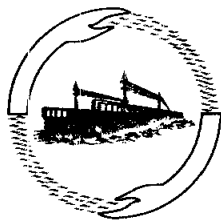
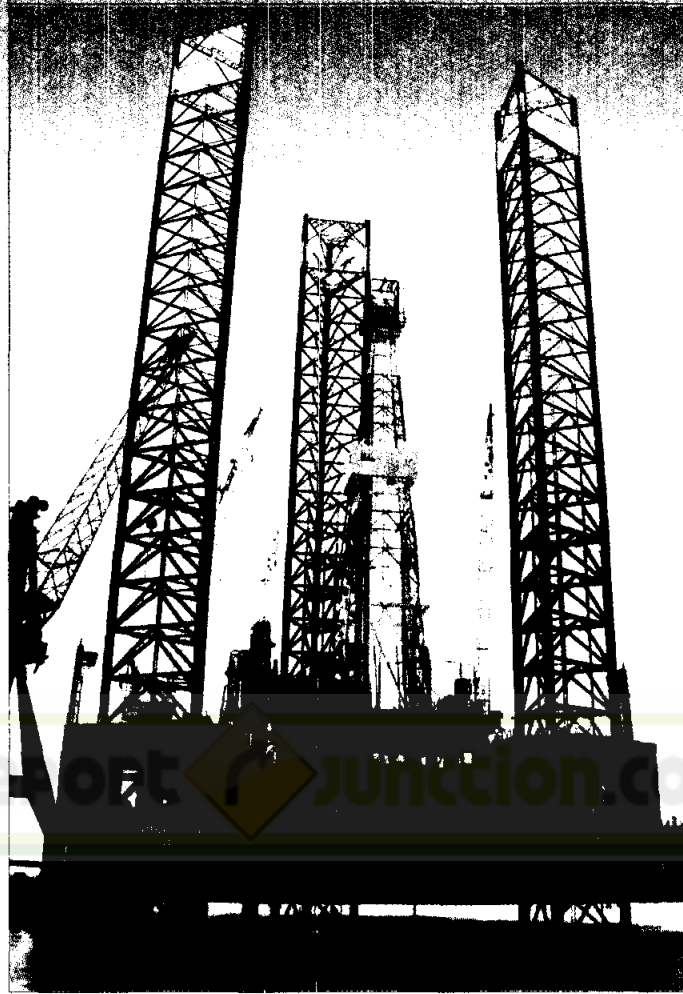


# 9th Annual Report

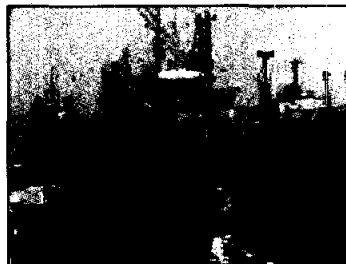
## 2000-2001



AN ISO 9002 COMPANY

**WESTERN INDIA SHIPYARD LIMITED**

India's Largest Composite Shiprepair Facility in Private Sector



## **WESTERN INDIA SHIPYARD LIMITED**

Regd. Office: P. B. No. 21, MORMUGAO HARBOUR, MORMUGAO, GOA 403 803

### **NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the Members of **Western India Shipyards Limited** will be held on Wednesday the 29th day of August, 2001 at 10.30 a.m. 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, 2001 together with the Profit & Loss Account for the year and the Reports of the Directors and 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 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.

### **SPECIAL BUSINESS :**

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

**"RESOLVED THAT** in terms of Sec. 81, 81(1A) and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of the Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges, where the shares of the Company is listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and / or duly authorised Committee thereof for the time being exercising the powers conferred by the Board of Directors (hereinafter referred to as "The Board") the consent of the Company be and is hereby accorded to the Board to offer /issue/allot equity shares of the face value of Rs. 10/- each (Rupees ten only) and Zero Coupon Optionally Fully Convertible Debentures of the face value of Rs. 10/- each (Rupees Ten only) upto a sum

not exceeding Rs. 75,00,00,000/-, through private preferential placement to be subscribed by the Financial Institutions, Banks, Foreign Financial Investors, Non-Resident Indians, Overseas Bodies Corporate (OCBs), Foreign Institutional Investors (FIIs), Foreign Financial Institutions (FFIs) and Domestic Companies in such number, at such price and for such consideration, in conversion of loans and interests thereon, in one or more tranches, in one or more modes or combinations thereof and on such terms and conditions as to face value, OFCD redemption period and matters incidental thereto as the Board may in its absolute discretion decide.

