

Western India Shipyard Ltd.

(ABG GROUP COMPANY)

21ST ANNUAL REPORT 2012-2013



INDIA'S LARGEST COMPOSITE SHIPREPAIR FACILITY

AN ISO 9001: 2008 COMPANY

Board of Directors

Shri. Ashwani Kumar

Shri. Ashok R. Chitnis

Shri. R. S. Nakra
(Upto 29.11.2012)Shri. Ashok Kumar Agarwal
(From 24.05.2013)Cdr. S. K. Mutreja (Retd)
Whole Time Director & Chief Executive Officer**Company Secretary**

Shri. J. C. F. Sequeira

Statutory AuditorsM/s. V. V. Kale & Co
Chartered Accountants**Financial Institutions & Banks**ICICI Bank Limited
IFCI Limited**Regd. Office & Shipyard**P. B. No. 21,
Mormugao Harbour,
Mormugao, Goa - 403 803
Phone: 91 832 2520252-57.
Fax: 91 832 2520258.
E-mail: investors@wisl.co.in
Website: www.wisl.co.in**Registrars**Link Intime India Pvt. Ltd.
C - 13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (W), Mumbai 400 072.
Tel: 91 22 25946970
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Email: mt.helpdesk@linkintime.co.in**Contents****Page No.**

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NOTICE

Notice is hereby given that the **21st Annual General Meeting** of the members of Western India Shipyard Limited will be held at the Registered Office & Shiprepair Yard at P.B. No. 21, Mormugao Harbour, Mormugao, Goa - 403 803, on **Saturday, 21st day of September, 2013** at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Ashwani Kumar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass, with or without modification(s), the following resolutions as an Ordinary Resolution:

“RESOLVED that pursuant to Sections 224 and other applicable provisions of the Companies Act 1956, M/s. V. V. Kale & Co, Chartered Accountants from whom the necessary consent letter has been received u/s. 224(1-B) of the said Act, be and is hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General meeting of the Company with statutory audit fees of Rs. 9,00,000/- in connection with the audit of the Company for the year ended March 31, 2014 plus service tax and out of pocket expenses on actual basis.”

SPECIAL BUSINESS:

4. To consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that Shri. Ashok Kumar Agarwal, who was appointed as an Additional Director of the Company by the Board of Directors of the Company, who holds office upto the date of the ensuing Annual General meeting and who is eligible for appointment as a director, in respect of whom the Company has received a notice in writing under section 257 of the Companies Act, 1956 proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

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

“RESOLVED that pursuant to Sections 198, 267, 268, 269, 309, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, and subject to the approval of Central Government, if required, the approval of the members, be and is hereby accorded for the re-appointment of Cdr. Subhash Kumar Mutreja (Retd), Whole Time Director & Chief Executive Officer of the Company for a term of three (3) years w.e.f. 17.07.2013 on the following terms and conditions, including remuneration of Rs. 5,25,050/- per month (Annual CTC of Rs. 63,00,600/-), in the following manner:

1. Salary: Rs. 1,80,000/- per month.
2. House Rent Allowance: The Whole Time Director & CEO shall be entitled to perquisites including rent-free furnished accommodation or house rent allowance of 60% of basic salary. He shall also be entitled to Additional HRA/House Upkeep Re-imbursement of Rs. 22,000/- per month (at Actual upto a limit of Rs. 25,000/-).
3. Ex-gratia: Rs. 22,500/- per month.
4. Cafeteria reimbursement upto a limit of Rs. 1,44,200/- per month (at actuals).
5. Perquisites:
 - (i) 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 perquisites shall be computed as per the Income Tax Rules as applicable.

- (ii) The Whole Time Director & CEO shall be entitled to Company's contribution to Provident 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.
- (iii) Car for use on Company's business, telephone and other communication facilities at residence will not be considered as perquisites.
- (iv) The total value of the perquisites shall not exceed Rs. 45,350/- per month.
- 6. The Company shall reimburse to the Whole Time Director & CEO the traveling and entertainment expenses and other expenses incurred by him for the business of the Company.
- 7. The Whole Time Director & CEO shall not be paid any sitting fees for attending meetings of the Board of Directors or Committee thereof.
- 8. The Company shall have right to terminate the agreement by one (1) months' notice or salary in lieu of notice.
- 9. In the event of loss or inadequacy of profits in any financial year, the remuneration by way of salary and perquisites payable to the Whole Time Director & CEO shall not exceed the limits fixed under the provisions of the Companies Act, 1956.

