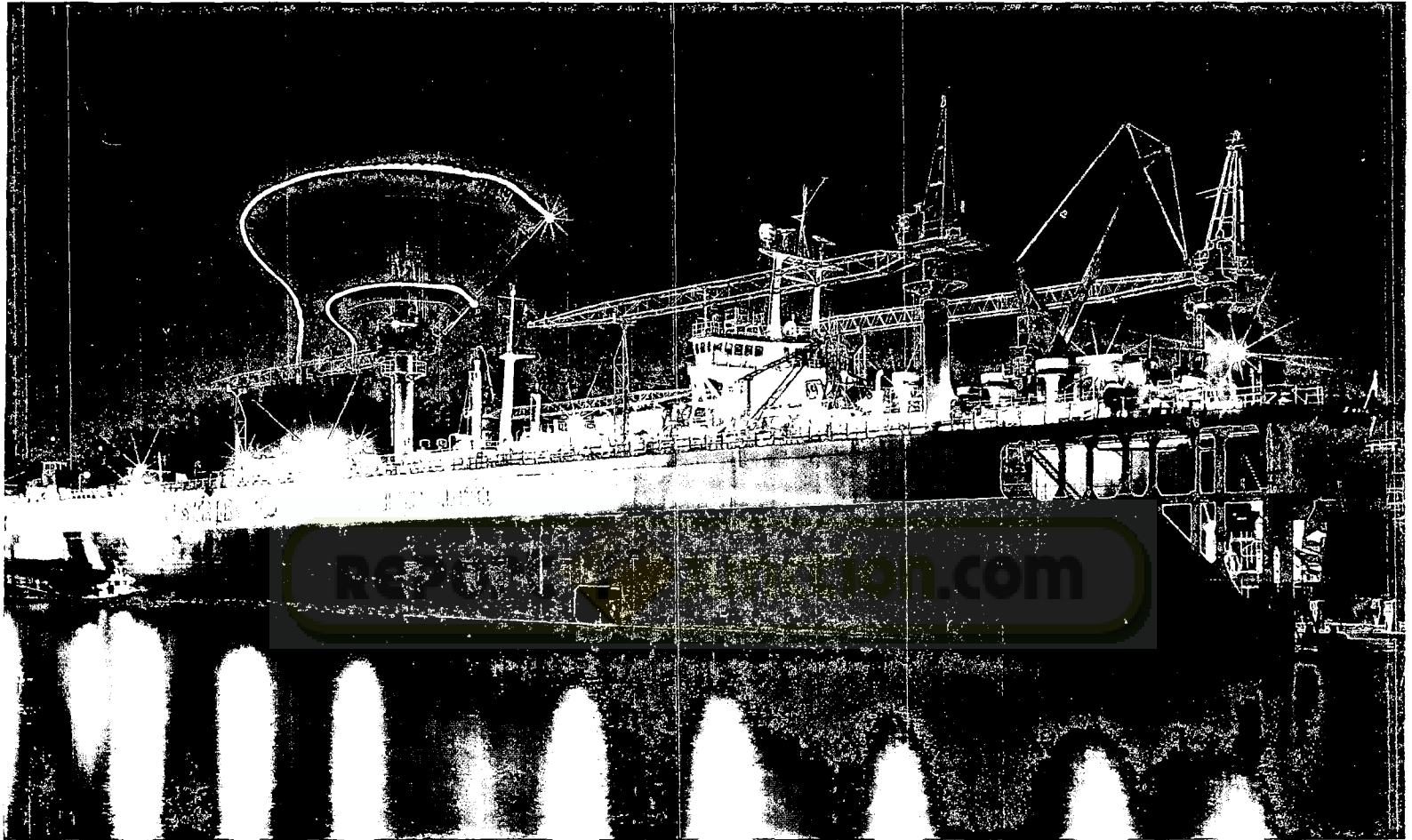


V. ANNUAL REPORT

1997 - 98

PROVEN EXPERTISE, EXPERIENCE AND EFFICIENCY



... ITS COMPLETE TECHNOLOGY AND BEYOND.