**RESOLVED** further that such equity shares and OFCDs issued on preferential basis as or not subscribed, may be disposed off by the Board to such person(s) and in such manner and on such terms as a Board in its absolute discretion thinks most beneficial to the Company.

**RESOLVED** further that for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and thinks as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the offer, issue, allotment and utilization of the proceeds and to finalize and execute all documents and writings as may be necessary, proper, desirable or expedient or as it may deem fit."

5. To consider and if thought fit to pass the following resolution, with or without modification, as a **Special Resolution**.

**"RESOLVED THAT** pursuant to the provision of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), and in accordance in the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines prescribed or modified by the Securities and Exchange Board of India (SEBI) or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions and subject to such conditions as may be prescribed by any authority while granting such approvals, consents permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as "The Board", which term shall be deemed to include the Compensation Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) is hereby authorised to accept, the Board be and is hereby authorised to create, issue, offer and grant options at any time, to such permanent employees and the Directors (including Managing/Whole-time Directors) of the Company as may be decided by the Board upto a limit of 37,50,000 options in the aggregate or 5% of the present authorized equity share capital of Rs. 75 crore as on 31.3.2001 under any Employee Stock Option Scheme (ESOS) each such option being convertible into one (1) equity share and to create, issue, offer or allot, to or for the benefit of such employees and the Directors of the Company at any time against the exercise of options,

equity shares of the Company, at such price, in such manner, during such period, in one or more tranches and on such terms and conditions as the Board may decide prior to the issue and offer thereof, for, or which upon exercise of conversion could give rise to the issue of the said equity shares.

**RESOLVED FURTHER** that subject to the terms and conditions stated herein, the equity shares allotted pursuant to this resolution shall in all respects rank pari-passu inter-se as also with the than existing equity shares of the Company.

**RESOLVED FURTHER** that for the purpose of giving effect to any creation, issue, offer or allotment of equity shares or securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to such creation, issue, offer or allotment (including to amend or modify any of the terms of such issue or allotment) without being required to seek any further consent or approval of the members, as it may, in its absolute discretion deem fit and the members shall be and are hereby deemed to have given their approval thereto expressly by authority of this resolution.

**RESOLVED FURTHER** that the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any one or more Directors and/or Officers of the Company."

Place : Mormugao, Goa.

By Order of the Board of Directors

Date : 25th June, 2001

J. C. F. Sequeira

General Manager (Co. Affairs) & Company Secretary

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF, AND PROXY NEED NOT BE A MEMBER.**
2. Proxy form and attendance slip is enclosed. Proxies, in order to be valid must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.

3. The Register of Members and Share Transfer Books will remain closed from 10.8.2001 to 29.8.2001 (both days inclusive).
4. Members attending the meeting are requested to bring their copy of the Annual Report. Members who hold shares in dematerialised form are requested to bring the client ID and DP ID Nos. for easy identification of attendance at the meeting.
5. The relative Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in regards to the special business set out in the agenda is annexed hereto.
6. All documents including the Letter dated 9.5.2001 received from ICICI Limited specifying the measures granted to the Company under the rehabilitation package and other material correspondence may also be inspected at the Registered Office of the Company on all working days, during working hours, upto the date of the Annual General Meeting.

#### **EXPLANATORY STATEMENT**

The Explanatory Statement u/s. 173(2) of the Companies Act, 1956 for item Nos. 4 & 5 of the accompanying Notice is as under :

##### **Item No. 4 :**

The Company is one of the largest private sector Shiprepair Companies. The Company has submitted a Restructuring Proposal to the Consortium of Financial Institutions and Banks for business and financial restructuring with a view to achieve higher sales turnover and reduce its accumulated losses. A rehabilitation package has been prepared by ICICI Limited, as lead Institution and the same is under the consideration of the Consortium of lenders, including the Debenture Trustees. The measures inter-alia include the exercise of option of conversion of long term loans and interest into equity capital / Zero Coupon Optionally Fully Convertible Debentures, interest rebates, lower interest rates, strategic investment in Graving Dock, etc. The measures also provides for write down of equity share capital at a suitable time after completing the necessary formalities, including the necessary order of the High Court.

