

ANNUAL REPORT 2002



South East Asia Marine Engineering & Construction Ltd.

A MEMBER OF TECHNIP-COFLEXIP

SOUTH EAST ASIA MARINE ENGINEERING & CONSTRUCTION LIMITED
TEN YEAR HIGHLIGHTS

Rs. in millions

| DETAILS | 92-93 | 93-94 | 94-95 | 95-96 | 96-97 | 97-98 | 98-99 | 99-2000 | 2000 (9 months) | 2001 | 2002 |
|----------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------------|----------------|----------------|
| BALANCE SHEET | | | | | | | | | | | |
| SOURCES OF FUNDS | | | | | | | | | | | |
| SHARE CAPITAL | 40.00 | 249.00 | 338.95 | 339.00 | 339.00 | 339.00 | 339.00 | 339.00 | 339.00 | 339.00 | 339.00 |
| RESERVE & SURPLUS | 8.83 | 18.64 | 630.45 | 723.40 | 727.43 | 754.55 | 806.30 | 734.74 | 771.47 | 644.91 | 745.07 |
| NET WORTH | 17.87 | 256.77 | 949.84 | 945.31 | 948.16 | 953.33 | 982.91 | 951.18 | 946.88 | 1106.39 | 1059.22 |
| LOAN FUND | 734.05 | 1032.89 | 1237.56 | 877.85 | 721.70 | 715.06 | 628.02 | 486.80 | 493.77 | 426.00 | 339.75 |
| SOURCES OF FUNDS | 751.92 | 1289.65 | 2187.41 | 1823.17 | 1669.86 | 1668.39 | 1610.93 | 1437.97 | 1440.66 | 1532.38 | 1398.97 |
| APPLICATION OF FUNDS | | | | | | | | | | | |
| NET FIXED ASSETS | 548.18 | 1055.27 | 1484.67 | 1524.07 | 1419.51 | 1350.21 | 1263.15 | 1183.46 | 1121.01 | 1025.12 | 959.27 |
| INVESTMENTS | 0.17 | 0.17 | 1.17 | 1.17 | 0.00 | 0.00 | 0.46 | 0.46 | 0.00 | 0.00 | 0.00 |
| DEBTORS (NET) | 208.91 | 213.61 | 324.59 | 337.51 | 250.64 | 225.89 | 216.90 | 242.17 | 316.46 | 185.36 | 158.56 |
| TOTAL CURRENT ASSETS | 274.57 | 287.11 | 912.14 | 498.24 | 553.58 | 491.07 | 481.41 | 396.94 | 502.11 | 628.03 | 571.45 |
| CURRENT LIABILITIES & PROVISION | 71.00 | 52.90 | 210.57 | 200.31 | 303.23 | 172.89 | 124.09 | 142.89 | 182.46 | 120.77 | 131.76 |
| NET CURRENT ASSETS | 203.57 | 234.21 | 701.57 | 297.93 | 250.35 | 318.18 | 357.32 | 254.06 | 319.65 | 507.26 | 439.69 |
| APPLICATION OF FUNDS | 751.92 | 1289.65 | 2187.41 | 1823.17 | 1669.86 | 1668.39 | 1610.93 | 1437.97 | 1440.66 | 1532.38 | 1398.96 |
| PROFIT & LOSS ACCOUNT | | | | | | | | | | | |
| REVENUE | 182.54 | 233.81 | 651.95 | 786.81 | 927.67 | 902.99 | 990.86 | 860.64 | 766.44 | 891.05 | 1029.14 |
| EBITDA | 46.46 | 73.06 | 307.11 | 300.69 | 274.37 | 242.05 | 286.48 | 110.03 | 172.18 | 263.69 | 283.15 |
| INTEREST EXPENSES | 26.57 | 32.17 | 90.15 | 80.22 | 104.01 | 103.79 | 118.99 | 71.94 | 47.91 | 63.01 | 57.33 |
| PROFIT BEFORE TAX | 4.71 | 13.86 | 145.08 | 143.65 | 68.97 | 30.32 | 57.88 | -71.57 | 40.04 | 80.70 | 94.43 |



South East Asia Marine Engineering & Construction Ltd.

A MEMBER OF TECHNIP-COFLEXIP
(FORMERLY PEERLESS SHIPPING & OILFIELD SERVICES LTD.)

Registered Office :

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

SIXTEENTH ANNUAL REPORT 2002

BOARD OF DIRECTORS

| | |
|--|---|
| Cmde. P. C. B. Nair, Indian Navy (Retd.) | <i>Chairman & Managing Director</i> |
| Mr. Stephen Rogers | <i>Director</i> |
| Mr. Ivan Coyard | <i>Director</i> |
| Mr. Robin Nigel King | <i>Director</i> |
| Mr. D. J. Balaji Rao | <i>Director</i> |
| Mr. Shardul Thacker | <i>Director</i> |

CHIEF FINANCIAL OFFICER

Mr. Pinak Chaudhuri

COMPANY SECRETARY

Mr. S. N. Mohanty

AUDITORS

M/s. S. R. Batliboi & Co.
Chartered Accountants

PRINCIPAL BANKERS

Credit Lyonnais
IDBI Bank Ltd.

