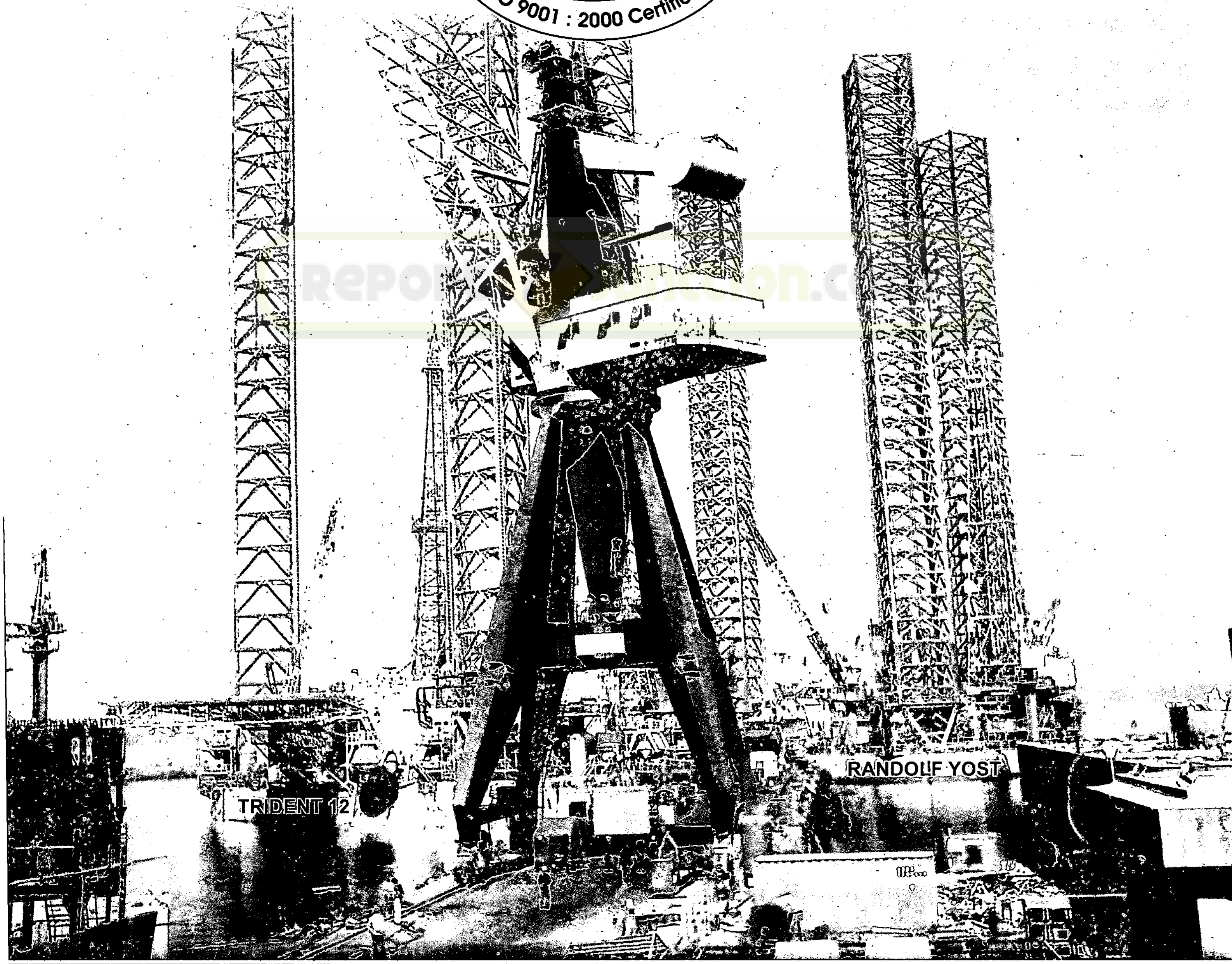
AN ISO 9001 : 2000 COMPANY

WESTERN INDIA SHIPYARD LIMITED

INDIA'S LARGEST COMPOSITE SHIPREPAIR FACILITY IN PRIVATE SECTOR

WESTERN INDIA SHIPYARD LTD. WISL ISO 9001 : 2000 Certified



ISO 9001 : 2000 BVQi ANAB

15th Annual Report 2006-2007

ISO 9001 : 2000 BVQi UKAS

Board of Directors	:	Rear Admiral R. K. Whig, Chairman	—	(Nominee of ICICI Bank Ltd)
		Shri. P. Nagaraju	—	(Nominee of IDBI)
		Shri. I. D. Agarwal	—	(Nominee of UTI Asset Management Co. Pvt. Ltd.)
		Shri. Rajiv Ranjan	—	(Nominee of Bank of India)
		Shri. Anil Malhotra	—	(Nominee of ICICI Bank Ltd)
		Shri. Ram Swaroop Nakra	-	(Nominee of ICICI Bank Ltd.,)
		Shri. S. V. Kshirsagar		(Nominee of Western India Trustee & Executor Co. Ltd, Debenture Trustees)
		Shri. P. B. Gadgil.		
		Cdr. Subhash Kumar Mutreja (Retd)	—	Whole Time Director & Chief Executive Officer(From 17.07.2007)
		Cdr. S. Shekhar Singh (Retd)	—	(Managing Director Upto 15.07.2007)
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 Investment Bank of India Stressed Assets Stabilization Fund (IDBI) UTI Asset Management Co. Pvt. Ltd. Bank of India ICICI Bank Limited Janata Sahakari Bank Limited State Bank of India Syndicate Bank AXIS Bank Limited Federal Bank Limited		
Debenture Trustees	:	Western India Trustee and Executor Company LimitedC/o IDBI Trusteeship Services Limited, Asian Bldg, Gr. Floor, 17. R. Kamani Marg, Ballard Estate, Mumbai – 400001		
Share Registrars	:	Intime Spectrum Registry Ltd.C – 13, Pannalal Silk Mills Compound,L.B.S. Marg, Bhandup (W) Mumbai – 400 072		
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 15th Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Particulars	31.03.2007	31.03.2006
	(Rs. In Lacs)	(Rs. In Lacs)
Total Income	**5508.03**	4506.29
Operating Expenses	**4523.10**	3680.81
