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**BHARATI SHIPYARD LIMITED**

**28<sup>TH</sup> ANNUAL REPORT - 2004-05**

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## BOARD OF DIRECTORS

<b>P.C. Kapoor</b>	:	<b>Managing Director</b>
<b>Vijay Kumar</b>	:	<b>Managing Director</b>
<b>J.M. Gandhi</b>	:	<b>Director</b>
<b>Sherali M. Sheikh</b>	:	<b>Director</b>
<b>B. L. Patwardhan</b>	:	<b>Nominee Director-SBI</b>
<b>Company Secretary</b>	:	U.A.Patel
<b>Solicitors</b>	:	Kanga & Company
<b>Auditors</b>	:	Shantilal Mehta & Co.
<b>Bankers</b>	:	State Bank of India State Bank of Hyderabad State Bank of Travancore Andhra Bank
<b>Registered Office</b>	:	Saheb Building, 4th Floor, 195, D.N. Road, Fort, Mumbai 400 001.
<b>Corporate Office</b>	:	302, Wakefield House Sprott Road, Ballard Estate Mumbai-400 038.
<b>Shipyards</b>	:	Ratnagiri Ghodbunder
<b>Website</b>	:	www.bharatishipyard.com

## NOTICE

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of the members of BHARATI SHIPYARD LIMITED will be held at Ashoka Hall, Arcadia, N.C.P.A. Marg, Nariman Point, Mumbai - 400 021 on Friday, the 23<sup>rd</sup> September, 2005 at 3.00 p.m. to transact the following business: --

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2005 and Profit & Loss Account for the year ended as on that date together with the Directors' and Auditors' Reports thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. J. M. Gandhi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sherali M. Sheikh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s Bhuta Shah & Co., Chartered Accountants, be and are hereby appointed as Joint Auditors of the Company to act as such and to hold the office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting on such remuneration as may be mutually decided by and between the Chairman and the above said auditors."

By Order of the Board of Directors.

**FOR BHARATI SHIPYARD LIMITED**

Place : Mumbai  
Date : 29<sup>th</sup> July, 2005

U.A. PATEL  
Company Secretary

### REGISTERED OFFICE :

195, Saheb Bldg. 4th Floor, D. N. Road  
Fort, Mumbai 400 001.

### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY SO APPOINTED NEED NOT TO BE A MEMBER OF THE COMPANY.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 15<sup>th</sup> September, 2005 to Friday, 23<sup>rd</sup> September, 2005. (both days inclusive).
3. The Dividend recommended by the Board of Directors, if declared at the Meeting, will be payable to those Shareholders whose names are registered in the Register of Members of the Company on 23<sup>rd</sup> September, 2005.
4. Dividend if declared will be made payable at the registered office of the Company on or after 28<sup>th</sup> September, 2005.
5. Members are requested to intimate to the Company/ its Registrar, changes, if any, in their registered addresses, at an early date and to quote folio numbers in all their correspondence.
6. Members are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
7. Members are requested to bring the copies of Annual Report at the time of attending Annual General Meeting.
8. Members are requested to send their queries, if any, on the accounts, to the Company Secretary at least 10 days before the Annual General Meeting; to enable the Company to be ready with the replies at the AGM.
9. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as listed at Sr. No.6 of this Notice is annexed hereto.
10. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the depositories for this purpose.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

Item No. 6:

**Appointment of Joint Auditors.:**

In view of the many fold increase in the activities of the Company, the Board of Directors felt it necessary to recommend appointment of a Joint Auditor, to hold the office along with the existing statutory auditors of the Company. This is being done to have a better audit control on the activities of the Company.

A Special Notice under Section 190, read with Section 225 of the Companies Act-1956, has already been received from a member, proposing the name of M/s Bhuta Shah & Co., Chartered Accountants for their appointment as Joint Auditors of the Company.