RESOLVED further that pursuant to sub-section (2) of Section 269 read with part III of Schedule XIII of the Act, the necessary return be filed with the Registrar of the Companies."

By Order of the Board
For Western India Shipyard Limited
Sd/-
J. C. F. Sequeira
V. P. (Corp. Affairs)
& Company Secretary

Date: 24th May, 2013
Place: Mormugao, Goa

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE MEETING COMMENCES.
2. The Register of Members and Share Transfer Books of the Company will remain closed from **16.09.2013 to 21.09.2013** (both days inclusive) to enable the Company to ascertain the members eligible to attend and vote at the ensuing AGM.
3. The details of directors proposed to be re-appointed at the AGM in terms of clause 49 of the Listing Agreement with the Stock Exchanges, is annexed hereto.
4. The members holding demat accounts are requested to inform their email addresses to their Depository Participants (DPs) as the Company has implemented the "Green Initiative in Corporate Governance" as per Circular No. **18/2011** dated: 29.4.2011 issued by the Ministry of Corporate Affairs, permitting the electronic delivery of notices/ annual reports and documents to shareholders.
5. Members holding shares in physical form are requested to send their change of address, to the Company quoting their folio number.
6. Members are requested to note that the Company's equity shares are under compulsory demat trading subject to the provisions of SEBI Circular No. 21/99 dated 08.07.1999. Hence, members are requested to dematerialize their shares if not done so, to avoid inconvenience.
7. Corporate members who intend to attend the AGM, are requested to send a certified true copy of the Board resolution authorizing their representative to attend and vote at the meeting on their behalf.

8. The Company's Annual Report circulated to the members of the Company will be made available on the Company's website at www.wisl.co.in.
9. Members are requested to avail of the nomination facility under sec. 109A of the Companies Act, 1956.

EXPLANATORY STATEMENT

The Explanatory Statement u/s. 173 (2) of the Companies Act, 1956

Item No. 4: Appointment of Shri Ashok Kumar Agarwal as Director

Shri. A. K. Agarwal has been appointed as an Additional Director of the Company at the Board meeting held on 24.05.2013. He will retire at the ensuing Annual General Meeting of the Company. Your Company has received a notice from a member under Sec. 257 of the Companies Act, 1956 indicating his intention to propose the appointment of Shri. A. K. Agarwal as Director of the Company. Shri. A. K. Agarwal has a B.E. (Mech) degree with expert and specialized knowledge and experience as Head (Offshore Works) with ONGC in Oil & Gas exploration & production, Management & Logistics. Your Directors recommend his appointment.

Item No. 5. Re-appointment of Cdr. S. K. Mutreja (Retd.) as Whole Time Director & CEO

The term of office of Cdr. Subhash Kumar Mutreja (Retd.) will come to an end on 16.07.2013. He has been re-appointed as the Whole Time Director and Chief Executive Officer of the Company for a term of three (3) years. Cdr. Mutreja (Retd.) had over 45 years of experience in the Indian Navy and in the Shipbuilding, Rig repair and Shiprepair Industry in the public and private sectors in India. He is entrusted with the day to day operations and management of the Company under the superintendence & control of the Board. The General information of the Company is as under:

1. Nature of the Ship Repair Industry :

The Ship Repair Industry caters to the Shipping Industry consisting of Indian & foreign vessels like the Indian Navy, Coast Guard, dredgers, passenger vessels, cargo vessels, tankers, offshore support vessels, port craft & Oil Rigs. The Company caters to repair of older vessels which require periodical maintenance in dry dock & wet repair facilities of the Company at Mormugao Harbour, Goa on the west coast of India.

