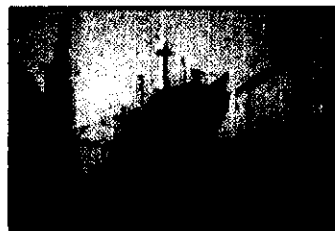


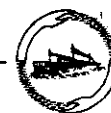
# 20th Annual Report 1999 - 2000



## Western India Shipyard Limited

India's Largest Composite Shiprepair Facility in Private Sector



**WESTERN INDIA SHIPYARD LIMITED**

<b>Board of Directors :</b>	Mr. P. B. Gadgil	-- Chairman
	Mr. G. S. Israni	-- Director
	Mr. V. M. Ketkar	-- (ICICI Nominee)
	Mr. K. M. Jayarao	-- (ICICI Nominee)
	Mr. J. K. Ghosh	-- (IIBI Nominee)
	Mr. R. S. Kantak	-- (IDBI Nominee)
	Cdr. S. Shekhar Singh (I.N.Retd.)	-- Managing Director

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

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

**Internal Auditors :** M/s. S. B. Billimoria & Co.

**Bankers**

: Bank of India  
 State Bank of India  
 UTI Bank Ltd.  
 Janata Sahakari Bank Ltd.  
 Syndicate Bank  
 The United Western Bank Ltd.  
 ICICI Banking Corporation Ltd.  
 Bank of Maharashtra

**Registered Office**

**& Shiprepair Yard :** P. B. No. 21,  
 Mormugao Harbour,  
 Mormugao, Goa - 403 803

**WESTERN INDIA SHIPYARD LIMITED****DIRECTORS' REPORT****TO THE MEMBERS OF THE COMPANY,**

Your Directors have pleasure in presenting the Seventh Annual Report together with the Audited Accounts for the financial year from 1.4.98 to 31.3.99.

<b><u>Financial Results</u></b>	<b>Year ended 31.3.99 Rs. (in Lacs)</b>	<b>Year ended 31.3.98 Rs. (in Lacs)</b>
Gross Sales / Turnover	<b>4087.14</b>	3290.33
Net Sales / Turnover	<b>3749.47</b>	2746.26
Operating Expenses	<b>2813.58</b>	2067.56
Profit / (Loss) before Int. & Depn. & Prior period adjustments	<b>935.89</b>	678.70
Less : Interest	<b>1846.98</b>	1828.22
Profit / (Loss) before Depn. & Prior period adjustments	<b>(911.09)</b>	(1149.52)
Less: Depreciation & Tax	<b>891.77</b>	852.84
Net Profit / (Loss) for the year before prior period adjustments	<b>(1802.86)</b>	(2002.36)
Prior period and extra ordinary adjustments	<b>152.23</b>	42.13
Net Profit / (Loss) for the year	<b>(1650.63)</b>	(1960.23)

**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 of which, 9 were of Foreign origin, upto 30.6.99. The total repair business transacted by your Company was higher by 24.22% at Rs. 4087.14 lacs for the year. The Order Book of the Company is satisfactory upto Sept. 1999 with repeat orders continuing from our esteemed clients specially Reliance Industries, Great Eastern Shipping, SCI, DCI, Dempo Shipping, V. M. Salgaocar & Co., Chowgule Steamships, Port Trust, Indian Navy, Coast Guard and others which confirm the quality standards of the yard. We thank our patrons for the continued trust and goodwill reposed in the yard.

The Company's graving dock construction at Mormugao, Goa remained suspended during the year due to disputes with the Civil contractor. Hence, there is no earning from the graving dock.

**FINANCE :**

The Company's performance was good despite working capital constraints and it could meet a part of its dues to the Consortium of Financial Institutions and Banks, amounting to Rs. 584.26 lacs upto 30.6.99. The Company has entrusted M/s. S.B. Billimoria & Co., Chartered Accountants, with the job of preparing a restructuring proposal to be presented to the Consortium led by ICICI.

**WESTERN INDIA SHIPYARD LIMITED****FUTURE OUTLOOK:**

The tight liquidity conditions and high interest rates in the domestic capital market, prevailing during the year had a pronounced adverse effect on the Shiprepair Industry as well. The Company requires suitable reliefs from Mormugao Port Trust such as lower lease rental, lower bank guarantee requirements, longer extension of pay-back period, suspension of escalation in lease rental, etc. These reliefs will help increase the flow of working capital and will also enable your Company to be more competitive vis-a-vis foreign yards in terms of cost effectiveness, quality and technology upgradation.

Your Company continues to retain its strong market position as a leading Shiprepair yard of India, with an International Customer base and skilled manpower resources.

**ISO 9002:**

Your Company received the prestigious ISO 9002 quality Certificate in Jan. 1999 for a period of 3 years. The manual of procedures are designed to improve transparency in all areas of shiprepair, especially operating performance and process improvement, quality assurance and Information Technology. This certification will help your Company to secure higher International business in the long term.

**DREDGING DIVISION:**

The Dredging division could not complete the contracts with MOPT due to the suspension of contract by the port and for which the Company has made a representation in the matter. Your Company is also in evaluation of its options for securing contract from other parties for optimum utilisation of its dredge.

**RESTRUCTURING OPERATIONS:**

Your Company has reorganised its Shipyard Management systems including vendor evaluation and development, cost control and quality assurance. Senior and experienced managerial personnel have joined the yard and their contribution is expected to stabilise and benefit the operational efficiency, marketing and collections.

