

11th Annual Report 2002 - 2003



AN ISO 9001:2000 & BVQI COMPANY

WESTERN INDIA SHIPYARD LIMITED

India's Largest Composite Shiprepair Facility in Private Sector



**RIG ABAN III (ILED AMSTERDAM)
ON REPAIR AT WISL**

WESTERN INDIA SHIPYARD LIMITED

Regd. Office & Shiprepair Yard: P.B. No. 21, Mormugao Harbour, Mormugao, Goa 403 803

NOTICE

The **Eleventh Annual General Meeting** of the members of Western India Shipyard Limited will be held at the Registered Office & Shiprepair Yard of the Company at P.B. No. 21, Mormugao Harbour, Mormugao, Goa - 403 803, on Saturday, the 2nd day of August, 2003 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit and Loss Account for the year ended on that date 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 Auditors and to authorise the Board of Directors fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT" pursuant to Sections 198, 268, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re enactment thereof, for the time being in force) and subject to the provisions of Schedule XIII of the said Act and Articles 150, 150A, 151, 152 and 153 of the Articles of Association, the approval be and is hereby granted for the re-appointment of Cdr. S. Shekhar Singh as Managing Director of the Company with effect from 16.7.2003, for a term of two (2) years on the terms and conditions set out in the Explanatory Statement u / s. 173 (2) of the Companies Act, 1956 annexed to this notice.

RESOLVED FURTHER THAT the terms and conditions of the said appointment be subject to the approvals and consents as may be required from the Central Government and /or Financial Institutions/Banks.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to change the remuneration including salary, perquisites and benefits, minimum remuneration and other terms of his appointment as may be deemed necessary subject to the provisions of the Companies Act 1956, Schedule XIII and any amendments thereto."

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

"RESOLVED THAT pursuant to Section 31(1) of the Companies Act, 1956 the Articles of Association of the Company be and is hereby altered by adding a new Article No. 93A after Article No. 93 as follows:

"93A. Passing of Resolution by postal ballot: Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters.

- (i) any business that can be transacted by the Company in General Meeting, and
- (ii) particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.

The Company shall comply with the procedure for such postal ballot and / or other ways prescribed by the Central Government in this regard."

By the Order of the Board
For Western India Shipyard Limited

Place: Mormugao, Goa.

Date: April 23, 2003.

J. C. F. Sequeira
General Manager (Company Secretary & Legal)

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/HERSELF AND A PROXY NEED NOT TO BE A MEMBER OF THE COMPANY.**
2. The Register of Members and Share Transfer Books of the Company will be closed from July 23, 2003 to August 2, 2003 (both days inclusive).
3. Members are requested to send their correspondence including transfer / transmission of Shares to our Registrar and Share Transfer Agent, M/s Intime Spectrum Registry Limited.
4. Members are requested to bring their copies of Annual Report to the Annual General Meeting.

EXPLANATORY STATEMENT

Pursuant to Section 173 (2) of the Companies Act, 1956 the following explanatory statements set out all material facts relating to the business mentioned under item no. 4 and 5 of the accompanying notice dated April 23, 2003.

ITEM NO. 4 :

Cdr. S. Shekhar Singh, Managing Director of the Company, has been associated on contractual basis since July 16, 1993. Cdr. S. Shekhar Singh has been honoured with several awards by prestigious NGO's related to Trade and Industry in India, namely All India Achievers award, Samaj Shree & others.

