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5TH ANNUAL REPORT

(FOR THE PERIOD 1.1.1996 TO 31.3.1997)

MD	✓	BKC	✓
CS	✓	DPY	✓
RO	✓	DIV	✓
TRA	✓	AC	✓
AGM	✓	SHI	✓
YE	✓		

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WESTERN INDIA SHIPYARD LTD

INDIA'S LEADING COMPOSITE SHIP REPAIR FACILITY

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WESTERN INDIA SHIPYARD LIMITED

REGD. OFFICE & SHIPYARD: P.B. NO. 21, MORMUGAO HARBOUR, MORMUGAO, GOA 403 803, INDIA

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Members of Western India Shipyard Limited will be held on Wednesday, the 17th day of December, 1997 at 11.30 am. at its Registered Office and Shipyard at P. B. No. 21, Mormugao Harbour, Mormugao, Goa 403 803 to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1997 and the Profit & Loss Account for the 15 months period from 1st January, 1996 to 31st March, 1997 and the Reports of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. N. P. Gadgil who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. S. A. Wardekar who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Auditors of the Company to hold the Office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION :**

   "**RESOLVED THAT** Mr A. S. Wardekar, who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this Annual General Meeting by virtue of Sec. 260 of the Companies Act, 1956 and being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice under Sec. 257 of the Companies Act, 1956 in writing along with a requisite deposit from a member proposing his candidature for the appointment as Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION :**

   "**RESOLVED THAT** Mr. L. T. Costley-White who was appointed as an Additional Director of the Company by the Board of Directors and holds office upto the date of this Annual General Meeting by virtue of Sec. 260 of the Companies Act, 1956 and being eligible offers himself for re-appointment and in respect of whom the Company has received a notice under Sec. 257 of the Companies Act, 1956 in writing alongwith a requisite deposit from a member proposing his candidature for the appointment as Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

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7. To consider and if thought fit to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, rules and regulations if any, of the Companies Act, 1956 and subject to the approval of the Central Government if necessary, the consent of the members be and is hereby accorded for the increase in the remuneration of Mr. Ramendra S. Singh, on promotion as a General Manager in the Management cadre of the Company on a monthly remuneration of Rs. 14,000/- p.m. w.e.f. 1st July, 1997 together with such increment(s) and the usual allowances and benefits applicable to employees occupying similar post in the said Management Cadre including bonus, leave encashment, reimbursement of medical expenses, retiring gratuity, provident fund, Superannuation and other benefits, but so that the total monthly remuneration excluding usual allowances and benefits, shall not exceed the limits of such sum as is specified in Sec. 314 (1-B) of the Companies Act, 1956 or any Statutory modification thereof, except with the approval of the Central Government in this regard."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to Section 293 (1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company, and subject to all other permissions, sanctions and approvals that may be necessary, consent be and is hereby accorded to the Board of Directors of the Company to transfer/sell and/or otherwise dispose off the Shipbreaking Project of the Company undertaken at Paradeep Port, Orissa as in present condition, at such price and upon such terms and conditions as may be decided by the Board of Directors and to finalise and execute necessary documents, deeds, assignments, conveyances and agreements and to do all such acts, deeds and things that may be necessary and expedient at their discretion for the completion of the transfer/sell or otherwise disposal of the said project."

9. To consider that and if thought fit, to pass with or without modification, the following resolution as a ORDINARY RESOLUTION :

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311 and read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification (s) for the time being in force and as may be enacted from time to time and subject to such other permissions, sanctions and approvals that my be necessary, consent of the Company be and is hereby accorded to the appointment of Managing Director Cdr. S. Shekhar Singh for a further period of 5 years with effect from 16th July, 1998 including payment of salary, perquisites, allowances and commission to him upon such terms and conditions as set out in the resolution passed at the Board Meeting held on 21.10.97 as submitted to this Meeting with absolute authority to the Board of Directors to alter and vary the terms and conditions as the Board of Directors in their absolute discretion consider necessary."

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"RESOLVED FURTHER THAT where in any financial year, if the Company has no profits or its profits are inadequate, the Company do pay to Cdr. S. Shekhar Singh remuneration by way of salary, perquisites and other allowances not exceeding the ceiling limit of Rs. 10,50,000/- per annum or Rs. 87,500/- per month in addition thereto the perquisites not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force."

