

## Board of Directors

P. C. Kapoor  
*Managing Director*

Vijay Kumar  
*Managing Director*

J. M. Gandhi  
*Director*

B. L. Patwardhan  
*Nominee Director - SBI*

## Management Team

Dr. J. Subbiah  
*Sr. President & Chief Executive*

Mr. Partho Burmon Roy  
*Director (Projects & Client Co-ordination)*

Mr. R. C. Thamba  
*Director (Quality & Assurance )  
and Management Rep.*

Mr. Martin Hoskins  
*President (Production)*

Mr. R. J. Warpe  
*Vice President (Project Developer)*

Mr. D. S. Goradia  
*Vice President (Purchase I)*

Mr. R. C. Advani  
*Vice President (Purchase II)*

Mr. Sauvir Sarkar  
*Vice President ( Forward Projects)*

Commodore S. Vasudevan  
*Vice President (Ratnagiri Yard)*

Commodore V. Sequeira  
*Vice President (Production)*

Mr. Jayant Rai  
*Vice President (Goa Yard)*

Mr. Jayanta Roy  
*Asst. Vice President (Design)*

Mr. U. A Patel  
*Chief General Manager & Company Secretary*

## Solicitors

Kanga & Company

## Auditors

Bhuta Shah & Co.  
Shantilal Mehta & Co.

## Bankers

State Bank of India  
State Bank of Hyderabad  
State Bank of Travancore  
Andhra Bank

## Registrar & Share Transfer Agents

Intime Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078

Report  Junction.com



# BHARATI SHIPYARD LIMITED

## 30<sup>TH</sup> ANNUAL REPORT FINANCIAL YEAR : 2006 - 07



## CONTENTS

	Page No.(s)	
Notice	2	5
Directors' Report	6	7
- Annexure - 'A'		8
- Annexure - 'B' Corporate Governance Report	9	15
- Annexure - 'C' Management Discussion and Analysis	16	20
Auditors' Certificate on Corporate Governance		21
Auditors' Report		22
Annexure to Auditors' Report	23	24
Balance Sheet		25
Profit and Loss Account		26
Schedules to the Balance Sheet and Profit and Loss Account	27	33
Significant Accounting Policies and Notes to the Accounts	34	41
Cash Flow Statement		42
Balance Sheet Abstract and Company's General Business Profile		43
Consolidated Auditors' Report		45
Consolidated Balance Sheet		46
Consolidated Profit and Loss Account		47
Schedules to the Consolidated Balance Sheet and Profit and Loss Account	48	55
Basis of Consolidation, Significant Accounting Policies and Notes to Accounts	56	60
Consolidated Cash Flow Statement		61
Section 212		62
Subsidiary (Pinky Shipyard Private Limited)	63	78
Attendance Slip and Proxy Form		79



## Notice

NOTICE is hereby given that the Thirtieth Annual General Meeting of the members of BHARATI SHIPYARD LIMITED will be held at Maharashtra Chamber of Commerce's Babasaheb Dahanukar Sabhagriha at Oricon House, Maharashtra Chamber of Commerce Path Fort, Mumbai - 400001, on Thursday, the 30th August, 2007 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 2007 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.

### Special Business :

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

**RESOLVED THAT** in supersession of the earlier resolution passed by the members of the Company at their Extra Ordinary General Meeting held on 8/11/2005 and pursuant to section 293(1)(d) and all other applicable provisions, (if any) of the Companies Act, 1956, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as it may deem fit, any sum or sums of money not exceeding Rs.5,000.00 Crores (Rupees five thousand Crores only) on such terms and conditions as the Board may deem fit notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed by the Company (apart from temporary loans obtained by the Company from its bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

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

**“RESOLVED THAT** in partial modification of the earlier resolution passed by the members of the Company at their Annual General Meeting held on 12th July 2004 and pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, or any statutory amendment or modification thereto and subject to approval of the Central Government, if necessary, and such other recommendations, approvals and sanctions as may be necessary, desirable and expedient in law, the remuneration of Mr. P. C. Kapoor - Managing Director, be and is hereby increased w.e.f. 1st April, 2007 as set out in the draft agreement laid before the meeting and which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said increment and/ or agreement, in such manner as may be agreed upon by and between the Board of Directors and Mr. P. C. Kapoor within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment thereto and if necessary as may be agreed to between the Central Government and the Board of Directors as may be acceptable to Mr. P. C. Kapoor.

