

ANNUAL REPORT 2000



South East Asia Marine Engineering & Construction Ltd.
(A MEMBER OF THE COFLEXIS STENA OSESMORE GROUP)

**ATTENTION
ALL SHAREHOLDERS**

Present address of the Registered Office of the Company is at :

6, WATERLOO STREET, SOUTH BLOCK (1ST FLOOR)

KOLKATA-700 069

Phone : 248 2041 / 2061 / 2185 / 2213 • Fax : (033) 248 2126

E-mail : seamec@vsnl.net

All communications, pertaining to shares, should be made

either to the Company's Registered Office

at the above address or to the

Registrar & Share Transfer Agents :

C B Management Services Ltd.

P-22, Bondel Road (2nd floor), Kolkata-700 019

Phone : 280-6692 / 6693 / 6694 • Fax : (033) 2470263

E-mail : cbmsl1@cal2.vsnl.net.in

**South East Asia Marine Engineering & Construction Ltd.**

A MEMBER OF THE COFLEXIP STENA OFFSHORE GROUP
[FORMERLY PEERLESS SHIPPING & OILFIELD SERVICES LTD.]

Registered Office :

6, Waterloo Street, South Block (1st Floor), Kolkata-700 069

FOURTEENTH ANNUAL REPORT 2000**BOARD OF DIRECTORS**

Cmde. P. C. B. Nair (Retd.)
Mr. Gautam Sen
Mr. K. P. Wood
Mr. S. Rogers
Mrs. C. Giraut
Mr. X. Aublet
Mr. D. J. Balaji Rao
Mr. S. Thacker

Chairman
Managing Director
Director
Director
(Alternate Director to Mrs. C. Giraut)
Director
Director

COMPANY SECRETARY

Mr. S. N. Mohanty

AUDITORS

M/s. Arthur Andersen & Associates
Chartered Accountants

OFFSHORE DIVISION

401-404, 4th Floor
The Eagle's Flight
Suren Road
Off : Andheri Kurla Road
Andheri (East), Mumbai - 400 093

PRINCIPAL BANKERS

Credit Lyonnais
IDBI Bank Ltd.

ONSHORE DIVISION

Namghar Road, Duliajan
Dibrugarh, Assam

REGISTRAR & SHARE TRANSFER AGENTS

C B Management Services Ltd.
P-22, Bondel Road (2nd Floor), Kolkata - 700 019
Phone : 280-6692/6693/6694 • Fax : (033) 247-0263
E-mail : cbmsl1@cal2.vsnl.net.in



LISTING ON THE STOCK EXCHANGES

The Company's shares are listed on :

- 1) The Calcutta Stock Exchange Association Ltd.
7, Lyons Range,
Kolkata-700 001.
- 2) The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.
- 3) National Stock Exchange of India Ltd.
Trade World, Kamala Mill Compound,
2nd Floor, Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.
- 4) Madras Stock Exchange Ltd.
'Exchange Building',
11, Second Line Beach,
Chennai - 600 001.
- 5) The Stock Exchange, Ahmedabad
Kamdheni Complex,
Opp : Sahajanand College,
Panjara Pole,
Ahmedabad - 380 015.

**NOTICE
TO THE MEMBERS**

NOTICE is hereby given that the Fourteenth Annual General Meeting of **South East Asia Marine Engineering & Construction Ltd.** will be held on Monday, the 30th April, 2001 at 10.00 a.m. at **Vidya Mandir**, 1, Moira Street, Kolkata-700 017, to transact the following business :

AS ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account of the Company for nine months period ended on 31st December, 2000 and the Balance Sheet as on that date together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K.P. Wood, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Cmde. P. C. B. Nair (Retd.), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification(s), the following resolutions :

(i) **ORDINARY RESOLUTION :**

"RESOLVED THAT Mr. D.J. Balaji Rao be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement by rotation."

(ii) **ORDINARY RESOLUTION :**

"RESOLVED THAT Mr. Stephen Rogers be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement by rotation."

Registered Office :

6, Waterloo Street,
South Block (1st Floor), Kolkata -700 069
Dated : February 26, 2001.

