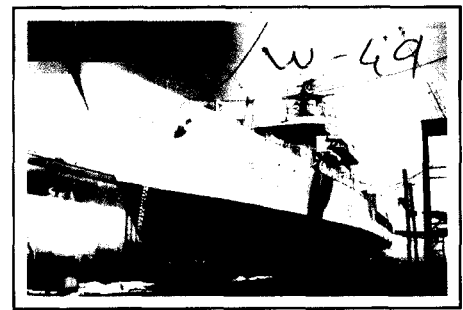


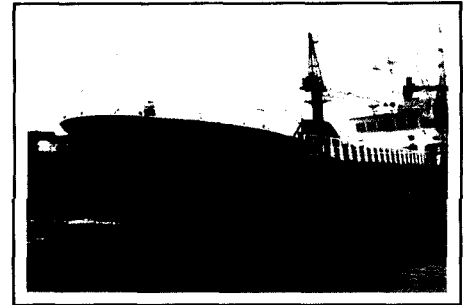
AN ISO 9001 : 2000 COMPANY

WESTERN INDIA SHIPYARD LIMITED

India's Largest Composite Shiprepair Facility in Private Sector



INS Sujata



M.V. Niumath



M.T. Blossom



OSV Crown I



M.V. Ispat Star

Relchem Arjun



13th Annual Report
2004 - 2005



WESTERN INDIA SHIPYARD LIMITED

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

NOTICE

The 13th 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 the 10th day of September 2005 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Profit and Loss Account for the year ended on that date and the Report 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 and 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 pursuant to Sec. 198, 269, 309, 310 & 311 and other applicable provisions if any, of the Companies Act, 1956 and subject to the approval of ICICI Bank/IDBI / IIBI / SBI & BOI, Cdr. S. Shekhar Singh be and is hereby re-appointed as the Managing Director of the Company for a further period of one (1) year with effect from 16th of July, 2005 on the following terms and conditions :

1. Period of the Agreement :

One (1) year with effect from 16.7.2005.

2. Remuneration payable :

(a) Salary : Rs. 1,45,000/- per month.

(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 subject to a limit of Rs. 72,500/- per month.

(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) The Company shall reimburse to the Managing Director entertainment, travelling and all other expenses incurred by him for the business of the Company.

- (f) 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.
- (g) 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."
- (h) The monthly remuneration including perquisites shall not exceed a sum of Rs. 2,60,274/-.

By the Order of the Board
For Western India Shipyard Limited
Sd/-

J. C. F. Sequeira
G. M. (Company Secretary & Legal)

Place: Mormugao, Goa
Date: 5th July, 2005

Notes:

1. **A MEMBER ENTITLED TO VOTE AND ATTEND THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY MAY BE SENT IN THE FORM ENCLOSED AND IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will be closed from 1st September 2005 to 10th September 2005 (both days inclusive).
3. Members are requested to send their correspondence including transfer / transmission of Shares to our Registrar & Transfer Agents M/s Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400 078.
4. Members are requested to bring their copies of Annual Report to the Annual General Meeting.

EXPLANATORY STATEMENT

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

Item No. 4 :

Cdr. S. Shekhar Singh, Managing Director of the Company, has been associated on contractual basis since July 16, 1993. He looks after the day to day management of the Company and is subject to the superintendence and control of the Board. His previous appointment was made for a term of 2 years ending on 15th July 2005. The Remuneration & Compensation Committee in its meeting held on 5.07.2005 recommended his re-appointment for a further term of one (1) year w.e.f. 16.7.2005. The Committee also approved the remuneration payable to Cdr. S. Shekhar Singh, subject to the approval of Board.

The Board of Directors in their meeting held on 5.07.2005 has unanimously re-appointed him as Managing Director for a further term of one (1) year w. e. f. 16.7.2005 on the terms and conditions set out in the resolution subject to the approval of the shareholders, lenders and the Central Government.