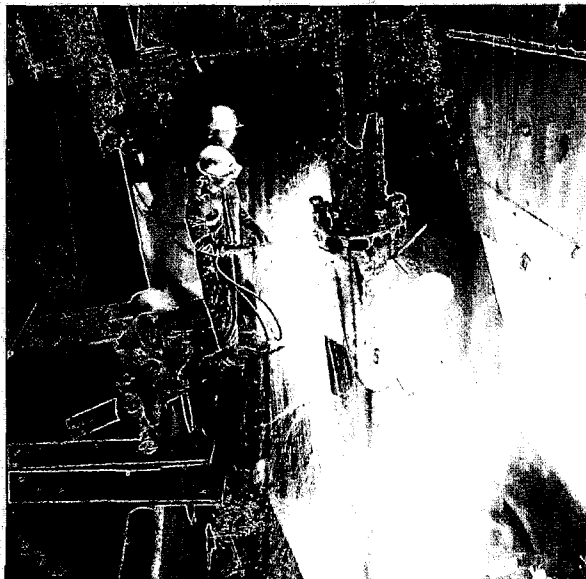
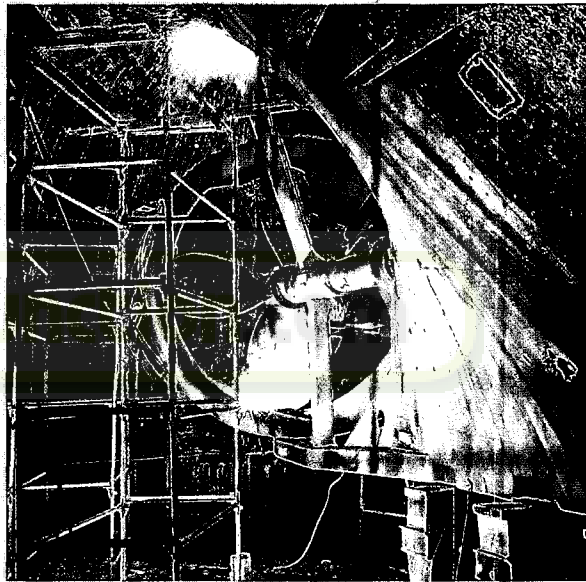
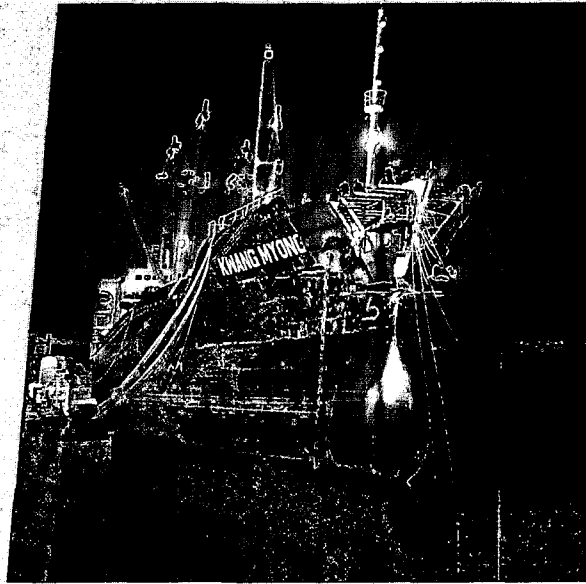
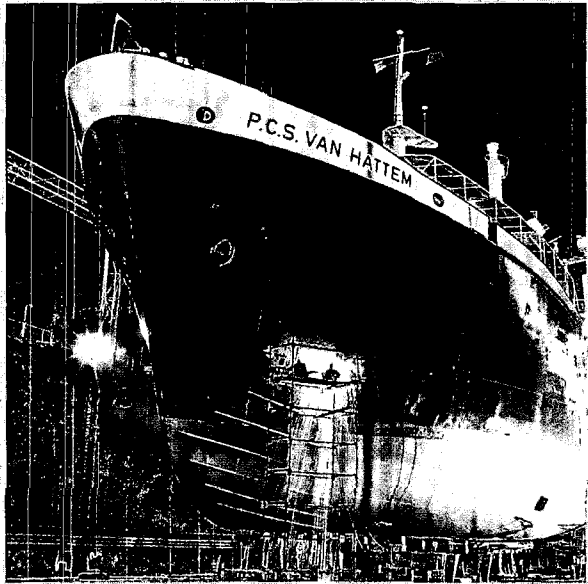
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YE	<input checked="" type="checkbox"/>			



Western India Shipyard Limited

India's Largest Composite Shiprepair Facility In Private Sector

One-Stop Comprehensive Ship Repair Facility



With Highest Repairs turn around of 120 Vessels in just 2 1/2 Years.

WESTERN INDIA SHIPYARD LTD.

REGD. OFFICE : P.B.NO. 21, MORMUGAO HARBOUR, MORMUGAO, GOA - 403 803.

