



BHARATI SHIPYARD LIMITED

36TH ANNUAL REPORT 2012 - 13

Bharati Shipyard Limited

Board of Directors

P. C. Kapoor
Managing Director

Vijay Kumar
Managing Director

B. L. Patwardhan
Nominee Director - SBI

V.P. Kamath
Director

Solicitors

Kanga & Company

Auditors

DPH & Co.

Registrar & Share Transfer Agents

Linkintime (India) Private Limited
C-13, Panalal Silk Mills Compound,
L.B.S Marg, Bhandup (W)
Mumbai- 400 078



Bharati Shipyard Limited



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MANAGING DIRECTORS' MESSAGE

We thank each and every member of Bharati Shipyard Limited (Bharati) family for their continued support and belief in Bharati. As you all are aware, financially this has been a strenuous year for the Industries in India in general & the shipping and ship building worldwide in particular. Bharati has been no exception inspite of making relentless efforts to fight against the odds arising due to the continuing global downturn in the shipping and shipbuilding industry and which is probably the worst slump ever.

All these factors have adversely affected the financial as well as the liquidity of Bharati. In order to cope up, Bharati has been making dual efforts viz; on the one hand we have been striving towards growth of revenue, (discussed herein below) with the same success and on the other hand efforts are being made for reduction of outflow of funds through optimization of resources and restructuring of its debts with the aid of its Lenders led by State Bank of India.



Mr. P. C. Kapoor
Managing Director

Mr. Vijay Kumar
Managing Director

With elite expertise in the offshore segment, Bharati has an edge over its peers since the rising global oil demand has consequently supplemented the demand for offshore support vessels and Rigs. Bharati is also a proud owner of two of the country's largest shipyards located in Dabhol and Mangalore with state of the art infrastructure. With this background and the dedicated efforts of the entire Bharati family, during the year, Bharati has successfully delivered 6 vessels including **India's first Cantilevered Jackup Rig**. It is pertinent to note that there are only 9 Rig Manufacturers in the world. Your Company is the 10th and the 1st in India for such rigs. We have also bagged a **prestigious order** from the Highly Esteemed organization, which is India's **DRDO**. We have also received order for construction of 6 new vessels for the Indian Navy.

Further, the Company is making all the efforts for receiving subsidy from the Government of India and during the current fiscal year, it has received ~Rs. 48.30 Crores.

Now coming to the expenditure part, due to the acute liquidity crunch arising on account of temporary cash flow mismatch attributable to various factors Bharati's case was referred for Corporate Debt Restructuring to the CDR Cell in the previous fiscal year. The scheme has been formally implemented in the current fiscal year. One of the benefits arising out of the same can be witnessed in the form of reduction in overall interest expense during the year. However, there has been considerable delay in the release of fresh funds as sanctioned in the package. Nevertheless, the Company's efforts towards optimum utilization of resources have also contributed to keeping it afloat.

Bharati's hard earned goodwill, the commitment of its employees and the support from all of you will help us to face the future. The current liquidity crunch being faced by Bharati is temporary which we expect to overcome in the near future.

Once again we reiterate that we are extremely thankful to our investors, customers, bankers, employees and the Bharati family for their support through these very challenging times.

Thanking you

Yours sincerely,


Mr. Vijay Kumar
Managing Director


Mr. P. C. Kapoor
Managing Director



NOTICE

NOTICE is hereby given that the **THIRTY SIXTH Annual General Meeting of the Members of BHARATI SHIPYARD LIMITED** will be held at Rangaswar Hall, 4th Floor, Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhosle Marg, Near Mantralaya, Nariman Point, Mumbai 400 021 on Tuesday, the 24th September, 2013 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and Profit & Loss Account for the year ended as on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. V. P. Kamath, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s DPH & Co. Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution**:
"**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311, 349, 350 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII thereto of the Companies Act, 1956 {including any modification or reenactment thereof for the time being in force} and provisions of Articles of Association, the members of the Company do hereby reappoint Mr. P. C. Kapoor as Managing Director of the Company for a period of 3 years w.e.f. 7th June 2014 till 6th June 2017, not liable to retire by rotation, upon the terms and conditions of appointment and remuneration as approved by the Board of Directors and subject to approval of Central Government as may be required, and as mentioned in Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the said remuneration mentioned in the Explanatory Statement will be considered as minimum remuneration payable to Mr. P. C. Kapoor in case of no profits or inadequacy of profits, pursuant to provisions of and ceiling limits prescribed under Section II of Part II of the Companies Act, 1956 subject to the approval of Central Government and such other approvals and sanctions, if any when necessary.