His previous re-appointment was made for a five year period ending on July 16, 2003. The Remuneration Committee in its meeting held on April 22, 2003 has approved and recommended the remuneration package payable to Cdr. S. Shekhar Singh. The Board of Directors in their meeting held on April 23, 2003 has unanimously decided to re-appoint him as Managing Director for a further term of two (2) years w. e. f. 16.7.2003 on the following terms and conditions which compares favourably with the Industry :

1. The Managing Director shall, subject to the supervision and control of the Board of Directors of the Company, manage the business and affairs of the Company.
2. Period of the Agreement :
Two (2) years with effect from 16.7.2003.
3. Remuneration payable :
 - (a) Salary : Rs. 1,37,500/- per month with an Annual increment of Rs. 7,500/-.
 - (b) House Rent Allowance : The Managing Director shall be entitled to perquisites including rent free furnished accommodation or house rent allowance of 50% of Basic Salary of which 10% shall be reimbursed by him in lieu thereof.
 - (c) Commission : Commission shall be paid on such basis as may be decided by the Board.
 - (d) Perquisites :
 1. Gas, electricity, water, furnishings, medical reimbursements and leave travel concessions for self and family, club fees, medical and personal accident insurance, etc. in accordance with the rules of the Company. The aforesaid perquisites or allowance will be restricted to Rs. 10 lacs per annum. For the purpose of calculating the above ceiling, the perquisites shall be evaluated as per Income-Tax Rules wherever applicable.
 2. The Managing Director shall be entitled to Company's contribution to Provident Fund, Super annuation Fund upto tax exempt limit, benefits of Gratuity, earned leave and encashment of earned leave at the end of the tenure and long service awards, as per the rules of the Company and these shall not be included in the computation of perquisites.
 3. Car for use on company's business, telephone and other communication facilities at residence will not be considered as perquisites.
 - (e) In the event of loss or inadequacy of profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
 - (f) The Managing Director, so long as he functions as such, shall not be paid any sitting fees for attending meetings of the Board of Directors or Committees thereof.
 - (g) The Company shall reimburse to the Managing Director entertainment, travelling and all other expenses incurred by him for the business of the Company.

As per Schedule XIII (Part - II) of the Companies Act, 1956, the appointment has to be approved by the shareholders by special resolution at the ensuing Annual General Meeting.

Except Cdr. S. Shekhar Singh, none of the Directors is concerned or interested in this resolution.

ITEM NO. 5

Section 192A of the Companies (Amendment) Act, 2000 provides for passing of certain resolutions as notified by the Central Government in the Official Gazette, by postal ballot. The Articles of Association of the Company presently do not provide for passing of resolutions by postal ballot. It is, therefore, considered advisable to suitably amend the Articles of Association of the Company by way of insertion of new Article No. 93A, which shall provide for passing of resolutions, by postal ballot. The proposed amendment of the Articles of Association of the Company requires the approval of the members in the ensuing Annual General Meeting by way of a special resolution.

None of the Directors is concerned or interested in this resolution.

By the Order of the Board
For Western India Shipyard Limited

Place: Mormugao, Goa.

Date: April 23, 2003.

J. C. F. Sequeira
General Manager (Company Secretary & Legal)

WESTERN INDIA SHIPYARD LIMITED

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

ADMISSION SLIP

(TO BE PRESENTED AT THE ENTRANCE)

I / We hereby record my / our presence at the **Eleventh Annual General Meeting** of Western India Shipyard Limited on Saturday, the 2nd day of August, 2003 at 10:00 a.m. at its Registered Office and Shipyard at P. B. No. 21, Mormugao Harbour, Mormugao, Goa - 403803.

PARTICULARS TO BE FILLED BY MEMBER / PROXY

NAME _____

FOLIO NO. _____

NO. OF SHARES HELD _____

Signature of the person attending

ADMISSION SLIPS WITHOUT THIS INFORMATION WILL NOT BE ACCEPTED



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WESTERN INDIA SHIPYARD LIMITED

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

PROXY FORM

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I/We _____

of _____ being member/members of M/s. Western India Shipyard Limited hereby

appoint _____ of _____ or failing of him

_____ of _____ as my/our proxy to vote

for me/us and on my/our behalf at the **Eleventh Annual General Meeting** to be held on Saturday the 2nd day of August, 2003 at 10.00 a.m. or at any adjournment thereof.

