

SCS M. V. RAJIV GANDHI  
ON DRY DOCK AT WISL

# WESTERN INDIA SHIPYARD LIMITED

AN ISO 9001 : 2000



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10th Annual Report  
2001-2002



**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 15.06.2002 to 22.06.2002 (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.

**EXPLANATORY STATEMENT**

The Explanatory Statement u/s. 173(2) of the Companies Act, 1956 for item No. 4 of the accompanying Notice is as under :

**Item No. 4:**

The Board of Directors at their meeting held on 27th April, 2002 recommended the reduction of issued and paid -up equity share capital of the Company on the lines sanctioned by the rehabilitation packages of the ICICI & IDBI.

The authorised share capital of the Company is Rs. 75 crore. The issued and paid-up share capital is Rs. 68.05 crore divided into 68058500 equity shares of Rs. 10/- fully paid-up. The same is proposed to be reduced to 13611700 equity shares of Rs. 10/- each fully paid-up by the exchange of 1 new certificate for every 5 existing certificates held.

The same will also bring the paid-up capital in parity with the market value of the shares.

The resolution is an enabling resolution and subject to consents of the co-lenders of the Company, if necessary and approval by the Court.

The Directors recommend the resolution for the approval of the shareholders. None of the Directors are interested or in any way concerned in the said resolution.

The material documents may be inspected by the shareholders of the Company at the Registered Office and shiprepair yard at P.B. No. 21, Mormugao Harbour, Mormugao, Goa 403 803 on any working day during office hours between 8.30 a.m. to 1.30 p.m. up to the date of the Annual General Meeting.

By Order of the Board of Directors

Place : Mormugao, Goa.

J. C. F. Sequeira

Date : 27th April, 2002

General Manager (Company Affairs) & Company Secretary

## WESTERN INDIA SHIPYARD LIMITED

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

### NOTICE

Notice is hereby given that the TENTH Annual General Meeting of the Members of **Western India Shipyard Limited** will be held on Wednesday, the 31st day of July, 2002 at 11.00 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, 2002 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 approve with or without modification the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to section 100 and other applicable provisions, if any of the Companies Act, 1956, Article 75 of the Articles of Association of the Company and subject to the consent from the co-lenders if necessary and confirmation by the Hon'ble High Court of Mumbai at Goa, the issued and paid-up share capital of Rs. 68,05,85,000/- consisting of 68058500 equity shares of the face value of Rs. 10/- each fully paid be reduced to Rs. 13,61,17,000/- consisting of 13611700 equity shares of Rs. 10/- each fully paid-up so as to bring the paid-up capital in parity with the market value of the shares.

**RESOLVED FURTHER** that the reduction be effected by the exchange of new share certificates of Rs. 10/- each fully paid-up in exchange for the existing certificates in the proportion 1:5.

**RESOLVED FURTHER** that the capital clause of the Memorandum and Articles of Association of the Company be accordingly altered after the said reduction becomes effective and operative on such date as may be determined by the Board.

**FURTHER RESOLVED** that the Managing Director Cdr. S. Shekhar Singh and the Company Secretary Mr. J. C. F. Sequeira be and are hereby jointly and severally authorised to sign the necessary applications, deeds, petitions, affidavits, forms, agreements, documents and any other document as may be necessary from time to time for the said purpose and to do all such acts and things as may be deemed necessary in this connection."

By Order of the Board of Directors

Place : Mormugao, Goa.

J. C. F. Sequeira

Date : 27th April, 2002

General Manager (Company Affairs) & Company Secretary

**WESTERN INDIA SHIPYARD LIMITED**

Board of Directors : Mr. P. B. Gadgil -- Chairman  
 Mr. S. K. Maheshka -- (Nominee of ICICI)  
 Mr. K.N. Dupare -- (Nominee of IDBI)  
 Mr. S. V. Nilakantan -- (Nominee of ICICI)  
 Mr. M. J. A. Alvares -- (Nominee of Western India Trustee & Executor Co. Ltd.)  
 Cdr. S. Shekhar Singh (I.N. Retd) -- Managing Director

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

Statutory Auditors : M/s. V. V. Kale & Co.,  
 Chartered Accountants

Internal Auditors : M/s. M. P. Chitale & Co.,  
 Chartered Accountants

Financial Institutions & Bankers : Industrial Development Bank of India  
 Industrial Investment Bank of India Limited  
 ICICI Bank Limited  
 State Bank of India  
 Bank of India  
 UTI Bank Limited  
 Janata Sahakari Bank Limited  
 Syndicate Bank Limited

Registrars for Demat : Intime Spectrum Registry Pvt. Limited,  
 260/A, Shanti Industrial Estate,  
 Sarojini Naidu Road,  
 Mulund (W), Mumbai - 400 080

Registered Office, Share Department & 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 Tenth Annual Report of the Company together with the Audited Accounts for the financial year from 1.4. 2001 to 31.3.2002.