RESOLVED FURTHER THAT the Board of Directors is be and hereby authorized to alter / amend / revise the terms and conditions of reappointment of Mr. P. C. Kapoor as Managing Director, with mutual consent, subject to and in accordance with the applicable provisions of the Companies Act, 1956 and Schedule XIII thereto, and approval of the Central Government and other appropriate authorities may be obtained for the same or for payment of the above remuneration as minimum remuneration to Mr. P. C. Kapoor.

RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to take all the necessary steps to implement this resolution and to authorize doing all such acts, deeds, matters and things by any one Director / Executive / Representative of the company.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as **Special Resolution**:
"**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311, 349, 350 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII thereto of the Companies Act, 1956 {including any modification or reenactment thereof for the time being in force} and provisions of Articles of Association, the members of the Company do hereby reappoint Mr. Vijay Kumar as Managing Director of the Company for a period of 3 years w.e.f. 7th June 2014 till 6th June 2017, not liable to retire by rotation, upon the terms and conditions of appointment and remuneration as approved by the Board of Directors and subject to approval of Central Government as may be required, and as mentioned in Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the said remuneration mentioned in the Explanatory Statement will be considered as minimum remuneration payable to Mr. Vijay Kumar in case of no profits or inadequacy of profits, pursuant to provisions of and ceiling limits prescribed under Section II of Part II of the Companies Act, 1956 subject to the approval of Central Government and such other approvals and sanctions, if any when necessary.

NOTICE ... (CONTD.)

RESOLVED FURTHER THAT the Board of Directors is be and hereby authorized to alter / amend / revise the terms and conditions of reappointment of Mr. Vijay Kumar as Managing Director, with mutual consent, subject to and in accordance with the applicable provisions of the Companies Act, 1956 and Schedule XIII thereto, and approval of the Central Government and other appropriate authorities may be obtained for the same or for payment of the above remuneration as minimum remuneration to Mr. Vijay Kumar.

RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to take all the necessary steps to implement this resolution and to authorize doing all such acts, deeds, matters and things by any one Director / Executive / Representative of the company.

**By the Order of the Board of the Directors
For BHARATI SHIPYARD LIMITED**

Sd/-
(Managing Director)

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 be a member of the company. In order to be effective, the instrument appointing the proxy, should be duly stamped, completed, signed and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 17th September, 2013 to 24th September, 2013 (both days inclusive).
3. 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.
4. Members are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting. Members are also requested to claim their unclaimed dividend for the year 2006-07 on wards else if remained unclaimed for 7 (seven) years, the same will be transferred to the credit of Investors' Education and Protection Fund under the provisions of Section 205C of the Companies Act, 1956 and the same cannot be reclaimed.
5. Members are requested to bring the copies of Annual Report at the time of attending Annual General Meeting. Please note that no copies of Annual Reports will be made available to the members at the time of meeting.
6. Members are requested to send their queries, if any, on the accounts, to the Compliance Officer at least 15 days before the Annual General Meeting to enable the Company to be ready with the replies at the AGM. Please note that no queries will be replied if received/raised after the above said time limits.

**By the Order of the Board of the Directors
For BHARATI SHIPYARD LIMITED**

Sd/-
(Managing Director)

REGISTERED OFFICE:

302, Wakefield House, 3rd Floor,
Sprott Road, Ballard Estate,
Mumbai -400 001.

Date: 14th August, 2013

Place: Mumbai

**NOTICE ... (CONTD.)****Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.****Resolution at item Nos. 4 & 5.**

The tenure of Mr. P. C. Kapoor and Mr. Vijay Kumar as Managing Directors expires on 6th June, 2014. The Audit Committee and Board of Directors at its meeting held on 14th August, 2013, recommended their reappointment as Managing Directors of the Company along with the terms and conditions and payment of remuneration to them subject to approval of Central Government since all the stipulations in Section II Part II of Schedule XIII of the Companies Act, 1956 are not fully satisfied.

Pursuant to conditions under Schedule XIII of the Companies Act, 1956, the payment of remuneration to Mr. P.C. Kapoor and Mr. Vijay Kumar, for a period of three years, w.e.f. 7th June, 2014 till 6th June, 2017 also needs approval of the members.