As per Schedule XIII (Part - II) of the Companies Act, 1956, the reappointment has to be approved by the shareholders by special resolution at the ensuing Annual General Meeting. The Board recommends the resolution to the shareholders for approval. Other than the Managing Director, none of the other Directors of the Company are in any way concerned or interested in the resolution.

A copy of the Board resolution dated 5.07.05 and other material documents are open for inspection of the members at the Registered Office of the Company on all working days during working hours upto the date of the meeting.

By Order of the Board of Directors
Sd/-

J. C. F. Sequeira
G. M. (Company Secretary & Legal)

Place : Mormugao, Goa.
Date : 5th July, 2005

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 **13th Annual General Meeting** of Western India Shipyards Limited on Saturday, the 10th day of July, 2005 at 9.30 a.m. at its Registered Office and Shipyards at P. B. No. 21, Mormugao Harbour, Mormugao, Goa - 403 803.

PARTICULARS TO BE FILLED BY MEMBER / PROXY

NAME _____
FOLIO NO. _____
DPID. _____
Client ID _____
NO. OF SHARES HELD _____
Signature of the person attending
ADMISSION SLIPS WITHOUT THIS INFORMATION WILL NOT BE ACCEPTED

Please cut here

WESTERN INDIA SHIPYARD LIMITED

Regd. Office : P. B. No. 21, Mormugao Harbour
Mormugao, Goa - 403803.

PROXY FORM

I/We _____
of _____ being member/members of M/s. Western India Shipyards 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 **13th Annual General Meeting** to be held on _____ the _____,
2005 at 9.30 a.m. or at any adjournment thereof.

Signed this _____ day of _____, 2005.

Affix
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.

WESTERN INDIA SHIPYARD LIMITED

Board of Directors	: Rear Admiral R. K. Whig (Retd.), — (Nominee of ICICI Bank Ltd) Chairman Shri I. D. Agarwal — (Nominee of UTI Asset Management Co. Pvt. Ltd.) Shri. P. Nagaraju — (Nominee of IDBI) Smt. Prabha S. Agarwal — (Nominee of Bank of India) Shri. Nilanjan Sinha — (Nominee of ICICI Bank Ltd) Shri. S. Ramalingam — (Nominee of IIBI Ltd.) Mr. V. G. Pathak — (Nominee Director of Western India Trustee & Executor Co. Ltd, Debenture Trustees) Shri. P. B. Gadgil. Cdr. S. Shekhar Singh (Retd) — Managing Director
Company Secretary	: Shri. J. C. F. Sequeira
Statutory Auditors	: M/s. V. V. Kale & Co, Chartered Accountants, New Delhi.
Internal Auditors	: M/s. M. P. Chitale & Co, Chartered Accountants, Mumbai.
Financial Institutions & Banks	: Industrial Development Bank of India Industrial Investment Bank of India ICICI Bank Limited Bank of India State Bank of India UTI Bank Limited Janata Sahakari Bank Limited Syndicate Bank UTI Asset Management Co. Pvt. Ltd.
Debenture Trustees	: Western India Trustee and Executor Company Limited 161/C, Mittal Court, Nariman Point, Mumbai - 400021
Registrars & Share Transfer Agent	: Intime Spectrum Registry Ltd. C - 13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai - 400 072
Senior Management Team:	Shri J. K. Roy - Sr. Vice President (Operations) Shri R. S. Singh - Sr. Vice President (Logistics) Shri T. B. Ananthanarayanan, Chief Financial Officer Shri B. Eremita - G.M (Production) Cdr. C. D. Srinath G. M. (QS) Shri R. Gallyot - G. M. (FDD) Shri S. Engineer - G. M. (Production) Shri N. Suresh - Jt. G. M. (Commercial) Shri Anil Kumar - DGM (HRD & Pers.) Shri G. Sahoo -AGM (Accounts)
Registered Office, Share Department & Shiprepair Yard	: P. B. No. 21, Mormugao Harbour, Mormugao, Goa - 403 803.



DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting their 13th Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended March 31, 2005.