Profit /(Loss) before Interest & Depreciation	**984.93**	825.49
Interest	**1541.70**	1378.69
Profit / (Loss) before Depreciation	**(556.77)**	(553.20)
Depreciation	**1059.78**	902.60
Provision for Taxation	**7.87**	7.12
Net Profit / (Loss) before adjustments	**(1624.42)**	(1462.92)
Prior period and extraordinary adjustments	**(451.35)**	(984.74)
Net Profit / (Loss) for the year	**(2075.77)**	(2447.66)

DIVIDEND

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

ECONOMIC SCENARIO

The economic scenario for 2006-07 was vibrant with Central Government continuing to put heavy investment into the infrastructure for development of highways, ports and airports in the Country.

One of the most encouraging and significant developments is the Draft Maritime Policy by the Ministry of Shipping, Government of India. This policy is expected to inter-alia grant of EOU status to dry docks, permit 100% FDI in ship repair and ship building to encourage private sector investment, duty free imports, long term subsidy for constructions of vessels (20 -30 years), capping of prices of indigenous steel to make Indian ship building more competitive, creation of ship repair units adjacent to the ports to repair/dry dock large vessels, rationalization of taxation on par with EOU units, exemption from service tax, sales tax and VAT to enable shipyards to compete globally, grant of infrastructure status, tax exemption to eligible investments for long period (20 years), etc.

However, cost of funds is a serious concern for Trade and Industry due to the hike in interest rates on loans to about 12% p.a by Banks and Financial Institutions. This will contribute to the spiraling inflation hovering around 5%. The impact of the Union Budget - 2007-08 will also be gauged in the long term.