**RESOLVED FURTHER THAT** subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. P. C. Kapoor, as Managing Director, shall not exceed five percent of such net profits of the Company and ten percent of such net profits for all such managerial personnel of the Company together in that financial year.

**RESOLVED FURTHER THAT** notwithstanding anything herein above stated, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration as set out under item no. 10 of the Explanatory Statement annexed to this notice as minimum remuneration subject to the approval of the Central Government and such other recommendations, approvals and sanctions, if and when necessary.

**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration (including the minimum remuneration) within such prescribed limits or ceilings and the aforesaid draft Agreement between the Company and Mr. P. C. Kapoor be suitably amended to give effect to such modifications, relaxations or variations without any further reference to the Company in General Meeting, if so permissible.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do and perform such acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable and further to execute all such deeds including the Agreement as laid before this meeting, documents and writings as may be necessary to give effect to this resolution.”

## Notice (Contd.)

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

**“RESOLVED THAT** in partial modification of the earlier resolution passed by the members of the Company at their Annual General Meeting held on 12th July 2004 and pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956, or any statutory amendment or modification thereto and subject to approval of the Central Government, if necessary, and such other recommendations, approvals and sanctions as may be necessary, desirable and expedient in law, the remuneration of Mr. Vijay Kumar - Managing Director, be and is hereby increased w.e.f. 1st April, 2007 as set out in the draft agreement laid before the meeting and which agreement is hereby specifically approved and sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said increment and/ or agreement, in such manner as may be agreed upon by and between the Board of Directors and Mr. Vijay Kumar within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment thereto and if necessary as may be agreed to between the Central Government and the Board of Directors as may be acceptable to Mr. Vijay Kumar.

**RESOLVED FURTHER THAT** subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. Vijay Kumar, as Managing Director, shall not exceed five percent of such net profits of the Company and ten percent of such net profits for all such managerial personnel of the Company together in that financial year.

**RESOLVED FURTHER THAT** notwithstanding anything herein above stated, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the remuneration as set out under item no. 10 of the Explanatory Statement annexed to this notice as minimum remuneration subject to the approval of the Central Government and such other recommendations, approvals and sanctions, if and when necessary.

**RESOLVED FURTHER THAT** in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration (including the minimum remuneration) within such prescribed limits or ceilings and the aforesaid draft Agreement between the Company and Mr. Vijay Kumar be suitably amended to give effect to such modifications, relaxations or variations without any further reference to the Company in General Meeting, if so permissible.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do and perform such acts, deeds, matters or things and take such steps as may be necessary, expedient or desirable and further to execute all such deeds including the Agreement as laid before this meeting, documents and writings as may be necessary to give effect to this resolution.”

By Order of the Board of Directors

**FOR BHARATI SHIPYARD LIMITED**

**U. A. PATEL**

*[Chief General Manager & Company Secretary]*

Place : Mumbai  
Date : 2<sup>nd</sup> July, 2007

**REGISTERED OFFICE :**  
302, Wakefield House  
Sprott Road, Ballard Estate  
Mumbai-400 001.

### NOTES

- 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 BE A MEMBER OF THE COMPANY.**
- The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 16th August, 2007 to Thursday, 30th August, 2007 (both days inclusive).
- 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 30th August, 2007
- Dividend if declared will be made payable at the Registered Office of the Company on or after 30th August, 2007.
- 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.
- Members are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
- Members are requested to bring the copies of Annual Report at the time of attending the Annual General Meeting.
- 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.
- 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.
- An Explanatory Statement pursuant to section 173 (2) of the Companies Act 1956, in respect of Special Business at Serial No. 5, 6 and 7 of this notice is annexed here to.



## Annexure to Notice

### Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956

#### Item No.5

The Company is in the process of raising further resources by resorting to borrowing in various forms and manners. This will necessitate permission from members u/s. 293(1) (d) of the Companies Act 1956. The members at their Extra Ordinary General Meeting held on 8th November 2005 have granted their consent to borrow money upto Rs. 1,000 Crores (Rupees one thousand Crores only).