FINANCIAL HIGHLIGHTS

Particulars	31.3. 2005	31.3.2004
	(Rs. In Lacs)	(Rs. In Lacs)
Total Income	4203.16	6343.92
Operating Expenses	3906.67	5172.83
Profit /(Loss) before Interest & Depreciation	296.49	1171.09
Interest	1502.40	1565.78
Profit / (Loss) before Depreciation	(1205.91)	(394.69)
Depreciation	897.61	896.99
Provision for Taxation	-	-
Net Profit / (Loss) for the year	(2103.52)	(1291.67)
Prior period and extraordinary adjustments	(659.64)	240.89
Net Profit / (Loss) for the year	(2763.18)	(1050.78)

DIVIDEND

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

ECONOMIC SCENARIO

The economic scenario for 2004-05 showed growth in infrastructure industries like electricity, coal, cement and crude petroleum products. However, finished steel fell from 12% to 3.2% as compared to April to February, 2004-05. G-7 called for vigorous action to address global imbalances and foster growth by increasing oil production. The inflation rate was about 5.026% due to higher energy and prices of manufactured goods. The wholesale price index rose to 5.05% as compared to 4.51% for the corresponding period a year ago. However, the Union Budget has estimated that inflation will be between 4 - 5% in 2005-06 and we should hope that this would be achieved.

The Shiprepair Industry will be affected by the Value Added Tax introduced by the State Government from 1.04.2005 in lieu of local sales tax, which is likely to increase input costs and prices and end the sales tax holiday. The Fringe Benefit tax introduced in the Budget 2005-06 will also adversely affect Industry adversely and needs to be removed. However, the reduction of depreciation rates on Plant & Machinery from 25% to 15% and domestic tax rate from 35% to 30% will have a positive impact on the Shiprepair Industry. The interest rates and call money rates continue to be low and the forex reserves of the Country are rising due to healthy FII inflows, export receipts and inward remittances.

YEAR IN RETROSPECT

The year 2004-05 saw severe cyclone weather and adverse monsoon conditions resulting in a loss of about 90 production days. The weather conditions affected operations and delivery schedules resulting in heavy damages to vessels and large demurrage claims. The Company has regained the operational efficiency and maintained the tempo of dry dock earnings. However, the earnings from wet repairs fell short. The year also saw rising prices of steel and inflationary trends, which put additional constraints on profitability.

WESTERN INDIA SHIPYARD LIMITED

Your Company achieved a sales turnover of Rs. 42-03.16 lacs in the financial year 2004-05 as compared to Rs. 6343.92 lacs in 2003-04, which represents a decrease of 35.19% over the figure of the previous year. The yard repaired 22 vessels during the year as against 52 vessels and one Rig in the preceding year. The Company could not transact any rig repair business during the year and this was the primary cause for the lower business.

Your Company continues to aggressively market its facilities with focus on rig repairs, tankers, foreign vessels and coastal vessels. The Shipping Industry continues to grow globally with substantial increase in business volumes and earnings due to rising freight rates. All shipyards are full with new building orders and this will enhance opportunities for the repair yards. Hence, we are of the view that based on the current maritime scenario, the year 2005-06 will be good for repair yards as the order book position is picking up and flow of tenders has increased many fold with sufficient number confirmed.

Your Company thanks all its esteemed clients in the private and public sectors, foreign Ship owners and the Rig owners, for their continued patronage and support.

RESTRUCTURING:

During the financial year 2004-05, the Corporate Debt Restructuring (CDR) Cell comprising of the lender banks and Financial Institutions, conveyed its approval to the Company's CDR proposal. The Company has received the sanctions from all the CDR members namely, ICICI Bank Limited, State Bank of India, Stressed Assets Stabilization Fund (IDBI), Bank of India and Industrial and Investment Bank of India.

As per the terms of the restructuring, the Company has issued 7,58,92,978 - Zero coupon rate Optional Fully Convertible Debentures (OFCDs) (series -I & II) of the face value of Rs. 10/- each fully paid up to the lenders, on preferential basis, to ICICI Bank, IDBI, IIBI, BOI, UTI and the major debenture holders, aggregating to Rs. 75,89,29,780/-. Out of the same, the Company has issued 152,68,200 equity shares of the face value of Rs. 10/- each fully paid up aggregating to Rs. 15,26,82,000/- to ICICI Bank Limited and a few large debenture holders on exercise of conversion options on said OFCDs. This is expected to reduce the debt burden of the Company and stagger the repayment period by a year. The Board wishes to thank the Institutions and Banks for their timely support.