YEAR IN RETROSPECT

During the year the Company lost 91 days due to shut down of the floating dry dock for mandatory repairs and bad weather conditions which resulted in loss of business. The Company's foray into shipbuilding and large rig repairs would have also yielded significantly higher revenues but for the high handedness and impediments created by the Mormugao Port Trust in the operations of the Company despite the directions of the Central Government. Thus against the sales target of Rs. 75 crore for 2006-07, your Company could only attain about Rs. 55.08 crore.

SHIPREPAIRS

Your Company being a registered factory with a manufacturing facility, continues to enjoy the exemptions and concessions available to the Shiprepair Industry, including customs and central excise duty exemptions. During the year, your Company repaired 11 vessels of Indian flag and 8 vessels of foreign flag of upto 35,000 DWT capacity. The floating dry dock is now operating at full capacity of upto 20000 TLC or 60000 DWT from May, 2006 after incurring repair expenses of the value of Rs. 450 lacs.

Your Company has also made aggressive efforts for marketing its facilities for rig repairs. Your Company won 4 large Oil Rigs from Sedco Forex and Transocean, two of the largest Rig Operators in the world. These rigs were successfully repaired at the Company's shipyard within a short span of about 4 months. This is the only yard in India to have achieved this feat. Your Company has earned from rig repairs a foreign exchange equivalent of Rs. 1173.37 lacs.

SHIP BUILDING

In 2005-06, your Company had put to use its ship building platform facility in the shipyard with a maiden construction of a large Jack Up barge 'PMC -1' valued at Rs. 19 crore for PMC Projects India Pvt. Limited. This vessel is expected to be re-delivered by end-June, 2007.

STATUS OF RESTRUCTURING:

Your Company has implemented the following measures under the terms and conditions of the restructuring packages sanctioned by the lenders namely, ICICI Bank Ltd; Stressed Assets Stabilization Fund (IDBI), Industrial Investment Bank of India, Bank of India, State Bank of India and UTI Asset Management Company Pvt. Ltd.

Increase in share capital

Your Company has issued 2,47,24,200 equity shares of the face value of Rs. 10/- each fully paid up aggregating to Rs. 24,72,42,000/- on preferential basis to Stressed Assets Stabilization Fund (IDBI), Industrial Investment Bank of India, Bank of India and State Bank of India on conversion of 2,47,24,200 Zero Coupon Optionally Fully Convertible debentures (ZCOFCDs) Series II of the face value of Rs. 10/- each fully paid up at par aggregating to Rs. 24,72,42,000/- under the terms of the respective restructuring packages, after obtaining the approval of the shareholders at the AGM held on 25.09.2006 as per the SEBI (Depositor & Investor Protection) Guidelines, 2000. Your Company's share capital has therefore increased to Rs. 108.54 crore.

Extension of date for the exercise of conversion right

Your Company has also extended the last date for the exercise of conversion right on 2,75,20,100 ZCOFCDs (Series I) of Rs. 10/- each fully paid up at par aggregating to Rs. 27,52,01,000/- through a fresh issue/extension from 31.03.2006 to 31.03.2008. These ZCOFCDs were issued on preferential basis on restructuring of loans after obtaining the approval of the shareholders by special resolution at the EGM held on 6.03.2004.

Reduction of share capital

Your Company had filed an amendment to the petition in the Bombay High Court, Goa Bench at Panaji u/s. 100 of the Companies Act, 1956 for the reduction of the increased share capital of Rs. 108,54,07,400/- consisting of 10,85,40,740 equity shares of the face value of Rs. 10/- each fully paid up, to Rs. 21,70,81,480/- consisting of 10,85,40,740 equity shares of Rs. 2/- each fully paid up, after obtaining the approval of the shareholders of the Company at the AGM held on 25.09.2006. The reduction of share capital will have a positive impact on the financial position of the Company, once the same is approved by the High Court. The Board thanks the shareholders for their cooperation.

