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20 YEARS

# SEA BLUE SHIPYARD LTD

## SEA BLUE E-NEWS LETTER

*(For Private Circulation)*

Aerial View of Sea Blue Shipyard Ltd




Afloat Repair works of MV Meghna for Global Offshore Services Ltd at SBSL Wharf.

Volume 11
Issue - 1

# LETTER FROM CMD, SHRI O.C.JOHN.

My dear Sea Blue family members,

As all of you are aware that the company followed a practice of publishing E-News Letter periodically to keep informed of each and every shareholder in regard to the developments taking place in the activities of Sea Blue. The same could not be continued without any interruption, but now we are bringing out a new issue for your perusal and I hope all of you will welcome our effort as also find it more useful and informative about the company to all.

In spite of several inhibiting factors including Covid19 your company was able to perform well and consequently in the financial year 2019-20 it came out of NPA by settling all the liabilities with the bank and could make a reasonable profit. The progressive trend continued in 2020-21and during the financial year ended 31-03-2022 our company has been able to achieve significant profit and wipe out all the accumulated losses. Another remarkable achievement was that the company was able to declare a dividend of 5% for the current year and thus it has become a dividend paying company.

Better performance and increased turnover were achieved mainly due to the creation of significant improvements to the infrastructure facilities in the yard. This has also helped us to bag large orders and provide for sustained business and substantial income. It is evident from the fact that one of our prime customers viz Indian Navy has upgraded our vendor status and now we can participate in tenders for refit of smaller warships which they don't regale from private shipyards.

The success in a business is about growth and longevity. Business growth means how many people are working, how vast is the operation, how long it sustains etc. On a daily average almost 200 people are working for our yard inclusive of the opportunities given for indirect employment. We have successfully repaired 14 ships in the year 2019-20, 18 ships in 2020-21and 24 ships in 2021-22. We now stand in 4$^{th}$ position among the total number of ships repaired in private shipyards in the country. The company is entering into its 20$^{th}$ year of operations.

We are working out a strategy to achieve a turnover of Rs.25 crores in the coming year and improve profitability by reducing costs in various areas to the maximum extent possible. Other plans are to enhance the capacity of mechanical slipway from 600 ton to 1000 ton and construct one more mechanical slipway of smaller size wherein 30 meter Interceptor Boats of Indian Coast Guard can be dry docked. Accommodation facilities for our outstation employees are also under consideration.

Sea Blue has performed well in an extremely challenging and high competitive environment. It was made possible by motivating the entire team in all levels and even working beyond normal hours. Continued support and encouragements are needed to have sustained performance to achieve high productivity, profitability and declaration of dividend.

I sincerely appeal all of you to move as a committed team for the growth and advancement of our company and also to achieve our vision, none other than to make Sea Blue a high dividend paying company and the most respected medium size shipyard in India.

With warm personal regards,

O. C. John
Chairman & Managing Director

# NEWLY CONSTITUTED DIRECTOR BOARD OF THE COMPANY

The Board of the company was reconstituted as per the provisions contained in our Memorandum and Articles of Association as well as the Companies Act. Accordingly, two-third (2/3) of the total number of Directors shall retire by rotation and the Directors who retire in every year shall be those have been longest in office since their last election. At each AGM, one third (1/3) of such Directors are liable to retire by rotation and are eligible for re-election. Two of our Non-Executive Directors who are having the longest period of service are liable to retire were Dr. Raju Varghese and Mr. R. Jeyaraman. While Dr.Raju Varghese was elected Mr.Jeyaraman failed in the election. We planned to select two more Non-Executive Directors and one Independent Director in place of Dr.P.V.Chandramohan who retired on completion of 5 year term. We solicited application from the Advisory Council Members and advised to submit the same to Nomination and Remuneration Committee (NRC). But NRC received only 3 proposals and evaluated two highly qualified and experienced professionals from the investor's pool as Non-Executive Directors and one highly qualified and experienced professional from outside as an Independent Director respectively. The committee suggested the names of Mr. Kurien Varghese and Mr. K.B. Gopalakrishnan as Non-Executive Directors and they were finally elected. Dr. Mohammed Sagheer became a Non-Executive Independent Director who will hold office for 5 consecutive years and not liable to retire by rotation.

