tonne-mile demand, apart from the seasonal variations with rates relatively being higher during winter.

The bunker fuel supply and available landscape is set to change when IMO's global 0.5% fuel sulphur content cap regulation is enforced from 2020. Ship owners have few options to choose from them to comply with the regulation, while refiners are expected to make changes to refinery configuration and production in response to market demand.

SOURCE: TRADING ECONOMICS.COM | OTC

Corporate Overview

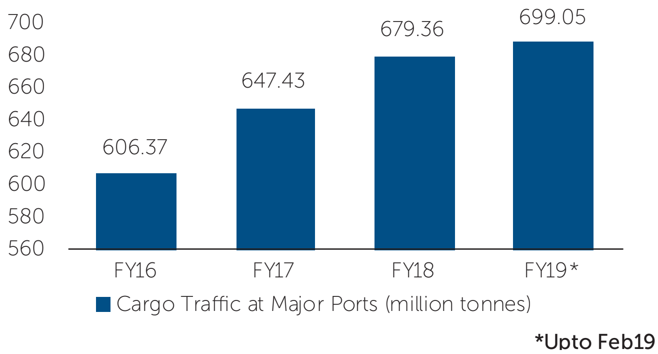
Statutory Reports

Financial Section

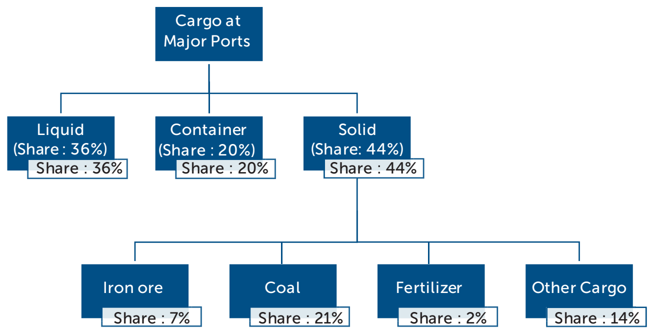
INDIAN PORTS

Throughout 2018, cargo traffic at major ports in the country stood at 679.36 Mn tonnes. In 2019 (up to February 2019) traffic increased by 2.90 per cent year-on-year to reach 699.05 Mn tonnes. Cargo traffic at non-major ports was estimated at 491.95 Mn tonnes FY18 and grew at 9.2 per cent CAGR between FY07-18. The total capacity of major ports in India is 1,452 Mn tonnes by FY18 end. The Maritime Agenda 2010-20 has a 2020 target of 3,130 Mn tonnes of port capacity.

Ports in India handle around 95 per cent of international trade volume of the country. Increasing trade activities and private participation in port infrastructure is set to support port infrastructure activity in India.