Restructuring of dues of small debenture holders

You will be pleased to note that during the year your Company has restructured the balance of 8,46,100 - 12% secured non-convertible debentures (NCDs) of the face value of Rs. 60/- each at par aggregating to Rs. 5,07,66,000/-. These NCDs had matured for payment. The scheme of arrangement was approved by the small debenture holders of the Company u/s. 391 of the Companies Act, 1956. The scheme was duly confirmed by the High Court of Bombay, Goa Bench at Panaji vide its order dated 23.06.2006. Your Company has implemented the scheme during year and will meet its commitments when the amounts become due and payable as per the terms and conditions of the scheme. The Board thanks the small debenture holders for the support to the Company.

YEAR IN PROSPECT:

The Government policy towards the Shiprepair Industry continues to remain encouraging with license free and duty free imports. The scenario for the Shipbuilding Industry in India is also good due to full order book position of the Indian and Foreign yards which is likely to prevail up 2010. We thank our esteemed clients, Ship and Rig owners for their continued patronage and support. The Company is trying hard to improve its competitive edge by cost cutting, improving quality, productivity and faster turnaround time of the vessels. Being on the west coast due to its close proximity to international shipping routes, the Company has an edge. The Company hopes to capitalize on its excellent reputation, experience and adherence to ISO 9001:2000 quality standards and its International customer base in the coming years for a better performance.

The Company will continue to focus on shiprepair and rig repair business in keeping with its heavy capital investment and large work force. The flow of orders is encouraging during the first 3 months and the tempo is expected to be maintained during the year.

CORPORATE GOVERNANCE REPORT & MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report and the Management Discussion and Analysis Statement is attached.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 and based on the representations received from the operating management, the Directors hereby confirm that:

(a) in the preparation of the Annual Accounts for the year ended 31st March 2007, the applicable Accounting Standards have been followed and there are no material departures;

(b) they have selected such accounting policies in consultation with the statutory auditors 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 of the loss of the Company for the financial year;

(c) they have taken proper and sufficient care to the best of their knowledge and belief for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) they have prepared the Annual Accounts on a going concern basis.

DIRECTORS

During the year, Shri. V. Prakash, joined the Board as nominee director representing ICICI Bank Limited. However Shri Prakash resigned and in his place Shri. Anil Malhotra joined the Board as nominee Director representing ICICI Bank Limited. The Board places on record the appreciation of the services rendered by Shri. V. Prakash during his tenure on the Board. Mr. P. B. Gadgil, Director, retires by rotation and being eligible, has offered himself for re-appointment. Cdr. S. Shekhar Singh, Managing Director was appointed by the shareholders of the Company at the AGM held on 25.09.2006 for a term of one (1) year w.e.f. 16.07.2006.

Statement of Particulars of employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2007.

Cdr. S. Shekhar Singh, Managing Director of the Company aged about 57 years, is Post Graduate in Science and Master Degree in Maths. He joined the Company on 24/12/1992 after premature retirement from Indian Navy after serving 20 years service. He drew all inclusive salary of Rs. 33.00 lacs during the year 2006-07.

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 is set out in the annexure to this report.

AUDITORS

M/s. V. V. Kale & Co., Chartered Accountants, who are the statutory auditors of the Company hold office in accordance with the provisions of the Companies Act, 1956 upto the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The necessary consent u/s.224 (1B) of the Companies Act, 1956 has been received. The Board recommends the reappointment.

ACKNOWLEDGEMENTS

The Directors thank the customers, vendors, investors and Financial Institutions and Banks for their support to the Company during the year.

The Directors also thank the Government of India, Government of Goa, Ministry of Shipping, Mormugao Port Trust, local Government Agencies and the Classification Societies for their continued cooperation and support.

The Directors place on record their appreciation of the contribution made by the employees of the Company at all levels.

