

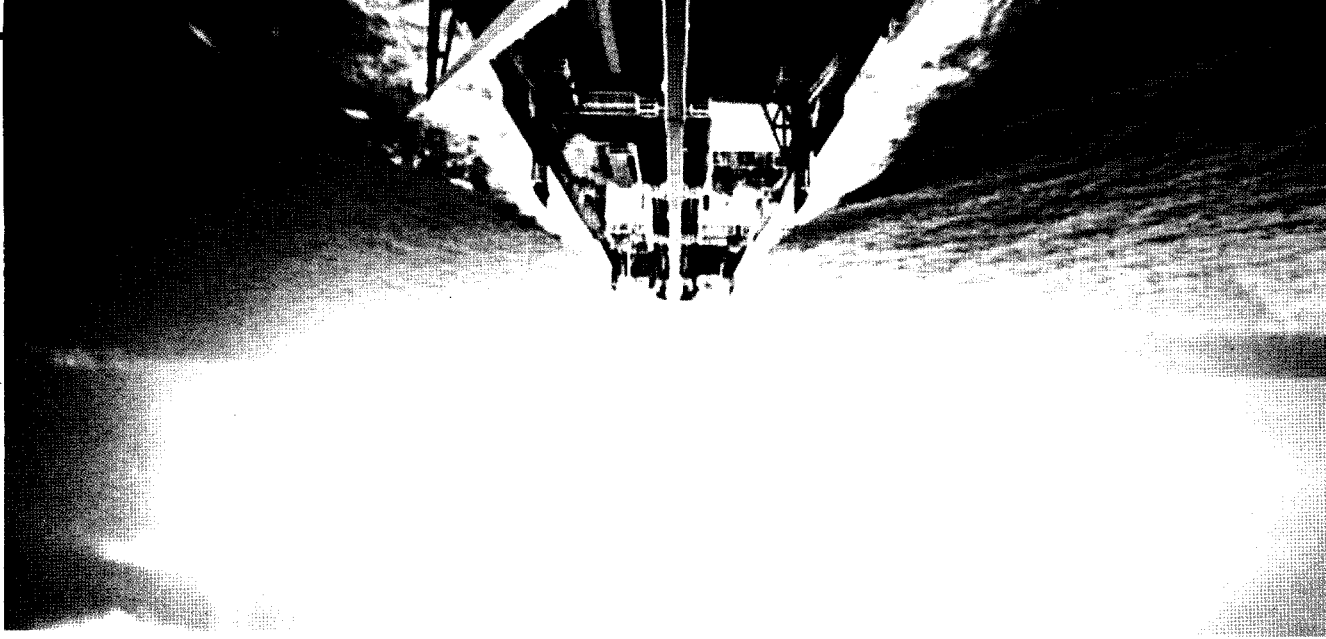


BHARATI

Building India. Ship by Ship.



Bharati Shipyard Limited



BHARAT
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Board of Directors

P. C. Kapoor
Managing Director

Vijay Kumar
Managing Director

B. L. Patwardhan
Nominee Director - SBI

V.P. Kamath
Director

Company Secretary

U.A. Patel
Chief General Manager &
Company Secretary

Solicitors

Kanga & Company

Auditors

Bhuta Shah & Co.
DPH & Co.

Bankers

State Bank of India
State Bank of Hyderabad
State Bank of Travancore
Andhra Bank
IDBI Bank
Exim Bank
DBS Bank

Registrar & Share Transfer Agents

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



Bharati Shipyards Limited

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**NOTICE**

NOTICE is hereby given that the THIRTY SECOND Annual General Meeting of the members of BHARATI SHIPYARD LIMITED will be held at Rangaswar Hall, 4th Floor, Y.B. Chavan Pratishthan, Gen. J. Bhosle Marg, Near Mantralaya, Nariman Point, Mumbai-400 021 on Tuesday, the 29th September, 2009 at 10.30. a. m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 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. V. P. Kamath, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s Bhuta Shah & Company, Chartered Accountants and M/s DPH & Co. Chartered Accountants as Joint 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 pursuant to the provisions of Section 198, 269, 309, 311, 349, 350 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 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 5 years w.e.f. 7th June-2009 till 6th June 2014, not liable to retire by rotation, on terms and conditions as set out in the draft agreement placed before the meeting, with authorisation to the Board of Directors to effect alterations/modifications to these terms, if necessary and as may be mutually agreed by and between the Board of Directors and the aforesaid appointee.

RESOLVED FURTHER THAT Mr. P.C.Kapoor be paid remuneration as per the terms and conditions as contained in the draft agreement placed before the meeting, for period of 5 (five) years, with the authorisation to the Board of Directors, to alter/vary such remuneration, subject to overall ceiling limits as may be specified in Schedule XIII to the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT the stamped engrossment in duplicate of such agreement (modified if necessary as aforesaid) be executed under the common seal of the Company in accordance with the relevant provisions of the Articles of Association of the Company.

RESOLVED FURTHER THAT in case of inadequate profits or no profits in any year during the period of 5(five) years effective from 7th June-2009, the payment of salary and perquisites as mentioned in the aforesaid Agreement, will be paid as minimum remuneration and the commission will be payable only as determined by the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 for that purpose."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 311, 349, 350 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 and provisions of Articles of Association, the members of the Company do hereby reappoint Mr. Vijay Kumar as Managing Director of the Company for period of 5 years w.e.f. 7th June-2009 till 6th June 2014, not liable to retire by rotation, on terms and conditions as set out in the draft agreement placed before the meeting, with authorisation to the Board of Directors to effect alterations/modifications to these terms, if necessary and as may be mutually agreed by and between the Board of Directors and the aforesaid appointee.

RESOLVED FURTHER THAT Mr. Vijay Kumar be paid remuneration as per the terms and conditions as contained in the draft agreement placed before the meeting, for period of 5 (five) years, with the authorisation to the Board of Directors, to alter/vary such remuneration, subject to overall ceiling limits as may be specified in Schedule XIII to the Companies Act, 1956 from time to time.

RESOLVED FURTHER THAT the stamped engrossment in duplicate of such agreement (modified if necessary as aforesaid) be executed under the common seal of the Company in accordance with the relevant provisions of the Articles of Association of the Company.

RESOLVED FURTHER THAT in case of inadequate profits or no profits in any year during the period of 5(five) years effective from 7th June-2009, the payment of salary and perquisites as mentioned in the aforesaid Agreement, will be paid as minimum



remuneration and the commission will be payable only as determined by the net profits of the Company computed in accordance with the provisions of the Companies Act, 1956 for that purpose.”

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

“RESOLVED THAT” pursuant to the provisions of Section 16 & 94(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, the authorised share capital of the company be and is hereby increased from Rs. 40,00,00,000/- (Rupees Forty Crore only) divided into 4,00,00,000 (Four Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs. 10/- (Rupees Ten only) .

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association as to share capital be and is hereby deleted and in its place the following Clause V be substituted:

“The Authorised Share Capital is Rs. 50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each, with powers to reduce the capital of the company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act, or provided by the Articles of the Company for the time being in force or subject to any postponement of right or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of share whether declared to be preference or otherwise shall be subject to the powers herein before contained”.

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:-

“RESOLVED THAT pursuant to the provisions of section 31(1) of the Companies Act, 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby deleted and in its place the following Article 3 be substituted therefore:

“The Authorised Share Capital is Rs. 50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each, with powers to reduce the capital of the company and to divide the shares in the capital for the time being into several classes and attach there to respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of the company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Act, or provided by the Articles of the Company for the time being in force or subject to any postponement of right or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of share whether declared to be preference or otherwise shall be subject to the powers herein before contained”.

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

“RESOLVED THAT in supercession of the earlier resolution passed by the members of the Company at their Thirtieth Annual General Meeting held on Thursday, the 30th August, 2007 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.7,000.00 Crore (Rupees seven thousand crore 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”.

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:-

“RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company, listing agreements entered into by the Company with Stock Exchanges where the Shares of the Company are listed and subject to approval of the Financial Institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India(RBI) and all other concerned Authorities, Institutions or Bodies, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be agreed to or by the Board of Directors of the Company (hereinafter referred to as “the Board”) which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution, the Board be and is hereby authorised on behalf of the Company with powers to delegate such authority to such person(s) as the Board may deem fit to issue/offer Equity Shares and/or instruments of debts, Convertible Debentures (Fully or Partly) and/or Non-Convertible Debentures and/or Preference Shares (Cumulative or Non-Cumulative, Redeemable or Non-Redeemable) and/or Convertible Preference Shares and/or Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or Depository Receipts and/or Convertible Bonds (Fully or Partly) (Cumulative or Non-Cumulative, Redeemable or Non-Redeemable) with or without detachable warrants and/or warrants of any nature and/or secured premium notes and/or floating rate notes/bonds and/or any other financial instruments



(hereinafter for brevity's sake referred to as "Securities") as the Board at its sole discretion may at any time or times hereafter decide which securities when issued or allotted at such price or price(s) (including premium) would result in an increase in the paid up Share Capital of the Company upto a maximum of authorised share capital of the Company, subscribed in Indian and/or Foreign currency(ies) to the Members, Directors, Employees, Non-Resident Indian, Overseas Corporate Bodies, Foreign Institutional Investors (FIIs), Companies Mutual Funds, Banks, Indian Financial Institutions, other entity(ies) and to other persons whether members or not by way of Public Issue, Right Issue, Private Placement or Euro Issue, Preferential Allotment, Exchange of Securities, Conversion of Loans/Warrants or otherwise in any manner in the course of offerings in Indian and/or International Market or by any one or more combinations of the above methods, whether to Shareholders of the Company or not, and at such time in one or more tranches as the Board may think fit and on such terms and conditions including number of securities to be issued, face value, premium, rate of interest/dividend, redemption/conversion period, manner of the redemption/conversion, amount of preference shares as the case may be, exercise of rights attached with warrants, the ratio of exchange of shares and/or warrants, any other financial instruments, period of conversion, fixing of record date or book closure and related or incidental matters as the Board or its committee may in its absolute discretion think fit and decide in consultation with the appropriate authorities, the Merchant Bankers and/or Lead Managers and/or Underwriters and/or Advisors and/or such other persons and otherwise but without requiring any further approval or consent from the shareholders and also subject to the applicable guidelines for the time being in force.

RESOLVED FURTHER THAT the Company and/or an agency or body authorised by the Company in register or bearer form with such features and attributes as are prevalent in Indian and/or International Capital Market for the instruments of this nature and provide for the tradability or free transferability thereof, as per the Indian/International practices and regulations, and under the norms and practices prevalent in the Indian/International markets.

RESOLVED FURTHER THAT pursuant to the approval of the members of the Company, the new Equity Shares issued if any, shall be subject to the Memorandum and Articles of Association of the Company and shall rank in all respect (including voting rights) pari passu with the existing Equity Shares unless otherwise provided by law or authorities.

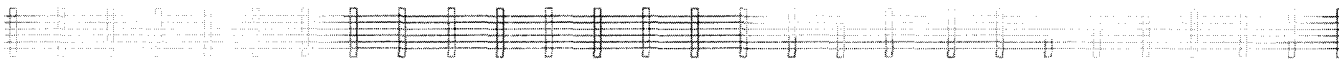
RESOLVED FURTHER THAT such of these securities as are not subscribed, may be disposed off by the Board in its absolute discretion in such manner and on such terms as it may deem fit including offering or placing them with Banks/Financial Institutions/Mutual Funds/Overseas Corporate Bodies/Non-Resident Indians, Directors, Employees and Business Associates of the Company or otherwise as Board may in its absolute discretion, consider proper and most beneficial to the Company.

RESOLVED FURTHER THAT for the purposes of giving effect to the above resolutions the Board or the Committee thereof be and is hereby authorised on behalf of the Company to agree and to make and accept such condition(s), modification(s) and alteration(s) stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient and to prescribe form of Application, to issue Letter of Offer, Prospectus, to appoint Advisor(s), Consultant(s) Manager(s), Registrar(s) to the issue and other Agencies as may be deem expedient, for the purpose of proposed Public/Rights issue and pay, if it so think fit, Underwriting Commission and/or Brokerage as may be lawful and reasonable and to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the Offer, Issue and Allotment of the securities and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary desirable or expedient in connection with such Offer/Issue/Placement/Allotment.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide other terms and conditions of the issue including the amount to be paid on applications, allotment and calls (if any) to be made and to add, vary, modify, alter any or all of the conditions of the issue of the Securities to be created, offered and issued including the aggregate nominal value thereof, after their face value and their entitlement thereto, in the best interest of the Company and to include in the said Prospectus or such other Document(s) or Offer for subscription as may be issued by the Company, such other terms and conditions of offer as are necessary or expedient in the discretion of the Board and/or may have to be incorporated on account of any modification(s) or amendment(s) required by any concerned Authority(ies).

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things it may, in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the Offer, Issue, Allotment and Utilisation of issue proceeds towards general corporate purposes including capital expenditure, working capital requirements, strategic investments or for any other purposes as it may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any committee of Directors or Managing Director or Executive Director or any Director or Officer or Officers of the company to give effect to the aforesaid resolution."