Signed this _____ day of _____, 2003

Affix
One Rupee
Revenue
Stamp

Note : The proxy in order to be effective should be duly stamped, completed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

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DIRECTORS' REPORT

Board of Directors : Shri. M. J. Subbaiah – Chairman
(Nominee of ICICI Bank)

Shri. P. B. Gadgil
Shri. S. K. Maheshka – (Nominee of ICICI Bank)
Shri. K. N. Dupare – (Nominee of IDBI)
Shri. S. V. Nilakantan – (Nominee of ICICI Bank)
Shri. M. J. A. Alvares – (Nominee of Western India Shipyard Limited)

Trustee & Executor Co., Ltd.,
Debtenture Trustees
(Nominee of UTI)

Company Secretary	Shri. D. Agarwal	–	Managing Director
Statutory Auditors	Cdr. S. Shekhar Singh (Retd)	–	
Internal Auditors	Shri. J. C. F. Sequeira		
	M/s. V. V. Kale & Co.,		
	Chartered Accountants		
	M/s. M. P. Chitale & Co.,		
	Chartered Accountants		

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

Debtenture Trustees : Western India Trustee & Executor Company Ltd.,
161/C, Mittal Court, 16th Floor,
Nariman Point, Mumbai - 21.

Registrars & Share Transfer Agent : Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (W),
Mumbai - 400 072.

Registered Office, Share Department & Shiprepair Yard : P. B. No. 21,
Mormugao Harbour,
Mormugao Goa - 403 803.

WESTERN INDIA SHIPYARD LIMITED



DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting their 11th Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended March 31, 2003.

FINANCIAL HIGHLIGHTS :

Particulars	Ended March 31, 2003	Ended March 31, 2002
	(Rs. in Lacs)	(Rs. in Lacs)
Total Income	6684.26	5889.42
Operating Expenses	4379.36	3532.76
Profit / (Loss) before Interest & Depreciation	2304.90	2356.66
Less: Interest	1420.64	1584.23
Profit / (Loss) before Depreciation	884.26	772.43
Less: Depreciation & tax	895.06	900.71
Net profit / (Loss) for the year	(10.80)	(128.28)
Prior period and extraordinary adjustments	23.29	(100.54)
Net profit / (loss) for the year	12.49	(228.82)

DIVIDEND :

In view of the accumulated losses, your Directors are unable to recommend any dividend to the shareholders.

YEAR IN RETROSPECT :

The recession in general and slow down in the world economy which was set in motion by the terrorist attack on USA on September 11, 2001 was further aggravated by the recent US-Iraq war. The post war reconstruction activity in Iraq will see healthy long term growth and stability in the region.

Your Company was able to achieve improvement in operations during the financial year ended 2002-03. Your Company was able to achieve a sales turnover of Rs. 6684.26 Lacs in the financial year 2002-03 as compared to Rs. 5889.42 Lacs in 2001-02. This represented an increase of 13.50% over the sales of the previous year. During the financial year your Company repaired 30 vessels and one jack up drilling rig (including work in progress) as against 38 vessels during the financial year 2001-02.

The improvement in operation was on account of the steps taken by the Management of the Company to aggressively market the facilities of the yard and focussed attention on the major clients namely, ONGC, SCI and DCI. The potential size of the shiprepair industry in India is around Rs. 44 billion, which includes repairs, required by Indian and foreign vessels calling at Indian ports. However, the Indian shiprepair industry executes a small percentage of this business equivalent to Rs. 10-12 billion (source: www.imaritime.com). With the growing impact of pollution control measure and stricter norms and regulations on the shipping industry, there has been an increasing demand for shiprepair services. Your Company continues to enjoy a competitive advantage because of its proximity to international shipping routes, western oilfields and the major ports.

Your Company thanks all its esteemed clients for the continued patronage and support especially ONGC, SCI, DCI, Reliance Industries, Salgaoncar, Aban Lloyd, Coast Guard, Indian Navy and others.

WESTERN INDIA SHIPYARD LIMITED**RESTRUCTURING :**

Your Directors are pleased to inform you that during the financial year ended March 31, 2003, IIBI and UTI have approved the rehabilitation packages, in addition to ICICI Bank Limited and IDBI. The rehabilitation package is expected to have a favourable impact on the working of the Company in the long run. The Board wishes to thank these Institutions.