MUMBAI OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

C B Management Services (P) Ltd.
P-22, Bondel Road (2nd Floor), Kolkata - 700 019
Phone : (033) 2280-6692/6693/6694 • Fax : (033) 2247-0263
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.
"Exchange Plaza"
5th Floor, Plot No. C/1, G-Block,
Bandra Kurla Complex, Bandra (East)
Mumbai - 400 051.
- 4) Madras Stock Exchange Ltd.
'Exchange Building',
11, Second Line Beach,
Chennai - 600 001.
- 5) The Stock Exchange, Ahmedabad
Kamdhenu Complex,
Opp : Sahajanand College,
Panjara Pole,
Ahmedabad - 380 015.

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of **South East Asia Marine Engineering & Construction Ltd.** will be held on Thursday, the 24th April, 2003 at 10.30 a.m. at Mini Auditorium, Science City, J.B.S. Haldane Avenue, Kolkata 700046, to transact the following business :

AS ORDINARY BUSINESS

1. To consider and adopt the Profit & Loss Account of the Company for the year ended on 31st December, 2002 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. D. J. Balaji Rao, who retires by rotation and is eligible for reappointment.
3. To appoint Auditors and fix their remuneration.

AS SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification(s), the following resolutions:
 - (i) **ORDINARY RESOLUTION :**
"RESOLVED THAT Mr. Ivan Coyard, 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. Robin Nigel King be and is hereby appointed as Director of the Company whose period of office shall be liable to determination by retirement by rotation."
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution :**
"RESOLVED THAT pursuant to provisions of Section 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the said Act, consent be and is hereby accorded to the payment of performance incentive made to Mr. Gautam Sen, former Managing Director of the Company, of amounts of Rs.1,50,000/- and Rs.2,04,000/- (aggregating to Rs.3,54,000/-) for the years ended 31st December, 2001 & 31st December, 2002 respectively".



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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) the consent of the Company be and is hereby accorded to the appointment of Cmde. P. C. B. Nair, Indian Navy (Retd.), as the Managing Director of the Company, for a period Commencing from 13th March, 2003 and ending on a date not later than 31st December, 2003, as may be determined by the Board of Directors of the Company, on the terms and conditions including remuneration as set out in the agreement to be entered into between the Company and Cmde. P. C. B. Nair, a draft whereof is placed before the meeting which agreement is hereby specifically sanctioned with liberty to Board of Directors (herein referred to as a 'Board' which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment thereof, for the time being in force or any amendments and/or modification(s) that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Cmde. P. C. B. Nair."

"RESOLVED FURTHER THAT where for the financial year 2003, the Company has no profits or its profits are inadequate, the Company do pay to Cmde. P. C. B. Nair, remuneration not exceeding the ceiling limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956."

"FURTHER RESOLVED THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Registered Office :

6, Waterloo Street,
South Block (1st Floor), Kolkata -700 069
Dated : March 13, 2003

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. A proxy form, duly completed, must be deposited at the Registered Office of the Company at least fortyeight hours before the commencement of the meeting.
2. An Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16.04.2003 to 24.04.2003 (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 (P) Ltd., P-22, Bondel Road, 5th Floor, Kolkata 700 019.
6. Members are requested to bring their copies of the Annual Report and Accounts to the Meeting.
7. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
8. Members are requested to quote the ledger folio or Client ID and DP ID numbers in all communications with the Company.
9. 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 NOS. 4 (I) & (II)

Mr. Ivan Coyard was appointed as an Additional Director of the Company at the Board meeting held on 30th October, 2002 pursuant to Article 119 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. Coyard holds the office till the conclusion of this Annual General Meeting. Mr. Coyard has long experience in Finance. He has been in the parent group since March, 1993. Based in Paris, Mr. Coyard holds the post of Financial Group Controller of the parent company i.e. Technip-Coflexip S. A. France. He also holds the directorship in many of the group companies worldwide.

Mr. Robin Nigel King was appointed as an Additional Director of the Company at the Board meeting held on 30th October, 2002 pursuant to Article 119 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. King holds the office till the conclusion of this Annual General Meeting. Mr. King has vast experience in offshore industry covering marketing, commercial contracts, business development and work execution. Based in Perth, he holds the post of Vice President, Projects & Operations of Technip-Coflexip Pty. Ltd.

The Company has received separate notices under Section 257(1) of the Companies Act, 1956 from the members signifying their intention to propose Mr. Ivan Coyard and Mr. Robin Nigel King 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. Ivan Coyard and Mr. Robin Nigel King as Directors and recommend the adoption of resolutions proposed under items 5(i) & (ii) of the Notice.