NOTICE

Notice is hereby given that the **Sixth** Annual General Meeting of the Members of **Western India Shipyard Limited** will be held on Thursday the 24th Day of September, 1998 at 9.30 am. at the Registered Office and Shiprepair yard at P.B. No. 21, Mormugao Harbour, Mormugao, Goa - 403 803 to transact the following :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1998 and the Profit & Loss Account for the 12 months period from 1st April, 1997 to 31st March, 1998 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. P. B. Gadgil who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. G. S. Israni 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 Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Place : Mormugao, Goa.
Date : 30th June, 1998

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 11th September, 1998 to 24th September, 1998. (both days inclusive)
3. The Explanatory Statement required under Section 173 (2) of the Companies Act, 1956 is annexed hereto. All document 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 between 11 a.m. and 4 p.m. upto the date of the Annual General Meeting.
4. Members attending the meeting are requested to bring their copy of the notice.
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.



WESTERN INDIA SHIPYARD LIMITED

Board of Directors : Mr. P. B. Gadgil — Chairman
 Mr. A. S. Wardekar
 Mr. G. S. Israni
 Mr. V. M. Ketkar — (ICICI Nominee)
 Mr. L. T. Costley White
 Mr. K. M. Jaya Rao — (ICICI Nominee)
 Mr. J. K. Ghosh — (IIBI Nominee)
 Mr. R. S. Kantak — (IDBI Nominee)
 Cdr. S. Shekhar Singh — Managing Director

Company Secretary : Mr. J. C. F. Sequeira

Auditors : M/s. V. V. Kale & Co.

Bankers : State Bank of India
 Bank of India
 UTI Bank Ltd.
 Syndicate Bank.
 Janata Sahakari Bank Ltd.
 United Western Bank Ltd.

**Registered Office &
 Shiprepair Yard** : P. B. No. 21,
 Mormugao Harbour,
 Mormugao, Goa - 403803.

WESTERN INDIA SHIPYARD LIMITED

DIRECTORS' REPORT

TO THE MEMBERS OF THE COMPANY,

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts for the financial year from 1.4.97 to 31.3.98.

Financial Results	12 months ended 31.3.98	15 months ended 31.3.97
	(Rs. in Lacs)	(Rs. in Lacs)
Total Income	3290.33	2346.51
Operating Expenses	2611.83	2172.57
Profit before Interest & Depreciation	678.50	173.94
Less: Interest	1828.22	2171.45
Profit / (Loss) before Depreciation	(1149.72)	(1997.51)
Less : Depreciation	852.64	1037.76
Net Profit / (Loss) for the year carried to Balance Sheet	(2002.36)	(3035.27)

DIVIDENDS :

In view of the loss for the year, your Directors are unable to recommend any dividend to the shareholders.

OPERATIONS :

Your Company successfully completed major repairs for 45 Vessels during the year of which, 19 vessels were of Foreign origin. The total repair business transacted by your Company was Rs. 3201.06 lacs for the said period. The Order Book remains satisfactory and the Company continues to win repeat orders from profitable sectors like Dredgers, OSVs, Navy, Coastguard, Cargo and passenger vessels, Port craft, Trawlers etc. despite strong Global competition which reassures the Company's commitment to World wide Quality Standards. We thank the Ship Owners specially Reliance Industries, Dempo Shipping, Chowgule Steamships, Great Eastern Shipping, SCI, SPIC, V. M. Salgaocars, MPT, ONGC, Peerless Shipping and Arcadia Shipping among others, for the valuable trust and confidence reposed in the yard. The Operations would have further improved if the Graving dock facility at Mormugao, Goa was not suspended for various reasons.

FINANCE :

The Company had put up a creditable performance during the year despite working capital constraints. The Company's proposal to the Consortium led by ICICI for rescheduling / restructuring its debt is considered to be favourable for the long term interest of the yard and the same is under consideration by the Consortium.

FUTURE OUTLOOK :

The tight liquidity conditions prevailed during the year and continued to have a significant impact on the Shiprepair Industry as well. However, interest rates have been eased and the liberalised climate for Industrial investment will benefit and help the prospects of Shiprepair Industry in India.

Western India Shipyards Ltd. due to its strong market position, has emerged as India's leading Shiprepair yard, with its international customer base, diversified competence in repair of ocean going vessels and skilled manpower reserves which compares favourably in an International context:

WESTERN INDIA SHIPYARD LIMITED

DREDGING DIVISION :

Your Company's Dredging Division has yielded good results with the Company's dredger earning Rs. 68.17 lacs. Active negotiations continue for securing additional business orders during the year. The prospects of the Dredging Division of your Company continue to be bright. The Dredging Division has bagged substantial Dredging Contracts from MPT, which will be taken up after monsoon.