SOURCE: IBEF

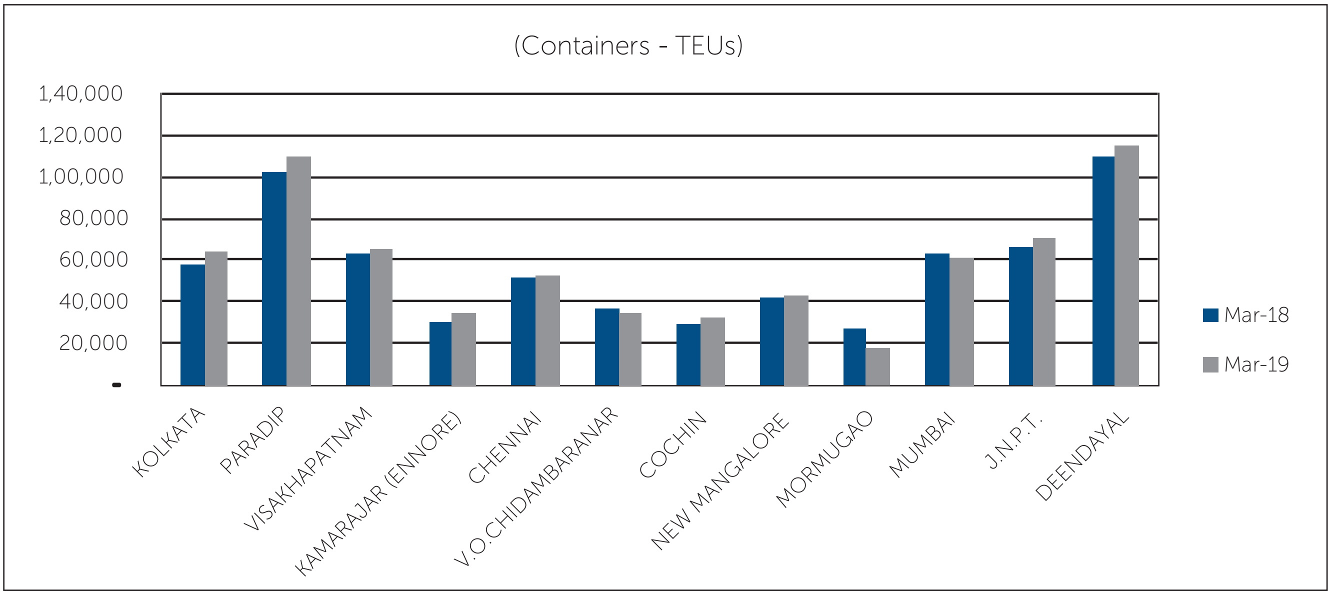


(Source: ICRA)

(*) PROVISIONAL	APRIL TO MARCH TRAFFIC		(IN ₹ 000 TONNES) % VARIATION AGAINST PREV YEAR TRAFFIC
PORTS	2019*	2018	
1	2	3	4
KOLKATA			
Kolkata Dock System	18502	17390	6.39
Haldia Dock Complex	45211	40501	11.63
TOTAL: KOLKATA	63713	57891	10.06
PARADIP	109275	102012	7.12
VISAKHAPATNAM	65301	63537	2.78
KAMARAJAR (ENNORE)	34497	30446	13.31
CHENNAI	53012	51881	2.18
V.O. CHIDAMBARANAR	34342	36583	-6.13
COCHIN	32022	29138	9.90
NEW MANGALORE	42508	42055	1.08
MORMUGAO	17682	26897	-34.26
MUMBAI	60588	62828	-3.57
JNPT	70706	66004	7.12
DEENDAYAL	115402	110099	4.82
TOTAL:	**699048**	**679371**	**2.90**

(Source: Indian Port Association)

According to a report by the Ministry of shipping, the nine ports in India which are Kolkata (including Haldia), Paradip, Visakhapatnam, Kamarajar, Chennai, Cochin, New Mangalore, JNPT and Deendayal have registered positive growth in traffic during March 2018 to March 2019.



Source: Indian Port Association

Sagarmala

India has immense natural maritime advantage, with a 7,500 Km coastline covering 13 states and union territories, strategic location on key international trade routes and 14,500 km of navigable and potential navigable waterways. Attributes like environmentally friendly, cabotage relaxation, fuel efficient and cheap mode of transport for moving cargo from road and rail routes has resulted in India's shipping sector to grow in the year 2018.

Ministry of Shipping's flagship programme, the Sagarmala Programme is set up with sole objective to promote port led development in the country through harnessing India's long coastline, 14,500 kilometres of potentially navigable waterways and strategic location on key international maritime trade routes. It foresees over 508 projects at an estimated investment amounting to more than 8 trillion rupees for implementation over the period of next 20 years. The Ministry of Shipping, released 2.5 million rupees as grants-in-aid to Jawaharlal Nehru Port Trust and 500 million rupees to the government of Karnataka for Karwar port, for infrastructure development under the Coastal Berth Scheme of the Sagarmala Programme. These resulting projects would see the development of manufacturing hubs, supported by port modernisation projects.

The Sagarmala project focuses on various activities related to port development which will include enhancement of port capacity to handle more cargo at the same time. For the purpose of enhancement, the works like installation of new hydro mechanical equipment at ports, cranes, building of new terminals etc. will be tendered by respective ports from time to time. The national perspective plan prepared under Sagarmala project has also identified around 75 connectivity projects including 10 express ways, 7 Industrial corridors, 4 pipelines and more than 50 last mile connectivity projects. The objective of the government is to boost the share of coastal and inland waterways in cargo transportation from present 6% to 10%. In addition to above, The Ministry of Shipping has undertaken an initiative to implement utility-scale Solar Photovoltaic Power Plant projects at various major ports across the country.