11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**: -

"RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) and the enabling provisions in the Memorandum and Articles of Association of the Company, listing agreements entered into by the Company with Stock Exchanges where the Shares of the Company are listed and subject to approval of the Financial institutions (FIs), Securities and Exchange Board of India (SEBI), Reserve Bank of India(RBI) and all other concerned Authorities, Institutions or Bodies, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions, and modifications as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") which shall be deemed to include any committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution, the Board be and is hereby authorised on behalf of the Company with powers to delegate such authority to such person(s) as the Board may deem fit to issue on preferential basis, Convertible Warrants to the Promoter Directors of the Company namely Mr. P.C.Kapoor and Mr. Vijay Kumar up to 5% of Company's present paid up equity share capital (maximum up to 2.5% to each of the Promoter Directors), i.e., aggregate Convertible Warrants to be converted into 13,78,464 Equity Shares of Rs. 10/- each of the Company.

RESOLVED FURTHER THAT for the purposes of giving effect to the above resolutions the Board or the Committee thereof be and is hereby authorised on behalf of the Company to agree and to make and accept such condition(s), modification(s) and alteration(s) stipulated by any of the relevant authorities while accordingly approvals, consents or permissions to the issue as may be considered necessary, are proper and expedient.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things it may, in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the Offer, Issue, Allotment and Utilisation of issue proceeds."

By Order of the Board of Directors

FOR BHARATI SHIPYARD LIMITED

CS U. A. Patel
(Chief General Manager & Company Secretary)

REGISTERED OFFICE:

606, 6th floor, Raheja Chambers,
Nariman Point, Mumbai – 400 021

Date: 3rd September, 2009

Place: Mumbai

**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.**
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th Sept, 2009 to 22nd Sept, 2009 (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 22nd Sept, 2009
4. Dividend if declared will be made payable at the Registered Office of the Company within 30 days from the date of declaration of dividend i.e. 29th Sept, 2009 to those shareholders whose names stand on the Company's Register of member's on 22nd Sept, 2009.
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. Please note that no copies of Annual Reports will be made available to the members at the time of 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. Please note that no queries will be replied if received/raised after the above said time limits.
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.
10. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business as listed out at S.No.5 to S.No.11. of this notice is annexed hereto.

Explanatory Statement pursuant to Section 173(2) of the Companies Act. 1956**Resolution at item Nos. 5 & 6.**

The tenure of Mr. P.C. Kapoor and Mr. Vijay Kumar as Managing Directors expired on 6th June, 2009. The Audit Committee and Board of Directors at its meeting held on 30th May- 2009, recommended their reappointment as Managing Directors of the Company along with the terms and conditions and payment of remuneration to them.

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 five years, w.e.f. 7th June, 2009 till 6th June, 2014 needs approval of the members .

The draft agreement containing terms and conditions of appointment of Mr. P. C. Kapoor and Mr. Vijay Kumar are available at the Registered Office of the Company for the inspection of the members.

The details mentioned herein below may be treated as an abstract of the terms of contract under section 302 (1) of the Companies Act, 1956.

I. DISCLOSURES:**1. Remuneration Package of Managing Directors**

The details of remuneration to Mr. Vijay Kumar & Mr. P. C. Kapoor – Managing Directors are as follows:

Salary – Rs. 6,25,000/- p.m. or such sums as may be determined by the Board from time to time with in the limits prescribed under the Companies Act, 1956

Commission – At 1.5% of the net profits of the Company for the year as computed under the provisions of the Companies Act, 1956.

There are no changes (except consequential changes) in perquisites under categories A, B and C which continue to be as follows:

Category A:

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.

Leave Travel Assistance - One Month's salary for self and his family every year in accordance with the rules of the Company.

Personal Accident Insurance - For an amount, the annual premium of which does not exceed Rs. 4,000/-

Category B:

Company's Contribution towards Provident Fund - In accordance with the rules of Company and subject to a ceiling of 12% of Salary.

Company's Contribution towards Pension / Superannuation Fund - As per the rules of the Company, but so, however, that it shall together with the Company's contribution to provident fund to be limited to such amount 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.

Gratuity - Shall not exceed half a month's salary for each completed year of service Encashment of Leave - Encashment of Leave at the end of tenure will not be included in the computation of the ceiling on perquisites

Category C:

Leave - The Managing Director shall be entitled to the leave as per the applicable rules of the Company.

Company's Car with Driver - The Managing Director shall be entitled to use a Company's Car with the driver on the business of the Company.

Telephone expenses - Free telephone at residence. Personal Long Distance calls to be billed.

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 and all other applicable provisions of the Companies Act, 1956, read with the Schedule XIII to said Act or any statutory modifications or re-enactment thereof for the time being in force or otherwise as may be permissible by law.

2. OTHER DISCLOSURES:

If during the currency of the tenure as Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to minimum remuneration by way of salary and perquisites not exceeding the limits specified above. The commission will be payable only as determined by the net profits of the Company in accordance with the provisions of the Companies Act, 1956 for that purpose.

The Board recommends the resolutions at Sr. Nos. 5. and 6. herein above for your approval. Except Mr. P.C. Kapoor and Mr. Vijay Kumar, no other director is concerned or interested in this resolution.

Item No. 7

The Authorised share capital of the Company presently stands at Rs. 40,00,00,000/- (Rupees Forty Crore only) divided into 4,00,00,000 (Four Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each. The Company is planning to come out with issue of further equity shares either on right basis/preferential basis or otherwise, to finance its financial requirements. This will necessitate increase in authorised share capital so as to help the Company to issue further shares. It is therefore desirable to bring the authorised capital of the Company in proper co-relation with the financial requirements of the Company and number of shares to be issued further. It is therefore, required to increase the authorised capital of the Company from Rs. 40,00,00,000/- (Rupees Forty Crore only) divided into 4,00,00,000 (Four Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each to Rs. 50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each. The proposed increase of the authorized share capital of the Company requires approval of the members in general meeting.



The Board recommends the Resolution at Serial No. 7. of this notice for your approval. None of the Directors is concerned or interested in this resolution.

Item No. 8.

This is a consequential amendment due to increase in the authorised share capital of the Company, as the Articles of Association must reflect the exact amount of Authorised Share Capital. The Board recommends the Resolution at Serial No. 8. of this notice for your approval. None of the Directors is concerned or interested in this resolution.

Item No.9.

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 Thirtieth Annual General Meeting held on 30th August, 2007 have granted their consent to borrow money upto Rs. 5,000 Crore (Rupees five thousand crore only).

The growing financial requirements of the Company necessitate an upward revision of this limit of Rs.5,000 Crore. The Board of Directors therefore thought it prudent to raise this limit upto Rs. 7,000 Crore.

The Board recommends the Resolution at Serial No. 9. of this notice for your approval. None of the Directors is concerned or interested in this resolution.

Item No.10.

With a view to finance the Expansion/Diversification Plan/Acquisition Plan/General Corporate Restructuring, pre-payment of loans etc./Working Capital Requirements, strategic investments of the Company, it is proposed to Offer/Issue/Allot, subject to such sanctions and approvals as may be necessary, Equity shares and/or Convertible Debentures (Fully or Partly) and/or Non-Convertible Debentures and/or preference shares (Cumulative or Non-Cumulative, Redeemable or Non- Redeemable) and/or Non-Convertible Debentures and or preference shares (Cumulative or Non- Cumulative, Redeemable or Non- Redeemable) and/or Convertible Preference shares with or without detachable or non-detachable warrants and/or warrants of any nature and/or Secured Premium Notes and/or Floating Rate Notes or Bonds and/or any other Financial Debt instruments (hereinafter referred to as "Securities") as the Board may at any time or times hereafter decide which securities when issued or allotted at such price would ultimately result in an increase in the paid-up share Capital of the Company upto a maximum of authorised capital of the Company to Members, Employees, Directors, Non-Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors (FIIs), Companies, Mutual Funds, Banks, Indian Financial Institutions or other Entities and such other persons by way of Public Issue, Right Issue, Private Placement, Euro Issue or Preferential basis or in any manner and whether to shareholders of the Company or not.

The expansion/diversification project/acquisition is aimed at tapping the market potential that exists for the Company, company's products and services and for this purpose to build infrastructure and capabilities within the Company.

Pursuant to the provisions of Section 81 and any other applicable provisions, if any, of the Companies Act, 1956, approval of members is sought by way of special resolution for the proposed Issue/Offer of Equity shares/Convertible Debentures/Non-Convertible Debentures/Preference Shares (Convertible or Non-Convertible) instruments of debts, GDRs, ADRs, Equity Share Warrants, any other security(ies), of the aggregate value which will not exceed the Authorised Share Capital of the Company to part finance the Expansion/Diversification Plans/Working Capital Requirements, Strategic Investments or for any other Corporate Re-structuring purposes of the Company, subject to approval of any Regulatory Authority and any other approval as may be necessary. The Equity Shares or instruments convertible into Equity Shares, if issued by way of preferential Allotment, the same will be issued at a price not less than the minimum price as worked out as per SEBI Guidelines for Preferential Allotment. Auditor's Certificate for minimum issue price will be available for inspection at the meeting. In case of Preferential Allotment, promoters/directors/key management persons may subscribe to the offer depending upon the terms of offer.

The Board recommends the Resolution at Serial No. 10. of this notice for your approval. Mr. P.C. Kapoor and Mr. Vijay Kumar, Managing Directors may be deemed as interested in the resolution to the extent of any allotment of shares/securities which they may get as the shares holders of the Company. None of the other Directors of the Company is concerned or interested in this resolution.

Item No.11.

As per the provisions of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines 2000, the Company is allowed to issue shares/instruments convertible into shares, on preferential basis to its Promoter Directors as per guidelines prescribed by SEBI in this regard and as referred to herein before.

These guide lines also necessitate certain disclosures by the Company which are being stated herein below:

1. Objects of the issue:

Your Company has undertaken a major expansion programme. In order to fund the expansion programme, the Company proposes to raise additional resources through various sources, including preferential allotment. The Management will consider to issue 6,89,232 Convertible Warrants / Equity Shares of Rs. 10/- to each of the Promoter Director, aggregating to 13,78,464 Convertible Warrants / Equity Shares being 5 % of the present paid up capital to the Promoter Directors i.e. Mr. P.C. Kapoor and Mr. Vijay Kumar, at a price of Rs. 200/- per warrant/share determined as per the statutory guidelines notified in this regard.

2. Intention of the promoters/directors/key management persons to subscribe to the offer:

The promoters directors of the Company shall subscribe to the preferential issue.

3. Shareholding pattern before and after the proposed offer :

The following will be the shareholding pattern of the Company before and after the proposed preferential issue :

Sr. No.	Class of shareholders	Pre-issue		Post Issue	
		No. of shares	Holding %	No. of shares	Holding %
1	Mutual Funds & UTI	37,60,197	13.64	37,60,197	12.98
2	Other bodies corporate	17,04,231	6.18	17,04,231	5.89
3	FII's/Banks	50,18,635	18.20	50,18,635	17.35
4	NRIs/OCBs	3,29,131	1.19	3,29,131	1.14
5	Public/Clearing	60,19,601	21.84	60,19,601	20.79
6	Directors & their relatives	1,07,37,505	38.95	1,21,15,969	41.85
	Total	2,75,69,300	100.00	2,89,47,764	100.00

Note: Promoter Directors are entitled to allotment of 27,40,000 equity shares out of allotment of Convertible Warrants as per EGM Resolution dated 15-05-09. After the said allotment and this proposed issue, the total holding of Promoter Directors will be 1,14,48,064 shares that is 36.12%

The above pattern is based on full subscription of the warrants and the subsequent allotment of shares after conversion of all the warrants

4. Pricing of the issue:

Each warrant of the company shall be allotted at a price of Rs. 200/ (Rupees Two Hundred). The said each warrant would be converted into One equity shares of the Company at a value of Rs. 10/- (Rupees Ten) per share. The price of the security is calculated on the basis of the relevant date, i.e. 31st August 2009 being 30 days before the date of Annual General Meeting. The method of arriving at the price is in accordance with the SEBI Guidelines as in force on the date of this notice.



5. Terms of payment:

The warrants are being issued at a price of Rs. 200. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price (i.e. Rs. 50/- per warrant) shall be payable upon subscription of the warrants and the balance to be paid at the time of allotment of shares.

6. Proposed time limit:

The Board of Directors of the Company expect the entire preferential offer and allotment of the same shall be completed within the currency period of resolution i.e. within 15 days from the date of passing of this resolution. As per the said SEBI Guidelines, the warrant holders have the option to subscribe for one equity share of Rs. 10/- each per warrant upon the fulfillment of certain identified financial parameters at any time within 18 months from the date of allotment of the warrants. The warrants may be converted into equity shares of the Company in one or more tranches.

7. Lock-in requirements:

As per Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines 2000, the Equity Shares allotted on preferential basis to any person including Promotor group shall be locked in for a period of three years from the date of their allotment.