The remuneration and other terms as approved by the Board for both Mr. P. C. Kapoor and Mr. Vijay Kumar are as follows:

- | | | |
|---|---|--|
| a. Period | : | 3 years w.e.f. 7th June 2014 |
| b. Salary | : | Rs.6,25,000/- per month or such sums as may be determined by the Board from time to time within the limits prescribed under the Companies Act, 1956 or any amendments thereto. |
| c. Commission | : | 1.5% of net profits of the company for the year as computed under the provisions of the Companies Act, 1956. |
| d. Medical Expenditure | : | Expenses incurred for self and his family subject to maximum of one month's salary in a year or three months salary in a block of three years. |
| e. Leave Travel Assistance | : | One month's salary for self and his family every year. |
| f. Personal Accident Insurance | : | As per Company Rules. |
| g. Company's contribution to Provident Fund | : | In accordance with the Provident Fund Scheme, the present rate is 12% of the salary or at such rate as per amendment to Provident Fund Scheme from time to time. |
| h. Company's contribution to Pension / Superannuation Fund | : | As per rules of the company. However that it shall together with company's contribution to Provident Fund be limited to such amounts as are not taxable under the Income Tax Act. Contribution to Provident Fund, Pension Fund and Superannuation Fund will not be considered or included for computation of ceiling on perquisites. |
| i. Gratuity | : | Shall not exceed half month's salary for each completed year of service. |
| j. Encashment of leave | : | Encashment of leave at the end of the tenure as per Rules of the company and the same shall not be included in the computation of the ceiling of the perquisites. |
| k. Company's Car with Driver | : | Use of company's car with driver for the business of the company. |
| l. Telephone, Cell phone, fax, computer systems with internet facilities and other communication equipment at residence | : | At actuals for the business of the company. |
| m. Leave | : | As per Rules of the company. |

OTHER DISCLOSURES:

General Information														
1.	Nature of Industry	:	Shipbuilding:											
			The Company is into manufacturing of ocean going vessels (Ships). The Company's product portfolio has graduated from small sized vessels and tugs to sophisticated offshore vessels like Platform Support Vessels (PSVs), Anchor Handling Support Vessels (AHTSVs),Offshore Support Vessels (OSVs), Midsized LNG Containers, Forest Carriers and more recently Oil Rig.											
2.	Date or expected date of commencement of commercial production	:	Not applicable											
3.	In case of new companies, expected date of commencement of activities as per project approved by Financial Institution appearing in the prospectus	:	Not applicable.											
4.	Financial Performance based on given indicators	:	<table><tr><th>Financial year 2012-13 (Rs. in lakh)</th><th>Previous year 2011-12 (Rs. in lakh)</th></tr><tr><td>Total income</td><td>50,614.59</td><td>140,603.27</td></tr><tr><td>Profit / (Loss) before tax</td><td>(53,975.52)</td><td>(4,858.64)</td></tr><tr><td>Net profit after taxation</td><td>(49,227.34)</td><td>595.04</td></tr></table>	Financial year 2012-13 (Rs. in lakh)	Previous year 2011-12 (Rs. in lakh)	Total income	50,614.59	140,603.27	Profit / (Loss) before tax	(53,975.52)	(4,858.64)	Net profit after taxation	(49,227.34)	595.04
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Profit / (Loss) before tax	(53,975.52)	(4,858.64)												
Net profit after taxation	(49,227.34)	595.04												
5.	Export performance and net foreign exchange earned	:												
	FOB Value of Exports:		<table><tr><th>Financial Year</th><th>Amount (Rs. In Lakhs)</th></tr><tr><td>F.Y. 2012-13</td><td>125,383.67</td></tr><tr><td>F.Y. 2011-12</td><td>-</td></tr><tr><td>F.Y. 2010-11</td><td>52,284.00</td></tr></table>	Financial Year	Amount (Rs. In Lakhs)	F.Y. 2012-13	125,383.67	F.Y. 2011-12	-	F.Y. 2010-11	52,284.00			
Financial Year	Amount (Rs. In Lakhs)													
F.Y. 2012-13	125,383.67													
F.Y. 2011-12	-													
F.Y. 2010-11	52,284.00													
6.	Foreign investments or collaborators, if any.	:	Not Applicable											