The Board has recommended the name of M/s Bhuta Shah & Co., Chartered Accountants for the appointment as the Joint Auditors; who have also conveyed their eligibility for such an appointment. Your Directors recommend the resolution for your approval. None of the Directors is concerned or interested in it.

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**DIRECTORS' REPORT**

To,

The Shareholders  
BHARATI SHIPYARD LIMITED

Ladies and Gentlemen,

Your Directors have pleasure in submitting their 28<sup>th</sup> Report together with Audited Balances Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2005.

**1. FINANCIAL RESULTS:**

(Rs. in Crores)

	2004-05	2003-04
<b>Turnover</b>	192.98	121.74
Profit before Depreciation, Taxation	37.94	9.71
Less : Depreciation	0.44	0.40
Less: Provision for Taxation		
Current Tax	10.12	3.31
Deferred Tax Liability	0.02	0.01
Profit after tax	27.36	5.99
Add : Profit as per last Balance Sheet	9.53	5.21
Amount Available for Appropriation	36.89	11.20
Less: Transfer to General Reserve	2.74	0.45
Interim Dividend		0.90
Proposed Dividend	5.62	0.18
Dividend Tax on Proposed Dividend	0.79	0.14
Surplus carried to Balance Sheet	27.74	9.53

- During the year under report, the turnover of the Company amounted to Rs. 192.98 Crores as against Rs. 121.74 Crores, in the previous year. The operating profit before Depreciation and Taxation is Rs. 37.94 Crores as against Rs. 9.71 Crores in the previous year. The net profit after depreciation and taxation is Rs. 27.36 Crores as against Rs. 5.99 Crores in the previous year.
- Your Directors are pleased to recommend the Dividend out of the available surplus, at the rate of 25% on Paid Up equity share capital of Rs. 22.50 Crores i.e. @ Rs. 2.50/- per share on 2,25,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 5.62 Crores as against Rs. 1.08 Crores in the previous year.

**4. Industrial scenario and future prospects:**

The ship building industry world over is witnessing a robust growth. The respective governments are also helping the industry with suitable policy measures and Indian Government also has taken certain positive steps. The Government has announced its schemes of Sagar Mala and Sethusamudram projects. The Government of India, Ministry of Shipping, Road Transport and Highways, in the Department of Shipping has also notified Draft Policy for Maritime Sector (Ports, Merchant Shipping & IWT), giving a road map for a planned development of the industry.

**5. Initial Public Offer:**

The Company came out with an IPO of 1,25,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 56/- per share. The issue opened on 2<sup>nd</sup> December-2004 and closed on 8<sup>th</sup> December-2004. The issue was over subscribed by about 70 times. The shares of your Company are now listed at Mumbai Stock Exchange(BSE) and National Stock Exchange of India Limited (NSE).

**6. Wind Power Project:**

The Company is putting up a Wind Farm, consisting of 8 Wind Energy Generators of 750 KW each, at Village: Brhamanvel, Taluka:Sakri, Dist: Dhule, in Maharashtra. The project is likely to be commissioned in September-2005.