For & on behalf of the Board of Directors

Sd/-

Place: Mormugao, Goa
R. K. Whig

Date: 29th day of May, 2007
Chairman

Annexure to the Directors' Report

Particulars pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A) **Conservation of Energy**

(a) Energy conservation measures continued during the year :

- Using environmental friendly green gas generators for gas cutting operations.
- Maintaining correct Power Factor to reduce low power factor charges.
- Generating air pressures only when needed by installation of constant pressure systems on compressors, mainly in blasting and painting facilities.
- Minimized idle running of equipment like pumps, lights and drilling machines.
- Preventive maintenance of compressors to attain maximum efficiency and preventive maintenance.
- Using mix of welding generators with rectifiers to improve the quality of the welding.
- Saving energy by drawing low voltage on the lighting circuit.
- Conduct of regular awareness programs among employees.

(b) Additional investments and proposals for reduction of consumption of energy:

- Nil

(c) Impact of above measures for reduction of energy consumption & consequent impact on the cost of production of goods.

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

B) Technology Absorption

1. Research and Development (R & D) :

Specific areas in which R & D carried out by the Company

- Development of new processes / methods/ procedures in existing systems for Shiprepair, Rig repari and Shipbuilding.
- Testing and certification of products both in-house and through accredited Certification agencies to conform to International Standards.
- Customization of imported software to meet the in-house requirements of Shiprepair services and InventoryManagement in the Indian environment.
- Fabrication of typical tools, jigs and fixtures to improve the existing standard for cost effective and faster results.
- Training of contractors to conform to ISO-9001:2000 standards.

2. Benefits derived as a result of above R & D
   - Import substitutions.
   - Cost reductions / better utilization of material and energy.
   - System Standardization and upgradation.
   - Improvement in Quality and Customer Service, including Customer Satisfaction.
   - Minimizing environment pollution.
   - Faster delivery and turnaround time for vessels.
   - Improved customer presentations.
3. Future Plan of Action
   - Improvement of systems and shiprepair /Rig repair methodology.
   - Introduction of new products and processes for better results.
   - Improving interaction with Research agencies involved with Shiprepair and Rig repair technology.

4. Expenditure on R & D

   The use of fully integrated software covering areas of production and manpower planning, co-ordination, commercial costing, personnel, inventory and Accounts Management using customized software, are a strategic part of the Company's capital expenditure.

Technology Absorption, Adaptation and Innovation. :

1. Efforts in brief made towards Technology Absorption, adaptation & innovation :
   - Use of trained and experienced personnel from technical institutions/ shipbuilding institutions, for keeping them abreast with the changing technologies and methodology of Ship repair and ship building.
   - Participation in national and international conferences, seminars and exhibition.
   - Imparting Training to Direct / Indirect / Contractor Staff employed for ship repairs.
   - Technology absorption through interaction with experts.
   - Feedback Analysis from customers.

2. Benefits derived as a result of the above effortsEg. Product improvements, Cost reduction, etc.
   - Improvement in existing systems, Quality Assurance, Safety and Customer Satisfaction.
   Cost reduction in production.

Information regarding Technology imported during the last five years.

Technology imported	Year of Import	Status
• Nil	N.A	N.A

C) Foreign Exchange Earnings And Outgo :

During the year ended 31.3.2007, the Company's repair income received in foreign exchange is Rs. 1173.37 lacs as against an expenditure in foreign exchange equivalent to Rs 319.49 lacs during the same period last year. The details of the same are placed in the 'Notes to the Accounts'.

For and on behalf of the Board of Directors

Sd/-
R. K. Whig.
Chairman

Place : Mormugao, Goa
Dated : 29th day of May, 2007

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 Ship repair units are therefore, dependent on the Shipping Industry and the non-shipping sectors like dredgers, Naval & Coast Guard Vessels, ONGC rigs, Offshore Support Vessels, 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 are competitive due low labor costs, availability of skilled work force and duty free imports. With the growing requirements of strict environmental, pollution control and safety standards and regulations, ship repair units are generally busy.