Information about Appointee

1.	Information about appointee	:	Mr. Prakash C. Kapoor is a qualified Naval Architect (B. Tech Hons.) from IIT Kharagpur with a vast experience in Ship Design, Ship Construction and its Management. He was earlier associated with Mazgaon Dock Ltd. for over five years in the design and construction of various ships. In 1976, along with others, he jointly promoted Bharati Shipyard Ltd. He has experience of serving the company for over three decades and mainly looks after development and operations. His emphasis on quality and adhering to international manufacturing standards ensured that both the shipyards at Ratnagiri and Ghodbunder were set up and developed as per internationally accepted standards. He is a member of Confederation of Indian Industry (CII), Engineering Export Promotion Council (EEPC), All India Management Association (AIMA), Indian Economic Development and Research Association and an active committee member of the Institute of Naval Architects (India).
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		<p>Mr. Vijay Kumar is a qualified Naval Architect (B. Tech Hons) from the IIT Kharagpur with a vast experience in Ship Design, Ship Construction and its Management. He started his career as a design and construction consultant with Mazagaon Dock Ltd. (MDL). After serving MDL for seven years, he along with Mr. PC Kapoor, co-promoted Bharati Shipyard Ltd. He possesses an experience of over three decades and is mainly involved with design and marketing the products of the company. His efforts have resulted into large export orders being executed by the company in the past. He also advises the company on quality standards and local and global business strategy. He is a member of various organization such as SNAME (Society of Naval Architects and Marine Engineers), Governing Council of NSRDC (National Ship Design & Research Centre). He has been a member of technical and management committee of Indian Registrar of Ships (IRS). He is a member of the eighth, ninth and tenth five-year plan panels for shipbuilding and repair industry. He is also currently secretary of Shipyard Association of India and convener of DGT Ship Repair Group.</p>
2.	Past Remuneration	: Rs.75,00,000/- per annum to each of the appointees.
3.	Recognition or Awards	<p>: "Exporter of the Year" Award from Engineering Export Support Council for the years 1995, 1996, 2008-09 and 2009-10</p> <p>"Samudra Manthan" award for the "Best Shipyard of the Year"- Year 2009</p> <p>Shipping Marine & Ports (SMP) "Leadership and Excellence Award" – Year 2010</p> <p>Shipping Marine & Ports (SMP) "Business Leader of the Year Award" – Year 2010</p> <p>The Company is certified under ISO:2009 by Bureau Veritas</p>
4.	Job Profile and his Suitability	<p>: Mr. P C Kapoor - General management of the company with specific responsibility on manufacturing of ships with special emphasis on quality.</p> <p>Mr. Vijay Kumar – General management of the company with specific responsibility on designing and marketing of the products of the company.</p> <p>Both are Promoters of the company.</p>
5.	Remuneration proposed	: As detailed above.
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	: The proposed remuneration is commensurate with size and nature of business of the company and the huge responsibility the appointees who are Promoters too of the company are carrying. The remuneration do differ from company to company in the industry depending on the respective operations.
7.	Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any.	<p>: Apart from drawing remuneration as Managing Directors of the company, there are no other pecuniary relationships. Appointees are not related to any managerial personnel of the company.</p> <p>The appointees as Executive Directors of an Associate Company GOL Offshore Limited, draw remuneration of Rs.1.30 crore each.</p>

Other Information														
1.	Reasons of loss or inadequate profits	<p>Due to continuing global recession leading to down turn in international/maritime trade and consequential negative impact on Shipping and Shipbuilding Industry, beyond the control of the Company.</p> <p>Resultant liquidity tightness and cancellation of orders posed further challenge for profitable operation. Discontinuation of Government Subsidy to the Industry further led to profitability crunch.</p> <p>Further, the rise of the domestic interest rates has also adversely impacted the net profits of the Company.</p>												
2.	Steps taken or proposed to be taken for improvement:	The Company is brought under Corporate Debt Restructuring ("CDR") Scheme for nursing it to profitability.												
3.	Expected increase in productivity in profits in measurability terms	<p>The CDR Scheme approved by Consortium of Banks and Institutions is based on projection of Business and Profit as follows:</p> <p style="text-align: right;">(Rs in Lakhs)</p> <table> <tr> <th>Financial Year</th><th>Expected Turnover</th><th>Net Profit (Loss) after Tax</th></tr> <tr> <td>F.Y. 2013-14</td><td>1,65,000.00</td><td>(26,080.00)</td></tr> <tr> <td>F.Y. 2014-15</td><td>2,28,907.00</td><td>(5,950.00)</td></tr> <tr> <td>F.Y. 2015-16</td><td>2,28,256.00</td><td>2,080.00</td></tr> </table>	Financial Year	Expected Turnover	Net Profit (Loss) after Tax	F.Y. 2013-14	1,65,000.00	(26,080.00)	F.Y. 2014-15	2,28,907.00	(5,950.00)	F.Y. 2015-16	2,28,256.00	2,080.00
Financial Year	Expected Turnover	Net Profit (Loss) after Tax												
F.Y. 2013-14	1,65,000.00	(26,080.00)												
F.Y. 2014-15	2,28,907.00	(5,950.00)												
F.Y. 2015-16	2,28,256.00	2,080.00												

The Board recommends the resolutions at Sr. Nos. 4 and 5 hereinabove for your approval. Except Mr. P. C. Kapoor and Mr. Vijay Kumar, no other director is concerned or interested in this resolution.

**By the Order of the Board of the Directors
For BHARATI SHIPYARD LIMITED**

Sd/-
(Managing Director)

REGISTERED OFFICE:

302, Wakefield House, 3rd Floor,
Sprott Road, Ballard Estate,
Mumbai -400 001.

Date: 14th August, 2013

Place: Mumbai