8. Other terms of warrants:

- 13,78,464 warrants convertible into 13,78,464 equity shares of Rs.10/-each on a one to one basis representing 5 % of the capital after conversion in one or more tranches and in any Financial Year the conversion of warrants will not be more than 5% of the expanded Share Capital i.e. such enhanced share capital after exercise of rights under some of the said Warrants in order to comply with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and in the following manner.
- The warrant holders shall be entitled to any future bonus/right issue of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
- The warrant by itself do not give to the holder(s) thereof any rights of the shareholders of the Company.
- The equity shares issued as above shall rank pari passu in all respects with the existing equity shares of the Company. The warrants and equity shares shall be subject to the Memorandum and Articles of Association of the Company.

9. The identity of the proposed allottee and the percentage of post preferential issued capital that may be held by them:

The percentage of post preferential issue capital (after conversion of warrants) is as follows :

Sl. No.	Name	Pre - issue equity holding	%	Post - Issue equity holding	%
1	Mr. P.C. Kapoor	36,64,276	13.29	43,53,508	15.03
2	Mr. Vijay Kumar	36,65,324	13.29	43,54,556	15.03
	Total	73,29,600	26.58	87,08,064	30.06

Note: Promoter Directors are entitled to allotment of 27,40,000 equity shares out of allotment of Convertible Warrants as per EGM Resolution dated 15-05-09. After the said allotment and this proposed issue, the total holding of Promoter Directors will be 1,14,48,064 shares that is 36.12%

The above pattern is based on full subscription of the warrants and the subsequent allotment of shares after conversion of all the warrants

10. Consequential changes, if any, in the composition of the board of directors:

No changes are envisaged in the composition of the Board of Directors or in the management of the Company as a result of this proposed allotment. There will not be any change in the control of the Company.

Sr. No.	Class of shareholders	Pre-issue		Post Issue	
		No. of shares	Holding %	No. of shares	Holding %
1	Mr. P.C. Kapoor	36,64,276	13.29	43,53,508	15.03
2	Mr. Vijay Kumar	36,65,324	13.29	43,54,556	15.03
	Total	73,29,600	26.58	87,08,064	30.06

Note: Promoter Directors are entitled to allotment of 27,40,000 equity shares out of allotment of Convertible Warrants as per EGM Resolution dated 15-05-09. After the said allotment and this proposed issue, the total holding of Promoter Directors will be (5723508 + 5724556) aggregating to 1,14,48,064 shares that is 36.12%

11. Consequential changes, if any, in control of the Company:

The management does not envisage any change in the control of the Company.

The Board recommends the Resolution at Serial No. 11. of this notice for your approval. Your Directors believe that such preferential issue of the said Equity Shares Warrants will be in the best interest of your Company hence the above resolution is placed before the members for their approval. Mr. P C Kapoor and Mr. Vijay Kumar, Managing Directors may be deemed as concerned or interested in the resolution to the extent of warrants which may be allotted to them respectively.

By Order of the Board of Directors

FOR BHARATI SHIPYARD LIMITED

CS U. A. Patel
(Chief General Manager & Company Secretary)

REGISTERED OFFICE:

606, 6th floor, Raheja Chambers,
Nariman Point, Mumbai – 400 021

Date: 3rd September, 2009

Place: Mumbai



DIRECTORS' REPORT

TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

Your Directors have pleasure in presenting the 32nd Annual Report, together with the Audited Financial Statements of the Company for the year ended March 31, 2009.

1. Financial Results:

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

(Rs. in Lakhs)

Particular	Financial Year	
	2008-09	2007-08
Total Income	101,945.42	70,511.34
Profit before Interest, Depreciation & Tax	25,678.94	19,172.02
Less : Interest	5,133.49	2,159.62
Less : Depreciation	1,008.69	813.72
Profit before Tax	19,536.76	16,198.67
Less : Tax	6,204.50	5,453.96
Profit after Tax	13,332.27	10,744.71
Surplus brought forward	21,227.75	12,525.15
Amount available for appropriation	34,560.02	23,269.86
APPROPRIATIONS		
Transfer to General Reserve	1,333.23	1,074.47
Dividend including Dividend Tax	967.64	967.64
Surplus carried forward	32,259.15	21,227.75
Total Appropriations	34,560.02	23,269.86

2. CAPITAL:

During the year under review the Authorised Share Capital remained unchanged at Rs. 40.00 Crores consisting of 4,00,00,000 Equity Shares of Rs. 10/- each and Issued, Subscribed & Paid up Share Capital of the Company was Rs. 27,56,93,000/- .

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. 27.57 Crores i.e. @ Rs. 3/- per share on 2,75,69,300 Equity Shares of Rs. 10/- each aggregating to Rs. 967.64 lakhs including dividend tax.

4. OPERATING RESULTS AND PROFITS:

During the year under review, your Company has successfully delivered 8 (eight) vessels. Your Company has posted turnover of Rs. 93,409.60 Lakhs, an increase of about 43.97% as compared to Rs. 64,204.68 Lakhs in the previous financial year. Your Company has achieved profit after tax of Rs. 13,332.27 Lakhs as against Rs. 10,744.71 Lakhs in the previous year, an upsurge of 24.08%.

5. FINANCE:

As at the end of financial year, your Company has working capital facilities of Rs 3,65,000 Lacs (both fund based and non-fund based) 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 at Village Brhamanvel, Taluka Sakri, District Dhule, Maharashtra. The project has been successfully commissioned and generated revenue of Rs. 647.87 Lakhs during the year under report.

7. SUBSIDIARY:

Pinky Shipyard Private Limited has become a subsidiary of your Company with effect from 27th October, 2005.

During the year under report, the following companies also became subsidiaries of your company:

- a) Advitiya Urja Pvt. Ltd.
- b) Dhanshree Properties Pvt. Ltd.
- c) Natural Power Ventures Pvt. Ltd.
- d) Nirupam Energy Projects Pvt. Ltd.
- e) Nishita Mercantile Pvt. Ltd.
- f) Premila Mercantile Pvt. Ltd.
- g) Vishudh Urja Pvt. Ltd.

The central government has granted an exemption to the Company from attaching the Annual Audited Accounts of subsidiary companies with its Annual Accounts.

8. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Companies Article of Association, Mr. V. P. Kamath, Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

9. FORGING JOINT VENTURES AND ALLIANCES:

The Company's Joint Venture with M/s Apeejay Shipping Ltd. is progressing satisfactorily.

10. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND 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.

11. 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 organizational 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.

12. 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.

The Company is also in the process of designing ships which will use CNG as fuel.

13. AUDITORS:

M/s DPH & Co., Chartered Accountants, Mumbai and M/s Bhuta Shah & Co., Chartered Accountants, Mumbai are appointed as Joint Auditors at the 32nd Annual General Meeting to hold office from conclusion of the said Meeting till conclusion of the next Annual General Meeting.

The Company has received the necessary certificate from the Joint Auditor pursuant to Section 224 (1B) of the Companies Act, 1956 regarding their eligibility for re-appointment. Accordingly, approval of members to the appointment of M/s DPH & Co., Chartered Accountants, Mumbai and M/s Bhuta Shah & Co., Chartered Accountants, Mumbai as Joint Auditors of the Company is being sought at the ensuing Annual General Meeting.

14. FIXED DEPOSITS:

The Company has not accepted any fixed deposits by way of invitation to the public and has complied with all the provisions of section 58A of the Companies Act, 1956.

15. 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.

**16. 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.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2008-09, 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, 2009;
- 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;
- The annual accounts have been prepared on a going concern basis.

18. ACQUISITION OF SHARES OF GREAT OFFSHORE LIMITED

Natural Power Ventures Pvt. Ltd. and Dhanshree Properties Pvt. Ltd, wholly owned subsidiaries of Bharati Shipyards Limited have recently acquired 55,33,786/- share at Rs. 315 per share amounting to stake of 14.89 % of Great offshore Limited. These holding's were earlier pledged to Advitiya Urja Pvt. Ltd. and Vishudh Urja Pvt. Ltd., both wholly owned subsidiaries of Bharati Shipyards Limited. The company has made open offer for acquiring strategic Long Term Investment and to have a foot hold in all the sphere of the offshore industry, further to it, this investment would generate long term benefit to the company and strengthen the company's position in international market. The company has proficient team with enormous experience in various facets of the Offshore industry which give an edge over competitors. We have number of synergies between the two companies which would enhance the value for the stakeholders of both the companies.

19. ACKNOWLEDGEMENT:

Your Directors place on record their sincere appreciation for the continued support from shareholders, customers, suppliers, banks & financial institutions 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

Date : 30th June, 2009
Place : Mumbai

P. C. Kapoor
[Managing Director]

Annexure 'A'

Particulars of the Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of the Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2009.

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.	Name	Designation	Remuneration (in Rupees)	Qualification	Age (in years)	Date of Employment	Experience (in years)	Last Employment
1	Dr. J. Subbiah	CEO	42,84,000	B.E. (Mech.), Ph.D	66	25.05.06	45	Lucas – TVS, Chennai
2	Mr. Sauvir Sarkar	President	36,04,338	B. Tech. (Naval Architecture)	45	01.12.06	24	Lloyds Register Asia, Mumbai
3	Mr. Subash Dixit	President	26,37,288	B.E. (Elec.), DBM	64	20.03.08	39	Wartsila India Ltd. Belapur

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

Sr.	Name	Designation	Remuneration (in Rupees)	Qualification	Age (in years)	Date of Employment	Experience (in years)	Last Employment
1	Capt. Gopal Jha	President	27,86,736	Master (FG)	51	10.04.08	32	IMS Shipment Ltd. Mumbai

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	Current Year	Previous Year
a. Value of Direct Import calculated on CIF Basis:		
i. Components, Spare parts and Colour Chemicals	48,746.70	26,259.01
ii. Raw Materials	14,169.17	10,939.68
iii. Capital Goods	13,742.95	11,135.85
b. Earnings in Foreign Exchange on account of export of Goods:	12,055.82	6,647.23
c. Expenditure in Foreign Currency:		
i. Commission and Brokerage	681.16	204.49
ii. Design and Consultancy	824.63	806.48
iii. Freight Charges	3,329.12	416.88
iv. Traveling Expenses	818.63	226.67
v. Others	1,575.94	413.01



ANNEXURE 'B'

Corporate Governance Report

1. Company's philosophy on Corporate Governance:

The Company is committed to maximize 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 :

a. 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.

Both the Managing Directors are 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 and Banking.

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

b. Board Procedure

During the year under report the Board met 11 times on the following dates:

29-04-08, 15-05-08, 17-06-08, 18-06-08, 30-06-08, 28-07-08, 29-10-08, 13-11-08, 14-11-08, 30-01-09 and 28-03-09.

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 Committee	
						Chairman	Member
P. C. Kapoor	Executive	11	9	Yes	1	-	1
Vijay Kumar	Executive	11	8	Yes	-	-	-
B. L. Patwardhan	Non Executive	11	11	Yes	-	-	-
#V. P. Kamath	Non Executive	11	11	Yes	11	-	4

* Excludes Directorships in private companies

Joined the Board on 28-01-2008

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	Non Independent	75,00,000	97,68,382	-	9,00,000	1,81,68,382	-
Vijay Kumar	Non Independent	75,00,000	97,68,382	-	9,00,000	1,81,68,382	-
B. L. Patwardhan	Independent	-	-	-	-	-	1,05,000
V. P. Kamath	Independent	-	-	-	-	-	1,05,000

3. Audit Committee :

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

During the financial year ended 31st March, 2009 the Audit Committee met on the following dates:

29-04-08, 30-06-08, 28-07-08, 29-10-08 and 30-01-09

- b. The Audit Committee of the Board Comprises of two Non-executives, Independent Directors and one Executive Director. The committee met 5 times during the year and attendance of the members at these meetings was as follows:

Name of the Audit Committee Member	Status	No. of Meetings Held / Attended
P. C. Kapoor	Executive	5/4
B. L. Patwardhan	Non Executive	5/5
V. P. Kamath (Joined the Board on 28-01-2008)	Non Executive	5/5

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.



6. Share Transfer and Shareholders Grievance Committee:

- a. 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.
- b. Mr. U.A. Patel, Chief General Manager & Company Secretary is the Compliance Officer. There were no complaints / queries pending reply.

7. General Body Meetings :

- a. Details of Annual General Meetings (AGMs) held in last three years are as follows:-

AGM	Day	Date	Time	Venue
29th	Tuesday	29.08.06	11.00 a.m.	Ashoka Hall, Arcadia, N.C.P.A. Marg, Nariman Point, Mumbai - 400 021
30th	Thursday	30-08-07	11.00 a.m.	Babasaheb Dahanukar Sabhagraha, Fort, Mumbai-400 001
31st	Monday	29-09-08	11.00 a.m.	Auditorium of "The Synthetic & Art Silk Mills Research Association, Sasmira, Sasmira Marg, Worli, Mumbai-400 030"

- b. **Special Resolutions passed in last three AGMs :**

The Company has passed Special Resolution in the previous AGM.

- c. **Postal Ballot :**

No resolution has been passed by the Company in the last year through postal ballot. As on date the Company does not have any proposal to pass any special resolution by way of postal ballot.

8. Disclosures:

- a. **Disclosure regarding materially significant related party transactions during the 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.

- b. **Disclosure of non-compliance by the Company :**

The company has complied with all the requirements of the Listing agreement of the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed on the Company by Stock Exchanges, SEBI and any other Statutory Authority on matters related to capital markets during the last three years.