One of the significant developments in recent times is the release of the Draft Maritime Policy covering India's Ports, Shipping and Shipbuilding sectors for public debate by the Ministry of Shipping and Road Transport, Government of India. The Policy Initiatives inter-alia include the following :

- The proposed dry docking policy encourages modernization and mechanization to undertake repairs of most of the vessels calling at Indian Ports.
- Dry docks to be given EOU status.
- 100% FDI in ship repair and ship building is encouraged for private sector investment.
- Duty free import of all equipment to be fitted on ships built in Indian yards.
- Long term subsidy for constructions of all kinds of vessels (20 -30 years).
- Capping of prices of indigenous steel to make Indian ship building more competitive.
- The new dry docking policy would encourage creation of ship repair units adjacent to the ports to repair/dry dock large vessels.

The Financial and Fiscal initiatives proposed in the Policy inter-alia are as under:

- Taxation in ship building and ship repair, including customs and central excise duty, to be brought on par with EOU units.
- Ship repair and ship building would be kept out of the ambit of service tax, sales tax and VAT, etc as shipyards compete globally for repairs and new construction.
- R&D investment for Indian shipyards would be 100% exempted from corporate tax subject to a limit of 10% of profit for the year.
- Capital goods imported by ship building yards would be exempted from custom duty for encouraging facility augmentation / modernization / upgradation.

- Ship building and ship repair industry would be granted infrastructure status and investments would be made eligible for tax exemption for long period (20 years).
- Incentive to shipyards if retained profits are reinvested.
- Zero custom duties on import of equipment machines etc for ship building and ship repairs will be provided and these activities shall be free from customs bond. Flexible tax provisions would be put in place for disposal of scrap and waste generated from ship repair and ship building.
- Excise and sales tax exemption for indigenous steel.
- Separate funding agency to be created for ship building and ship repair activities.

11th Five Year Plan – 2007-2012 -:As per the Report of the Sub-group for Shipping, headed by Director's General of Shipping, constituted by the Government of India, it was found that as on 1.10.2006, Indian Shipping consisted of 763 ships of 8.39 mn. Gross Tonnage (GT). As per statistics projected by Indian National Shipowners Association (INSA), 374 vessels of 3.79 mn GT would need to be scrapped over the next five years for crossing 25 years of age and also because these are single hull vessels which require scrapping as per the norms fixed by the International Maritime Organisation (IMO). This would therefore leave only 389 ships (51%) of 4.60 mn GT in India at the beginning of the 11th Plan.

The Sub-group for Shipping accordingly proposed 3 targets as under for acquisition of tonnage to meet the deficit and growth for Indian Shipping during the 11th 5 Year Plan 2007-2012:

Target GT (mn)	No. of vessels	Additional GT (mn)	Additional investment (Rs. in crore)
10 mn	374	5.4 mn	35000
12 mn	404	6.16 mn	55000
15 mn	609	9.16 mn	80000
Total	1387	20.72 mn	170000

The Committee therefore recommended the retention of existing tonnage and encouragement of shore based infrastructure to make investment in shipping as profitable as other service industries to attract new investors and greater investment in view of the flow of Indian Ships to Singapore and other tax havens and also for removing several taxes which make Indian Shipping non-competitive (source: Economic Times dated 18.12.06). The Government of India has also released the National Maritime Development Program (NMDP) in July, 2005 identifying 228 projects to be implemented in India's major ports over the next 10 years involving Rs. 6110 billion.

It is expected that the National Maritime Policy measures when implemented and the NMDP, will have a positive impact on the Ship building and Shiprepair facilities in the Country, including that of your Company.

Your Company has composite facilities, which is well positioned at Goa with regard to its location and proximity to the major international sea lanes. It has a modern State of Art shipyard consisting of a floating dry dock of 20000TLC/60000 DWT capacity, 4 wet repair berths, heavy duty workshop facilities, paint and pipe shops, general purpose fabrication yards, portal rail cranes of 15 Mt and 50 Mt capacity, etc. This infrastructure can be used for ship repairs, rig repairs and well as shipbuilding. The Company has sufficient skilled and experienced manpower in all three areas to render the services. Wherever necessary, the Company engages contractors with the requisite manpower skills to execute the jobs. The Company continues to maintain very high quality of its services with timely delivery and competitive prices. It continues to retain its strong position as a leading ISO 9001:2000 shiprepair yard with certification from BVQI. This has helped the Company in building customer confidence and an international customer base.