2. Financial Performance:

The financial performances of your Company over the last 3 years is as under:

Year	Turnover (Rs. in lacs)	Net Profit/ (loss) (Rs. in lacs)
2010-11	9471.73	1534.48
2011-12	8968.66	1222.42
2012-13	7853.30	(981.73)

Personal information:

Cdr. S. K. Mutreja (I.N Retd.) was born on 24.09.1946 at Muzafargarh (Punjab). He served the Indian Navy and held the post of Commander (I. N.) at the time of leaving service. Cdr. Mutreja has a B.E (Mech.) degree with expert and specialized knowledge in the field of his profession. He has undergone extensive courses in ISO 9000 quality systems, Shipyard Management, Production Planning and Control. He is 67 years with 45 years of experience in the Indian Navy and in the public and private sector. His last employment was in ABG Shipyard Limited. He joined WISL as Whole Time Director and CEO on 17.07.2007 and has been in continuous service in the Company. His annual remuneration for FY 2012-13 is Rs. 63,00,600/-, which was approved by the shareholders at the general body meeting. His remuneration is comparative to other shipyards in the private

and public sector considering the nature, size and business of the Company, his expertise and position in the Company. He has no pecuniary relationship directly or indirectly other than his remuneration. He is not having any direct or indirect interest in the share capital of the Company or its holding Company or through any other statutory structures at any time before the date of appointment.

The Board recommends the re-appointment of Cdr. S. K. Mutreja (Retd.) as a Whole Time Director & CEO of the Company for further term of three (3) years w.e.f. 17.07.2013 as set out in the special resolution. Other than the Whole Time Director & CEO, no other Director of the Company is in any way concerned or interested in the said resolution. A copy of the resolution passed by the Remuneration & Compensation Committee and the Board on 24.05.2013 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
For Western India Shipyard Limited
Sd/-
J. C. F. Sequeira
V. P. (Corp. Affairs)
& Company Secretary

Date: 24th May, 2013
Place: Mormugao, Goa

ANNEXURE

Directors seeking appointment/re-appointment in the 21st Annual General Meeting pursuant to Clause 49 (G) (I) of the BSE Listing Agreement:

Name of Director	Shri. Ashwani Kumar	Shri. Ashok Kumar Agarwal
Date of Birth	15.08.1948	16.05.1950
Date of Appt./Re-appt.as Director	25.09.2010	24.05.2013
Qualification	Post Graduate in Political Science from Allahabad University.	B.E. (Mech.)
Experience & Expertise in Specific functional area	35 years of experience with Indian Revenue Service. Retired as Chief Commissioner of Income Tax.	Retired as Head (Offshore Works), ONGC with experience in Oil & Gas exploration, production, management & logistics.
Directorships held in other Companies	ABG Shipyard Limited J. Kumar Infraprojects Limited	ABG Shipyard Limited ABG Solar Projects Pvt. Ltd ABG Energy Ltd ABG Energy (M.P.) Ltd ABG Energy Himachal Pradesh Ltd. PFS Shipping (India) Ltd. ABG Anchor Marine (India) Pvt. Ltd. AKB Offshore Consultancy LLP
Committee positions held in other Companies	Audit Committee & Compensation Committee of ABG Shipyard Limited	Nil
No. of Shares held in WISL	NIL	Nil

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting their 21st Annual Report on the business and operations of your Company together with the Audited Accounts for the year ended March 31, 2013.

1. Financial highlights

Particulars	31.03.2013 (Rs. In Lacs)	31.03.2012 (Rs. In Lacs)
Sales and other Income (*)	7,853.27	14,185.42
Profit before Depreciation, Tax & Finance Cost	1,276.14	3,133.39
Less: Finance cost	1,249.26	1,113.20
Profit before Depreciation & Tax	26.88	2,020.19
Less: Depreciation	1,314.64	1,046.76
Profit before Tax	(1,287.75)	973.43
Less: Provision for Taxation		
Provision for MAT	-	258.66
Tax adjustments for earlier years	4.36	-
MAT credit entitlement	(6.09)	252.00
Net Profit / (Loss) after tax	(1,298.20)	966.77
Prior period expenses	(11.48)	(255.65)
Exceptional items	(305.00)	-
Net Profit / (Loss) for the year	(981.72)	1,222.42