By Order of the Board of Directors
For Western India Shipyard Ltd.,

Place : Mormugao, Goa.

Date : 21 October 1997

J.C.F.Sequeira
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**

2. The Register of Members and Share Transfer Books will remain closed from 9th December, 1997 to 17th December, 1997 (both days inclusive).

3. The Explanatory Statement required under Section 173 (2) of the Companies Act, 1956 is annexed hereto. All documents referred to in the accompanying Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days (except holidays and Sundays), between 11 a.m. to 4 p.m. upto the date of the Annual General Meeting.

4. Members attending the meeting are requested to bring their copy of Annual Report.

5. Members who are also Debenture holders of the Company are requested to surrender their NCD (Part B) Allotment letters for exchange against Debenture Certificates, which are kept ready for dispatch.

6. Members are requested to note that the Registered Office of the Company has been transferred from New Delhi to Goa and accordingly all share transfer deeds and correspondence should be directed to the Company's Registered Office as below:

   Western India Shipyard Ltd., P.B. No. 21, Mormugao Harbour, Mormugao, Goa - 403 803.

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Explanatory Statement :
(Pursuant to Section 173 (2) of the Companies Act, 1956 to be annexed to the Notice)

Item No. 5 & 6:

The Board of Directors at their Meeting held on 20.3.97 appointed Mr. A. S. Wardekar and Mr. L. T. Costley-White as Additional Directors in terms of Sec. 260 of the Companies Act, 1956 and Articles of Association of the Company to hold Office until this Annual General Meeting. Notices in writing have been received from members along with the requisite deposit in accordance with Sec. 257 of the Companies Act, 1956 signifying the intention to propose the candidature of Mr. A. S. Wardekar and Mr. L. T. Costley-White for the Office of Directors of the Company.

Mr. A. S. Wardekar was involved with promotion of the Company and has vast experience in the fields of Industry, Education, Management and Philanthropy.

Mr. L. T. Costley-White is a representative of your Company's Foreign Collaborators M/s Navelink S. A., a subsidiary of M/s Lisnave Estaleiros Navais De Portugal - one of the world leaders in the Shiprepair Industry. The Foreign Collaborators have a shareholder's agreement for equity participation and in terms of which they are entitled to appoint a Director on the Board. Mr. L. T. Costley-White has extensive experience in the Management and Administration of Shiprepair Yards in Portugal and other places.

Your Directors are of the opinion that the association and experience of Mr. A. S. Wardekar and Mr. L. T. Costley-White as Directors of the Company, will immensely benefit the Company and hence recommend their appointments.

Mr. S. A. Wardekar is a relative of Mr. A. S. Wardekar and may be deemed concerned. None of the other Directors except Mr. A. S. Wardekar and Mr. L. T. Costley-White are concerned or interested in the resolutions.

Item No. 7

The Company had appointed Mr Ramendra S. Singh as Deputy General Manager (Adm., Personnel & Dredging) at its Shiprepair yard at Mormugao Harbour in May, 1994 during project phase on a total monthly remuneration of Rs. 12,750/- p.m. together with the usual allowances and benefits applicable to the employees occupying similar post in the Management Cadre. He was subsequently promoted to General Manager in Dec. 1995 and his present monthly remuneration is increased to Rs.14,000/- p.m. w.e.f. 1st July, 1997 together with usual allowances, benefits and increments applicable to the employees occupying similar positions in the Management Cadre such as bonus, leave encashment, reimbursement of medical expenses, retiring gratuity, provident fund, superannuation and other benefits.

Mr. Ramendra S. Singh is a graduate of Lucknow University and was a Commissioned Officer in the Armed Forces and a Gazetted Officer in the Central Police Organisation with over 14 years experience / service. Mr. Ramendra S. Singh is having thorough knowledge of managing personnel, administration and security affairs.

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Mr. Ramendra S. Singh is related to Cdr. S. Shekhar Singh, Managing Director of the Company. Hence, except Cdr. S. Shekhar Singh, none of the other Directors of the Company are in any way concerned or interested in the Resolution.

The Directors consider his services essential for the benefit of the Company and recommend the resolution for the approval of the shareholders.

