

ANNUAL REPORT 2003



South East Asia Marine Engineering & Construction Ltd.

A MEMBER OF THE TECHNIP GROUP

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SOUTH EAST ASIA MARINE ENGINEERING & CONSTRUCTION LIMITED

TEN YEAR HIGHLIGHTS

Rs. in millions

DETAILS	94-95	95-96	96-97	97-98	98-99	99-2000	2000 (9 months)	2001	2002	2003
BALANCE SHEET										
SOURCES OF FUNDS										
SHARE CAPITAL	338.95	339.00	339.00	339.00	339.00	339.00	339.00	339.00	339.00	339.00
RESERVE & SURPLUS	630.45	723.40	727.43	754.55	806.30	734.74	771.47	644.91	745.07	837.23
NET WORTH	949.84	945.31	948.16	953.33	982.91	951.18	946.88	1106.39	1059.22	1,213.59
LOAN FUND	1237.56	877.85	721.70	715.06	628.02	486.80	493.77	426.00	339.75	198.06
SOURCES OF FUNDS	2187.40	1823.16	1669.86	1668.39	1610.93	1437.98	1440.65	1532.39	1398.97	1,411.65
APPLICATION OF FUNDS										
NET FIXED ASSETS	1484.67	1524.07	1419.51	1350.21	1253.15	1183.46	1121.01	1025.12	959.27	886.28
INVESTMENTS	1.17	1.17	0.00	0.00	0.46	0.46	-	-	-	-
DEBTORS (NET)	324.59	337.51	250.64	225.89	216.90	242.17	316.46	185.36	158.56	227.43
TOTAL CURRENT ASSETS	912.14	498.24	553.58	491.07	481.41	396.94	502.11	628.03	571.46	629.36
CURRENT LIABILITIES & PROVISION	210.57	200.31	303.23	172.89	124.09	142.89	182.46	120.77	131.76	103.99
NET CURRENT ASSETS	701.57	297.93	250.35	318.18	357.32	254.06	319.65	507.26	439.70	525.37
APPLICATION OF FUNDS	2187.41	1823.17	1669.86	1668.39	1610.93	1437.97	1440.66	1532.38	1398.97	1,411.65
PROFIT & LOSS ACCOUNT										
REVENUE	651.95	786.81	927.67	902.99	990.86	860.64	766.44	891.05	1027.29	918.34
EBITDA	307.11	300.69	274.37	242.05	286.48	110.03	172.18	263.69	283.15	349.35
INTEREST EXPENSES	90.15	80.22	104.01	103.79	118.99	71.94	47.91	63.01	57.33	39.73
PROFIT BEFORE TAX	145.08	143.65	68.97	30.32	57.88	(71.57)	40.04	80.70	94.43	174.63



South East Asia Marine Engineering & Construction Ltd.

A MEMBER OF THE TECHNIP GROUP

Registered Office :

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

SEVENTEENTH ANNUAL REPORT 2003

BOARD OF DIRECTORS

Cmde. P. C. B. Nair, Indian Navy (Retd.)	<i>Chairman & Managing Director</i>
Mr. Knut Boe	<i>Director</i>
Mr. Ivan Coyard	<i>Director</i>
Mr. Georges Michel	<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 Seventeenth Annual General Meeting of South East Asia Marine Engineering & Construction Ltd. will be held on Tuesday, the 11th May, 2004 at 11.00 a.m. at Kalakunj, 48, Shakespeare Sarani, Kolkata-700 017, 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, 2003 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. Shardul Thacker, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to 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. Knut Boe, 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. Georges Michel 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 **Special Resolution** :

**Through
Postal Ballot**

“RESOLVED THAT subject to confirmation of the Company Law Board as required by Section 17 of the Companies Act, 1956 the Registered Office of the Company be shifted from the State of West Bengal to the State of Maharashtra and, accordingly, Clause II of the Memorandum of Association of the Company be altered by substituting the following clause for the existing clause :



II. The Registered Office of the Company is situated in the State of Maharashtra."

"FURTHER RESOLVED THAT in terms of proviso to Section 146(2) of the Companies Act, 1956 the Board of Directors be and is hereby authorized to locate the Registered Office of the Company at any place in the State of Maharashtra."

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

"RESOLVED THAT, in accordance with the applicable provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Listing Agreement with Stock Exchanges and the provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines 2003, or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary, and such conditions and modifications as may be prescribed or imposed by any Authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company ("the Board"), consent be and is hereby accorded to de-list the Ordinary Shares of the Company from the Stock Exchanges at Kolkata, Chennai and Ahmedabad,"

"RESOLVED FURTHER THAT authority be and is hereby accorded to the Board to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts, deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

7. 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 —

- (i) re-appointment of Cmde. P. C. B. Nair, Indian Navy (Retd.), as the Managing Director of the Company, for a period of one year effective from 1st January, 2004; and
- (ii) Increase in his remuneration effective from 1st March, 2004

on the terms and conditions including increase of remuneration as set out in the agreements entered into between the Company and Cmde. P. C. B. Nair, Indian Navy (Retd.), the copies of which are placed before this meeting, which agreements are hereby specifically sanctioned with liberty to Board of Directors (herein referred to as '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 agreements 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 2004, 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 authorized 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, 2nd March, 2004.