RESTRUCTURING OPERATIONS :

Your Company has formulated strategic policy guidelines and systems to derive the benefits of higher operating capacities. The areas addressed are Organisational restructuring, Shiprepair Management Systems including planning and coordination, vendor development, costing systems, cost control measures and quality assurance for attaining the ISO 9002 standards. Your Management continues to lay emphasis on providing total support to Ship Owners through our dedicated and quality standards.

DIRECTORS :

Mr. P. B. Gadgil and Mr. G. S. Israni, are retiring by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO :

The information under Sec. 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure - I forming part of this Report.

FIXED DEPOSITS :

Your Company has not accepted any deposits from the Public under Sec. 58A of the Companies Act, 1956 during the year.

PERSONNEL :

Information in accordance with Sec. 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 1998 is given in the Annexure II forming part of the report.

INDUSTRIAL RELATIONS :

Industrial relations continued to be cordial and harmonious throughout the period.

AUDITORS :

M/s. V. V. Kale & Co; Chartered Accountants and Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received the letter from them that their appointment if made would be within the prescribed limits u/s 224 (1-B) of the Companies Act, 1956. The Board recommends their appointment.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

WESTERN INDIA SHIPYARD LIMITED

PROJECTIONS V/S PERFORMANCE :

As required under clause 43 of the Listing Agreement with the Stock Exchanges, the projections of profitability as per the Prospectus dated 12-7-95 and actual performance as on 31-3-98 are given below :

The turnover for the year 1997-98 was Rs. 3290.33 lakhs as against the projected turnover of Rs.6626 lakhs. There is also a net loss of Rs.2002.36 lakhs against the projected net profit of Rs. 2627 lakhs. The lower income for the year was due to the non-commissioning of the graving dock as well as the working capital constraints for securing higher shiprepair business. The loss for the year was due to low turn-over, higher interest and depreciation charges. In view of the same no dividend is recommended.

Your Company also decided not to make further investment in the Shipbreaking yard at Paradip, Orissa in accordance with the decision taken by the shareholders at the Annual General Meeting held on 17-12-97 for reasons of delays on the part of the State Government leading to non-viability as per present cost estimates.

ACKNOWLEDGEMENT :

Your Directors place on record their appreciation for the confidence and co-operation extended to the Company by the Government of India, State Government, Financial Institutions, Banks, Ship Owners and Suppliers and Investors of the Company. Your Directors also expresses their gratitude to Mormugao Port Trust for the valuable support and goodwill extended to the Company.

Your Directors also record their appreciation for the devoted services rendered by the employees of the Company.



For and on behalf of the Board of Directors

Place : Mormugao, Goa.
Date : 30th June, 1998

P. B. Gadgil
Chairman

WESTERN INDIA SHIPYARD LIMITED

ANNEXURE-I TO THE DIRECTORS' REPORT**A. CONSERVATION OF ENERGY**1) Energy Conservation measures taken.

Energy Conservation is an important facet of industrial process and requires measures conforming to International standards. The Company has therefore procured all its equipment and machinery after evaluation studies and field inspection. The Floating Dry dock has a unique ventilation system that reduces the cost of costly central air-conditioning systems. Energy awareness programmes have also helped in meeting the objectives in this regard.

2) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy.

The Company proposes to use its capacitor banks more extensively for measurement and control of its power factor.

3) Impact of the measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods.

Various forms of energy used in Shiprepair Industry are important for the production process and being an expensive part of production consumables, the Company's selection of equipment and conservation measures adopted, have yielded positive results.

B. TECHNOLOGY ABSORPTION

Research and Development :

1) Specific areas in which R & D carried out by the Company.

The Company's shiprepair activities require specific R & D activities in Production process to reduce the man-hour consumption, material wastage, optimisation of utility services and Industrial Safety. Introduction of MIS and software applications in areas from tender evaluation and planning till final billing on completion of the job, have helped increase the Man/machine capability.

The Company's R & D activities especially in the area of EDP and automation are being fine tuned to meet the Global challenges. However, adoption and absorption of technology for wet and dry dock repairs as well as in other areas of applied engineering will be the primary focus of Shiprepair Technology. The Company on its own accord has been able to carry out extensive R & D effort and has been able to devise number of equipments, adaptations, conversions and additions to original equipments to deal and handle various specialised jobs coming to the yard from time to time.

2) Benefits derived as a result of R & D :

The Shiprepair yard at Mormugao is considered as one of the most compact, safe, quality oriented, cost efficient, and operationally efficient yards with International standards.