



## **BHARATI SHIPYARD LIMITED**

**29<sup>TH</sup> ANNUAL REPORT 2005 - 06**



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# BOARD OF DIRECTORS

<b>P. C. Kapoor</b>	:	Managing Director
<b>Vijay Kumar</b>	:	Managing Director
<b>J. M. Gandhi</b>	:	Director
<b>Sherali M. Sheikh</b>	:	Director (up to 30-12-2005)
<b>B. L. Patwardhan</b>	:	Nominee Director - SBI

**Company Secretary** : U. A. Patel

**Solicitors** : Kanga & Co.

**Auditors** : Bhuta Shah & Co.  
Shantilal Mehta & Co.

**Bankers** : State Bank of India  
State Bank of Hyderabad  
State Bank of Travancore  
Andhra Bank

**Registered Office** : 302, Wakefield House  
Sprott Road, Ballard Estate  
Mumbai-400 038.

**Shipyards** : Ratnagiri  
Ghodbunder  
Mangalore

**Website** : www.bharatishipyards.com

**Registrar & Share Transfer Agents** : Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078



## NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the members of BHARATI SHIPYARD LIMITED will be held at Ashoka-Hall, Arcadio, NCPA Marg, Nariman Point, Mumbai-400 021, on Tuesday, the 29<sup>th</sup> August, 2006 at 11.00 a.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 2006 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 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.

By Order of the Board of Directors

**FOR BHARATI SHIPYARD LIMITED**

Place : Mumbai  
Date : 30<sup>th</sup> June, 2006

U. A. PATEL  
Company Secretary

**REGISTERED OFFICE :**  
302, Wakefield House  
Sprott Road, Ballard Estate  
Mumbai-400 038

Report  Junction.com

### 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 Monday, 14<sup>th</sup> August, 2006 to Tuesday, 29<sup>th</sup> August, 2006 (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 29<sup>th</sup> August 2006.
4. Dividend if declared will be made payable at the Registered Office of the Company on or after 29<sup>th</sup> August, 2006.
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 15 days before the Annual General Meeting; to enable the Company to be ready with the replies at the AGM.
9. 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.

**DIRECTORS' REPORT****TO THE MEMBERS OF  
BHARATI SHIPYARD LIMITED**

Your Directors have pleasure in presenting the 29<sup>th</sup> Annual Report and Audited Accounts of the Company for the year ended March 31, 2006.

**1. Financial Results:**

The working of your Company for the year under review resulted in

(Rs. in Crores)

	<b>Financial Year</b>	
	<b>2005-06</b>	<b>2004-05</b>
Total Income	295.03	192.98
Profit before Interest, Depreciation, & Tax	89.39	46.15
Less : Interest	9.77	8.21
Less : Depreciation	1.47	0.44
Less : Tax	27.09	10.14
Profit after Tax	51.07	27.36
Surplus brought forward	27.74	9.53
<b>Amount available for appropriation</b>	<b>78.81</b>	<b>36.89</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	5.11	2.74
Dividend	6.41	6.41
Surplus carried forward	67.29	27.74
<b>Total Appropriations</b>	<b>78.81</b>	<b>36.89</b>

**2. Capital**

During the year under review the Authorised Capital was increased from Rs. 25.00 Crores to Rs. 40.00 Crores consisting of 4,00,00,000 Equity Shares of Rs. 10/- each and Issued, Subscribed and Paid Up Capital remained unchanged at Rs. 22.50 Crores.

**3. Dividend**

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.

**4. Operating Results and Profits**

During the year under review the Company has achieved its highest ever sales of Rs. 295.03 Crores. Your Company has achieved profit after tax of Rs. 51.07 Crores as against Rs. 27.36 Crores in the previous year, an upsurge of 86.66%.

Company's quality, competitive prices and timely delivery of vessels has resulted in getting repeat orders from the satisfied customers and enlarging its customer base including well known buyer from France Bourbon Supply Investissements. Your Company has order book position worth Rs. 1,46,00,00,000 Crores. Which includes orders from customers like The Great Eastern Shipping Company Limited, Reliance Industries Limited, Bourbon Supply Investissements, Nor Lines AS, Sea Cargo AS, M. K. Shipping Company Limited and other well known and established companies all over the Globe.

**5. Finance**

Your Company issued Foreign Currency Convertible Bonds of US \$ 100 millions to foreign investors during the year. The Company intends to use the net proceeds of the offering primarily for the construction of a new shipyard at Mangalore.

As at the end of financial year, your company has working capital facilities of Rs. 1,000 Crores (both fund based of Rs. 50 Crores as well as non-fund based of Rs. 950 Crores) by way of consortium finance where State Bank of India is the lead bank.