The board consists of the following Directors:-

1. Shri O.C.John, Chairman & Managing Director
2. Shri E.Tojen, Whole Time Director (Operations)
3. Shri Jroish G Kanippilly, Non-Executive Director
4. Dr.Raju Varghese C, Non-Executive Director
5. Shri Shaji Joseph, Non-Executive Director
6. Shri E.V.Ramachandran Nair, Non-Executive Director
7. Shri K.B.Gopalakrishnan, Non-Executive Director
8. Shri Vijith Vijayachandran, Non-Executive Independent Director
9. Dr.Mohammed Sagheer, Non-Executive Independent Director

It may be noted that the following Directors retired on rotation and are re-elected as Non-Executive Directors, in the AGM held on 24-09-2022.

Dr. Raju Varghese C has been in the board for 9 years and retired on rotation but re-elected as a Non-Executive Director.

Shri Kurien Varghese has been elected as a Non-Executive Director but he decided not to join the board immediately.

Shri K.B.Gopalakrishnan has been associated with SBI for more than 32 years in various capacities including 3 year`s international experience at London. He finally retired as General Manager and during the tenure he handled all types of assignments and gained considerable exposure to operations management, risk management, SME financing, corporate banking, international banking, investment banking etc. After retirement he served in various highly reputed private sector organizations as Director, Executive Director, Chief Operating Officer, Chief Financial Officer etc.

Dr. Mohammed Sagheer is a highly qualified professional who has specialized in project structuring, transaction advisory, financial analysis, project management and construction administration. He was the Director/Superintending Engineer, Ministry of Urban Development, Govt. of India nearly 12 years and responsible to provide technical assistance and advisory support for civil works for several major projects like International Airport, Kolkatta, New Passenger Terminal, Chennai, 15 floor residential complex in Gurgaon, Multi storey flats for MPs, New Delhi, development of International Airport, Kushinagar,UP and so on. Now his services are extended to Kukuza Project Development Co.Ltd., Mauritius, as Senior Adviser. He has 27 years of experience in various fields.

## FINANCIAL RESULTS FOR THE FY 2021-22

The financial results for the year ended 31-03-2022 as compared with the previous year are given below for your information.

| STATEMENT OF PROFIT AND LOSS OF OUR COMPANY (Rs.in Lakhs) | | | |
|---|---|---|---|
| **PARTICULARS** | **30-09-2022** | **31-03-2022** | **31-03-2021** |
| Revenue from operations | 1253.72 | 1908.06 | 1273.52 |
| Other income | 16.35 | 38.25 | 13.72 |
| **Total Revenue** | **1270.07** | **1946.31** | **1287.24** |
| Expenses | 1074.76 | 1409.16 | 1113.03 |
| Operating profit | 195.31 | 537.15 | 370.18 |
| Taxation | ---- | 145.82 | 76.17 |
| **Net profit** | **195.31** | **391.63** | **294.01** |
| **BALANCE SHEET OF OUR COMPANY** | | | |
| Share capital | 4000 | 4000.00 | 3738.69 |
| Reserves & surplus | 479.64 | 284.32 | (107.31) |
| Non-current liabilities | 842.22 | 539.56 | 598.00 |
| Current liabilities | 337.26 | 440.31 | 536.37 |
| **Total Liabilities** | **5659.12** | **5264.19** | **4765.75** |
| Non -current assets | 3853.71 | 3838.90 | 3653.34 |
| Current assets | 1805.41 | 1425.29 | 1112.41 |
| **Total assets** | **5659.12** | **5264.19** | **4765.75** |

During the half year ended 30-09-2022, the revenue from operations was Rs.1253.72 lakhs. It could generate a total income of Rs.1270.07 lakhs including other income of Rs.16.35 lakhs. The profit before taxation was Rs.195.31 lakhs and the progressive trend continues and expected to gain praiseworthy results in the current financial year.

It can be observed from the above results that the turn over and profitability has been increased substantially. Company's performance has been improving year after year despite lot of hurdles including Covid19 pandemic. However, it came out from NPA and wiped out all accumulated losses. The reserves show a positive figure without any net worth erosion. Considering the overall working results, projected future impressive results and financial strength, a dividend of 5% has been declared during the financial year ended 31-03-2022 for distribution amongst the shareholders. The dividend payment has been commenced through HDFC Bank.