Financial Results	Ended 31.3.2002 (Rs. in Lacs)	Ended 31.3.2001 (Rs. in Lacs)
Total Income	5889.42	4846.17
Operating Expenses	3532.76	3330.93
Profit / (Loss) before Interest & Depreciation	2356.66	1515.24
Less: Interest	1584.23	1821.87
Profit / (Loss) before Depreciation	772.43	(306.63)
Less : Depreciation & Tax	900.71	899.91
Net Profit / (Loss) for the year	(128.28)	(1206.54)
Prior period and extraordinary adjustments	(100.54)	(1001.78)
Net Profit/ (Loss) for the year	(228.82)	(2208.32)

#### DIVIDENDS :

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

#### OPERATIONS :

Your Directors are pleased to report a vast improvement in operations during the financial year ended 31.3.2002 in which your Company recorded the highest ever net sales turnover at Rs. 58.89 crore. This represents an increase of over 22% over the sales of the previous year. You will be pleased to know that your Company repaired 38 vessels during 2001-02 (36 in dry-dock and 2 for exclusive wet repairs) as against 48 in the previous year and these were mainly larger and older vessels. Two of these vessels are of foreign flag.

This improvement was on account of the steps taken by your Management to aggressively market the facilities of the yard and the concentration on the major clients namely, ONGC, SCI and DCI who comprise the greater portion of the Indian Shipping fleet. The Indian merchant shipping fleet forms about 30% of the International shipping fleet and your Company has prepared aggressive marketing strategies for this sector.

**WESTERN INDIA SHIPYARD LIMITED**

Your Company thanks all its esteemed clients for the continued patronage and support especially SCI, Coast Guard, Reliance Industries, Salgaoncar, Garware Shipping and others.

The WIP is about Rs. 2000 lacs under execution in the yard and is expected to be completed by July, 2002. The order book is satisfactory with about Rs. 300 lacs and the tenders under finalization amount to Rs. 500 lacs. The business for the next three months is projected at Rs. 1500 lacs.

**RESTRUCTURING:**

Your Directors are pleased to inform that during the financial year ended 31.3.2002, ICICI Limited, Lead Institution and IDBI sanctioned rehabilitation packages to turnaround the Company. These packages are expected to have a favourable impact on the finances of your Company and the Board places on record the assistance rendered by them.

A reduction of 80% of the issued and paid-up equity share capital is also recommended to write off the accumulated losses of the Company. Your Company is trying to amicably resolve the issues with its other lenders.

As regards working capital, your Company continues to operate without adequate resources. However arrangements have been made for some of the major repair jobs, with the banks.

**FUTURE OUTLOOK:**

Your Company, with its composite facilities is eminently suitable in this respect because of its advantageous location at Goa close to the major sea lanes with excellent dry docking arrangements and modern infrastructure facilities. Your Company continues to retain its strong position as a leading ISO 9001:2000 shiprepair yard with skilled manpower resources and an International Customer base. Your Company's quality certification was also taken up by IRS and BVQI and your Directors are confident of growing business opportunities from Indian and foreign shipowners.

As you will be aware, the average age of the Indian fleet is 15 years and Indian yards are able to carry out the necessary repairs for life enhancement. Your Directors are also confident that with the completion of the graving dock facility at Goa, the yard will be able to take up lucrative trawler and barge repairs as envisaged. The Company places on record its sincere appreciation for the support and patronage received from its esteemed clients in the foreign and coastal trade especially SCI, DCI, ONGC, Reliance, Coast Guard and Navy, Salgaoncar, Dempo and Chowgule Shipping, etc. Your Company is fully booked with about Rs. 20 crore of business in the next four months.

**DIRECTORS :**

Mr. P. B. Gadgil, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, he offers himself for re-appointment. The Board recommends the same.

During the year, your Board appointed Western India Trustee & Executor Company Limited (WITECO) as

**WESTERN INDIA SHIPYARD LIMITED**

debenture trustees in place of ICICI Limited. In the circumstances, Mr. M. J. A. Alvares is appointed as nominee Director of WITECO after his resignation as nominee director of ICICI Limited. During the year, Mr. S. V. Nilakantan joined the Board as Nominee Director of ICICI Limited in place of Mr. Atul Joshi. As Nominee Directors, Mr. M. J. A. Alvares and Mr. S. V. Nilakantan are not liable to retire by rotation. Mr. J. K. Ghosh, Nominee Director of Industrial Investment Bank of India Limited, resigned as Director of the Company. The Board places on record the sincere appreciation for the services rendered by Mr. Atul Joshi and Mr. J. K. Ghosh during their tenure as Directors.

**DEBENTURE TRUSTEES:**

During the year, Western India Trustee & Executor Company Limited (WITECO) was appointed as joint trustees for the debenture holders. As ICICI resigned as joint trustees, WITECO is now the sole trustees representing the debenture holders of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In compliance with the provisions of the Sec. 217 (2AA) of the Companies Act, 1956 it is confirmed in respect of the financial year ended 31.3.2002 that :

1. The applicable accounting standards have been followed in the preparation of the annual accounts.
2. Accounting policies have been selected and applied consistently and reasonably and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit & Loss for the year under review.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies (Amendment) Act, 2000 for safe guarding the assets of the Company and for preventing fraud and other irregularities.
4. The annual accounts have been prepared on a going concern concept basis.