**6. Wind Power Project**

Your Company has put up a Wind Farm, consisting of 11 Wind Energy Generators at Village Brhamanvel, Taluka Sakri, District Dhule, Maharashtra. The project has been successfully commissioned. Further order for erection of 3 more wind turbines have been placed on NEG Mico (India) Private Limited at a cost of Rs. 32.35 Crores. This new project is likely to be commissioned by September 2006.

**7. Subsidiary**

Pinky Shipyards Private Limited became a subsidiary of your Company with effect from 27<sup>th</sup> October, 2005, consequently in compliance of provision of Section 212 of the Companies Act, 1956, the Annual Accounts, Directors' Report, Auditors' Report and a statement showing interest of the Holding Company in Subsidiary under section 212(3) of the Companies Act, 1956 are annexed to this Annual Report.



## 8. Directors

Mr. J. M. Gandhi, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. During the year, Mr. Sherali Sheikh resigned from Board of the Company with effect from 30<sup>th</sup> December, 2005.

## 9. Corporate Governance

The Corporate Governance and Management Discussion and Analysis Report form an integral part of this Report and are set out as separate Annexures to this Report. The Certificate of the Auditors of the Company certifying compliance with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with Stock Exchanges is annexed with the report on Corporate Governance.

## 10. Human Resources

We recognise the value of people as our most valuable asset and believe that our Company's employees are central to our sustainable success. Business goals are communicated down the line regularly so that our people have complete understanding of the Company's strategic direction and can identify with it. Important employee goals are linked with the organisational objectives. Developing, motivating, rewarding and retaining talent at all levels is a business priority and a key responsibility of company's senior management. Delegation, empowerment, learning from failures that emanate from calculated risks is being institutionalised as well. Your management has met with considerable success in creating a work place environment that encourages people to constantly learn and grow. As a result of this human resources focus, your Company boasts of a highly motivated and committed workforce.

## 11. Research and Development

Your Company continues to focus on Research and Development and has taken several initiatives in this direction. Last year, your Company had participation in a Joint Industry Project "SAFE TUG" initiated by MARIN, Netherlands, which continues to work towards its objectives. Your Company in partnership with Goa Shipyards Limited and Indian Register of Shipping is also undertaking a research project on ship design for greater efficiency and economy at IIT, Kharagpur.

## 12. Auditors

M/s Bhuta Shah & Co., Chartered Accountants, Mumbai and M/s Shantilal Mehta & Co., Chartered Accountants, Mumbai, were appointed as Joint Auditors at the 28<sup>th</sup> Annual General Meeting to hold office from conclusion of the said meeting till the next Annual General Meeting. The Company has received the necessary certificate from the Joint Auditors respectively pursuant to Section 224 (1-B) of the Companies Act, 1956 regarding their eligibility for re-appointment. Accordingly, approval of members to the appointments M/s Bhuta Shah & Co., Chartered Accountants, Mumbai and M/s Shantilal Mehta & Co., Chartered Accountants, Mumbai, as Joint Auditors of the Company is being sought at the ensuing Annual General Meeting.

## 13. Fixed Deposits

The Company has not been accepting deposits from the shareholders.

## 14. Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings And Outgo

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.

Foreign Exchange Earnings & Outgo: The Information on foreign exchange earnings and outgo are disclosed in Annexure - A.

## 15. Particulars Of Employees

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.

## 16. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2005-06, the Board of Directors reports that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- Accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company as at the end of the financial year and of the profit of the Company for the year ended March 31, 2006;
- Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

## 17. Acknowledgement

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks and financial institutes and other business associates. A particular note of thanks to all employees of your Company, without whose contribution, your Company could not have achieved the year's performance.

**For and on behalf of the Board**

**R. C. Kapoor**  
[Chairman]

Place : Mumbai  
Date : 30<sup>th</sup> June, 2006

**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" March 2006.**

Sr. No.	Name	Designation Nature of The duties	Remuneration Rupees	Qualification	Age year	Date of Employment	Experience year	Last Employment
<b>A. EMPLOYED THROUGH OUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO RS. 24 LAKHS PER ANNUM OR MORE.</b>								
1	Mr. P. C. Kapoor	M.D.	24,06,538	B.Tech	61	07.06.04	36	Mazgaon Dock Ltd
2	Mr. Vijay Kumar	M.D	24,06,538	B.Tech	61	07.06.04	36	Mazgaon Dock Ltd
<b>B. EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO NOT LESS THAN RS. 1.00 LAKHS 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:**

		(Rs. in Lakhs)	
Particulars		2005-06	2004-05
a. Value of Direct Import calculated on CIF Basis			
i. Stores, Spare parts and Colour Chemicals		253.96	116.64
ii. Raw Materials		18,845.45	8,348.85
iii. Capital Goods		-	-
b. Earnings in Foreign Exchange on account of export of Goods:		-	3,284.65
c. Expenditure in Foreign Currency:			
Travelling		48.12	51.00
Others		384.09	24.46

**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 comprised of Five Directors. Out of these, two directors are Managing Directors and three directors are Independent Non-Executive Directors. During the year under report, Mr. Sherali M. Sheikh, one of the independent director, resigned from the Board and now the Board consists of Four Directors, two being Independent.