The growing financial requirements of the Company necessitate an upward revision of this limit of Rs.1,000 Crores. The Board of Directors therefore thought it prudent to raise this limit upto Rs. 5,000 Crores.

Your Directors recommend the resolution at serial no.5 of this notice for your approval. None of the Directors is concerned or interested in it.

#### Item Nos. .6 & 7

Mr. P. C. Kapoor and Mr. Vijay Kumar were appointed as Managing Directors pursuant to the resolution passed by the Company on 12-07-2004 for a period of 5 years from 07-06-2004 to 06-06-2009 on salary and prerequisites as contained therein.

Since the appointment of Mr. P. C. Kapoor and Mr. Vijay Kumar as Managing Directors, the Company has made great strides in terms of capacity expansions, turnover and volume of profits and has seen tremendous growth. This speaks volumes about the efforts taken by Mr. P. C. Kapoor and Mr. Vijay Kumar in all round progress of the Company. As the responsibilities of Managing Directors have increased manifold, the Board thought it prudent to increase their remuneration appropriately and has recommended increase in their remuneration as per the details contained in this Explanatory Statements. The Board is of the opinion that revised remuneration commensurate with their responsibilities.

The members are requested to consider and approve the increased remuneration of the Managing Directors, which will be adequately compensating them for the efforts being taken by them in the progress of the Company.

Your Directors recommend the resolutions at Serial No.6 & 7 of this Notice, for your approval. Mr. P. C. Kapoor - Managing Director and Mr. Vijay Kumar Managing Director may be considered interested in the resolutions to the extent of remuneration and prerequisites to be received by them.

None of the other directors is concerned or interested in the resolutions.

#### Details of proposed remuneration :

	Mr. P. C. Kapoor	Mr. Vijay Kumar
a) Salary :	Rs. 4,40,000/- per month or such sums as may be determined by the Board from time to time with in the limits prescribed under the Companies Act, 1956.	Rs. 4,40,000/- per month or such sums as may be determined by the Board from time to time with in the limits prescribed under the Companies Act, 1956.
b) Commission :	At ½ % of the net profits of the company calculated as per provisions of the Companies Act, 1956.	At ½ % of the net profits of the company calculated as per provisions of the Companies Act, 1956.
c) Perquisites :	Classified under the categories A , B and C as follows :	Classified under the categories A , B and C as follows :

#### CATEGORY A

i) Medical Expenditure :	Expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.	Expenses incurred for self and his family subject to a maximum of one month's salary in a year or three month's salary in a block of three years.
ii) Leave Travel Assistance :	One month's salary for self and his family every year in accordance with the rules of the Company.	One month's salary for self and his family every year in accordance with the rules of the Company.
iii) Personal Accident Insurance :	For an amount, the annual premium of which does not exceed Rs. 4,000/-	For an amount, the annual premium of which does not exceed Rs. 4,000/-

## Annexure to Notice (Contd.)

## CATEGORY B

i) Company's Contribution towards Provident Fund	:	In accordance with the rules of the Company and subject to a ceiling of 12% of salary	In accordance with the rules of the Company and subject to a ceiling of 12% of salary
ii) Company's Contribution towards Pension / Superannuation Fund	:	As per the rules of Company, but so, however, that it shall together with the Company's Contribution to Provident Fund be limited to such amounts as are not taxable under the Income Tax Act. Contribution to Provident Fund and Superannuation Fund will not be considered or included for the computation of ceiling on perquisites.	As per the rules of Company, but so, however, that it shall together with the Company's Contribution to Provident Fund be limited to such amounts as are not taxable under the Income Tax Act. Contribution to Provident Fund and Superannuation Fund will not be considered or included for the computation of ceiling on perquisites.
iii) Gratuity	:	Shall not exceed half a month's salary for each completed year of service.	Shall not exceed half a month's salary for each completed year of service.
iv) Encashment of Leave	:	Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.	Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

## CATEGORY C

i) Leave	:	The Managing Director shall be entitled to leave as per the applicable rules of the Company.	The Managing Director shall be entitled to leave as per the applicable rules of the Company.
ii) Company's car with Driver	:	The Managing Director shall be entitled to use of Company's car with driver on the business of the Company.	The Managing Director shall be entitled to use of Company's car with driver on the business of the Company.
iii) Telephone Facility	:	Free Telephone at residence. Personal long distance calls to be billed at actual.  The aggregate of the remuneration and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act or any statutory modification or re-enactment there of for the time being in force or otherwise as may be permissible by law.	Free Telephone at residence. Personal long distance calls to be billed at actual.  The aggregate of the remuneration and perquisites in any financial year shall not exceed the limits prescribed from time to time under section 198, 309, 310 and all other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act or any statutory modification or re-enactment there of for the time being in force or otherwise as may be permissible by law.