As regards working capital, your Company continues to operate within limited resources.

YEAR IN PROSPECT :

The average age of the Indian Shipping fleet is 15 years and Indian yards are able to carry out the necessary repairs for life enhancement due to competitive advantage like low labour costs, availability of trained and skilled labour force and proximity to international shipping routes. The Government policy towards shiprepairs continues to remain encouraging.

Your Company continues to enjoy a competitive advantage because of its proximity to international shipping routes, excellent dry docking arrangements and modern infrastructure facilities. Your Company also retained its strong position as a leading ISO 9001:2000 quality shiprepair yard with certificates from IRQS and BVQI. Your Company's skilled manpower resources, International customer base and expertise will stand in good stead in the years to come. A provision has been made in the rehabilitation package for the completion of the graving dock facility at Mormugao to enable the yard to take up the lucrative trawler and barge repairs with significant economies of scale.

The outlook for the current year is very encouraging and your Company expects to improve previous year's performance.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

In terms of Clause 49 of the Listing Agreement with Stock Exchanges, Management Discussion and Analysis Report is appended as an Annexure - I to this report.

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

Details of energy conservation and research and development activities undertaken by the Company along with the information required in accordance with the provisions of Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure - II to this report.

DIRECTORS :

Mr. M. J. Subbaiah and Mr. I. D. Agarwal joined the Board on August 7, 2002 and January 20, 2003 as nominee directors of ICICI Bank Limited and Unit Trust of India respectively. Being nominee directors, they are not liable to retire by rotation. Mr. M. J. Subbaiah has been appointed as the Chairman of the Company, with effect from January 20, 2003 in place of Mr. P. B. Gadgil.

Mr. P. B. Gadgil, Director is liable to retire by rotation at this meeting but being eligible, is entitled to be re-appointed. Mr. P. B. Gadgil is aged 74 years and has long and diversified experience in trade and Industry. The Board has recommended his re-appointment at this AGM.

The tenure of Cdr. S. Shekhar Singh, Managing Director of the Company, will end on 16.7.2003. Cdr. S. Shekhar Singh was born on 15.8.1949. He possesses the qualifications of B.Sc. (Hons.), M.Sc., Special Naval Degrees in gunnery, missiles, NBCD & Management. Cdr. S. Shekhar Singh is a retired Naval Officer with an experience of more than 29 years in maritime activities. He was appointed on July 16, 1993 as Managing Director of the Company and looks after the day to day activities. The Board of Directors, in their meeting held on April 23, 2003, has recommended his re-appointment for a further period of two (2) years on the terms and conditions as set out in detail in the Notice and Explanatory Statement annexed thereto. The re-appointment will be subject to the approval of the shareholders.

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PARTICULARS OF EMPLOYEES :

There were no employees in the Company who worked throughout the year and were in receipt of remuneration more than Rs. 24 Lac per annum or were employed for part of the year and in receipt of remuneration more than Rs. 2 Lac per month. As such, disclosure of particulars required in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217 (2A) of the Companies Act, 1956 with respect of the Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the Annual Accounts for the Financial Year ended March 31, 2003, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- That the Directors have adopted such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit and loss account of the Company for that year.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared annual accounts on a going concern basis.

APPRECIATION :

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from the Financial Institutions and Bankers. Your Directors would also like to thank the shareholders and debenture holders for their continued support and goodwill.

Your Directors would like to place on record gratitude to the Hon'ble Union Minister of Shipping for his keen interest in the Company. We are also grateful to the Ministry of Shipping, other Ministries of the Central and State Governments, Mormugao Port Trust and the classification societies, for all the cooperation and encouragement extended to the yard.

On behalf of the Board I would like to place on record my deep sense of appreciation of the efforts and contribution made by my colleagues on the Board. I also thank the managerial personnel and all other employees at various levels for their continued contribution, which has resulted in the improvement in the operational and financial performance during the year.