- c. **Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee :**

The Company has not adopted Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management on any issues.

- d. **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause :**

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchanges.

9. Means of Communication :

- a. **Half-yearly report sent to each household of shareholders** : No.
- b. **Quarterly Results** : These are published in all India editions of news papers in English and Marathi.
- c. **Any Web site, where displayed** : www.bharatishipyard.com
- d. **Whether it also displays official news releases and presentations made to Institutional Investors/ Analysts** : Yes.
- e. **Whether Management Discussion and Analysis is a part of annual report** : Yes.

10. General Shareholder Information :

- a. **Annual General Meeting :**
- To be held on** : 29th September, 2009
- At** : Rangaswar Hall, 4th Floor,
Y.B. Chavan Pratishthan,
Gen. J. Bhosle Marg,
Near Mantralaya, Nariman Point,
Mumbai-400 021

b. Details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are given hereunder :

Name of Directors and nature of their Expertise in functional areas	Directorships/Committee Memberships in other Companies
<p>Mr. V. P. Kamath</p> <p>V.P Kamath, aged 74, B.Com (Advanced Accounts and Auditing), University of Bombay, CAIIB with a vast experience in Banking, Leasing and Financial Services & Project Financing. Besides this he has also experience in planning and implementation of ventures in the areas of Housing Finance, Mutual Funds, Forex Money Changing, etc. He was a member of various Institutional Committees of All India Financial Institution.</p> <p>Date of appointment : 28th January , 2008</p>	<p>Directorships</p> <ol style="list-style-type: none"> 1. Baledh Energy Projects Ltd. 2. Batot Hydro Power Ltd. 3. Greenweizz Projects Ltd. 4. Joiner Hydro Power Projects Ltd. 5. Karma Energy Ltd. 6. Tapi Energy Projects Ltd. 7. Weizmann Capital Ltd. 8. Weizmann Forex Ltd. 9. Weizmann Ltd. 10. Windia Infrastructure Finance Ltd. 11. Airodh Financial Services Ltd. <p>Committee Membership</p> <ol style="list-style-type: none"> 1. Weizmann Ltd. <ol style="list-style-type: none"> a. Investor Grieviances Committee b. Audit Committee 2. Tapi Energy Projects Ltd. 3. Windia Infrastructure Finance Ltd

c. Financial Calendar 2009-2010

- First Quarterly Unaudited Results : Before end of July-2009
- Second Quarterly Unaudited Results : Before end of October-2009
- Third Quarterly Unaudited Results : Before end of January -2010
- Fourth Quarterly Unaudited Results : Before end of April-2010
- Or**
- Audited Yearly Results for the Year Ended 31st March-2010 : Before end of June-2010



- d. Dates of Book Closure** : 14th Sept, 2009 to 22nd Sept, 2009
- e. Dividend Payment Date** : Within 30-days from the date of declaration of dividend i.e. 29th Sept, 2009

Dividend on Equity Shares when sanctioned will be made payable on or after 29th Sept, 2009 to those Shareholders whose names stand on the Company's Register of Members on 22nd Sept, 2009 and to whom dividend warrants will be posted. 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.

- f. Listing on Stock Exchanges at** : The Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. National Stock Exchange of India Ltd. (NSE), Exchange Plaza, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051.
- g. ISIN No.** : INE 673G01013

h. Stock Code/ Symbol

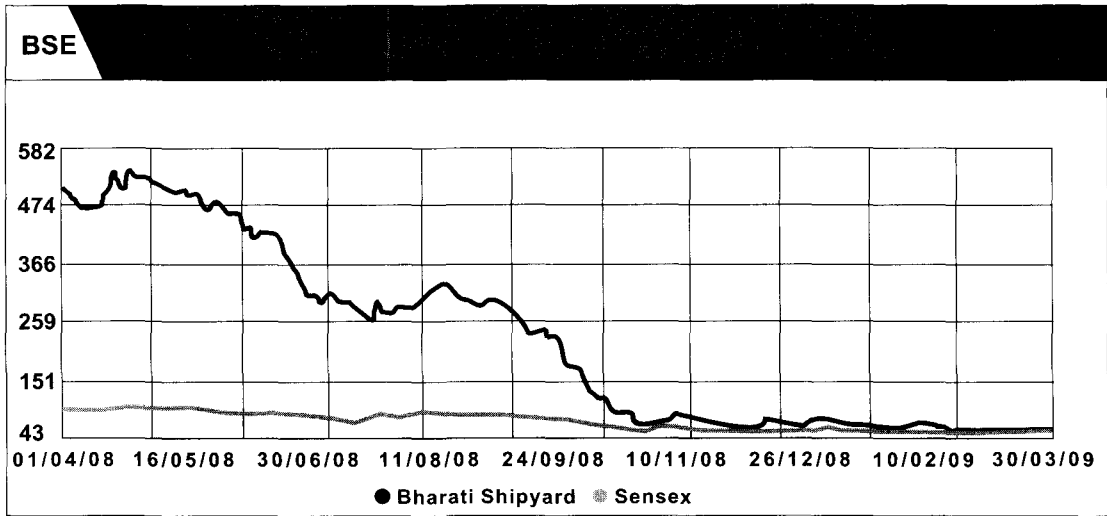
NSE : BHARTISHIP

BSE : 532609

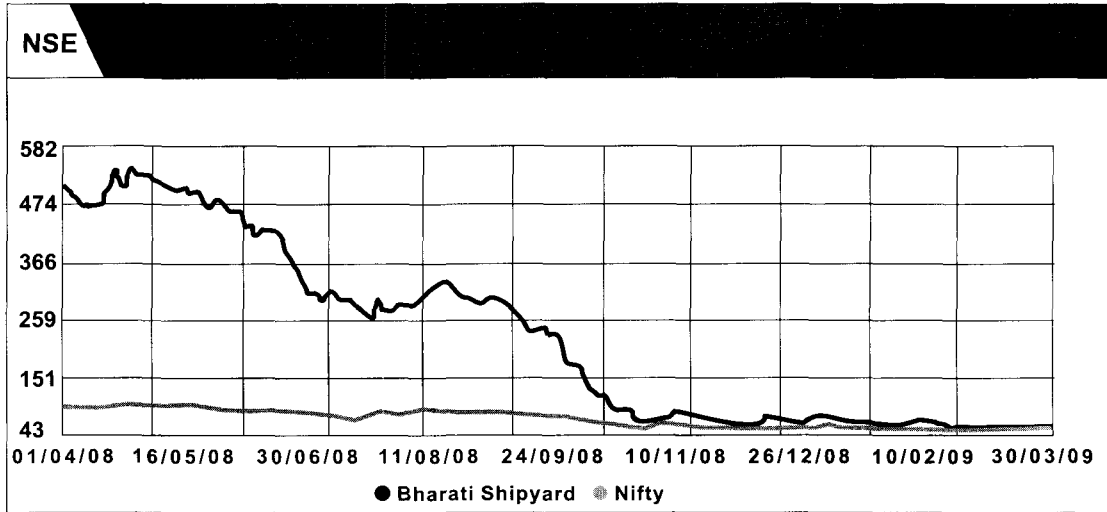
i. Market price Data :

The monthly high and low quotations and volume of shares traded at the NSE /BSE during the financial year, 2008-2009 are given below:

MONTH & YEAR	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
APR - 08	580.00	450.00	1,028,482	579.95	465.00	303,134
MAY - 08	536.05	458.00	626,606	538.00	460.00	208,941
JUN - 08	525.00	308.00	181,096	489.95	301.00	72,958
JUL - 08	330.00	260.00	413,748	328.95	260.00	246,706
AUG - 08	337.90	278.25	1,084,513	338.00	278.00	785,114
SEP - 08	304.60	157.50	722,214	303.85	158.15	465,046
OCT - 08	185.70	62.50	1,774,880	184.95	62.60	815,386
NOV - 08	88.00	62.30	2,333,716	88.00	62.75	2,137,835
DEC - 08	82.00	59.30	2,706,397	79.65	59.00	1,980,667
JAN - 09	88.10	60.60	2,109,390	88.40	61.00	1,624,327
FEB - 09	76.30	51.30	3,672,540	76.40	51.25	2,274,796
MAR - 09	59.50	44.80	4,772,578	59.80	44.55	2,641,314



Historic Graph 01-04-2008 to 31-03-2009



Historic Graph 01-04-2008 to 31-03-2009

j. Registrar and Transfer Agents :

The Company has engaged the Services of Link Intime India Private Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078 a SEBI registered, Registrar as its Share Transfer Agents for processing the transfers, sub-division, consolidation, splitting of securities, de-mat & re-mat. All requests for transfers, sub-division, consolidation, splitting of securities, de-mat & re-mat should be sent directly to Link Intime India Private Ltd.

The shareholders have the option to open their accounts with either NSDL or CDSL as the Company has entered into Agreements with both these Depositories.

k. Share Transfer System :

The shares of the Company are traded in dematerialized form since inception and transfer of the same is regulated as per the procedures laid down under the Depositories Act, 1996.



I. Share Holding Pattern as on 31st March, 2009 is given below:

	Category	No. of shares held	Percentage of Shareholding
A	Promoters' holding		
1	Promoters Indian Promoters Foreign Promoters	1,02,08,331 - -	37.02 - -
2	Persons acting in Concert	5,29,174	1.92
	Sub-Total - (i)	1,07,37,505	38.94
B	Non-Promoters Holding		
3	Institutional Investors		
	a Mutual Funds and UTI	69,77,057	25.31
	b Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions/Non-government Institutions)	8,55,484	3.10
	c Foreign Institutional Investors	13,01,855	4.72
	Sub-Total - (ii)	91,34,396	33.13
4	Others		
	a Private Corporate Bodies	17,00,035	6.16
	b Indian Public	51,28,842	18.62
	c NRIs / OCBs	3,13,321	1.14
	d Any other (Clearing Members, Trusts)	5,55,201	2.01
	Sub-Total - (iii)	76,97,399	27.93
	Grand Total (i + ii + iii)	2,75,69,300	100.00

m. Distribution of Share Holding as on 31st March, 2009 is given below:

Nominal Value of Share Holding		No. of Shareholders	% of the total Shareholders	Share Amount Rs.
1	To 500	22,781	91.98	2,24,21,420
501	To 1000	969	3.91	77,91,070
1001	To 2000	473	1.91	72,48,090
2001	To 3000	177	0.71	45,03,810
3001	To 4000	77	0.31	27,41,270
4001	To 5000	72	0.29	34,02,760
5001	To 10000	87	0.35	62,14,200
10001	And above	131	0.53	22,13,70,380
TOTAL		24,767	100.00	27,56,93,000

n. Dematerialization of Equity Shares :

As on 31st March 2009, 2,75,67,998 equity shares representing 99.99% shares are held in dematerialized form and the balance 1,302 equity shares representing 0.01 % shares are in physical form.

o. Outstanding GDRs/ADRs/Warrants or any other Convertible instruments

Foreign Currency Convertible Bonds (FCCB) : 100 Million US \$

Tranche – I - Zero Coupon Convertible Bonds – US \$ 15 million with Green Shoe Option of additional US \$ 5 million issued on 12th December, 2005 (Rs. 91.70 crore at issue)

The Bondholders had an option to convert FCCB into Ordinary shares at an initial conversion price of Rs. 421.94 per share at a fixed exchange rate of conversion of Rs. 45.85 (=US \$1), from 22nd January, 2006 to 3rd December, 2008.

Outstanding Bonds = 0

During the year 14 bonds of \$ 0.1 million each aggregating to US\$ 1.4 million matured and repaid on 13th December 2008. As on 31st March 2009 no bond from **Tranche-I** is outstanding.

Tranche – II - Zero Coupon Convertible Bonds – US \$ 70 million with Green Shoe Option of additional US \$ 10 million issued on 12th December, 2005 (Rs. 366.80 crore at issue).

The Bondholders have an option to convert FCCB into Ordinary shares at an initial conversion price of Rs. 497.89 per share at a fixed exchange rate of conversion of Rs. 45.85 (=US \$1), from 22nd January, 2006 to 3rd December, 2010.

As on March 31, 2009, 469 FCCBs aggregating to US \$ 46.90 million are outstanding. If all these outstanding FCCBs get converted into equity share, the total share capital would go up by 43,18,956 new equity shares.

p. Plants (Manufacturing Units) :

- Bhoir Sand Compound, Ghodbunder, Dist: Thane.
- Mirya Bunder, Dist: Ratnagiri.
- (Dabhol), Dist: Ratnagiri.
- Zorinto Sancoale, Goa.
- Kudroli Bengare, Tal: Mangalore Dist: Dakshina Kannada.
- Timberpond, Howrah, Kolkatta .

q. Address for Correspondence :

For correspondence related to shares

: Link Intime India Private Ltd.,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400 078

For other matters

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

11. Compliance of non-mandatory requirements as set out in Annexure 3 to Clause 49 of the Listing Agreement :

- a. Chairman of the Board**
The Chairman is an Executive Chairman hence not applicable.
- b. Remuneration Committee**
The powers of Remuneration Committee are exercised by the Board.
- c. Shareholders' rights**
The quarterly results are published in the news papers.
- d. Audit Qualification**
During the year under review, there was no audit qualification in company's financial statements.
- e. Postal Ballot**
The Company has not passed any resolution by Postal Ballot.