## 7. Research and development:

- a. Bharati Shipyard Limited in partnership with Goa Shipyard Limited and Indian Register of Shipping is undertaking a research project on ship design for greater efficiency and economy at IIT, Kharagpur.
  - b. Bharati is taking part in a Design Research Project for a Safe Tug Design. In response to demands from the offshore and oil industry for designing tug to suit harsher environmental conditions, increased safety and comfort of crew, a Joint Industry Project 'SAFE TUG' has been initiated by MARIN, Netherlands. The group comprises of Oil / Gas majors, Tug operators, designers and Shipyards. Amongst the shipyards worldwide, only Bharati Shipyard, India and Damen Shipyard, Netherlands have been chosen to be a part of this group, comprising of Tug designers such as Robert Allen and Kooren; Oil / Gas majors such as BP, BHP, Shell, Chevron, Exxon Mobil and Nestle Oil; Tug Operators such as Adsteam, Smith, Svitser, Tied water and Lamnalco. Using the knowledge within this group the project aims at understanding the framework of Tug-terminal operations critical Tug design and operation parameters and the effects / implications on Tug / Terminal design and operation. In addition to participation in the SAFE TUG Steering group, Bharati Shipyard will also be working closely with other participants in the Working Group on Tug Design. This will create a Tug Design Data Base, which will be available to only the participants.
8. The Company's Building, Machineries, Stores and Stocks in trade etc. are adequately covered against all insurance risks.
  9. The Company has not been accepting deposits from the shareholders
  10. Mr. J.M.Gandhi and Mr. Sherali M. Sheikh, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.
  11. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of this Annual Report.
- ## 12. Directors' Responsibility statement:
- On the basis of compliance certificates received from the Executives of the Company and subject to disclosures in the Annual accounts, we state as under:-
- i. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
  - ii. that the Directors had selected such accounting policies and 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 profit or loss of the Company for that period;
  - iii. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - iv. that the Directors had prepared the annual accounts on a going concern basis;
13. Particulars regarding Employees as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 are disclosed as per Annexure-A, hereunder.
  14. Particulars regarding conservation of Energy, Technology Absorption etc. as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not disclosed as the same are not applicable to the Company.
  15. You are requested to appoint Auditors of the Company and fix their remuneration.
  16. The Company has received a Special Notice under section 190, of the Companies Act-1956, from a member, proposing the name of M/s Bhuta Shah & Co, Chartered Accountants to be appointed as the Joint Auditors of the Company, to hold the office from the conclusion of this annual general meeting until the conclusion of next annual general meeting. Accordingly the notice of this meeting contains a proposal at serial no.6. for the appointment of Joint Auditors.
  17. The Company keeps on record its appreciation of the help and Co-operation extended by the Bankers, Government Authorities and its Employees.

**For and on behalf of the Board**

**R.C.Kapoor**  
Chairman

Place : Mumbai  
Date : 29<sup>th</sup> July, 2005

**ANNEXURE 'A'**

**Particulars of the Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2005**

Sr. No.	Name	Designation Nature of The duties	Remuneration Rupees	Qualification	Age year	Date of Employment	Experience	Last Employment
<b>A. EMPLOYED THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO Rs. 24 LACS PER ANNUM OR MORE.</b>								
1	Mr. P.C. Kapoor	M.D.	@ 2106940	B.Tech	60	07.06.04	35	Mazgaon Dock Ltd
2.	Mr.Vijay Kumar	M.D	@2106940	B.Tech	60	07.06.04	35	Mazgaon Dock Ltd
@ revised remuneration effective from 07-06-2004								
<b>B. EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO NOT LESS THAN Rs. 1,00,000/- PER MONTH.</b>								
N I L								

Note: remuneration as above includes, Salary, Company's Contribution, to Provident Fund and Family Pension Fund, L.T.A., Reimbursement of Medical Expenses, Personal Accident Insurance and Gratuity etc.

**C.FOREIGN EXCHANGE SPENT AND EARNED:**

Particulars		2004-05	2003-04
a. Value of Direct Import calculated on CIF Basis			
i Stores, Spare parts and Colour Chemicals		116.64	-
ii Raw Materials		8348.85	3733.75
iii Capital Goods		-	-
b. Earnings in Foreign Exchange on account of export of Goods:		3284.65	2312.63
c. Expenditure in Foreign Currency:			
Traveling		51.00	10.25
Others		24.46	269.10

(Rs. in Lakhs)





## ANNEXURE 'B'

### Corporate Governance Report

#### 1. Company's philosophy on Corporate Governance:

The Company is committed to good Corporate Governance. The Company's Governance Policies aim to facilitate the creation of long term value for its shareholders. The compliance Report is prepared and given below is in conformity with the mandatory requirements of Listing Agreement with the Stock Exchanges.

#### 2. Board of Directors

##### a. Composition of Board of Directors:

The Board of Directors of the company comprises of Five Directors. Out of these two directors are Managing Directors and three directors are Independent Non-Executive Directors. The Chairman and Managing Director is a whole time Executive. The other Managing Director is also a whole time Executive.