Project UNNATI

Another project called Project UNNATI has been started by the Government of India to identify the opportunity areas for improvement in the operations of major ports. The aims and objectives of Project UNNATI are on lines of benchmarking operational and financial performance of the 12 major ports with selected Indian private ports and best-in-class international ports for identifying improvement areas, undertaking a capability maturity assessment for key processes and functional capabilities (eg, IT, HR, environment, health) and identifying gaps and areas for further strengthening, detailed deep-dive diagnosis and root cause analysis for the identified opportunity areas in each of the 12 major ports to understand underlying reasons for performance bottlenecks and developing practical and actionable solutions on the basis of root cause findings.

Under Project UNNATI, the global benchmarks were adopted to improve the efficiency and productivity key performance indicators for 12 major ports. A clear roadmap for improvement for each port has been laid out covering changes in the areas of core business processes, equipment, organisation structure, people skills, information technology and infrastructure. Around 116 initiatives were identified across 12 major ports to unlock more than 100 metric tonnes per annum (MTPA) capacity just through efficiency improvement. Out of this, 86 initiatives have been implemented to unlock around 80 MTPA capacity.

Inland Waterways

India has a large network of water bodies in the form of rivers, lakes, Canals and backwaters. These long waterways provides a good mode of transport across the cities as well as towns, like backwaters of Kerala, Canals in Gujarat and few waterways in Goa, West Bengal and Assam. Still these inland waterways are un-utilized in India as compared to other countries in the world, Inland Waterways Authority of India is working on new projects for waterways and better water transportation in India. Inland Water Transport carries less than 2 per cent of India's organized freight traffic and negligible passenger traffic.

The development objective of the First Capacity Augmentation of the National Waterway Project for India (JAL MARG VIKAS) under Inland waterways is to enhance transport efficiency and reliability of national waterway 1 (NW-1) and augment institutional capacity for the development and management of India's inland waterway transport system in an environmentally sustainable manner. The project comprises two components. The first component, improving the navigability of NW-1 (Haldia to Varanasi) includes: improvement of river fairway through dredging and river conservancy works, construction of multimodal and inter-modal freight terminals with future provision to allow evolution as market clusters, two vessel repair and maintenance facilities, navigational aids in the form of night navigation facilities and channel marking and many more.

OUTLOOK

The growth in the cargo segment will drive products like refined petroleum products, finished steel goods, automobiles, pharma products, food and cotton products and this would be major export volume drivers. Volume growth for overseas trade shipping is expected to be in the range of 6-7% during the year.

Share of coastal shipping is expected to increase to 20% of total cargo handled by 2020.Coastal shipping would continue its double-digit growth and double over the next 5 years from the current market. Cargo segments facilitating this growth would be cement & coal, coastal shipping to cut dependence on railway network and also bring down cost of transportation.

Fleet addition by domestic shipping companies especially in overseas trade segment may not witness a major change given the limited number of players. Volatile freight rates are a major concern which may hamper the growth of shipping companies in a market with limited access to capital.

The Government of India has taken major initiatives to improve and boost the overall shipping industry. Under the Sagarmala Programme, the Government has envisioned a total of 189 projects for modernisation of ports involving an investment of INR 1.42 Tn (USD 22 Bn) by the year 2035. Ministry of Shipping has set a target capacity of over 3,130 MMT by 2020, which would be driven by participation from the private sector. Non-major ports are expected to generate over 50 per cent of this capacity.

According to a report of the National Transport Development Policy Committee, India's cargo traffic handled by ports is expected to reach 1,695 Mn metric tonnes by 2021-22. Within the ports sector, investment in projects worth USD 10 Bn have been identified and will be awarded over the coming five years. The capacity addition at Indian ports is expected to grow at a CAGR of 5-6 per cent till 2022, thereby adding 275-325 MT of capacity.

The improvement in port traffic growth, different government initiatives, increasing investments in the sector, lowest transportation cost compared to other transportation options, upcoming trend of logistic park and good investments from private players make this industry very attractive in nature.

Opportunities:

Incremental demand in port infrastructure because of increasing imports of crude, coal and containerization will make it difficult to cater to the excessive demand which provides private ports with an opportunity to aid the spill-off demand from major ports and increase their capacities in line with forecasted new demand. The government has initiated National Maritime Development Programme (NMDP), an initiative to develop the maritime sector; the planned outlay is USD 11.8 billion, plans to create port capacity of around 3,200 MMT to handle the expected traffic of about 2,500 MMT by 2020.