II. Opportunities and threats

Your Company continues to focus more on private sector and foreign ship owners and rig operators who are emerging as the front runners of growth. 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 helps your Company in retaining a large market share and a better customer mix.
During the year, your Company repaired 4 large oil rigs rated for operations at depths of 300 meters. Sedco Forex and Transocean are two of the largest Rig Operators in the world. The Company repaired their rigs well within the contracted time schedules. Quality and timeliness are the main requirements of the Rig operators in view of heavy penalties imposed for delays. Your Company has therefore emerged as one of the leading Rig repairers in India having repaired 7 rigs at Goa. Your Company had undertaken a long-term diversification strategy as rig repair requires a separate resource planning facility and technology. Your Company is confident of bagging at least two rigs a year in view of the non-availability of other yards for rig repairs and the growing concerns for safety at sea faced by the Rig owners. Your Company expects the prospects for rig repair business to be bright in view of the long term growth in offshore oil exploration and production in the Country. Your Company is well equipped to meet the challenges through excellence in quality, expertise, international network of agents, etc.

Your Company is facing a threat from the Mormugao Port Trust in respect of operational impediments in the use of its licensed premises. Your Company has challenged the same at various forums. At a joint meeting of the parties on 24.07.06, the Central Government has granted 18+6 months time to the Company to improve performance. The Central Government has also set up a High Powered Committee to look into the grievances of the Company with the Port. The Committee will submit a report after a hearing of the parties.

Future plan of action:

Though Shiprepairs is the main focus area of your Company, its diversification into rig repairs and shipbuilding are expected to fully utilize the ship building platform facilities and absorb the costs of manpower, utilities like water, fuel and power, etc. This will result in lower operational costs, significant economies of scale and stabilize earnings and payments to the lenders and investors.

III. Internal control systems and their adequacy

Your Company does not have an Internal Audit Department. However, there are adequate internal control systems for its business processes, monitoring the efficiency of operations, financial reporting, compliance with applicable laws and regulations, whistle blower policy, etc. The audits are conducted on quarterly basis to review the adequacy and effectiveness of internal controls and suggest improvements for strengthening them. The Company has an Audit Committee to regularly review the internal audit reports and the follow-up actions. The internal control plans are made with regard to risk perception, evaluation of the business process risks and risk mitigation measures. The Board reviews the recommendations of the Audit Committee.

IV. Financial

Your Company has implemented the restructuring packages containing the various concessions and reliefs received from ICICI Bank Limited, Stressed Assets Stabilization Fund (IDBI), Industrial Investment Bank of India, Bank of India, State Bank of India and UTI Asset Management Co. Ltd. These relate to conversion of 20% principal amount into Zero coupon Optionally Fully Convertible Debentures of Rs. 10/- each fully paid up (series I –secured) and rescheduling the balance 80% principal amount in 40 equal quarterly installments w.e.f. 15.11.2006 over a 10 year period, conversion of interest arrears equal to 50% of the principal amount into Zero coupon Optionally Fully Convertible Debentures of Rs. 10/- each fully paid up (series I – unsecured), waiver of the balance interest amount, etc.
During the year, your Company has converted 2,47,24,200 ZCOFCDs (series II) into 2,47,24,200 equity shares of the face value of Rs. 10/- each at par, aggregating to Rs. 24,72,42,000/- in favor of ICICI Bank Limited, Stressed Assets Stabilization Fund (IDBI), Industrial Investment Bank of India, Bank of India and State Bank of India, subject to 80% write down condition on par with the equity shareholders of the Company. At the request of the lenders, your Company has also extended the date for the exercise of the conversion right by the lenders, in respect of ZCOFCDs (series I) to 31.03.2008.