Your Company has provided interest on loans on the basis of the CDR package accepted from the lenders. The impact of other effects namely, the reduction of share capital u/s. 100 and the scheme of arrangement with the debenture holders u/s. 391 of the Companies Act, 1956 pending in the High Court of Bombay, Goa Bench at Panaji, Goa will be considered in the books of accounts after the receipt of the Court orders.

During the year, your Company had difficulties in recovering its shiprepair dues from established ship owners in the private and public sector. Your Company could therefore operate within the limited working capital resources sanctioned by ICICI Bank Limited, Janata Sahakari Bank Limited (Pune) and UTI Bank Limited for executing the major projects.

Redemption of debentures:

Your Company has filed an application u/s 391 of the Companies Act, 1956 before the High Court of Bombay, Goa Bench at Panaji for sanction of the scheme of arrangement to restructure the redemption dues and interest. The High Court will issue directions shortly for convening a meeting of the debenture holders to approve the same.

YEAR IN PROSPECT:

Your Company continues to see a good market for Shiprepairs as the average age of the Indian Shipping fleet is 15 years with about 515 coastal and overseas vessels with about 115,23,197 DWT and 70,85,794 GRT (Source: Indian



Tonnage Statement as on 31.3.2000 - D. G. Shipping). The Government policy towards shiprepairs continues to remain encouraging with license free and duty free imports. Therefore considerable opportunities exist for Indian yards to carry out life enhancement measures like replacement of aging steel plate, painting, rudder, engine, propeller and deck equipment repairs, etc. Your Company is trying to improve its competitive edge by cutting labour costs, cost of operations, and relying on quality, productivity and faster turnaround time to deliver positive results. Your Company continues to have an edge on the west coast due to its proximity to international shipping routes, excellent dry docking arrangements and modern infrastructure facilities. Your Company has also retained its strong position as a leading ISO 9001:2000 quality shiprepair yard with certification from BVQI, and an International customer base which will stand the Company in good stead in the years to come.

Your Company sees a bright future in the Rig repair business, which brings with it an attendant clientele in the form of offshore supply vessels, which support the rigs. Your Company has emerged as one of the leading Rig repairs in India with the repair of its third rig namely, JUR Pride Pennsylvania at Goa. As rig repair involves a separate resource planning facility and technology, your Company is pursuing a long-term diversification strategy and is confident of bagging at least two rigs during each financial year. Your Company continues to receive continuous inquiries from leading Ship Owners and Rig Operators for repairs at Goa and expects the current year to be good with long term growth and stability.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the 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

During the year, Mr. S. Ramachandran, who joined the Board in place of Mr. M. J. Alvares, nominee Director representing Western India Trustee & Executor Co. Limited, Debenture Trustees, resigned. Mr. V. G. Pathak joined the Board as nominee Director of the Debenture Trustees in his place. The Board places on record the appreciation of the services rendered by Mr. Alvares and Mr. Ramachandran during their tenure on the Board.

Mr. P. B. Gadgil, Director is liable to retire by rotation. Being eligible, he is entitled to be re-appointed. Mr. Gadgil is aged 81 years and has long and diversified experience in Trade and Industry. The Board recommends his re-appointment at this AGM.

Cdr. S. Shekhar Singh, Managing Director was appointed by the Shareholders for two years and his term of office will come to an end on 15.07.2005. Cdr. Singh had a long and varied experience with the Indian Navy and the Maritime Industry. He is associated with this Company right from inception in July, 1993 and looks after the day to day management of the Company. The Board recommends his re-appointment for a further term of office of one year.