**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 (I-B) of the Companies Act, 1956. Being eligible, the Board recommends their re-appointment.

The observations of the auditors read with relevant notes to the accounts and part of this report are self-explanatory and therefore do not call for any further explanations.



**WESTERN INDIA SHIPYARD LIMITED****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Information in accordance with the provisions of Sec. 217 (1) (e) of the Companies Act, 1956 read with the details required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding the above, are given in Annexure-1 forming part of this Report.

**CORPORATE GOVERNANCE :**

Your Company has always taken the lead and is fully committed to good corporate governance practices in line with Clause 49 of the Listing Agreement with the Stock Exchanges and has implemented all the major stipulations prescribed. The certificate of the Company's Statutory Auditors in this regard is annexed hereto.

**INDUSTRIAL RELATIONS :**

During the year under review, Industrial relations continued to be cordial and peaceful.

**PERSONNEL :**

Your Company places on record its sincere appreciation of the efforts by the employees at all levels.

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 31.3.2002, is annexed hereto.

**ACKNOWLEDGEMENT :**

Your Directors place on record their appreciation of the goodwill and support received from Central and State Government departments, Financial Institutions and Bankers, Suppliers and Investors of the Company and also Mormugao Port Trust. Your Directors also place on record their gratitude for the financial support extended by UTI Bank Limited, Mumbai and Janata Sahakari Bank Limited (Pune).

For and on behalf of the Board of Directors

Place : Mormugao, Goa

Date : 27th April, 2002.

P.B. Gadgil

Chairman



**WESTERN INDIA SHIPYARD LIMITED****ANNEXURE - 1 TO THE DIRECTORS' REPORT****A) Conservation of Energy****(a) Energy conservation measures taken :**

- Maintaining correct Power Factor to reduce low power factor charges.
- Conduct of regular awareness programs among employees.
- Generating air pressures only when needed by installation of constant pressure systems on compressors, mainly in blasting and painting facilities.
- Minimised idle running of equipment like pumps, lights and drilling machines.
- Preventive maintenance of compressors to attain maximum efficiency and replacing the old with new ones.
- Using mix of welding generators with rectifiers to improve the quality and the welding.

**(b) Additional investments and proposals, if any being implemented for reduction of consumption of energy:**

- Using environmental friendly green gas generators for gas cutting operations.
- Saving energy by drawing low voltage on the lighting circuit.

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

The measures taken have resulted in savings in the cost of production.

**B) Technology Absorption****Research and Development (R & D) :****1. Specific areas in which R & D carried out by the Company**

- Development of New Processes / Methods/ Procedures in existing systems for shiprepair and material handling jobs.
- Testing and Certification of products both in-house and through accredited Certification Agencies to conform to International Standards/ Certification Authorities.
- Customisation of imported software to meet the in-house requirements of shiprepairs in Indian environment.
- Fabrication of typical tools, jigs and fixtures to improve the existing standard for cost effective and faster results.
- Training of Sub-Contractors to conform to ISO-9001:2000 standards.

**WESTERN INDIA SHIPYARD LIMITED****2. Benefits derived as a result of above R & D**

- Indigenisation / Import substitutions.
- Cost reductions / better utilisation of material and energy.
- System upgradation.
- Improvement of Quality and Service to Customers, including Customer Satisfaction.
- Minimising environment pollution.
- Faster delivery and turn-around time in repair activities.
- Helping to increase market share.

**3. Future Plan of Action**

- Continuation of present work in R & D and constant endeavors to further improve systems and shiprepair methodology.
- Introduction of new products and processes for better results.
- Improving interaction with Research agencies involved with Shiprepair Technology.

**4. Expenditure on R & D**

The use of a fully integrated Software covering areas of production and manpower planning, co-ordination, commercial costing, CAD / CAM, Personnel, Inventory and Accounts Management using a customised Software are strategic part of the Company's capital expenditure. The recurring costs of manpower and spares maintenance will be a regular expenditure. Besides a sum of Rs. 10 lacs has been earmarked towards R & D as well as automation efforts.

**Technology Absorption, Adaptation and Innovation :****1. Efforts in brief made towards Technology Absorption, Adaptation and Innovation :**

- Training of personnel in Institutions/OEM centers of repute for keeping them abreast of the changing technologies and methodology of Shiprepair.
- Participation in national and international conferences, seminars and exhibition.
- Imparting Training to Direct / Indirect / Sub-contractor Staff employed for shiprepairs.
- Technology absorption through interaction with experts.
- Feedback Analysis from customers.

**2. Benefits derived as a result of the above efforts**

eg. Product improvements, cost reduction, product development, import substitution, etc.

- Improvement in existing systems, Quality Assurance and Safety and Customer Satisfaction.
- Cost reduction in production.
- Reduced dependence on Collaborators.
- Saving of foreign exchange.