By Order of the Board of Directors

**FOR BHARATI SHIPYARD LIMITED****U. A. PATEL***[Chief General Manager & Company Secretary]*

Place : Mumbai

Date : 2<sup>nd</sup> July, 2007**REGISTERED OFFICE :**302, Wakefield House  
Sprott Road, Ballard Estate  
Mumbai-400 001.





## Directors' Report

### To The Members of Bharati Shipyard Limited

Your Directors have pleasure in submitting their 30th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2007.

#### 1. Financial Results:

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

(Rs. in Lakhs)

Particulars	Financial Year	
	2006 - 2007	2005 - 2006
<b>Total Income</b>	<b>42,504.38</b>	<b>29,502.69</b>
Profit before Interest, Depreciation, & Tax	13,029.18	8,939.04
Less : Interest	1,438.19	976.80
Less : Depreciation	511.09	146.85
Profit before Tax	11,079.89	7,815.39
Less : Tax	3,762.03	2,708.65
Profit after Tax	7,317.86	5,106.74
Surplus brought forward	6,728.80	2,774.12
<b>Amount available for appropriation</b>	<b>14,046.66</b>	<b>7,880.86</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	731.79	510.67
Dividend including Dividend Tax	789.72	641.39
Surplus carried forward	12,525.15	6,728.80
<b>Total Appropriations</b>	<b>14,046.66</b>	<b>7,880.86</b>

#### 2. Capital

During the year under review the Authorised Capital remained unchanged at Rs. 4,000 lakhs consisting of 4,00,00,000 Equity Shares of Rs. 10/- each and Issued, Subscribed and Paid Up Capital also remained unchanged at Rs. 2,250 lakhs.

#### 3. Dividend

Your Directors are pleased to recommend the Dividend out of the available surplus, at the rate of 30% on Paid Up Equity Share Capital of Rs. 2,250 lakhs i.e. @ Rs. 3/- per share on 2,25,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 675 lakhs (Excluding Dividend Tax)

#### 4. Operating Results and Profits

During the year under review, your Company has successfully delivered 4 (four) vessels. Your Company has posted turnover of Rs. 36,010.66 lakhs, an increase of about 38.47% as compared to Rs. 26,005.37 lakhs in the previous financial year. Your Company has achieved profit after tax of Rs. 7,317.86 lakhs as against Rs. 5,106.74 lakhs in the previous year, an upsurge of 43.30%.

Company's quality, competitive prices and timely delivery of vessels has resulted in procurement of repeat orders from the satisfied customers and enlargement of its customer base including well known buyer from France Bourbon Supply Investissements. In this financial year your Company has booked highest number of orders in its history and the order book position is worth Rs. 3,13,546.56 lakhs which includes orders from customers like The Great Offshore Limited (formerly the Great Eastern Shipping Company Limited), Reliance Industries Limited, Bourbon Supply Investissements, Nor Lines AS, Sea Cargo AS, M. K. Shipping Company Limited, Clipper Group (Management) Limited, Up Offshore (Bahamas) Limited and other well known and established companies all over the Globe.

#### 5. Finance

As at the end of financial year, your company has working capital facilities of Rs. 1,80,000 lakhs (both fund based of Rs. 10,000 lakhs as well as non-fund based of Rs. 1,70,000 lakhs) 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 14 Wind Energy Generators with a total capacity of 15 MW and a total investment of Rs. 8,677.70 lakhs at Village Brhamanvel, Taluka Sakri, District Dhule, in Maharashtra. The project has been successfully commissioned and generated revenue of Rs. 553.68 lakhs during the year under report.