## DIVIDEND DISTRIBUTION - 2022

Happy to inform all our equity shareholders of the company that as recommended by the Board for payment of a dividend of 5% per equity share for the financial year ended 31st March 2022 has been approved as per 19th Annual General Meeting (AGM) Resolutions. The Board has adopted a dividend distribution policy and accordingly the dividend payment has been commenced through HDFC Bank from 4th d November, 2022. Those who have provided their bank account details will get the dividend on line through HDFC Bank. It has been learned from the bank that they will take 2 weeks' time to complete the online payment. Those who have provided bank account details may contact Company Secretarial Department after 2 weeks' time if they are not getting the dividend within the time limit. Those who have not provided the account details will get the dividend warrant by post within afew days' time.

## ENHANCEMENT OF YARD FACILITIES

We have enhanced our Yard facilities as detailed below- Detailed list also attached.

### I- BUILDINGS CONSTRUCTED:

1. New Store & Office space for Engineers.
2. New building in North Yard to meet the service requirements of Defence Depts.
3. Mess room & galley in North Yard for the crew of Defence Depts.
4. New security cabin & toilet block near North Gate.
5. New toilet blocks near workers rest room.
6. Security cabin with automatic gate.

## II- BUILDINGS RENOVATED:

1. Conversion of old workers rest room to class room/office space.
2. Renovation of office space for Naval officers.
3. Renovation of canteen building for NSRY officers & crew.
4. Renovation of North side building near slip way for Navy staff changing Room.
5. Conversion of old casual workers room to store.
6. Extension of carpentry shop and flooring.
7. Telescopic shelters over the fabrication skid.

## III-BALLOON DOCKING FACILITY:

The erection of Balloon slip way docking facility with winches increased the capacity for taking up 2 numbers of higher tonnage barges simultaneously in our yard. New Telescopic shelters and fabrication skids enhanced the fabrication works during unfair weather conditions. Drainage for rain water systems and yard leveling were also made for eliminating of rain water logging in the yard. Yard lighting systems are installed in such a way that works can be carried out in full swing throughout 24 hours.

## IV-FIRE RESCUE SYSTEM:

Installation of higher capacity fire and rescue systems is in progress for meeting our client's requirements.

## V-SECURITY SYSTEM:

We have also tightened our security system by setting up of new automated gate and security cabin. Yard surveillance cameras are also installed in different locations of yard and office to improve security and to take the confidence of our main clients like Indian Coast Guard and Indian Navy.

# STATUS OF BUSINESS DEVELOPMENT

We secured 20 orders for various dry docking and other repair works during the period from April to October 2022 as detailed under:

| | |
|---|---|
| Orders received | Rs.2047.05 lakhs |
| Orders executed | Rs.1061.20 lakhs |
| Orders pending | Rs.0985.85 lakhs |

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## BREAK UP OF WORK ORDERS PENDING FOR EXECUTION

| SL. No. | PROJECT | CLIENT | JOB | EXPECTED AMOUNT (Rs. Lakhs) |
|---|---|---|---|---|
| 1 | Staging | NSRY (K) | RRC | 019.04 |
| 2 | WB Ambuda | NSRY (K) | Dry docking and repair NR22 | 397.46 |
| 3 | MV nine Ocean | Bharath Chemicals | Installation of free fall life boats | 010.00 |
| 4 | MV Amrut XVII | Amrut Dredging & Shipping Ltd. | Balloon dry docking | 115.10 |
| 5 | Goa Branch | Goa Shipyard Ltd. | Repair and rate contract | 137.24 |
| 6 | Hopper Barges | ALHW | Construction | 053.06 |
| 7 | ICGS-C402 | Indian Coast Guard | Repair | 128.95 |
| 8 | ICGS Amartya | KRASNY | Repair | 125.00 |
| GRAND TOTAL | | | | 985.85 |

## REPORT FROM THE HR DEPARTMENT:

E.D. XAVIER, MANAGER (HR)

Human Resources Department (HRD) is one of the important Departments of our organization. Employees are the organization's most valued assets. HRD formulates all employees individually and collectively to make their best contributions for the timely completion of the awarded works thereby achieve our targets. This includes timely recruitment of skilled manpower, their orientation, compensation and benefits, enrolment in the statutory employee's welfare schemes, motivational classes, advanced training to appear for the Performance Qualification Tests, personal/industrial safety and appraisal of their annual performance.