Item No. 8

The Company has been authorised by the Shareholders of the Company at the Annual General Meeting held on 30.12.1994 to take up the new Business of Shipbreaking which is incidental or ancillary to the Company's main business. The Company thereafter obtained all the necessary approvals for establishing the Shipbreaking Yard at Paradip Port, Orissa. However, the State Government and the Port Authorities could not meet certain assurances required by the Company. As the delay resulted in serious cost escalation and also as the Licence Agreement with the Paradip Port Trust remained unexecuted, the Board of Directors recommended that the Shipbreaking Business be discontinued and assets acquired for the purpose be disposed of where necessary.

It's a strategical and advantageous for the Company to make this disinvestment to have more focused vision on ship repair business. Shareholders approval u/s 293 (1)(a) of the Companies Act, 1956 is therefore sought. Accordingly resolution at Item No. 8 is placed before the Shareholders for approval.

None of the Directors are concerned or interested in the resolution.

Item No. 9

The Board of Directors of your Company at its meeting held on 21.10.97 approved the appointment of Cdr. S. Shekhar Singh as Managing Director of the Company for the further period five years as his term of office is coming to an end on 15.7.98. His appointment was made by the Board on 16.7.93 and was ratified by the Shareholders of the Company at the AGM held on 28.9.93. The Terms and Conditions were revised by the Shareholders after the successful commencement of the projects in January, 1996. The Company had against all odds made a turn around and posted a turnover of over Rs. 1832.79 lacs for the first six months period ended on 30.9.97 as compared to Rs. 22 Crores in the preceding 15 months of operations.

The Terms and Conditions of appointment are as under:

The Term of Office will be for a further period of 5 (five) years with effect from 16th July, 1998.

1. **Salary:**

Salary shall not exceed Rs.1,00,000/- (as against the the existing salary of Rs. 50,000/-) per month.

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2. **Perquisites and allowances :**

In addition to salary, Cdr. S. Shekhar Singh shall be entitled to the following perquisites and allowances :

Category - A :

1. **Housing :**

(i) The expenditure by the company on hiring furnished accommodation for the Managing Director will be subject to ceiling of 50% of salary of which 10% is payable by the Managing Director.

(ii) In case of Company owned accommodation, the Managing Director will re-imburse 10% of his salary..

(iii) In case no housing is provided by the Company, the Managing Director shall be entitled to house rent allowance as per the ceiling in (i) above.

(iv) The expenditure incurred by the Company on Gas, Electricity and Water shall be valued as per Income Tax Rules and shall be subject to a ceiling of 10% of the salary. Expenditure on furnishings shall be subject to a ceiling of 10% of the salary.

2. **Medical re-imbursement :**

Medical expenses incurred by the Managing Director and his family shall be re-imbursed and is subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

3. **Leave Travel Concession :**

Leave Travel Concession for the Managing Director and his family is once in a year in accordance with the rules of the Company.

4. **Club Fees :**

Membership fees subject to a maximum of two Clubs shall be re-imburesed to the Managing Director. This will not include admission and life membership fees.

5. **Personal Accident Insurance :**

Premium for Personal Accident Insurance shall not exceed Rs. 4,000/- per annum.

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Explanation:

"Family" means the spouse, dependent children and dependent parents of the Managing Director.

Category - B

Contribution to provident fund, superannuation fund or annuity fund shall not be included in the computation of the ceiling on perquisites to the extent that these either singly or put together, are not taxable under the Income Tax Act. Gratuity is at a rate not exceeding half a month's salary for each completed year of service.

Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Category - C:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Commission :

Commission shall be paid in addition to salary as may be determined by the Board of Directors or 3% (three percent) of the net profits of the Company whichever is less, in a particular year and shall be subject to the overall ceiling of remuneration stipulated in sec. 198 and 309 of the Companies Act, 1956.

The above together with the ordinary resolution may be regarded as an abstract of the terms and Memorandum of interest or concern under Section 302 of the Companies Act, 1956. A copy of the resolution passed by the Board of Directors at its meeting held on 21.10.97 containing the aforesaid terms and conditions applicable to Cdr. S. Shekhar Singh shall be kept open for inspection at the Registered Office during the working hours on all working days (except Sundays and holidays) till the date of the Annual General Meeting.

None of the Directors except Cdr. S. Shekhar Singh are interested or concerned in the above resolution.

Your Directors recommend the above resolution for your approval.

By Order of the Board of Directors
for Western India Shipyard Ltd.,
J.C.F. Sequeira
Company Secretary

Place: Mormugao, Goa
Date: 21st October 1997

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