The Listing requirement of half of the Board of Directors as independent directors is met by the Company in view of three Directors out of total of Five Directors are Independent Directors.

The Non-Executive Independent Directors are Professionals having decades of experience in the field of Finance, Accounts, Banking and Shipping.

As required under the listing agreement, "Management Discussion and Analysis Report". forms part of this Annual Report. The Board Members are presented agenda papers along with notes for the Meeting.

##### b. Board Procedure

During the year under report the Board met 16 times on the following dates 01-04-04, 12-04-04, 17-04-04, 22-04-04, 15-05-04, 31-05-04, 07-06-04, 12-07-04, 15-07-04, 06-09-04, 14-09-04, 17-11-04, 21-12-04, 25-01-05, 04-03-05, 30-03-05,

The members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board meetings and the same were dealt with appropriately.

All the directors who are on various committees are within the permissible limits of the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

The composition of Board of Directors, number of Board Meetings held and attended by the Directors, number of Chairmanship/membership in other Board Committees are given in following table:

Name of Director	Status Executive / Non - Executive	No. of Board Meetings Held	No. of Board Meeting Attended	Attendance of last AGM	No. of Directorship in other Co.	No. of Chairmanship Membership in other Board Committee	
						Chairman	Member
P.C. Kapoor	EXE	16	16	Yes	1	-	1
Vijay Kumar	EXE	16	16	Yes	-	-	-
Sherali M. Sheikh	NED	16	16	Yes	-	-	-
J. M. Gandhi	NED	16	14	Yes	9	-	3
B.L. Patwardhan	NED	16	05	NA	1	-	-

**c. Details of remuneration, sitting fees, etc. paid to Directors are given in following table**

Name of Director	Status	Remuneration paid to Directors					
		Salary Rs.	Other Perquisite Rs.	Contribution to PF Rs.	Provision for Gratuity Rs.	Total Rs.	Sitting Fees Rs.
P.C. Kapoor	NI	15,40,000	3,04,000	1,76,400	86,540	21,06,940	-
Vijay Kumar	NI	15,40,000	3,04,000	1,76,400	86,540	21,06,940	-
Sherali M. Sheikh	IN	-	-	-	-	-	13,000
J. M. Gandhi	IN	-	-	-	-	-	11,000
B.L. Patwardhan	IN	-	-	-	-	-	10,000

**3. Audit Committee**

- The Audit Committee of the Company meets thrice a year in the following pattern. One meeting held before finalization of annual accounts and one every six months. During the financial year ended 31<sup>st</sup> March, 2005 the Audit Committee met on the following dates:  
17<sup>th</sup> November, 2004 and 25<sup>th</sup> January, 2005.
- The Audit Committee of the Board Comprises of two non-executive, independent Directors and one executive director. The committee met 2 times during the year and attendance of the members at these meeting was as follows:

Name of the Audit Committee Member	Status	@No. of Meetings held / attended
J.M. Gandhi	NED	2/2
P.C. Kapoor	EXE	2/2
Sherali M. Sheikh	NED	2/2

@ The Company became a listed Company w.e.f. 30<sup>th</sup> December, 2004 hence Listing Agreement's Clause 41 and 49 were not applicable to the Company prior to that date.

The Statutory Auditors, are invitees to the Audit committee Meetings. The Company Secretary is acting as a Secretary of the committee.

- The role and terms of reference of the Audit Committee covers the matters specified for Audit Committees under Clause 49 of Listing Agreement.

**4. Remuneration Committee:**

The Remuneration Committee of the Board comprises of two independent, non-executive Directors and one executive director :

1. J.M. Gandhi - NED
2. Sherali M. Sheikh - NED
3. Vijay Kumar - EXE

**5. Share Transfer Committee:**

Powers have been delegated to the Managing Directors to approve the share transfers.