Compliance Certificate

The Auditors' Certificate on Corporate Governance is attached herewith.



Annexure 'C' Management Discussion and Analysis

I. Industry Structure, Development and Outlook

The structure of the Shipbuilding industry is primarily categorized in two segments:

Shipping segment-

Shipping segment mainly includes tankers, container ships and dry bulk ships. Since life age of vessels in this segment is around 25 years, the demand for vessels to continue in the coming years primarily on the back of replacement demand. Various international organizations have proposed to scrap old ships (more than 25 years of age) to maintain higher structural standards.

Offshore Segment-

Offshore segment includes vessels required for offshore exploration and production (E&P) activities like Anchor Handling Tug Supply (AHTS), Platform Supply Vessels (PSV), Pollution Control Vessels, Oil Rigs and so on. Anchor Handling Tug Supply (AHTS) and Rigs constitute around 50% of overall Offshore vessels. This segment is witnessing huge replacement demand. Apart from this, increasing spend on exploration and production activities by Oil & Gas companies is boosting demand for offshore vessels.

i. World Shipbuilding Scenario

The slowdown in the developed economies during the year has led to immense pressure on the global shipbuilding industry. Global Shipyards, besides witnessing a dearth in new order bookings, also encountered a significant number of order cancellations during the financial year. Major shipbuilding nations like S. Korea, China and Japan remained under pressure throughout the year. However, Indian Shipbuilding companies remained afloat on account of their prudent practice of taking higher order advance as compared to other shipbuilding nations. Further Indian shipbuilders avoided taking speculative orders and therefore did not witness any order cancellations.

Although the overall downturn in the economy may lead to volumes of seaborne trade deteriorating, on the positive front, long-haul trade is likely to witness an increase which will in turn result in the distance travelled in terms of tonne miles increasing during the course of the year.

ii. Shipbuilding scenario in India

Shipbuilding in India is still at a nascent stage. India continues to have its advantage on account of its vast coastline, low cost labour and availability of technically qualified manpower. The natural advantages that India has is likely to result in strong growth for the shipbuilding sector. The Indian shipbuilding industry is slated to grow at the rate of 30%. It is expected that by 2017, it would have attained more than 7.5% of the global order book. Indian shipbuilders are continuing with major investments in the sector that will enable them to match global scale.

The implementation of the New Exploration Licensing Policy (NELP) in the year 2000 to increase investments in the domestic hydro carbon sector has created strong demand for offshore assets within the country.

Currently, approximately only 25% of the acreage has been explored or is under exploration. Going forward, the demand for rigs and OSVs on account of this domestic exploration is likely to increase giving an impetus to the industry.

Another segment which is likely to contribute heavily is the demand from Government of India. The Government of India is now tapping the private sector for Coastguard and smaller Naval vessels.

(iii) Impact on various categories of vessels

a) Tankers

With the global economic growth being anticipated to contract almost 1.4% in CY 2009, International Energy Agency (IEA) has revised down the global oil demand marginally by 2.6 mb/d (million barrels per day) to 83.2 mb/d, thereby representing a y-o-y decline of 3% during CY 2009. Therefore, the order book in the wet bulk carrier segment continued to reel under pressure.

b) Dry Bulk Carriers

With the slowdown in the sea-borne movement of dry bulk commodities such as steel, iron-ore etc, the Baltic Dry Index (BDI) declined by 80% on a yearly basis from an average level of 8,291 during April 2008 to 1,659 during April 2009.

c) Container Ships

Owing to consistent lower container cargo volumes handled by the major ports globally, the demand for containerships remained under pressure. However, the magnitude of fall in handling of containerized cargo volumes relatively narrowed.

d) Offshore Vessels

Owing to the continuing slowdown in the economy and the corresponding lower oil demand, the offshore and other specialised vessel segment remained subdued. The global offshore rig utilisation rate plummeted to 82.5% in April 2009 from 90.4% a year ago. However, with the sharp bounce back in oil especially crude oil prices, the sentiment for the offshore sector has improved considerably. There is an increase in exploration and production activity, resulting to demand for vessels that support offshore exploration activity i.e. OSVs. Besides, the offshore sector is less prone to order cancellations as the new supply coming in likely to get easily absorbed for meeting the increased demand.

(iv) The Company Strategy

Bharati Shipyard has successfully established its position as a formidable force in its field and aims to climb higher by leveraging its experience, knowledge and qualifications.

The company's future strategy is:

a) To establish itself as a leading shipbuilder in the domestic and international terrain

The company has already established itself as a leading force on domestic grounds. It is also taking large leaps towards making itself a recognized player on the global level. Each year it is extending its list of foreign customers and is able to satisfy them to the fullest besides the company is also making its mark in new geographies by tapping customers there.

b) To construct complex vessels with the sophisticated equipment from Swan Hunter UK

The company has installed the Swan Hunter equipment at its Dabhol Greenfield yard. This machinery is extremely sophisticated and will thereby substantially enhance the company's shipbuilding ability. The machinery will increase the level of automation and thereby the efficiency of production.

Bharati Shipyard has installed the 16,000 ton lift capacity floating dock which it acquired from swan hunter shipyard along with the other equipment at Dabhol. This opens up another revenue stream for Bharati Shipyard as this floating dock will be used for ship repair activities as well.

c) To build technologically advanced vessels

Bharati Shipyard has excelled in building offshore vessels, bulk carriers etc. It is also currently in the process of building its first jack-up rig. Going forward, it aims at building semi-submersibles, FPSO, Offshore structures, Chemical carriers, gas tankers etc.

Another leap forward for Bharati has been its foray into building of the Defense vessels. The company is the first private sector shipyard to have bagged the prestigious contract from the Government of India, Ministry of Defence, for the supply of 15 interceptor boats for the Indian Coast Guard.

Bharati Shipyard has increased its offerings to the lucrative energy market with a newly developed liquefied natural gas (LNG)-powered ro-ro vessel. For Bharati, as a leading shipbuilder for the offshore sector, the next step would be to design tugs & offshore vessels powered by LNG. As most of world fleet and Indian fleet are made up of single engine-run ships, the advantage of going for LNG driven vessels is tremendous. LNG propelled vessels offer advantages such as substantial gains in terms of reduced maintenance, savings on fuel cost and low emissions and increase in comfort levels.



d) Evolution of rig construction as a new segment

The company is in advanced stage of building a jack-up rig for Great Offshore, a formidable player in the offshore market. The successful delivery of this rig is likely to open a whole new opportunity for the company.

e) To expand and set up new shipbuilding capacities

Bharati Shipyards is nearing the stage of completion of setting up its Dabhol facility. The company is building many technologically advanced vessels including the one of its kind jack-up drill rig at this yard located in Maharashtra. This yard is stated to be a 100,000 DWT yard.

Besides it is also simultaneously developing its yard at Mangalore. The company has also started its shipbuilding activity at this yard. This yard is likely to scale up to be a 60,000 DWT yard.

II. Opportunities:

i. **Repairs:** Ship repair is generally considered as an evergreen industry, both globally as well as domestically. With a massive growth in world fleet in recent times and more vessels to be set afloat by 2012, the revenues from ship repair may well witness an upward trend. With the major shipbuilding nations concentrating primarily on the shipbuilding activities, developing nations have an opportunity to emerge as major ship repair centres. Being a solely labour oriented industry, the potential for employment of direct and in-direct labour is relatively huge in ship repairs than in any other industry. Developing nations like India and China have found ship repair industry very attractive and useful for generation of jobs and regular revenues.

ii. **Movement of order flow to low cost countries:** The global shipbuilding industry has witnessed many crests & troughs in its growth story from the period spanning the 1960s. With the industry dominance shifting from the European to the Asian nations such as S. Korea, China, Japan and India, the industry has undergone massive changes in terms of construction technologies, new demand for various ship types etc. Countries like China, India and Vietnam with their low labour cost, low fixed-cost overheads advantage have started gaining market share in the shipbuilding industry. More recently, there is a supply gap for medium size vessels as the leading shipbuilding nations have expanded capacity to build larger vessels.

This has led to movement of order flow to India for such vessels.

Thus, India can leverage on its low cost advantage and specialization in medium size vessels to create opportunities for growth.

iii. **Rig manufacturing:** Over the years the oil industry has further developed and expanded manifold resulting to an increase in the E&P activities. Higher oil and gas prices and depleting reserves are leading to increasing pressure on the oil and gas companies to explore and add reserves. There is a sharp increase in the oil prices in the recent months which have led to a steady increase in the number of active drilling rigs over the past year. This offers huge growth opportunity for the offshore players on account of the huge demand for exploratory drilling. With an increase in E&P activities, the ordering in the Offshore Vessel segment too has surged significantly resulting in more demand for new rigs. The Indian shipbuilding industry has a big opportunity to grab this share of the international shipbuilding market due to the increasing demand for the rigs.

iv. **Increasing domestic demand:** The good times for Indian ship building industry is bound to continue as demand from domestic and international market continues to rise due to the increasing E&P activities and more order flow to low cost countries. Furthermore, the domestic demand for ships and various other vessels is looking robust. Indian environment for shipbuilding is also favorable and has government's support. India also has manufacturing advantage driven by variables like – availability of skilled labour, industrial base for manufacture of equipments, growing domestic demand and aggressive domestic players. This would further push the domestic demand on a higher growth trajectory.

v. **Increasing Government Support:** As far as the Indian scenario is concerned, the government has developed a National Maritime Development programme with a vision to make India a leading player by the year 2025. A draft policy for the maritime sector has been formulated to give a boost to all maritime sectors, including shipbuilding and ship repair. Implementation of tonnage tax regime in shipping has created demand for new ships and marine vessels. Due to recent government policies, private shipyards, have been able to procure substantial orders, both domestic and export. There has also been considerable interest in the private sector to invest in shipyards, which has emerged as a good investment opportunity.

III. Risks and Concerns:

- (i) **Operational Risks:** The Company credits itself for timely delivery of vessels. However, the execution of orders will be dependant on the *timeliness of the company's capex plans*. Delay at the Dabhol or Mangalore yard could adversely affect operational efficiency.
- (ii) **Subsidy Support:** The government is considering regarding the extension of the subsidy for a further five years. The present subsidy scheme has ended in August 2007 and is in for a review for another five years. Subsidy of 30% on order value was provided for all export orders and domestic orders which had vessel size of more than 80 meters in length to all Shipyards. Indian shipbuilders face a cost disadvantage vis- a- vis other shipbuilding nations due to the lack of similar support and tax benefits. The revival of subsidy scheme is under active consideration of Government of India.
- (iii) **Rise in Input Prices:** The Indian shipbuilders are at a disadvantage to their competitors when it comes to the prices of the inputs. Over the past years, it is observed that the price of the inputs has gone up. However, if the prices escalate further, this increase in input costs may affect the industry in general, and company in particular.
- (iv) **Foreign Exchange Risk:** The Company has been an export oriented company since long and substantial percentage of its revenues are from exports. The contracts entered into by the Company with its Customers are also in foreign currencies and thus fluctuations in exchange rates may affect the results of operations of the Company. Similarly, significant costs and expenses of the Company are in foreign currency and fluctuations in exchange rates may affect the same as well. However, the mix of revenues and expenses both in foreign currencies provide a natural hedge to the Company to the extent the same are proportionate. In the event if the proportion of foreign revenues or foreign expenses vary significantly, the results of operations may be affected in case of adverse exchange rate fluctuations.
- (v) **Development of ancillary industries:** The shipbuilding sector in China and South Korea has received government fiscal and policy support, enabling them to develop scale as well as a cluster of ancillaries. These advantages of scale are not available to Indian shipbuilding industry, which imports most of its input materials and is therefore unable to leverage advantages offered by bulk purchases and Just in Time supplies. As a result there are significant cost disadvantages on account of import dependence.
- (vi) **Incremental orders/order cancellations.** The company faces a risk of receiving incremental order, in case the global economic scenario does not improve over the year. This could affect the growth prospects of the company. Besides, although none of the orders of the company is cancelled till date, this risk continues to remain due to the market conditions.

IV. Internal Control System:

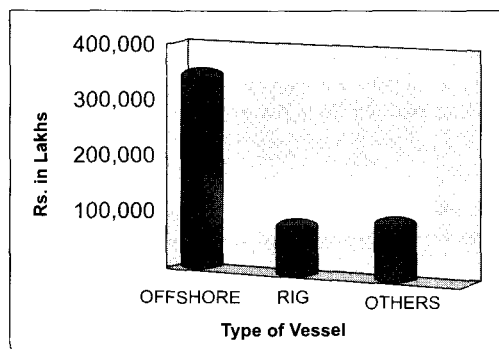
The company has designed its internal control system specially and specifically to guarantee reasonable assurance so as to provide reliable financial and operational information. The Internal Control System ensures the safeguarding of the assets from unauthorized use or losses, applicable statues, corporate policies, and also ensuring that the transactions are executed with proper authorization. The company takes special care to place adequate internal control procedures commensurate with its nature of operations and size."