HRD also provides pre-professional work experience to the students from the Technical Educational Institutions in South India to improve their knowledge and skills by introducing Industrial visits and training programmes. This is also an additional income for our organization.

HRD is always thriving to create a good personal relationship among our labour force to maintain a cordial atmosphere in our company. We are maintaining a healthy relationship with our neighboring communities also. Their grievances are carefully heard and amicably solved as and when it raised. During Onam and Christmas festivals, gifts were exchanged between the neighboring communities. Skill training facilities are provided to the technically qualified students and preferences are given to the neighboring communities in filling the temporary vacancies of our company.

Our manpower strength is around 200 representing regular employees, casual workers and workers of the sub-contractors.

We also provide training facilities to the technically qualified students from the approved training institutes affiliated to our company. Normally the training is imparted for a period of three months. The trainees are being deployed in the various work sites to assist our technical workers. At present 30 students are being trained in this category.

Proper accommodation facilities are provided to our eligible employees and Casual workers/Trainees at our cost, near to the yard.

Statutory Licenses are also being renewed before its due dates. License under Factories and Boilers, License under Kochi Municipal Corporation and Yard Accreditation Certificates are renewed every year. The Consent to Operate License under the Kerala State Pollution Control Board has been renewed up to 31-12-2026.

**SEA BLUE SHIPYARD EMPLOYEES WELFARE FUND (SBSEWF)**

The Employees Welfare Fund was formally inaugurated by our CMD, Shri. O.C. John on 1st June 2021. The objective of the Welfare Fund is to cater to the emergency financial needs of our employees by timely supply of credit for their financial needs. It is a joint effort of the permanent employees and the management of SBSL. The permanent employees are the shareholders of the Welfare Fund and it is managed by a 7 member Managing Committee elected by them. It consists of Shri. E. Tojen, Director-Operations, as the Chairman and 2 representatives from the Technical Workers, 1 each from the Managers, Supervisors, Accounts and HR Departments. The CMD acts as the Patron of the Welfare Fund. The term of the committee is 2 years. The day-to-day functioning of the Welfare Fund is based on an approved by-law.

The working capital of the Welfare Fund is mobilized in the following manner:

(a) Contribution from the members shall be not less than Rs.300/- per month.
(b) Contribution from the management is Rs.2,500/- per month.(At the time of liquidation of the Welfare Fund, this contribution will be given to the company with proportionate share in the profit.)
(c) Interest on loan granted to the members.
(d) Donation from the well-wishers.
(e) Fine imposed on the employees who are violating the safety norms of the company @ Rs.20/- per violation.

The transaction of the funds is carried out through a joint bank account opened in the Karthedom Rural Cooperative Society.

As on 30-09-2022 there are 41 members in the Welfare Fund and their total contribution comes to Rs.352,600/- and Rs.40,000/- contributed by the management. So far 18 members were availed credit facilities ranging from Rs.10,000/- to Rs.50,000/- which has aggregated to Rs.400,000/- Now the total working capital of the Welfare Fund is Rs.411,294/- including a sum of Rs.18,694/- received towards interest on loan disbursed to the members, interest from bank and fine imposed on the violators of safety norms. The outstanding of the loan as on 30-09-2022 is Rs.255,754/-.

## FUTURE PROSPECTS FOR OUR INDUSTRY

From the press reports, we gathered the following information related to our industry:

Kochi Water Metro, a new project under Kochi Metro Rail Ltd. (KMRL) is estimated to cost Rs.747 crores inclusive of 78 boats and 38 jetties covering a total distance of 76 kilometers. The boats can be operated with diesel as well as solar energy. This new concept for modern water transport system for passengers is envisaging to link the people living in about 10 islands with the main city. The project initially requires 23 boats and Cochin Shipyard bagged the entire order of construction. 4 boats having capacity to travel maximum of 100 passengers have now been launched. KMRL invited tender for the making of 15 more boats having capacity to travel 50 passengers. With the available boats KMRL have already been started limited trips in some important routes.

Kochi perceives the scope for cruise tourism and there is abundant scope for developing domestic cruise. At present only one domestic cruise ship is visiting Kochi port.

Govt. of Kerala is planning to divert at least 20% of transport of goods by water against the road transport. The ship building possibilities are being discussed with Cochin Shipyard. After a detailed study, the project will be approved by the Government and included in the budget for adequate allocation of fund.