Uptick in opportunities to build new dry docks and ancillary repair facility setups due to positive outlook for cargo traffic and the resulting increase in number of vessels visiting ports. Also dry docks is a necessity to render ship repairing facilities and out of all the major ports, Kolkata has 5 dry docks, Mumbai and Visakhapatnam have 2 and the rest have 1 or no dock at all.

Cumulative investments and generation of cargo traffic indicates robust outlook for port support services and the potential market size of ship repair in India is approximately INR 2,500-3,000 Cr. (USD 388-466 million) of which around USD 1,000 - 1,500 Cr. (USD 155-233 million) has been tapped as of 2017 itself. Road to port connectivity would provide boost in achieving network connectivity in JNPT Mumbai as they have entered into an agreement with Development Bank of Singapore and State Bank of India for external commercial borrowing worth USD 400 million. Road connectivity projects worth INR 179,761crore (USD 27.89 billion) are being implemented in coastal states of India.

Cochin Port Trust (CPT) announced measures to increase its revenue by generating higher container traffic and increasing the number of passenger liners. CPT is also planning to set up small industrial port at the southern end of Willingdon Island to boost business. Indian government is projecting to construct port capacity of 3,200 MT with total investment in Indian ports expected to reach USD 43.03 Bn by 2020. GOI is planning to build 14 Coastal Economic Zones (CEZs) in the country to boost manufacturing, jobs and Special Economic Zones are being developed in close proximity to several ports which will comprise of coal-based power plants, steel plants and oil refineries.

Threats:

Supplier's bargaining power is on a decline on the back of gradual increase in fleet supply and intense global competition. Rules and Regulations differ at different stages and are imposed by regional, national and local authorities. Trained manpower is necessary for third party logistics sector as well as the manufacturing and retail sectors, which is very weak at a practical level.

Logistics sector requires high manpower.Lack of training institutions also cause ineffective outputs. Poor management and facilities are the reason for heavy loss, damage and deterioration of stock, mainly in the perishables sector. Proper refrigerated storage for containers and maintenance is must.

OUR CONTRIBUTION

Incorporated in 1988, Shreyas Shipping and Logistics Ltd (Shreyas), is a part of the 40-year old global conglomerate Transworld Group, and is headquartered in Mumbai, India. The company is a pioneer and market leader in domestic coastal container shipping services and coastal transhipment services covering most major ports and container terminals on the Indian coast. Shreyas also pioneered domestic multimodal transportation in India and it continues to command its premier position till date. It is a preferred partner of most

Main Line Operators for EXIM transhipment services at various Indian ports. The company owns and operates a fleet of 13 vessels with a total capacity of 24519 TEUs, 266528 MT GRT & 336573 MT deadweight tonnage and operates across most Indian container ports.

Achievements during the year

1. SSLL's domestic cargo trade of 118,746 containers in the year 2018-19 as against 109,766 containers in 2017-18 achieving a growth of 84%. This corresponds to carriage of 3.5 million tons containerised cargo in the year 2017-18 as against 3.3 million tons two years earlier.
2. Shreyas handled total volume of 485,952 Teus in 2018-19 as against 448,200 Teus in the last year with a growth of 8.42 %
3. Besides handling containerized cargo, the company has also handled coastal break bulk cargo in this year and has handled 138636 metric tons cargo along with 186872 metric tons on account of Tata Steel.
4. Total coastal throughput at Indian ports was 1.5 million Teus in the year 2017 as against 0.85 million Teus in the year 2015 while SSLL's throughput at Indian ports was 0.8 million Teus in the calendar year 2017 as against 0.45 million in 2015, achieving a growth of 78% in the two years. Growth of 90% in domestic throughput at Indian ports is indication of modal shift of cargo from land to sea mode while 55% growth in throughput of Exim volume is indication of shift of volume from foreign transshipment ports to Indian ports. Shreyas has contributed for the growth in coastal shipping on both fronts as envisaged by MOS.
5. To achieve the growth mentioned above, the company acquired 1 vessel in the year 2018-2019 thereby adding 2,490 TEUs capacity, achieving a growth of 56% while there has been 17% CAGR increase in Indian flag container fleet from 2014 until 2017. Shreyas is the largest container ship owning & operating company in India.
6. 18 major ports and container terminals in India were serviced during year 2018 by Shreyas containers and break bulk coastal services on regular frequency, making 1060 port calls during the year.