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 two Directors out of total of Four Directors, being 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 5 times on the following dates:

29-04-05, 29-07-05, 03-10-05, 27-10-05 and 30-01-06

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	5	5	Yes	1	-	1
Vijay Kumar	EXE	5	2	Yes	-	-	-
Sherali M. Sheikh*	NED	4	3	Yes	-	-	-
J. M. Gandhi	NED	5	4	Yes	8	-	3
B.L. Patwardhan	NED	5	3	Yes	-	-	-

\* For part of the year



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

Name of Director	Status Independent / Non-Independent	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	18,00,000	3,04,000	2,16,000	86,538	24,06,538	-
Vijay Kumar	NI	18,00,000	3,04,000	2,16,000	86,538	24,06,538	-
Sherali M. Sheikh*	IN	-	-	-	-	-	8,000
J. M. Gandhi	IN	-	-	-	-	-	8,000
B.L. Patwardhan	IN	-	-	-	-	-	7,000

\* For part of the year

## 3. Audit Committee :

- a. The Audit Committee of the Company meets four times in a year.

During the financial year ended 31<sup>st</sup> March, 2006 the Audit Committee met on the following dates:  
29-04-05, 29-07-05, 27-10-05 and 30-01-06

- b. The Audit Committee of the Board Comprises of two non-executive, independent Directors and one executive director. During the year under report, Mr. Sherali M. Sheikh, resigned as member of the Committee and Mr. B. L. Patwardhan was nominated to the Committee, by the Board. The committee met 4 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
P. C. Kapoor	EXE	4/4
Sherali M. Sheikh*	NED	4/3
J. M. Gandhi	NED	4/4
B. L. Patwardhan*	NED	4/1

\* For part of the year

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

- c. 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 powers of Remuneration Committee are exercised by the Board

## 5. Share Transfer Committee:

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

**BHARATI SHIPYARD LIMITED****6. Shareholders Information:**

Details of Directors seeking re-appointment at the ensuing Annual General Meeting scheduled to be held on 29<sup>th</sup> August, 2006 are given hereunder:

<b>Name of Director</b>	<b>Mr J. M. Gandhi</b>
Date of re-appointment Expertise in Specific Functional Area List of Other Directorship held	12.07.04 Finance and banking Mutual Industries Ltd. Weizmann Intel Ltd. Weizmann Ltd. Weizmann Homes Ltd. Weizmann Corporate Services Ltd. Cavalet India Ltd. Gandhi Sons Pvt. Ltd. Suil-Baroti Hydroprojects Pvt. Ltd.

**Share Transfer and Shareholders / Investors Grievance Committee:**

- As stated herein above the powers to approve share transfers have been exercised by the Managing Directors. The Managing Directors and Company Secretary in co-ordination with the Registrars, are attending to all the grievances of investors.
- Mr. U.A. Patel, Company Secretary is the Compliance Officer. There were no Complaints / queries pending reply.

**7. General Body Meetings :**

- The details of Annual General Meetings held in last three years are as follows:-

<b>AGM</b>	<b>Day</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
26th	Tuesday	30-09-2003	10.00 a.m	19, Bombay Mutual Building, 3rd Floor, Sir P. M. Road, Mumbai-400 001
27th	Monday	12-07-2004	12.00 noon	-Do-
28th	Friday	23-09-2005	03.00 p.m.	Ashoka Hall, Arcadia, N.C.P.A. Marg, Nariman Point, Mumbai - 400 021

- Whether special resolutions passed ? Yes
- Whether special resolutions were put through postal ballot last year? No.
- Are special resolutions proposed to be put through postal ballot this year? No.

**8. Disclosures:**

Disclosure regarding materially significant related party ballot this year?

No transactions of material nature have been entered into by the Company with its promoters, Directors or the management or relatives, etc. that may have potential conflict with the interest of the Company.

Disclosure of non-compliance by the Company:

No penalties have been imposed on the Company by Stock Exchanges or SEBI for any matter related to capital markets during the last three years.