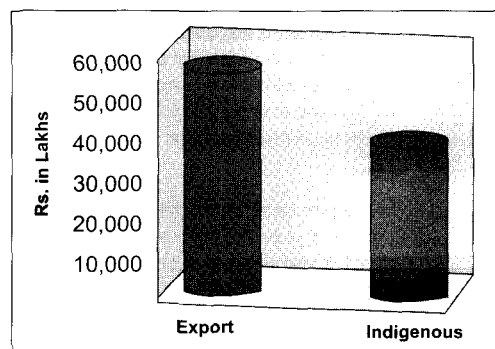
V. Financial Overview

i. Turnover

The Greenfield expansion at Dabhol has become operational in the year under consideration which in turn has majorly contributed to the increase in turnover. Also, there is utilization of the expanded capacity at the other yards of the company leading to the increase in turnover. The sales during the year under report have increased by Rs. 29,204.92 lakhs which is 45.49% higher than the previous year.



Order Book: Vesselwise



Turnover: Export - Indigenous

ii. Subsidy

During the year, subsidy of Rs. 8,498.30 lakhs was booked by the company. Subsidy is booked by the Company when the vessels are nearing to completion i.e. when the vessel is more than 70% complete. The increase in subsidy is consequent to various vessels nearing the completion stage.

iii. Expenditure

a. Raw Material Consumed

The Raw Materials consumed has increased from Rs. 36,163.73 lakhs to Rs. 50,968.42 lakhs. It is mainly on account of increase in turnover. The raw material cost represented 54.56% of turnover for the year under consideration as compared to 56.33% last year. Thus Raw Material cost as a percentage of sales have reduced. The said reduction is on account of change in the types of vessels under construction during the year.

b. Manufacturing and Other Expenses

The Manufacturing and Other expenses have increased from Rs. 7,920.54 lakhs to Rs. 12,790.33 lakhs. The manufacturing and other expenses represent 13.69% of Turnover for the year under consideration as compared to 12.34% last year. This is consequent to the increase in turnover. The manufacturing and other expenses mainly consists of Design & Consultancy Fees, Equipment Hire Charges, Inspection/Survey/Testing Charges, Clearing Forwarding Expense, Transportation Charges, Commission & Brokerage etc.

c. Employee Cost

Employee Cost has increased from Rs. 7,255.06 lakhs to Rs. 12,507.73 lakhs. This increase is a result of increase in turnover and rising labour costs. As compared to last year, the employee cost has increased to 13.39% of turnover from that of 11.30% of last year.

d. Bank & Finance Charges

There is also an increase in the Bank & Finance Charges from Rs. 2,159.62 lakhs in previous year to Rs. 5,133.49 lakhs in the current year. The Bank and Finance Charges comprise of interest on Working Capital Facilities, Bank Guarantee Charges and L/C Charges. Internationally, Bank guarantees are issued by the shipbuilders to customers

against advance payments and performance guarantees. During the year, the company has taken substantial new orders and the order book has also increased resulting into an increase in Bank Guarantee charges. Similarly, the increase in turnover has led to higher value of imports resulting into increase in L/C Charges. The company has a policy to source the raw material well in advance to avoid cost overruns on account of increase in raw material prices. This has resulted into increase in the stock and consequent higher utilization of working capital facilities leading to increase in bank interest. In addition to this the company has also increased its debt profile which has resulted into a higher financial cost.

e. Depreciation

Depreciation has increased from Rs. 813.72 lakhs in last year to Rs. 1,008.69 lakhs in current year. The increase in depreciation is mainly due to the purchase of Plant & Machinery in the year under report. These additions were carried out in order to expand the yard for the future growth of the company and enable the company to accomplish higher execution. The company has also installed machinery purchased from Swan Hunter which has also led to the increase in depreciation.

iv. Profits

The Net profit after tax for the year is Rs. 13,332.26 which is an increase of Rs. 2,587.55 lakhs or 24.08% as compared to previous year. The increase in Net Profit is consequent to increase in turnover achieved due to expansions made at Dabhol as well as other yards.

v. EBIDTA

The EBIDTA (excluding subsidy) is Rs. 17,180.63 lakhs compared to 13,201.04 lakhs in previous year. The EBIDTA as a percentage of turnover stands at 18.39% as compared to 20.56 % for the previous year.

vi. Secured Loans

Total Secured Loan of company has increased to Rs. 69,788.78 Lakhs from Rs. 20,389.97. During the year the Company has raised fund by various means of finance like NCD's, Term Loans & ECB (External Commercial Borrowing) to accomplish its expansion goals at Dabhol & Mangalore Project as well as Expansion of existing facilities at other Yards.

vii. Sundry Debtors

Debtors have increased from 18,650.97 lakhs to Rs. 28,112.02 lakhs. This increase is mainly due to the increase in subsidy received by the Company from the Government.

viii. Inventory

The company has inventories of Rs. 84,782.05 lakhs as on 31st March, 2009 (Rs. 60,031.34 lakhs as on 31st March, 2008). The increase in inventory is mainly due to the various components of RIG and other vessels under construction have reached to the yards but yet to be installed in respective vessels.

ix. Loans & Advances

Loans & advances have increased from Rs.29,911.21 lakhs to Rs. 63,782.83 lakhs this increase is mainly due to the advances given to subsidiaries, suppliers and tax payments made for the F.Y. 2008-09, advance given to subsidiary companies for sub contracts and advances given to suppliers for the year under report.

x. Current Liabilities

Current Liabilities have increased to Rs. 97,703.60 lakhs from Rs. 60,308.65 lakhs. This rise is mainly due to increase in advances received from customers. During the year the company has received new orders for which advance payments have been received upon signing of contracts. The same has resulted in increase of current liabilities.

CAUTIONARY STATEMENT

Statements in the Management Discussions and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include among others, economic conditions affecting demand/supply and price conditions in domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and incidental factors.



CEO CERTIFICATE

**TO THE MEMBERS OF
BHARATI SHIPYARD LIMITED**

In terms of Clause 49 V of the Listing Agreements with the NSE & BSE, we hereby certify as under :

- a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b). There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c). We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors & the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d). There have been no
 - i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in the accounting policies during the year;
 - iii. Instances of fraud of which we have become aware and the involvement therein, of the management of an employee having significant role in the Company's internal control system over financial reporting.

For **Bharati Shipyards Limited**

P.C. Kapoor
Managing Director

Date : 30th June, 2009
Place: Mumbai

For **Bharati Shipyards Limited**

Vijay Kumar
Managing Director

AUDITORS' CERTIFICATE

**TO THE MEMBERS OF
BHARATI SHIPYARD LIMITED**

We have examined the compliance of conditions of Corporate Governance by Bharati Shipyard Limited, for the year ended on 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us: -

- i. We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
- ii. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company and noted by the Board of Directors / Share Transfer Committee and Shareholders / Investors Grievance Committee.
- iii. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s. DPH & Co.**
Chartered Accountants

CA. Ashwin Patel
Partner
Membership No.127052

Date: 30th June, 2009
Place: Mumbai

For **M/s. Bhuta Shah & Co.**
Chartered Accountants

CA. Mitesh Kothari
Partner
Membership No. 110822



AUDITORS' REPORT

TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

1. We have audited the attached Balance Sheet of **BHARATI SHIPYARD LIMITED** ("the Company") as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. on the basis of written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **M/s. DPH & Co.**
Chartered Accountants

CA. Ashwin Patel
Partner
Membership No.127052

Date: 30th June, 2009
Place: Mumbai

For **M/s. Bhuta Shah & Co.**
Chartered Accountants

CA. Mitesh Kothari
Partner
Membership No. 110822

Annexure To The Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, physical verification of a major portion of fixed assets as at March 31, 2009 was conducted by the Management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- (c) No substantial part of fixed assets has been disposed off during the year which will affect the going concern principle.
- (ii) (a) Physical verification of inventories has been conducted at reasonable intervals by the management.
- (b) In our opinion the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory and during the course of our audit no material discrepancies were noticed on physical verification of inventories.
- (iii) (a) The Company has granted interest free advances to the 17 (Seventeen) parties, consisting of 8 (eight) subsidiaries and 9 (nine) private limited companies covered in the register maintained under Section 301 of the Companies Act, 1956. The year end balance of advance granted to the above companies is Rs. 20,178.92 Lakhs (Maximum Balance during the year is Rs. 32,578.92 Lakhs).
- (b) In our opinion and according to the information and explanations given to us, there are no terms and conditions on which the loan has been granted to above companies. There is no stipulation with regards to repayment of the same.
- (c) The Company has not taken any loan from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in the internal controls.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the contracts or arrangements that need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which cannot be compared with other suppliers due the special nature of services received.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year.
- (vii) In our opinion, the company has an in-house internal audit system commensurate with its size and nature of its business which needs to be strengthened.
- (viii) Maintenance of Cost records under section 209 (1) (d) of the Companies Act, 1956 has not been prescribed by the Central Government in respect of the Company's business.
- (ix) (a) The Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material Statutory dues applicable to it. There are no arrears as at 31st March 2009 for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, the dues in respect of sales tax, income tax, custom duty, excise duty, cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below.

Name of the Statute	Nature of the dues	Financial Year to which matter pertains	Amount Rs. (in Lakhs)	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	1997-98	15.00	The High Court of Bombay
The Central Sales Tax Act 1961	Central Sales Tax	1996-97	140.00	The Appellate Tribunal Sales Tax



- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current or in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to the banks.
- (xii) According to the information and explanation given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a Chit Fund or a Nidhi/Mutual Benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanation given to us and on the overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments. No long term funds have been used to finance short term assets except working capital.
- (xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanation given to us, the Company had issued 12.45% secured redeemable non-convertible debentures amounting to Rs. 7000/- lakhs during the year. The company has created the security or charge in respect of secured debentures issued and outstanding at the year end as per terms of issue.
- (xx) As informed to us, during the period covered by our audit report the Company has not raised any money by public issues.
- (xxi) Based upon the audit procedures performed and information and explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s. DPH & Co.
Chartered Accountants

CA. Ashwin Patel
Partner
Membership No.127052

Date: 30th June, 2009
Place: Mumbai

For M/s. Bhuta Shch & Co.
Chartered Accountants

CA. Mitesh Kothari
Partner
Membership No. 110822

Balance Sheet as at 31st March, 2009

(Rs. in Lakhs)

Particulars	Schedule	As at	
		March 31, 2009	March 31, 2008
SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
(a) Share Capital	A	2,756.93	2,756.93
(b) Reserves and Surplus	B	67,458.13	55,104.22
		70,215.06	57,861.15
LOAN FUNDS :			
(a) Secured Loans	C	69,788.78	20,389.67
(b) Unsecured Loans	D	30,491.91	22,718.54
		100,280.69	43,108.21
DEFERRED TAX LIABILITY (NET) :	E	3,450.02	3,033.28
TOTAL		173,945.77	104,002.64
APPLICATION OF FUNDS :			
FIXED ASSETS :	F		
(a) Gross Block		28,982.36	18,973.38
(b) Less : Depreciation		3,796.08	2,736.98
(c) Net Block		25,186.28	16,236.40
(d) Capital Work-in-Progress		61,566.62	26,231.35
INVESTMENTS	G	342.58	466.88
CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	H	84,782.05	60,031.34
(b) Sundry Debtors	I	28,112.02	18,650.97
(c) Cash and Bank Balances	J	22,796.93	22,617.75
(d) Loans and Advances	K	63,782.78	29,911.21
		199,473.78	131,211.27
LESS : CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	L	97,703.57	60,308.65
(b) Provisions	M	15,115.64	10,128.17
		112,819.21	70,436.82
NET CURRENT ASSETS:		86,654.57	60,774.45
MISCELLANEOUS EXPENDITURE: (To the extent not written off or adjusted)	N	195.72	293.56
TOTAL		173,945.77	104,002.64

As per our Report attached

For M/s. DPH & Co.
Chartered Accountants

CA. Ashwin Patel
{Partner}
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants

CA. Mitesh Kothari
{Partner}
Membership No. 110822

For and on behalf of Board

P.C. Kapoor
{Managing Director}

Vijay Kumar
{Managing Director}

CS. U. A. Patel
{Chief General Manager & Company Secretary}

Date: 30th June, 2009
Place: Mumbai



Profit and Loss Account for the Year Ended 31st March, 2009

(Rs. in Lakhs)