WESTERN INDIA SHIPYARD LIMITED**PARTICULARS OF EMPLOYEES**

There were no employees in the Company who worked throughout the year and were in receipt of remuneration of more than Rs. 24 Lac per annum or were employed for part of the year and in receipt of remuneration of more than Rs. 2 Lac per month. As such, the 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 to the Directors' Responsibility Statement, it is hereby confirmed:

- (a) That in the preparation of the Annual Accounts for the Financial Year ended 31st March 2005, the applicable Accounting Standards have been followed alongwith proper explanations relating to material departures;
- (b) 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;
- (c) 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;
- (d) That the Directors have prepared the annual accounts on a going concern basis.

APPRECIATION

Your Directors would like to express their sincere appreciation for the cooperation and assistance received from the Financial Institutions and Banks. 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 grateful thanks to the Ministry of Shipping, other Ministries of the Central and State Governments, Mormugao Port Trust, local Authorities and the Classification Societies for all the cooperation and encouragement extended to the yard.

On behalf of the Board we would like to place on record deep sense of appreciation of the efforts and contribution made by the managerial personnel and all other employees at various levels for their continued contribution in the operational and financial performance of the Company during the year.

For & on behalf of the Board of Directors

Sd/-

R. K. Whig
Chairman

Place: Mormugao, Goa
Date: 5th day of July 2005



Annexure - I to the Directors' Report **MANAGEMENT DISCUSSION AND ANALYSIS**

I. Industry Structure and Developments:

Shiprepair units are manufacturing units as per the provisions of the Factories Act and rules thereunder. The manufacturing process involves the continuous replacement of various ship parts to enhance the life, value and operating performance of the vessel. The Industry therefore, is dependent on the Shipping Industry and the non-shipping sectors like dredgers, Naval vessels, Coast Guard, ONGC rigs, OSV, Port craft, etc.

In India, the major shipyards are the Public sector yards like Mazgaon Docks, Hindustan Shipyard Limited, Cochin Shipyard Limited and Goa Shipyard Limited. There are about 9 private sector shiprepair yards of which WISL is the largest and most modern. Indian shipyards have the competitive advantage like low labor costs, availability of skilled work force and duty free imports. With the growing requirements of strict environment and pollution control and safety standards and regulations, ship repair units are generally busy.

The Company has excellent strengths such as composite facilities, which is well positioned with regard to its ideal location and proximity to the major sea-lanes at Goa, excellent dry dock and modern infrastructure facilities. The Company continues to maintain very high quality of its services with timely delivery and competitive pricing. The Company continues to retain its strong position as a leading ISO 9001:2000 shiprepair yard with quality certification from BVQI. This has helped the 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 maintain its performance and get repeat customers.

II. Opportunities and threats

Your Company continues to focus more on private sector and foreign ship owners and rig operators who, in the opinion of the Company, would be the front runners of growth in the future. This segment also offers your Company better terms of payments. The public sector units are also cultivated, as they have a major share of the shipping fleet. This will help your Company in gaining a larger market share and a more ideal customer mix.

Though no rig repairs were undertaken during 2004-05, your Company sees in the Rig repair business a bright future. The Rig repair business brings with it an attendant clientele in the form of offshore supply vessels, which support the rigs. Your Company has emerged as one of the leading Rig repairers in India with the repair of its third rig namely, JUR Pride Pennsylvania at Goa. As rig repair involves a separate resource planning facility and technology, your Company has undertaken a long-term diversification strategy and is confident of bagging at least two rigs each year. Your Company continues to receive several inquiries from leading Rig Operators for repairs at Goa and expects the prospects for rig repair business to be bright with long term growth and stability.

However, the intense competition in the Shiprepair business from international players like China, Colombo and Dubai, continue to pose a threat. Your Company is able to meet this challenge head-on due to excellence in quality, network of agents internationally, frequent interaction with ship owners, etc.

III. Future plan of action:

Your Company has also set in motion an action plan whereby we are exploring the possibility of tying up with specialist groups internationally in the area of ship repairs, with a special emphasis on rig repair and offshore services. This will yield the desired improvement in performance. Your Company is examining introduction of new and modern equipment and services to enhance the production volume and quality.