Section 81 of the Companies Act, 1956 provides that when a Company proposes to increase its subscribed share capital by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Sec. 81. The section further provides that further shares may be offered to any other person(s) in any manner whatsoever, if a special resolution to that effect is passed by the Company in General Meeting.

The Listing Agreement with the Stock Exchanges provide, inter-alia that a listed Company in the first instance should offer all shares and securities to be issued for subscription pro-rata to the existing shareholders unless the shareholders in a General Meeting decide otherwise.

The consent of the shareholder is therefore sought to enable the Company to issue further share capital in the manner set out at item No. 4 of the Notice pursuant to Sec. 79A, 81, 81(1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements with the various Stock Exchanges where the Company's securities are listed.

It may be noted that the authorized equity share capital of the Company was Rs. 75,00,00,000/- divided into 7,50,00,000 equity shares of the face value of Rs. 10/- each. The paid-up equity share capital is Rs. 68.05 crore. The authorized share capital of the Company was increased to Rs. 150,00,00,000/- (Rupees One hundred and fifty crore only) divided into 15,00,00,000 (Fifteen crore) equity shares of Rs. 10/- (Rupees Ten) each, pursuant to the special resolution passed in the Extraordinary General meeting of the members of the Company on 31.3.2001. The said resolution is an enabling resolution conferring discretionary authority on the Board to give effect to the same on any date as may be considered necessary by the Board if the Company makes a fresh issue for raising funds for the diversification/expansion of its activities. In view of the rehabilitation package under consideration of the Consortium of lenders, it is necessary to pass an enabling resolution for preferential issue of Equity Shares/Optionally Fully Convertible Debentures, to cover all contingencies and corporate requirements. The borrowing limits approved under a special resolution passed at an Extra-Ordinary General Meeting of the members of the Company, is Rs. 300 crore above the aggregate of the paid-up equity share capital and free reserves of the Company. The proposed restructuring is not likely to exceed this limit.

Your Directors recommend the resolution for approval of the members.

None of the Directors of the Company are in any way, concerned or interested in the resolution.

#### **Item No. 5 :**

In the present competitive environment in the Country and in the long-term interest of the Company and its shareholders, it is necessary that the Company adopt measures for attracting and retaining qualified, talented and competent personnel. Employee Stock Option Scheme is therefore designed to foster a sense of ownership and belonging amongst personnel. It is also necessary to keep them continuously motivated to create value for shareholders. Towards this end, it is proposed to introduce an Employee Stock Option Scheme (ESOS) for the permanent employees of the Company and their Directors, (including Managing Director/Whole-time Directors), both present and future in accordance with the provisions of the prevailing Law.



The Board of Directors at their meeting held on 25/6/2001 appointed a Compensation Committee to decide the detailed terms and conditions of the Employee Stock Option Scheme. The salient features of the Stock Option Scheme are as under :

**1. Quantum of option :**

The maximum No. of options to be granted under the Employee Stock Option Scheme pursuant to the resolution at item No. 5 for the Directors and employees of the Company shall not exceed 5% of the authorized equity share capital of the Company i.e. 37,50,000 shares. No employee or Director of the Company shall be granted options enabling him to acquire equity shares equal to or exceeding one (1) percent of the issued capital of the Company at the time of granting of option.

**2. Classes of Employees and entitlement :**

Persons as are in permanent employment in the covenanted cadre of the Company including Directors, as may be decided by the Compensation Committee, constituted by the Board.

**3. Vesting of Options :**

The option granted under Employees Stock Option Scheme shall vest in the eligible employee as may be provided in the scheme but there shall be a minimum period of one (1) year between the grant of the option and the vesting of the options. The period of vesting may extend upto four (4) years from the date of grant. The vesting may occur in tranches subject to the terms and conditions of vesting as may be stipulated by the Compensation Committee, which may include satisfactory performance of the employee.