By Order of the Board

S. N. MOHANTY

Company Secretary



NOTES :

1. A member, entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her place and a proxy, so appointed, need not be a member of the Company.
2. A proxy form, duly completed, must be deposited at the Registered Office of the Company at least forty-eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23.04.2001 to 30.04.2001 (both days inclusive).
4. Members desirous of obtaining any information regarding accounts and operations of the Company are requested to write to the Company, so that it reaches the Company at least seven days before the meeting, to enable the Company to keep the information ready at the time of the meeting.
5. Any change of address of the members of the Company may be intimated to the Registered Office of the Company or to the Registrars : C B Management Services Ltd., P-22, Bondel Road, 2nd Floor, Kolkata-700 019.
6. Unclaimed Dividend for the financial years ended on 31st March, 1996 & 31st March, 1997 shall be transferred at the appropriate time to the Fund set up by the Central Government pursuant to the provisions of Section 205C of the Companies Act, 1956.



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5(i) & (ii)**

Mr. D. J. Balaji Rao, who was appointed as a Director of the Company in the casual vacancy caused due to resignation of Mr. B. Lahiri with effect from March 08, 2000 holds office till the conclusion of this Annual General Meeting.

Similarly, Mr. Stephen Rogers, who was appointed as a Director of the Company in the casual vacancy caused due to resignation of Mr. S. K. Roy with effect from March 08, 2000 holds office till the conclusion of this Annual General Meeting.

The Company has received separate notices under Section 257(1) of the Act from the members signifying their intention to propose Messers D. J. Balaji Rao and Stephen Rogers for appointment as Directors of the Company at the ensuing Annual General Meeting.

Your Directors are of the view that it will be in the best interest of the Company to appoint Mr. D.J. Balaji Rao and Mr. Stephen Rogers as Directors and recommend the adoption of resolutions proposed under items 5(i) & (ii) of the Notice.

Save and except Messers D. J. Balaji Rao and Mr. Stephen Rogers, no other Director is concerned or interested in the above resolutions.

Registered Office :

6, Waterloo Street,
South Block (1st Floor), Kolkata -700 069
Dated : February 26, 2001.

By Order of the Board

S. N. MOHANTY

Company Secretary



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have the pleasure in presenting the Fourteenth Annual Report of the Company and the Audited Accounts for the nine months period ended 31st December, 2000.

1. SIGNIFICANT EVENTS — CHANGE IN COMPANY NAME

Following approval of the members at the last Annual General Meeting of the Company held on July 27th, 2000 the name of the Company was changed from Peerless Shipping & Oilfield Services Ltd. to South East Asia Marine Engineering & Construction Ltd. with effect from 11th August, 2000, upon issue of fresh certificate of incorporation by the Registrar of Companies, West Bengal.

2. FINANCIAL HIGHLIGHTS

Following the approval of the Board of Directors of the Company, the accounting year was changed from period ended 31st March to 31st Decmber. The Financials below reflect the nine months period to 31st December, 2000.

Audited Financial Results for the 9 months period ended 31st December, 2000

(Figures in Rs. Lakhs)

| | Nine months ended 31.12.2000 | Year ended 31.03.2000 |
|---|---------------------------------|--------------------------|
| Net Sales/Income from Operations | 7,546 | 8,575 |
| Other Income | 118 | 31 |
| Total Expenditure | | |
| a. Consumables & Spares | 1,245 | 1,329 |
| b. Staff Costs (including Offshore Staff) | 2,656 | 3,149 |
| c. Deferred Revenue Expenditure | 781 | 897 |
| d. Other Expenditure | 1,261 | 2,131 |
| Earnings before Interest Depreciation & Tax | 1,721 | 1,100 |
| Interest | 479 | 719 |
| Depreciation | 842 | 1,097 |
| Profit / (Loss) before Tax | 400 | (716) |
| Provision for Taxation | 33 | - |
| Profit / (Loss) after Taxation | 367 | (716) |
| Paid-up Equity Share Capital | 3,390 | 3,390 |
| Reserves (as per Balance Sheet) | 7,715 | 7,347 |
| Basic and diluted EPS for the period | 1.08 | - |

The Audited Accounts for the nine months period to 31st December, 2000 reflect a Profit before Interest, Depreciation and Tax of Rs.1,721 lakhs and Net Profit of Rs.367 lakhs. There are several reasons for the significantly improved financial performance of the Company over the period and your Directors would draw your attention to the more significant of these —

- a. Maintaining a high level of utilisation for the Peerless Stena-III. During the period, with the assistance of the Coflexip Stena Offshore Group, contracts were secured for the vessel both in India and in South East Asia which ensured that the vessel maintained good utilisation during the period.
- b. Securing a new 3 year contract for the Peerless Stena-II at improved rates.
- c. Effective management of cost, restructuring and retirement of debt enabling reduction in interest burden.