Particulars	Schedule	Year Ended	Year Ended
		March 31, 2009	March 31, 2008
INCOME :			
Turnover	O	93,409.60	64,204.68
Subsidy		8,498.30	5,970.98
Other Income	P	37.52	335.68
Total Income		101,945.42	70,511.34
EXPENDITURE :			
Raw Material Consumed	Q	50,968.42	36,163.73
Manufacturing and Other Expenses	R	12,790.33	7,920.54
Employee Cost	S	12,507.73	7,255.06
Finance Charges (Net)	T	5,133.49	2,159.62
Depreciation	F	1,008.69	813.72
Total Expenditure		82,408.65	54,312.67
PROFIT BEFORE TAXATION		19,536.76	16,198.67
Provision for Taxation			
- Current Tax		6,230.24	5,346.09
- Deferred Tax		416.73	159.71
- Fringe Benefit Tax		61.32	46.45
Prior Period Tax Adjustments		(503.79)	(98.29)
PROFIT AFTER TAXATION		13,332.26	10,744.71
Surplus brought forward		21,227.75	12,525.15
Amount Available For Appropriation		34,560.01	23,269.86
APPROPRIATIONS :			
Transfer to General Reserve		1,333.23	1,074.47
Proposed Final Dividend		827.08	827.08
Dividend Tax thereon		140.56	140.56
Surplus carried forward		32,259.14	21,227.75
TOTAL		34,560.01	23,269.86
EARNINGS PER SHARE			
Equity shares of face value of Rs. 10/- each			
Basic (in Rs.)		48.36	43.41
Diluted (in Rs.)		41.81	36.77
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	U		

As per our Report attached

For M/s.DPH & Co.
Chartered Accountants

For M/s. Bhuta Shah & Co.
Chartered Accountants

For and on behalf of Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P.C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

CS. U. A. Patel
[Chief General Manager & Company Secretary]

Date: 30th June, 2009
Place : Mumbai

Schedules to the Balance Sheet as at 31st March, 2009

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'A' : SHARE CAPITAL :		
Authorised Capital		
4,00,00,000 Equity Shares of Rs.10/- each (Previous Year 4,00,00,000 Equity Shares of Rs. 10 each)	4,000.00	4000.00
Issued, Subscribed and Paid up Capital		
2,75,69,300 (Previous Year 2,75,69,300) equity shares of Rs. 10 each fully paid up including 67,011 equity shares allotted to directors of Company for consideration other than cash and 49,11,000 equity shares allotted as fully paid up bonus shares by capitalisation of retained profit 50,69,300 equity shares issued upon conversion of total 517 Foreign Currency Convertible Bonds (FCCB) of denomination of US \$ 0.1 mn each	2,756.93	2756.93
Total	2,756.93	2756.93
SCHEDULE 'B' : RESERVES & SURPLUS :		
(a) Securities Premium Account		
As per last Balance Sheet	30,196.71	7,000.00
Add: Premium on Conversion of FCCB	-	23,196.71
	30,196.71	30,196.71
(b) Revaluation Reserve		
As per last Balance Sheet	576.99	639.05
Less: Withdrawn for Depreciation for the year	62.06	62.06
	514.93	576.99
(c) General Reserve		
As per last Balance Sheet	3,102.76	2,064.91
Add: Provision for Gratuity reversed	51.35	-
Add: Transferred from Profit & Loss Account	1,333.23	1,074.47
Less: Withdrawn for Dividend to FCCB holders	-	36.61
	4,487.34	3,102.77
(d) Profit & Loss Account	32,259.15	21,227.75
Total	67,458.13	55,104.22



Schedules to the Balance Sheet as at 31st March, 2009 Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'C' : SECURED LOANS :		
Debentures:		
12.45% Secured Redeemable Non-Convertible Debentures (Secured by way of First Parri Passu charge on Fixed Assets present & Future)	7,000.00	-
Loans and Advances from banks		
Cash / Export Credit facilities		
Cash / Export Packing Credit Account with State Bank of India	19,545.29	12,683.42
Cash Credit Account with State Bank of Hyderabad	1,005.44	1,508.72
Cash / Export Packing Credit Account with Andhra Bank	(268.76)	655.33
Cash Credit Account with State Bank of Travancore	3,711.61	3,937.54
Cash Credit Account with IDBI	1,008.54	-
Export Packing Credit Account with EXIM Bank of India	2,000.00	-
(All the above loans from SBI, State Bank of Hyderabad, Andhra Bank and State Bank of Travancore have been secured by way of hypothecation of Raw Material Stock and Stock-in-Process, Mortgage of Land, Building, Plant & Machinery and Charge over Subsidy Receivable)	27,002.12	18,785.01
Term Loan - I from State Bank of India (Ratnagiri Expansion) (Secured by way of Mortgage of Plant & Machinery relating to Expansion Project) (Principal Amount repayable within 1 year Rs. 92.00 Lakhs)	184.00	276.00
Term Loan - II from State Bank of India (Windmill) (Secured by way of Mortgage of Fixed Assets of Wind Power Project) (Principal Amount repayable within 1 year Rs. 267.00 Lakhs)	1,061.69	1,328.67
Term Loan - Exim Bank (Secured by way of Mortgage of Fixed Assets at Dahbol Yard) (Principal Amount repayable within 1 year Rs. 3000.00 Lakhs)	15,000.00	-
Term Loan - Allahabad Bank (Principal Amount repayable within 1 year Rs. 10,000.00 Lakhs) (Secured against subsequent charge on the current assets of the company)	10,000.00	-
ECB - DBS Bank (Secured by way of Parri Pasu Charge on Fixed Assets at Dahbol Yard)	9,540.97	-
Total	69,788.78	20,389.67
SCHEDULE 'D' : UNSECURED LOANS :		
Foreign Currency Convertible Bonds (FCCB's)	30,491.91	22,718.54
Total	30,491.91	22,718.54
SCHEDULE 'E' : DEFERRED TAX LIABILITY (NET) :		
(a) Deferred Tax Liabilities		
On account of timing difference of depreciation	3,522.81	3,092.27
(b) Deferred Tax Assets		
On account of Gratuity liability	(28.03)	(58.85)
On account of Diminution in value of investment	(44.76)	(0.14)
Total	3,450.02	3,033.28

Schedules to the Balance Sheet as at 31st March, 2009 (Contd.)**SCHEDULE 'F' : FIXED ASSETS :**

(Rs. in Lakhs)

	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	%	As at 01-Apr-08	Additions	Dedu- ctions	As at 31-Mar-09	As at 01-Apr-08	Dedu- ctions	for the C.Y.	Charged to Reval. Res.	As at 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
Land	-	628.96	1,737.93	-	2,366.89	-	-	-	-	-	2,366.89	628.96
Building	3.34	436.28	285.29	-	721.57	98.87	-	15.73	4.36	118.96	602.61	337.41
Plant & Machinery	4.75	7,838.29	6,867.77	-	14,706.06	1,489.43	-	370.76	57.70	1,917.89	12,788.17	6,348.86
Dredger	10.00	184.13	-	-	184.13	9.21	-	18.41	-	27.62	156.51	174.92
Furniture and Fittings	6.33	468.14	694.23	-	1,162.36	31.07	-	46.32	-	77.39	1,084.97	437.06
Vehicles	9.50	360.04	289.18	19.75	629.47	102.30	11.64	46.55	-	137.21	492.26	257.74
Computers	16.21	209.86	62.34	-	272.20	69.83	-	39.33	-	109.17	163.04	140.03
Wind Mill	5.28	8,677.70	-	-	8,677.70	921.65	-	458.18	-	1,379.84	7,297.86	7,756.04
Office Equipments	6.33	169.99	91.99	-	261.98	14.61	-	13.41	-	28.01	233.97	155.39
Total		18,973.39	10,028.73	19.75	28,982.36	2,736.97	11.64	1,008.69	62.06	3,796.09	25,186.27	16,236.41
Previous Year		15,852.77	3,121	-	18,973.38	1,861.19	-	813.72	62.06	2,736.98	16,236.40	13,991.58

Capital Work in process as on 31-03-2009 is Rs. 61,566.62 Lakhs (Previous Year Rs. 26,231.35 Lakhs)

Note: Land, Building, Plant & Machinery and Shed were revalued during the financial year 1994 - 95.



Schedules to the Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'G' : INVESTMENTS :		
(a) Long Term (At Cost)		
Non Trade Investments		
(i) Fully Paid Up Ordinary / Equity Shares (Quoted)		
150 Shares of ICICI Bank Ltd. (Market Value as on 31-3-2009 was Rs. 332.60 per share totalling to Rs.0.49 Lacs)	0.12	0.12
(ii) Investment in Subsidiary Companies		
Fully Paid Up Ordinary / Equity Shares (Unquoted)		
1,53,000 (Previous Year 1,53,000) Equity Shares of Rs. 100/- each of Pinky Shipyards Private Limited	145.16	145.16
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Advitiya Urja Private Limited	1.00	-
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Vishudh Urja Private Limited	1.00	-
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Dhanshree Properties Private Limited	1.00	-
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Natural Power Ventures Private Limited	1.00	-
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Nirupam Energy Projects Private Limited	1.00	-
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Nishita Mercantile Private Limited	1.00	-
10,000 (Previous Year Nil) Equity Shares of Rs. 10/- each of Premila Mercantile Private Limited	1.00	-
(iii) Investment in Joint Venture		
Fully Paid Up Ordinary / Equity Shares (Unquoted)		
2,25,048 (Previous Year 2,25,048) Equity Shares of Rs. 10/- each of Bengal Shipyards Limited	22.50	22.50
(b) Current (At Cost or Fair Value whichever is lower)		
Non - Trade Investment		
(i) Investment in Units of Mutual Fund (Unquoted)		
20,00,000 (Previous Year 20,00,000) Units of Rs. 10/- each of S.B.I. - Infrastructure Fund - Growth (NAV as on 31-3-2009 was Rs. 5.65/- per unit totalling to Rs.113.00Lakhs)	113.00	200.00
10,00,000 (Previous Year 10,00,000) Units of Rs. 10/- each of S.B.I. One India Fund - Growth (NAV as on 31-3-2009 was Rs. 5.47/- per unit totalling to Rs.54.70 Lakhs)	54.70	99.00
(ii) Investment in Government Securities (Unquoted)		
National Saving Certificate - Sixth Issue	0.10	0.10
Total	342.58	466.88

Schedules to the Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'H' : INVENTORIES : (As taken, valued & certified by management)		
Raw Materials	65,217.95	34,013.29
Semi Finished Goods	19,564.10	26,018.05
Total	84,782.05	60,031.34
SCHEDULE 'I' : SUNDRY DEBTORS : (Unsecured Considered Good)		
Outstanding for more than six months	26,891.57	14,144.83
Others	1,220.45	4,506.14
Total	28,112.02	18,650.97
SCHEDULE 'J' : CASH & BANK BALANCES :		
(a) Cash on hand	58.60	75.93
(b) Bank Balances		
(i) with Scheduled Banks #		
(1) In current accounts	608.61	106.86
(2) In deposit accounts	19,914.35	6,184.77
(3) In EEFC accounts	1.07	29.92
# Includes unpaid dividend and share application monies accounts		
(ii) with Foreign Banks *		
(1) In current accounts		
Checking Accounts (SBI, Nassau)	2,118.00	355.03
Checking Account (ICICI, UK)	-	9.13
Current Account (Citibank, New York)	11.90	1,493.11
(2) In deposit accounts		
Fixed Deposit (SBI, Hong Kong)	84.39	5,795.21
Fixed Deposit (SBI, Nassau)	-	5,998.50
Fixed Deposit (ICICI, UK)	-	2,569.29
* Unutilised proceeds from FCCB/ECB		
Total	22,796.93	22,617.75
SCHEDULE 'K' : LOANS & ADVANCES :		
Advances for value to be received in Cash/Kind	53,937.30	20,522.09
Balances with Income Tax, Sales Tax, Port Trust etc.	9,180.16	8,695.03
Trade Deposits	665.33	694.09
Total	63,782.78	29,911.21


Schedules to the Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'L' : CURRENT LIABILITIES :		
Sundry Creditors	10,556.94	4,494.03
Sundry Creditors - Small scale industrial undertakings@	434.40	571.34
Investor Education and Protection Fund #	-	-
- Unpaid Dividend	4.25	3.11
- Unpaid Share Application Money	9.70	9.70
Advances received against orders	85,850.81	54,572.52
Other Current Liabilities	847.48	657.95
Note:		
@ Small scale industrial undertaking to whom amount are due have been determined based on the information available with company and are given below. The dues are within the period of agreed terms. Asian Ancilliary Corporation, Aquarius Fibreglass, Bhawani Engineering Works, Corporated Consultancy & Engineering Enterprises Pvt. Ltd., Eskay Industries, Fast Tech Industries, H. K. Engineers, M.R. Engineering, Marine Electricals, Marks Ten Equipment (I) Pvt. Ltd., MEW Engineering Works, Universal Engineering Corporation, Zeal Marketing Pvt. Ltd.		
^ The Company has not received the required information from the Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the end together with interest paid / payable as required under the said Act have not been made.		
# There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
Total	97,703.57	60,308.65
SCHEDULE 'M' : PROVISIONS :		
Provision for Income Tax	13,902.61	8,856.07
Provision for Fringe Benefit Tax	171.04	109.72
Provision for Gratuity	74.35	194.74
Dividend Payable	827.08	827.08
Dividend Tax Payable	140.56	140.56
Total	15,115.64	10,128.17
SCHEDULE 'N' : MISCELLANEOUS EXPENDITURE :		
Share Issue Expenses	293.57	391.41
Less: Written off to Profit & Loss Account	97.85	97.85
Total	195.72	293.56