Financial highlights of the year

Standalone revenues for the year 2018-19 stood at INR 624.79 cr as against INR 540.59 Cr which grew by 15.58 %. EBITDA for FY19 is at INR 73.17 cr as against INR 115.12 cr during FY18 and EBITDA Margin stands at 11.71%. PAT stood at INR 33.65 cr as against INR 80.91 cr in FY18 and PAT Margin stands at 5.39 %. In the terms of key financial ratios. The debtors turnover days has reduced to 87 days from 95 days In this financial year, the Interest coverage ratio stood at 2.76 and current ratio stood at 1.22. The net debt to equity ratio is currently 0.89 times. The operating margin in FY19 stood at 14.20 % and the last year, it was 24.02 %.

Our Strategy

Shreyas Shipping wants to work with similar vision of Government to develop coastal shipping and integrate inland waterways network. We want to develop transhipment over Indian terminals. The plan is to continue to grow in container as well as break bulk business. Our target is to acquire economic and fuel-efficient vessels. This will help in reducing the cost per TEU and eventually has led to increase in the margins. We bought one vessel in the last financial year and we will continue to add capacity going forward. With more and more companies across industries starting to use waterways as the mode of transport instead of roadways and railways, we are prepared to capture this growth. Earlier, the composition of cargo was dominated by heavy construction material but now the cargo is diversified and it includes food grains, fertilizers and other industrial products. At the same time, we constantly look at new markets/routes which we can serve and add to our existing routes. Along with the container business, we are looking forward to strengthen the coastal breakbulk business as well using the multi-purpose vessels.

RISK MANAGEMENT

The company has a system of documenting and reviewing risk. Apart from management reviews, the risk are also reviewed by the Risk Management Committee and the Board. The Audit Committee has additional oversight in the area of financial risks and controls.

EXTERNAL

Global Trade/Demand Prospects: The demand for shipping and containerisation largely depends on factors such as Global GDP growth, Global trade patterns. i.e. movement of goods from production to consumption centres and major political and economic developments across economies.

Bunker Cost: Bunker cost, also known as the oil prices, impacts the profitability of the business. Higher oil price turn into high operating cost which, if not accompanied by a proportionate rise in freight rates, will affect the margins of shipping companies.

unfavourable Trade Regulations: Regulations exist at different tiers, imposed by national, regional and local authorities. Regulations often differ from city to city, which may hinder the creation of national networks, thus impacting the shipping operations.

Poor infrastructure: Improper facilities at the terminal, insufficient integration of transport networks, weak information technology (IT) support, lack of warehousing and distribution facilities can prove to be another hindrance in smooth operations.

HUMAN RESOURCES

We, at Shreyas believe that our people are our greatest assets and strategic partners in our journey to achieve organisational objective. In furtherance of our stated philosophy, the company has introduced Rewards and Scheme-"The Excellence Ambassador", which will help recognise performance at work in various spheres, creating a culture of Excellence. The objective of Reward and Recognition is to motivate and foster a productive work culture to achieve organisational objectives, to create top performers who will be growth engines and motivate others to excel and to encourage staff members to take initiative, be creative and realise their latest potential individually and as part of a team in contributing to the organization.

The Company considers its human capital as an invaluable asset. The Company continued to have cordial relationships with all its employees. The Company ensures safeguarding, training, development and growth of its workforce. The total workforce of Your Company stood at 46 shore staff and 328 floating staff as on 31st March 2019.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Our internal financial control framework is commensurate with the size and operations of the business and is in line with requirements of the regulations. We have laid down adequate procedures and policies to guide the operations of our business. Functional leaders are responsible for ensuring compliance with the policies and procedures laid down by the management. Our internal control systems are routinely tested by the Management, Statutory Auditors and Internal Auditors.

CAUTIONARY STATEMENTS

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's managements. 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 underlining events, even if the underlining assumptions do not come to fruition.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

S. Ramakrishnan
Executive Chairman
DIN: 00057637

Capt. Vivek Kumar Singh
Managing Director
DIN: 07835635