2. Operations

The Financial year 2012-13 was a difficult year which saw restrictions by the State & Central Government and the Apex Court on mining operations in Goa. This affected the Iron Ore Mining Industry in Goa which came to a complete halt and affected the transport operations of barges and transhippers. There was also a reduction in vessels seeking shiprepairs at Mormugao due to recession in shipping and outbound cargo. The number of vessels visiting the Port therefore decreased during the year. Despite these constraints, your Company has repaired 12 vessels during the year and achieved a total revenue of Rs. 7853.30 lacs as against Rs. 14,185.42 lacs in the previous year, a decrease of 44.64%. There was a net loss of Rs. 981.73 lacs for the year as against a net profit after tax of Rs. 1222.42 lacs in the previous year. There was also severe recession in the Shipping Industry with fleet owners deferring the shiprepair business.

3. Dividend

Your Board is unable to recommend any dividend to the shareholders in view of the accumulated losses.

4. Future Outlook

The Global Shipbuilding and Ship repair Industry is growing at a compounded annual growth rate (CAGR) of about 24 per cent and is likely to reach Rs. 14 lakh crore by 2015 owing to rising global sea borne trade. Against this, the Indian Shipbuilding and Ship repair industry is growing at a CAGR of about 8 per cent and is likely to reach Rs. 9,200 crore from the current level of just over Rs. 7,310 crore [Source: ASSOCHAM Study Report].

The Central Government has encouraged about 35 registered Shiprepair Units with incentives and concessions like exemptions from customs and central excise duty in view of the huge potential of the Shiprepair Industry which offer shiprepair and maintenance services to Indian and foreign vessels and oil rigs along the east and west coast of India.

The Indian Shipping Industry continues to be the world's most efficient and cheapest means of transportation along 7517 km of coastline with about 200 ports spread over the east and west coast of India. About 95% of India's trade by volume and 70% by value are transported by sea. The Baltic Dry Index (BDI) which is a leading indicator of global shipping economic activity shows the nominal rise in the daily weighted average of prices for shipping bulk dry cargo such as iron ore, coal and grain for smaller size vessels namely, Handymax, Supramax & Panamax. During the year, the BDI fell by about 22% to 910 points as on 31.03.2013 showing a recession in the Shipping Industry.

The size of the Indian merchant shipping fleet is about 1164 vessels of 14.95 mn DWT (10.22 mn GT) as of 31.03.2013 [D.G. Shipping first quarterly report 2013] consisting of 806 coastal vessels and 358 overseas vessels of Indian flag. Coastal Trade continues to be one of the main areas of concern in the Shipping Industry. However, the percentage share in coastal traffic is only 8% considering the tonnage /km basis where petroleum, coal and cement form a major part of the cargoes carried by them. Very little container cargo is moved along the coast, though there is huge potential. The reasons for this are high port tariffs, poor berth availability, non-availability of long term finance, high operating costs, poor hinterland connectivity for domestic cargo like physical infrastructure in the form of Container Freight Stations (CFSs), Inland Container Depots (ICDs), Private Freight Terminals (PFTs) and logistic parks with storage, warehousing and transport facilities. Hence Major Ports need to have dedicated berths for coastal vessels and minor ports should encourage greater coastal traffic [Source: Hauer Associates Report prepared for CII]

The Port infrastructure continues to face several challenges such as capacity constraint, lack of hinterland connectivity, inefficiency in operations, procedural delays and labour problems. On the regulatory front, is that of port tariff fixation by Tariff Authority for Major Ports (TAMP), which is not applicable to minor ports. This has forced investors to shift business from Major Ports to minor ports, defeating the very objective of major ports of creating efficient infrastructure through private participation. The major ports need to improve port technology, productivity and quality of services to Port users [Source: Dun & Bradstreet review].

The Mormugao Port Trust (MoPT) has no shipyard yard for repair of ocean going vessels. Therefore the port has entered into a 25 year license agreement with WISL to render shiprepair and shipbuilding in the Port area. WISL supplements the Port earnings by way of annual license fees, hire of port water area and port services like tugs and pilots for vessel movements. The port cargo traffic at the Mormugao Port has been severely affected during the year by an embargo on iron ore exports. The import/export cargo therefore declined by about 21%.