Included in the above figures are the following —

- i. An increase in the Provision for doubtful debts of Rs. 100 lakhs to cover old receivables on which there has been no resolution during the period.
- ii. Adjustment of Rs. 102 lakhs on vessel inventory covering expensing of vessel consumables previously treated as inventory, expensing of low value vessel spares.
- iii. Expensing of Rs. 29 lakhs Land Rig inventory which has become non usable consequent to the current contract having come to an end.
- iv. A loss arising in the 2nd Quarter was on account of the following reasons —
 - a. The vessel Peerless Stena-II was Dry-docked resulting in 47 off hire days during the quarter.
 - b. Due to breakdown of the Peerless Stena-II following the Dry-dock a loss of 20 days charter hire was incurred.
- v. Other income includes an insurance settlement of Rs. 45 lakhs pertaining to loss of hire of Land Rig in 1999.
- vi. The company has successfully obtained compensation for the repair cost and loss of charter hire due to the breakdown of Peerless Stena-II, after the dry dock from Dubai Dry Dock. A sum of Rs. 53 lakhs has been included in other income.

Work in 2001 is actively being pursued for the Peerless Stena-II with International clients and in South East Asia and the management continues to make significant efforts to secure additional employment.

While your Directors are pleased to report a return to profitability of the Company, part of which reflects opportunities crystallised as a result of the increased participation and collaboration



with Coflexip Stena Offshore, it is their recommendation that the profits be retained within the Company to re-strengthen the Balance Sheet following previous period losses and to provide the ability to generate growth and added value for the Company in the future. This will be done by continuing to develop and strengthen the Company's capabilities in both existing areas of operations and the associated activity of offshore sub-sea construction works for which specialist skills and assets are required. Considering the above, your Directors do not recommend payment of dividend for the financial period under review.

3. OPERATIONS OFFSHORE

The Company owns 3 (three) vessels, MSVs Peerless Stena-I, Peerless Stena-II and Peerless Stena-III. Both the Peerless Stena-I and Peerless Stena-II are continuing on charter hire to Oil & Natural Gas Corporation Ltd. (ONGCL) for oilfield maintenance and support services at Bombay High Offshore oilfields, however, on completion of Peerless-Stena III charter in August 1999, this was not renewed by ONGCL.

Significant work was undertaken in overhauling of Peerless Stena-III and the vessel has, with the assistance of the Coflexip Stena Offshore Group, secured work both in India and in South East Asia during 2000, with further contracts being actively pursued for 2001. Further opportunities for this vessel, both inside and outside India, are being actively pursued by the management.

The existing ONGCL contract for MSV Peerless Stena-I valid for three years from 1998 is due to be completed in 2001. A new tender has been floated by ONGCL for a further three year contract and the management is hopeful that a new contract can be secured.

In February 2000, ONGCL awarded a new three year contract for Peerless Stena-II at significantly improved rates and the vessel continues to operate under this contract.

HAL Offshore Ltd., who was awarded the contract for Management & Operations of the ONGCL's vessels Samudra Suraksha and Samudra Prabha, had entered into an agreement with your Company for providing back-up services in the marine side of the operations including supply of marine crew for the said two vessels. These contracts have been extended by HAL following extensions of the main contract by ONGCL until new contracts are awarded. These continue to provide a steady, cash positive income to the Company.

ONGCL has floated a tender for the Operations and Management of its three owned MSVs Samudra Sevak, Samudra Prabha and Samudra Suraksha and bids have been submitted by the Company to ONGCL for all three vessels.

The above provides a firm base of work for the coming period and your Directors are confident that additional opportunities can be secured.