**DIRECTORS:**

Mr. P. B. Gadgil and Mr. G. S. Israni, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting. Being eligible, they wish to offer themselves for re-appointment at the Annual General Meeting of the Company. During the year, Mr. L. T. Costley-White and Mr. A. S. Wardekar relinquished office as Directors. The Board have recorded their appreciation of the contribution made by them during their tenure as Directors.

**WESTERN INDIA SHIPYARD LIMITED****AUDITORS AND AUDITORS' REPORT :**

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 a letter from the auditors that their appointment if made, would be within the prescribed limits u/s. 224 (1-B) of the Companies Act, 1956.

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

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

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure - 1, to this Report.

**INDUSTRIAL RELATIONS :**

Industrial relations remained cordial and harmonious throughout the year.

**PERSONNEL :**

Your Company has achieved substantial progress in Shiprepair business due to the sincere efforts by the employees at all levels. The Company continues to induct technically skilled personnel which contributed to improved performance of the yard.

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 period ended 31.3.1999, is annexed.

**ACKNOWLEDGEMENT :**

Your Directors place on record their appreciation of the goodwill and support received from Mormugao Port Trust, Central and State Government Departments, ICICI, IDBI and IIBI, Bankers, Suppliers and Investors of the Company.

For and on behalf of the Board of Directors

Place : Mormugao, Goa  
Date : 28th July, 1999

P. B. Gadgil  
Chairman

**WESTERN INDIA SHIPYARD LIMITED****ANNEXURE-1 TO THE DIRECTORS' REPORT****A. CONSERVATION OF ENERGY****i) Energy Conservation measures taken.**

The Company continues to place reliance on procurement of equipment and machineries keeping in mind that energy conservation is an important facet of Industrial process with requirements conforming to International standards and the Floating Dry-dock "Westerner" is a unique example of a 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.

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

The Company proposes to make capacitor banks more prominent for measurement and control of electronic power factor.

**iii) 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 new 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 Y2K Compliance and global challenges. However, adoption and absorption of technology for wet and dry dock repairs as well as in other areas of applied engineering continues to be the main focus of Shiprepair Technology. The Company on its own accord has carried out extensive R & D effort and devised a number of equipment, adaptations, conversions and additions to original equipments, to execute various specialised jobs in the yard from time to time.

**WESTERN INDIA SHIPYARD LIMITED****2) Benefits derived as a result of R & D :**

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

**3) Future Plan of action:**

The Company's collaboration agreement with Navelink S. A. subsidiary of Lisnave of Portugal envisages a constant upgradation of Shiprepair technology, shopfloor controls and data base. The areas of material testing, instrumentation and calibration as well as environment protection are other immediate plans of the Company.

**4) Expenditure on R&D:**

The Company's use of a fully integrated computerised system covering areas of production and Manpower planning, co-ordination, inventory control, commercial costing, CAD/CAM etc., using a customised software, were a strategic part of its capital expenditure. The recurring costs of manpower, maintenance and replacement of components will be a regular expenditure. Besides, a sum of Rs. 15 lacs has been earmarked to meet the cost of Y2K compliance, including R & D efforts.

**5) Efforts in brief made towards Technology absorption, adoption and innovation.**

The Company has developed in-house its own systems and procedures which are improvements over its Collaborators i.e. Navelink S. A., a subsidiary of Lisnave of Portugal. These processes have been found satisfactory.

**Imported Technology**

The technology transfer for shiprepair processes and activities have been provided by Navelink S.A., a subsidiary of Lisnave of Portugal. These were further upgraded and refined to meet the present needs of the Industry. This highly sophisticated and automated yard has been built on the Gravity Centre Concept and is among the few yards of its kind in the world.

**WESTERN INDIA SHIPYARD LIMITED****C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

During the year ending 31.03.1999, the Company bagged repair orders of 9 foreign ships with income in foreign exchange of USD 11,25,621/- received against total billing of USD 16,04,233/-. The Company incurred expenditure in foreign exchange equivalent to Rs. 127.77 lacs for import of raw material, components, consumables and spares, expenses on foreign travel for securing Shiprepair Business, etc., the details of which are placed in the Notes annexed to the audited accounts.

**D. STATUS ON Y2K PREPAREDNESS:**

The Company's hardware and accounting software is Y2K compliant. Remedial measures are taken to procure Y2K software in other areas such as inventory, SFC, share accounting, etc. at an estimated outlay of about Rs.15 lacs. This is expected to be ready by Nov. 1999. Contingency plans are also drawn up, to ensure no disruption or impact on the operations of the Company due to Y2K problem.

For and on behalf of the Board of Directors

Place : Mormugao, Goa

Date : 28th July, 1999

**P. B. GADGIL**

Chairman

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**WESTERN INDIA SHIPYARD LIMITED**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March, 1999.

Sl. No.	Name	Age	Designation	Remuneration (Rs.)	Qualification	Exp.	Empl. Dt.	Last Empl.
1	Cdr. S. Shekhar Singh	50	Managing Director	10,98,116/-	B.Sc., (Hons.) M.Sc., Special Naval Degrees in Gunnery, Missiles NBCD & Management	25	16.7.93	Cdr. Indian Navy (Retd.)

**Notes:**

1. The Gross remuneration consists of Salary, HRA and cash value of perquisites. The employees are also entitled to leave encashment, provident fund, medical expenses, etc., in accordance with the Company's Rules. The remuneration of the Managing Director has been approved by the Members at their Meeting held on 17.12.97.
2. Nature of employment is Contractual.
3. Information regarding age, experience and last employment is based on particulars furnished by the employee.