The Maritime Agenda 2010-20

The Maritime Agenda 2010-20 was released by the Ministry of Shipping, in January, 2011. It will have a significant long term impact on the Indian Maritime Industry as it seeks to improve the facilities for the 12 major ports and 187 minor ports in India, especially through massive investment of Rs. 2,87,000 crore through the PPP route to ensure higher growth in sea bourn traffic at ports. The agenda also seeks to increase the drafts in major ports to not less than 14 metres to cater to the larger vessels.

However, the proposal for shipbuilding subsidy and the grant of Infrastructure Industry status to Shipbuilders and Shiprepair units needs to be implemented on priority basis as proposed by the Maritime Agenda. Such subsidy will reduce the high costs of capital goods, raw materials, consumables and spares, alongwith duties and taxes which create a significant price disparity of about 50% in building a ship in India, as compared with China, Korea and Japan. When the subsidy scheme was in force, India was a recognised shipbuilding destination and India's share of the global shipbuilding industry had expanded rapidly from less than 0.1% in 2002 to 1.3% by 2007. But after 2007, when the subsidy was discontinued, India's share in new orders has progressively declined to 0.04% in 2011. The Maritime Agenda has set an ambitious target of 5% as India's share in the global shipbuilding market by 2020. Hence the Central Government needs to announce and implement a firm policy to enable a large number of shipbuilding and shiprepair proposals to be implemented.

The Ministry of Shipping has proposed a measure of relief to the Shipbuilding industry in the Budget 2013 by

exempting ships and vessels from excise duty. Consequently, there will be no countervailing duty on imported ships and vessels. The introduction of the "Indian Ports (Consolidated) Act, 2010" in place of the Indian Ports Act, 1908 and the Major Ports Act, 1963, with a view to simplify and streamline ports regulations in India covering 200 major and non-major ports, is another welcome step for the Maritime Industry. The new Act will replace TAMP by the Port Regulatory Authority and corporatize Port Trusts. This is a welcome step for the Trade and Industry. The Central Government has withdrawn the service tax exemption to ship repairers in the ports. As per the Negative List w.e.f. 01.07.2012, exemption is granted only for repair of government vessels like Navy and Coast Guard. The Shipyard Association of India has represented for the restoration of service tax exemption to ship repairers in ports and a favorable decision is awaited.

5. Directors

During the year, Shri. R. S. Nakra resigned from the Board and its Committees. The Board placed on record its sincere appreciation for the services rendered by Shri. Nakra during his tenure on the Board and its committees.

Shri. Ashok Kumar Agarwal joined the Board as additional director in May, 2013. Shri. Ashwani Kumar retires by rotation at the ensuing AGM and, being eligible, offers himself for re-appointment as director.

The term of office of Cdr. S. K. Mutreja (Retd.), Whole Time Director & Chief Executive Officer of the Company, ends on 16.07.2013. He is eligible for re-appointment at the ensuing AGM. They are not disqualified as per the provisions of Section 274 (1) (g) of the Companies Act, 1956. The Board recommends their re-appointment.

6. Directors' Responsibility Statement

As required by sub-sec. 217 (2AA) of the Companies Act, 1956 your Directors state:

- (a) that in the preparation of the annual accounts for the year ended 31st March 2013, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (b) that the directors have selected such accounting policies in consultation with the statutory auditors, applied them consistently and made judgments 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 that period;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding assets of the company, and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis.

7. Auditors

M/s. V. V. Kale & Co., Chartered Accountants, Statutory Auditors of the Company hold office upto the conclusion of the ensuing Annual General Meeting. The auditors consent u/s. 224 (1B) of the Companies Act, 1956 has been received for their re-appointment. The Board recommends their re-appointment as set out in the notice.

8. Deposits

The Company has not accepted deposits from the public and therefore the provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.

9. Statutory Disclosures

- (a) The information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under 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 given in Annexure 'A' to this report.
- (b) The Corporate Governance Report, in terms of Clause 49 of the Listing Agreement with the Stock