Save and except Mr. Ivan Coyard and Mr. Robin Nigel King, no other Director is concerned or interested in the respective resolutions.

The above disclosure is pursuant to Clause 49(VI) of Listing Agreement on Corporate Governance.

ITEM NO. 5

As members are aware, Mr. Gautam Sen was appointed as Managing Director of the Company for a period of 3 years effective from 8th March, 2000. The Company had entered into an agreement with Mr. Sen dated 28.04.2000, setting out the terms of his appointment as Managing Director, including his remuneration, as under :—

- | | | | |
|----|-------------|---|--|
| a) | Salary | : | Rs.1,00,000/- per month & |
| b) | Perquisites | : | Restricted to Rs.12,00,000/- per annum |

Both his appointment and remuneration were approved by the Members at the Extra-ordinary

General Meeting held on 28th April, 2000. Mr. Sen has since retired as Managing Director of the Company effective from 8th March, 2003.

In September, 2002, in appreciation of his commendable performance, Mr. Sen was paid an additional remuneration, as performance incentive, of Rs.1,50,000/- for the year ended 31st December, 2001 and Rs.2,04,000/- for the year ended 31st December, 2002 aggregating to Rs.3,54,000/-. This increase in remuneration, which is in conformity with the provisions of Schedule XIII of the Companies Act, 1956, was subject to the approval of the Members in General Meeting.

The Board of Directors consider the payment of performance incentive to Mr. Sen, as aforesaid, to be fair and reasonable and recommend the Resolution for approval of the Members.

None of the Directors is concerned or interested in the Resolution.

ITEM NO. 6

Following retirement of Mr. Gautam Sen, as Managing Director of the Company, the Board of Directors of the Company in its meeting held on 13th March, 2003 appointed Cmde. P. C. B. Nair, Indian Navy (Retd.), the Chairman of the Board as Managing Director of the Company for a period commencing from the date of said meeting and ending on a date not later than 31st December, 2003, as may be determined by Board of Directors of the Company.

The remuneration and other terms and conditions pertaining to the said appointment, as appended are contained in a draft agreement, to be entered into between the Company and Cmde. P. C. B. Nair, Indian Navy (Retd.), after its approval by the members in the Annual General Meeting.

Cmde. P.C.B.Nair, Indian Navy (Retd.) has been a Director of your Company since 04.03.1998.

By qualification Cmde.Nair is a MSC (Defence Science) and holds Master (Foreign going) certification. He is also a Member of Indian Management Association (MIMA). He has held several senior appointments whilst in the Navy and subsequently in the oil and gas industry. He was CEO of marine construction division of Essar Oil and Offshore division of Essar Shipping over 9 years.

Cmde. P.C.B.Nair, Indian Navy (Retd.) is the Chairman of Board of Directors of the Company and member of Shareholders/ Investors Grievance and Transfer Committee. He is engaged as Diving Consultant, drawing remuneration from Technip-Coflexip India (P) Ltd. where he also occupies the position of a non-executive Director.

The draft agreement to be entered into by the Company with Cmde. P.C.B. Nair in respect of his appointment as Managing Director, inter alia, provides for payment of salary of Rs. 50,000/- per month.

The remuneration of Managing Director will be subject to overall ceiling stipulated in Section 198 and 309 of the Companies Act, 1956 and shall be valued for tax purposes under the provisions of



Income Tax Act, 1961, or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

The Managing Director shall be entitled to Company's car with driver, reimbursement of mobile and telephone expenses and reimbursement of expenses incurred on Company's business. The Managing Director shall be entitled to undertake business related travel as per rules of the Company.

The Managing Director shall not be entitled to any sitting fees for attending the meetings of the Board of Directors/Committees of Directors from the date of appointment.

The Managing Director, shall not be liable to retirement of Directors by rotation.

The terms and conditions as set out in the draft agreement may be altered and varied from time to time by the Board of Directors of the Company as it may, as its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment made thereto.

The Agreement may be terminated by either party by giving the other three months prior notice of termination in writing.

The draft Agreement to be entered into between the Company and Cmde. P. C. B. Nair, Indian Navy (Retd.) is available for inspection by the members of the Company at the Registered Office of the Company on any working day excluding Saturdays and holidays, upto the date of the ensuing Annual General Meeting between 11.00 a.m. to 1.00 p.m.

This may be treated as an abstract of the draft agreement proposed to be entered into between the Company and Cmde. P. C. B. Nair, Indian Navy (Retd.), pursuant to Section 302 of the Companies Act, 1956.

Your Directors recommend this resolution for your approval.

No Director other than Cmde. P. C. B. Nair, Indian Navy (Retd.) is concerned or interested in this resolution.

Registered Office :

6, Waterloo Street,
South Block (1st Floor), Kolkata -700 069
Dated : March 13, 2003

By Order of the Board

S. N. MOHANTY

Company Secretary