**4. Pricing formula :**

The equity shares will be issued to the eligible employees and Directors at a price (exercise price) determined by the Compensation Committee. Such exercise price shall not be less than the weekly average of the high and low market price quoted on the Mumbai Stock Exchange during the period of twelve (12) months ending on the date of 'exercise'.

**5. Exercise period and the process of exercise :**

The options shall be exercised in one or more tranches within a period of one (1) year from the date of vesting and may extend upto four (4) years from the date of vesting. If the concerned

Employee/Director does not exercise the option within the said period, the options shall lapse ipso-facto.

The share option should be exercised by submitting the requisite application form/exercise notice/acceptance letter to the Company or in such other manner as a Company may prescribe, subject to condition for payment of the exercise price in the manner prescribed by the Board/Compensation Committee.

#### **6. Appraisal process :**

The Board/Compensation Committee shall decide the appraisal process to be followed in respect of grant of options and criteria inter-alia of the employee's grade, years of service in the Company, performance, value creation and leadership and such other criteria as may be decided by the Compensation Committee.

#### **7. Allotment of shares :**

The allotment of equity shares on exercise of options by the eligible employee's on satisfying the conditions of the Employees Stock Option Scheme (ESOS) shall be made within ninety (90) days of the exercise of option. The dates of allotment will be decided by the Compensation Committee.

#### **8. Lock-in period of shares :**

The lock-in period of the shares on allotment of the shares under the Employees Stock Option Scheme shall be one (1) year from the date of allotment.

#### **9. Accounting Policy :**

The Company shall comply with the accounting policies specified in Schedule I of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 or any other guidelines as may be prescribed under the law in respect of the accounting for such options.

#### **10. Adjustments in price/number of options :**

A fair and reasonable adjustment shall be made to the number of options and to the exercise price in case of any rights/bonus issue of shares of the Company which may be made by the



Company during the period commencing from the date of grant of the option till allotment of shares.

The Compensation Committee will formulate the detailed terms and conditions of the said Employees Stock Option Scheme as well as monitor the administration thereof.

Approval of the shareholders is being sought to the said Employees Stock Option Scheme as above. Since the shares to be offered, the persons other than the existing shareholders of the Company require approval of the shareholders under the provision of Section 81, 81(1A) and other applicable provisions of the Companies Act, 1956. The approval of the shareholders is being sought by way of special resolution.

The Directors recommend the resolution for approval of the shareholders.

The Directors of the Company, including the Managing Director of the Company and other whole time Directors who may be appointed from time to time, will be eligible to avail the benefits under the said ESOS and as such they may be deemed to be concerned or interested in the said resolution to the extent of grant of options to them.

Place : Mormugao, Goa.

By Order of the Board of Directors

Date : 25th June, 2001

J. C. F. Sequeira

General Manager (Co. Affairs) & Company Secretary



## WESTERN INDIA SHIPYARD LIMITED



<b>Board of Directors</b>	:	Mr. P. B. Gadgil	--	Chairman
		Mr. M. J. A. Alvares	--	(Nominee ICICI Ltd., Trustees of the Debenture holders)
		Mr. Atul Joshi	--	(Nominee of ICICI)
		Mr. K.N. Dupare	--	(Nominee of IDBI)
		Mr. S. K. Maheshka	--	(Nominee of ICICI)
		Cdr. S. Shekhar Singh (I.N. Retd.)	--	Managing Director
<b>Company Secretary</b>	:	Mr. J. C. F. Sequeira		
<b>Statutory Auditors</b>	:	M/s. V. V. Kale & Co. Chartered Accountants		
<b>Internal Auditors</b>	:	M/s. S. B. Billimoria & Co Chartered Accountants		
<b>Bankers</b>	:	Bank of India		
		State Bank of India		
		UTI Bank Limited		
		Janata Sahakari Bank Limited		
		United Western Bank Limited		
		Syndicate Bank		
<b>Registrars for Demat</b>	:	Intime Spectrum Registry Pvt. Ltd., 260/A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (W), Mumbai - 400 080.		
	:	P. B. No. 21, Mormugao Harbour, Mormugao, Goa 403 803.		
<b>Registered Office, Share Department &amp; Shiprepair Yard</b>	:	P. B. No. 21, Mormugao Harbour, Mormugao, Goa 403 803.		