Recently a new cruise vessel was launched in Kochi waters for tourists interested to go for a sunset trip into the sea. 27 meter long and 8 meter width ship can accommodate 150 passengers which were made under IRS class in the private sector.

A project having high class facilities for taking up medical treatment in a luxurious house boat was inaugurated in Kochi. This will be a new step in the space provided for the development of medical tourism.

All the above developments taking place in the state will have direct impact on our business. It may fetch more opportunities to build small/medium sized ships and also will be a great opening for substantial chances for repairing jobs.

# UPDATE FROM THE SECURITY DEPARTMENT

It is worthwhile to mention here that this Department has been revamped with a view to give utmost importance for the security of its employees and customers. It shall continue to ensure and do the needful for providing and maintaining a well secured working environment.

The entire yard area has been guarded by 04 Security guards under the close supervision of a Security Officer during day time and with 03 Security guards during night hours. Moreover, the entire yard area has also been closely monitored throughout the days with 12 CCTV cameras.

The following measures have been implemented and followed strictly by the Security Department:-

(a) Issue of Entry passes to all visitors.

(b) Documentation of entry and exit of all visitors, employees, contract workers, Students on Industrial visit, Internship etc., at main gate.

(c) Issue of work pass to vessel crew and all contract and sub-contract workers (duly verifying their ESI/PF Insurance details, in the case of contract/sub contract workers).

(d) Strict Verification of all the materials being brought / delivered from / to SBSL at main gate according to the original vouchers.

(e) Regular patrolling of security guards in and around all the yard areas (both main yard and north yard).

(f) Strictly Prohibiting smoking inside yard.

(g) Prohibiting unauthorized use of Smart phones and Cameras in and around the SBSL yard areas during working hours.

(h) Prohibiting unauthorized anchoring/mooring of fishing boats, private boats and tourist boats.

THE FOLLOWING ACTIONS ARE IN THE PIPELINE:-

a) Installation of Bio-metric system for Punching/face detection of all employees/workers.

b) Frisking of all employees while entering/exiting SBSL.

c) Installation of remote barrier gate.

## FOR MOTIVATION:

BY E.D XAVIER –MANAGER-H.R

Prayer is not a "Spare Wheel"
That you pull out when you are in trouble,
But it is a "Steering Wheel"
That directs the right path throughout.

When GOD solves your problems,
You have faith in His abilities;
When GOD doesn't solve your problems
He has faith in you.

Everyone thinks of changing the world, but no one
Thinks of changing himself.

If you don't like something, change it. If you can't
Change it, change your attitude.

## FOR LAUGHING - BY E.D XAVIER –MANAGER-H.R

Why do couples hold hands during their wedding?

It's a formality, just like, two Boxers
Shaking hands before the actual Fight begins!!!

It is difficult to understand GOD
He makes such beautiful things as Women
And then He turns
Them into Wives.

# *EDITORIAL*

*Dear Sea Blue family members,*

*Sea Blue has now been entered into its 20th year of glorious service to the medium sized ship building and repairing industry. Over the years it has earned high reputation and became one among the most respected shipyards in India especially in the private sector.*

*Earlier Sea Blue had a practice of issuing E-news Letter periodically covering the working results and overall performance/various developments taking place in our company for the information of all concerned. Somehow this practice was discontinued and now all of us felt the need to revive the publication of the same as it was able to project a clear picture of the company amongst all shareholders. We know that it was an unequal task but all of us strive hard to make it possible. We have taken every caution to eliminate any possible errors or misrepresentation of any facts and the same are based on actual/audited figures. Some of them are provisional figures brought before you for your kind information. Trust we have done justice to the job undertaken by us. However we do not raise any claim in regard to the perfection for this work. With this few words we would like to present the latest E-news Letter before all our esteemed investors. We earnestly seek your comments, advices and guidance to make the future issues more useful with plentiful of information.*

*We also take this opportunity to request our shareholders and staff members to provide their articles for publishing in our future issues. We once again record our appreciation and profound thanks to the staff members in various departments for their valuable contribution without which our endeavor would not have been successful. Finally we all are so happy and feel proud to be associated with this great job*

*E. D. Xavier*
*Manager (HR)*
*Editor*