On behalf of the Board of Directors

Place: Mormugao, Goa.

Date: April 23, 2003.

M. J. Subbaiah
Chairman

The Board of Directors of the Company, Western India Shipyard Limited, has the pleasure to announce the appointment of Mr. M. J. Subbaiah as Chairman of the Board of Directors. Mr. Subbaiah is a retired Naval Officer with an experience of more than 29 years in the Indian Navy. He was appointed as Managing Director of the Company on July 16, 1999. He has been a member of the Board of Directors of the Company since April 23, 2003. The Board of Directors has recommended his re-appointment for a further period of two (2) years on the terms and conditions as set out in detail in the Notice and Explanatory Statement annexed hereto. The re-appointment will be subject to the approval of the shareholders.

WESTERN INDIA SHIPYARD LIMITED

**Annexure - I to the Directors' Report****MANAGEMENT DISCUSSION AND ANALYSIS****I. Industry Structure and Developments :**

Shiprepair service consists of measures to enhance the life, value and operating performance of the vessel. While the repairing activity is adjunct to shipyards and ports, the extent and complexity of these services vary. The Industry, therefore, is dependent on the Shipping industry, port services and non-shipping sector like dredgers, Naval vessels, Coast Guard, ONGC rigs, OSV, etc.

In India, the major shipyards consist of the Public sector yards like Mazgaon Docks, HSL, CSL and GSL. There are about 9 private sector shiprepair yards of which WISL is the largest and most modern. The Naval Dock yards and other smaller yards supplement the big yards.

Indian shipyards have the competitive advantage like low labour costs, availability of trained and skilled labour force and proximity to international shipping routes. With the growing requirements of strict pollution control measures and stricter standards and regulations, shiprepair services are in demand.

The Company with its composite facilities is well positioned in this respect because of its advantageous location at Goa close to the major sea-lanes, excellent dry docking arrangements and modern infrastructure facilities. The Company continues to maintain very high quality of its services with timely delivery and reasonable pricing. The Company continues to retain its strong position as a leading ISO 9001:2000 shiprepair yard with quality certification from IRQS and BVQI. This has helped Company in building customer confidence and an international customer base. As a result, despite the slowdown in the economy, the Company has been able to improve its performance.

II. Opportunities and threats :

The Company is focussing on Indian Merchant Shipping fleet and the Company has prepared aggressive marketing strategies for this sector to take advantage of economies of scale. As applicable to other businesses, your Company is also facing competition from low cost economies. However, keeping in view the excellence it has acquired, the Company expects to achieve improved results.

III. Internal control systems and their adequacy :

The Company has adequate internal control systems for the business processes, in respect of efficiency of operations, financial reporting, compliance with applicable laws and regulations etc. The audits are conducted to review the adequacy and effectiveness of internal controls and suggest improvements for strengthening them.

Audit plans are made out with due weightage to the risk parameters associated with the business processes. Reviews are carried out to ensure follow-up on the audit observations.

The Company has an Audit Committee, which regularly reviews the significant observations of internal auditors and also the follow-up actions.

WESTERN INDIA SHIPYARD LIMITED**IV. Financial :**

During the financial year ended March 31, 2003, IIBI and UTI have approved rehabilitation packages in addition to those of ICICI Bank Limited and IDBI. The rehabilitation package is to have a favourable impact on the working of the Company in the long run.

V. Material developments in human resources/ industrial relations front :

The Company has a well-defined appraisal system to assess and reward its employees and to gauge the potential of individuals. There are ongoing programs for training in safety, production and quality control. The Industrial relations are harmonious. The disputes regarding the wage agreement for the next period has been referred to the Central Government Industrial Tribunal, Mumbai and the same is sub-judice.

CAUTIONARY STATEMENT

The statements made in this Management and Discussion Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of security laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability, prices, demand patterns, Company's price tariffs, changes in Government regulations, tax regime, economic developments within India and the Countries with which the Company conducts business and other incidental factors.

Annexure - II to the Directors' Report

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

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.