#### 7. Subsidiary

Pinky Shipyard Private Limited became a subsidiary of your Company with effect from 27th October, 2005, consequently in compliance of provisions 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

In accordance with the provision of the Companies Act, 1956 and Company's Article of Association, Mr. J. M. Gandhi, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

## Directors' Report (Contd.)

### 9. Corporate Governance & Management and Discussion Analysis

The Corporate Governance and Management Discussion and Analysis Report forms 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

Your company continues to focus on development of Human Resources. Employees are your company's most valuable resource. Your company has been able to create a favourable work environment that encourages innovation and meritocracy. 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. The Board would like to place on record its sincere appreciation of the unstinted support it continues to receive from all its workforce.

### 11. Research and Development

Your Company continues to focus on Research and Development and has taken several initiatives in this direction. Research and Development of new services, designs, framework, processes and methodologies continue to be of importance at your company. This allows your company to enhance quality, productivity and customer satisfaction through continuous innovation.

The Joint Industry Project "SAFE TUG" initiated by MARIN, Netherlands, continues its work. The benefits of this project will become tangible only after a couple of years.

### 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 29th 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 accepted any fixed deposits by way of invitation to the public and has complied with all the provision of section 58A of the Companies Act, 1956.

### 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 2006-07, the Board of Directors reports that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. 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, 2007;
- iii. Proper and sufficient care has 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;
- iv. 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 vote 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

**P. C. Kapoor**  
[Chairman & Managing Director]

Place : Mumbai  
Date : 2<sup>nd</sup> July, 2007





## 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 31st March 2007.

**A. EMPLOYED THROUGH OUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO RS. 24 LAKHS PER ANNUM OR MORE**

Sr. No	Name	Designation	Remuneration (in Rupees)	Qualification	Age (in years)	Date of Employment	Experience (in years)	Last Employment
-- N.A. --								

**B. EMPLOYED FOR PART OF THE YEAR AND WERE IN RECEIPT OF REMUNERATION AGGREGATING TO NOT LESS THAN RS. 2 LAKHS PER MONTH.**

Sr. No	Name	Designation	Remuneration (in Rupees)	Qualification	Age (in years)	Date of Employment	Experience (in years)	Last Employment
1	Dr. J. Subbiah	CEO	25,49,524	B.E.(Mech.)	64	25.05.06	43	Lucas - TVS

**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	FY 2006-07	FY 2005-06
a. Value of Direct Import calculated on CIF Basis		
i Stores, Spare parts and Colour Chemicals	688.89	253.96
ii Raw Materials	19,246.53	18,845.45
iii Capital Goods	-	-
b. Earnings in Foreign Exchange on account of export of Goods:	5,777.64	-
c. Expenditure in Foreign Currency:		
i Travelling Expenses	160.15	48.12
ii. Commission and Brokerage	740.19	31.88
iii. Design and Consultancy	250.31	306.00
iv. Advertisement and Exhibition expenses	27.25	11.48
v. Inspection / Testing charges / Service	65.67	10.68
vi. Membership and Subscription	46.34	24.05

## Annexure 'B' - Corporate Governance Report

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

The Company is committed to maximise the value of its stakeholders by adopting the principles of good Corporate Governance in line with the provisions of law and in particular those stipulated in the Listing Agreement with the Stock Exchanges. It encourages wide participation from all stakeholders. Its objective and that of its management and employees is to operate in a way so as to create value that can be sustained over the long term for consumers, shareholders, employees, business partners and the national economy in general..

### 2. Board of Directors :

#### (i) Composition of Board of Directors

The Board of Directors of the company comprised of four Directors. Out of these two directors are Managing Directors and two 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 two Directors out of total of four Directors, are Independent Directors.

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

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.

#### (ii) Board Procedure

During the year under report the Board met 5 times on the following dates 29-04-06, 30-06-06, 29-07-06, 20-10-06 and 29-01-07.

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 Companies	No. of Chairmanship/ Membership in other Board Committees	
						Chairman	Member
P.C. Kapoor	EXE	5	5	Yes	1	-	1
Vijay Kumar	EXE	5	4	Yes	-	-	-
J. M. Gandhi	NED	5	4	Yes	8	-	3
B.L. Patwardhan	NED	5	5	Yes	-	-	-