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 forty-eight 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 04.05.2004 to 11.05.2004 (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 year ended on 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. Knut Boe was appointed as an Additional Director of the Company at the Board meeting held on 6th August, 2003 pursuant to Article 119 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. Boe holds the office till the date of this Annual General Meeting. Mr. Boe has vast experience of over 20 years in Techno-commercial management in offshore industry covering areas from business development to work execution. He holds directorship in many of the group companies worldwide. Presently, he is the Senior Executive Vice President of parent company, Technip S. A. France and is based in Paris.

Mr. Georges Michel was appointed as an Additional Director of the Company at the Board meeting held on 16th October, 2003 pursuant to Article 119 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956. Mr. Michel holds the office till the date of this Annual General Meeting. Mr. Michel, by qualification, is an Engineer having long years of experience in petroleum and oilfield sectors. Based in Paris, he holds the position of SURF Senior Sales and Marketing Manager, Middle East-South West Asia of the parent company i.e Technip S. A. France.

The Company has received separate notices under Section 257(1) of the Companies Act, 1956 from the members signifying their intention to propose Mr. Knut Boe and Mr. Georges Michel 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 Your Company to appoint Mr. Knut Boe and Mr. Georges Michel as Directors and therefore recommend the adoption of the resolutions proposed under items 4 (i) & (ii) of the Notice.

Save and except Mr. Knut Boe and Mr. Georges Michel, 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

At present the Company's Registered Office is situated at Kolkata in the State of West Bengal. The functioning of the operations of the Company have now been consolidated at Mumbai. Moreover, the Company does not have any operations in the State of West Bengal. All the activities of the Company are located in the State of Maharashtra and overseas.

It is, therefore, proposed to shift the Registered Office of the Company from the State of West Bengal to the State of Maharashtra, enabling the Company to carry out its business and operations more economically and efficiently.

For shifting the Registered Office from the State of West Bengal to the State of Maharashtra, it is required to obtain shareholders approval by way of special resolution and the confirmation of the Company Law Board, pursuant to section 146 read with section 17(2) of the Companies Act, 1956.

None of the Directors of your Company is interested in this Special Resolution.

Further, the shifting of Registered Office from one State to another automatically means removal of Registered Office from the local limit of the city, town or village where it is now situated as envisaged by the proviso to Section 146 (2) of Companies Act, 1956. This is one of the items prescribed by Section 192A of the Companies Act, 1956 which requires the resolution to be passed by postal ballot.

ITEM NO. 6

The Company's shares at present are listed with the following stock exchanges :—

- 1) The Calcutta Stock Exchange Association Ltd., Kolkata (CSE)
- 2) The Stock Exchange, Mumbai (BSE)
- 3) National Stock Exchange of India Ltd., Mumbai (NSE)
- 4) The Stock Exchange Ahmedabad, Ahmedabad
- 5) Madras Stock Exchange Ltd., Chennai

It is observed from the data on trading volumes that the Company's share, are not traded in material volumes at Stock Exchanges other than NSE & BSE; more than 98% of the volume of Company's shares are transacted in NSE & BSE. The trading volume of Company's shares in other stock exchanges are either NIL or insignificant. BSE & NSE have the nationwide trading terminal, which facilitates trading by members/investors across the country. Therefore, to continue trading in the stock exchanges other than BSE & NSE neither serves the interests of the members/investors nor that of the Company.

The Board of Directors of your Company (the Board) at its meeting held on 2nd March, 2004 approved voluntary de-listing of Company's shares from the Stock Exchanges at Kolkata, Chennai and Ahmedabad and accordingly recommended for approval of members the proposal for de-listing. The Company's shares will, however, continue to be listed on BSE & NSE.



De-listing of the Company's shares from the above Stock Exchanges will also result in saving in cost on account of listing fees.

In accordance with Securities & Exchange Board of India (De-listing of Securities) Guidelines 2003, consent of the members by way of Special Resolution is required for voluntary de-listing of Company's securities.

None of the Director of your Company is interested in this Special Resolution.

Your Directors recommend this Special Resolution for your approval.

ITEM NO. 7

The Board of Directors of the Company in its meeting held on 13th March, 2003 had 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 the said meeting and ending on a day 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 was approved by the members in the last Annual General Meeting held on 24th April, 2003.

The Board of Directors of the Company in its meeting held on 16.10.2003 re-appointed Cmde. P. C. B. Nair, Indian Navy (Retd.) as Managing Director of the Company for a further period of one year with effect from 1st January, 2004 on the earlier terms and conditions. Consequent upon the above, an agreement was entered into between Cmde. Nair and the Company on 4th November, 2003 detailing the terms and conditions.

Subsequently, the Board of Directors of the Company in its meeting held on 2nd March, 2004 approved an increase in remuneration of Cmde. P. C. B. Nair by way of enhancement of salary from Rs.50,000/- p.m. to Rs.2,50,000/- p.m. with effect from 1st March, 2004. Consequent upon the above, an agreement was entered into between Cmde. Nair and the Company on 3rd March, 2004 setting out the revised terms and conditions of re-appointment.

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 both public and private sectors. He was CEO of the marine construction division of Essar Oil and Offshore division of Essar Shipping for 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 Consultant, drawing remuneration from Technip CSO India (P) Ltd. where he also occupies the