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'O' : TURNOVER :		
Ship Manufacturing & Repairs	24,587.47	13,804.50
Increase in WIP	68,174.25	49,576.58
Wind Mill Power	647.87	823.60
Total	93,409.60	64,204.68
SCHEDULE 'P' : OTHER INCOME :		
Scrap Sale	37.50	310.39
Dividend from Investment	0.02	3.89
Gain on sale of Investment	-	21.40
Total	37.52	335.68
SCHEDULE 'Q' : RAW MATERIAL CONSUMED :		
Opening Stock	34,013.29	21,778.81
Add : Purchases	82,173.08	48,398.21
	116,186.37	70,177.02
Less : Closing Stock	65,217.95	34,013.29
Total	50,968.42	36,163.73


Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'R' : MANUFACTURING & OTHER EXPENSES :		
Auditors' Remuneration	53.82	32.72
Advertisement Expenses	60.53	70.78
Car Hire Charges	248.34	139.84
Clearing & Forwarding	1,709.54	1,038.54
Commission and Brokerage	683.59	374.66
Conveyance	25.72	21.29
Courier Charges	33.76	22.53
Design & Consultancy	1,394.72	1,002.21
Diminution in value of investment	131.30	0.40
Director's Sitting Fees	2.10	1.10
Donation / Gifts	50.57	48.06
Electricity Charges	330.60	239.17
Equipment Hire Charges	1,305.61	792.86
Exhibition Expenses	37.79	24.06
Foreign Exchange Variation	1,584.62	160.53
Inspection / Testing Charges / Service	781.50	241.29
Insurance Charges	292.93	170.36
Keyman Insurance	80.00	80.00
Launching & Delivery Expenses	248.88	531.02
Lease Rent towards Land	503.20	458.50
Legal and Professional Expenses	72.24	51.59
Loss on sale of Motor Car	3.53	-
Membership and Subscription	32.96	15.05
Office & Miscellaneous Expenses	167.13	118.27
Port Dues	273.55	81.55
Postage & Telegram	6.29	3.29
Preliminary Expenses written off	97.85	97.85
Printing & Stationery	37.29	89.14
Rent, Rates and Taxes	479.22	261.54
Repairs & Maintenance	215.63	85.11
Service Charges	78.61	91.94
Service tax	24.89	21.99
Telephone & Telex Charges	157.71	114.59
Transport Charges	1,016.95	973.63
Travelling Expenses	567.36	465.11
Total	12,790.33	7,920.54

Schedules to the Profit and Loss Account for the year ended 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'S' : EMPLOYEE COST :		
Salaries, Wages, Stipend and Bonus	2,238.02	1,494.04
Labour Charges	9,492.25	5,243.32
Contribution to Provident Fund, ESIC, Gratuity	286.43	189.26
Staff Welfare	145.66	116.38
Remuneration of Directors	345.37	212.06
Total	12,507.73	7,255.06
SCHEDULE 'T' : FINANCE CHARGES :		
Bank Guarantee Commission	2,273.11	1,204.15
Interest on Term Loans/NCD/Corporate Loans	863.11	100.34
Interest on Working Capital Loans	2,302.06	765.34
Interest on Other	-	2.79
Other Finance Charges	815.66	447.84
	6,253.94	2,520.46
Less: Interest Received / Receivable on Bank Deposits	889.29	283.45
Interest Received / Receivable on Others	231.17	77.39
	1,120.46	360.84
Total	5,133.48	2,159.62



SCHEDULE 'U': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles, on a going concern basis and in line with accounting standards issued by the Institute of Chartered Accountants of India, as applicable and the provisions of Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amount of income and expenses during the period. Examples of such estimates are provision for income taxes and accrued income.

3. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

4. Revaluation Reserve

The Company has revalued Building, Plant and Machinery and Shed in 1994 - 95 and aggregate addition resulting there from amounting to Rs. 1,443.10 Lakhs has been credited to the Revaluation Reserve account. The revaluation is based upon technical report of approved valuers.

5. Depreciation

- i. Depreciation on Fixed Assets has been provided on Straight – Line Method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- ii. Depreciation on revalued amount has been charged to Revaluation Reserve.
- iii. Depreciation on additions /deletions is calculated on pro-rata basis from /to the date of such additions / deletions.
- iv. Fixed assets under construction are shown as Capital Work-in-Progress and are not depreciated.

6. Impairment of Assests

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

7. Investments

Long-term investments are stated at cost less provision for other than temporary diminution in value. Current investments comprising mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

8. Inventories

- i. Raw materials are valued at cost or market price whichever is lower. Cost is taken on FIFO basis.
- ii. Stock in process is valued at amount of work done duly certified by Chartered Engineer.

9. Retirement Benefits

- i. Contribution to Provident and Superannuation Funds are recognised as expense when incurred.
- ii. Contribution towards Gratuity payable by the Company is charged to revenue on the basis of actuarial valuation.
- iii. Leave Encashment benefit is treated as accrued, as and when claimed (encashed).

10. Revenue Recognition

- i. Revenue is recognised in accounts in accordance with 'AS-7 Accounting for Construction Contracts' issued by the ICAI on percentage completion basis.
- ii. Revenue on work in process is recognised as per certified value of work done.
- iii. Export turnover include exchange rate difference arising on realization.

- iv. Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- v. Interest income is recognized on the time proportion basis.

11. Government Subsidy

Government Subsidy is recognised in the Profit & Loss account in accordance with the related scheme and in the period in which it is accrued.

12. Borrowing Costs

Borrowing Costs attributable to the acquisition and construction of the Qualifying Assets, which takes substantial period of time to get ready for its intended use, are capitalized as part of the cost of respective assets up to the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss account.

13. Miscellaneous Expenditure

Preliminary expenses are written off over a period of 5 years, commencing from the year of commencement of commercial operations.

14. Provision for Taxation

Current Tax

Provision for current income-tax is made on the basis of estimated taxable income for the year and where the income is assessed by the tax authorities on the basis of such assessed income.

Deferred Tax

The deferred tax during the year for timing difference is accounted using tax rates that have been enacted; the net difference arising thereon is debited to Profit & Loss Account.

Fringe Benefit Tax

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

15. Foreign Currency transactions

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date. Premium or discount on forward exchange contracts are amortised and recognised in the Profit and Loss account over the period of the contract. Forward exchange contracts outstanding at the balance sheet date are stated at fair values and any gains or losses are recognised in the Profit and Loss account.

16. Provision and Contingent Liabilities

- i. The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- ii. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.
- iii. Where there is a possible or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

17. Operating Leases

Lease of assets under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with respective lease agreements.

18. Earning Per Share

Basic Earnings per share are calculated by dividing the Net Profit for the year attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the year.

For the purpose of calculating Diluted Earning per share, the weighted average numbers of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital and on conversion of FCC Bonds.

19. Accounting for Interest in Joint Venture

- i. Income on investment in Jointly Controlled Entities is recognized when the right to receive the same is established.
- ii. Investment in such Joint Venture is carried at cost after providing for any permanent diminution in value.


Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)
II. NOTES TO THE ACCOUNTS
1. Auditors' Remuneration

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007- 2008
Fees as Auditors	2.21	3.00
Tax Audit	0.56	0.56
Taxation Matters	51.05	29.16
Consultancy Charges	-	-
Total	53.82	32.72

2. Capital Work – in – progress

Expenses incurred towards on-going projects under various heads of capital assets including advances paid to suppliers are as under:

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007- 2008
Land, Buildings and Site Development Expenses	28,448.30	7,129.72
Plant and Machinery	29,596.75	189,60.82
Consultant Fees	3159.82	139.24
Other Fixed Assets	1.75	1.57
Total	61,566.62	26,231.00

3. Contingent Liabilities not provided in respect of

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007- 2008
a) Claims made against company not acknowledged as debts.	931.83	53.60
b) Tax / Duties that may arise in respect of which appeals are pending.	155.00	42.79
c) Letter of Credit outstanding	20,219.81	13,654.50
d) Liabilities arising out of unexecuted Contract (net of Advances)	50,370.00	-
Total	71,676.64	13,750.89

4. Details of stock and turnover of major class of goods & services

Particulars	Sales			
	F.Y. 2008 - 2009		F.Y. 2007 - 2008	
	Quantity (in Nos.)	Amount (Rs. in Lakhs)	Quantity (in Nos.)	Amount (Rs. in Lakhs)
Ocean Going Vessels	8	24,261.20	4	13,649.72

No stock of Finished Goods is held by the company.

Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)**5. CIF Value of Imports**

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007- 2008
Raw Materials (Steel)	14,169.17	10,939.68
Components and Spare Parts	48,746.70	26,259.01
Capital Goods	13,742.95	11,135.85
Total	76,658.82	48,334.54

6. Ratio and value of indigenous and imported raw materials (steel) and components and spare parts consumed

(Rs. in Lakhs)

Particulars	F.Y. 2008 - 2009		F.Y. 2007 - 2008	
	Amount	%	Amount	%
Raw Materials (Steel)				
(i) Imported	10,658.69	21%	5,392.50	15%
(ii) Indigenous	3,603.87	7%	1,688.15	5%
Components and Spares Parts				
(i) Imported	27,769.52	54%	23,530.80	65%
(ii) Indigenous	8,936.34	18%	5,552.28	15%
Total	50,968.42	100%	36,163.73	100%

7. Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007- 2008
Commission and Brokerage	681.16	204.49
Design and Consultancy	824.63	806.48
Freight Charges	3,329.12	416.88
Travelling Expenses	818.63	226.67
Others	1575.94	413.01
Total	7,299.48	2,067.53

8. FOB Value of Exports Rs. 12,055.83 Lakhs (Previous Year. Rs.6,647.23 Lakhs)**9. Licensed & Installed Capacity**

Not Applicable


Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)
10. Related Party Disclosure

The Company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard - 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

i. List of Related Parties and relationships, where control exists

Particulars of Relation	Name of the party
Subsidiary	a. Advitiya Urja Pvt. Ltd. Ltd. b. Dhanshree Properties Pvt. Ltd. c. Natural Power Ventures Pvt. Ltd. d. Nirupam Energy Projects Pvt. Ltd. e. Nishita Mercantile Pvt. Ltd. f. Pinky Shipyards Pvt. g. Premila Mercantile Pvt. Ltd. h. Vishudh Urja Pvt. Ltd.
Joint Venture	1. Bengal Shipyards Ltd.
Key Managerial Personnel and their relatives	1. Mr. P. C. Kapoor - Managing Director 2. Mrs. Madhu Kapoor - Wife 3. Mrs. Radhika Mehra - Daughter 4. Mr. Vijay Kumar - Managing Director 5. Mrs. Ashraf G. Kumar - Wife 6. Ms. Sukriti V. Kumar - Daughter
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	1. Bharati Shipping & Dredging Company Pvt. Ltd. 2. Bharati Maritime Services Pvt. Ltd. 3. Bharati Infratech Projects Pvt. Ltd. 4. Bharati Marine Construction & Engineering Pvt. Ltd. 5. Sharven Multitrade Pvt. Ltd. 6. Swati Silk Mills Pvt. Ltd. 7. Usha Silk Mills Pvt. Ltd. 8. Vayuraj Energy Projects Pvt. Ltd. 9. Vayutatva Energy Projects Pvt. Ltd.

Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)

ii. Transactions with Related Parties

(Rs. in Lakhs)

Particulars	Enterprises where Control Exists		Joint Venture	Key Management Personnel	Relatives of Key Management Personnel	Total
	Subsidiary Company	Enterprises Owned or Controlled by KMP & their relatives				
Opening balances						
Receivable	1,268.49	142.00	155.00	-	2.50	1,567.99
Other Current Liabilities	-	-	-	-	1.01	1.01
Transactions						
Remuneration	-	-	-	363.37	-	363.37
Directors' sitting fees	-	-	-	2.10	-	2.10
Rent	-	-	-	7.20	3.60	10.80
Dividend paid	-	84.31	-	215.67	0.26	300.24
Hiring Charges	-	1740.00	-	-	-	1740.00
Labour Charges	511.24	-	-	-	-	511.24
Advances Given	32,980.31	5.97	350.55	-	-	33,336.83
Advances Received	14,580.85	-	-	-	-	14,580.85
Outstanding balances as on 31.03.09						
Loans and Advances	19,667.95	40.53	505.55	-	2.50	20,216.53
Other Current Liabilities	-	-	-	-	4.06	4.06


Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)
11. Earnings Per Share

Sr.	Particulars	Units	F.Y. 2008-2009	F.Y. 2007 - 2008
(a)	Profit after tax	Rs. Lakhs	13,332.26	10,744.71
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos.	27,569,300	24,749,118
(c)	The Nominal value per ordinary share	Rs.	10.00	10.00
	Earnings per share (Basic)	Rs.	48.36	43.41
(d)	The weighted average number of ordinary shares for Diluted EPS			
	For Basic Earnings per share	Nos.	27,569,300	24,749,118
	Add: Conversion of FCC Bonds	Nos.	4,318,956	4,471,084
	For Diluted Earnings per share	Nos.	31,888,256	29,220,202
	Earnings Per share (Diluted)	Rs.	41.81	36.77

12. Details of Investments in and Disposal / Redemption of Securities during the year.

Particulars	Face Value (in Rs.)	No. of Units Invested	Cost (Rs. in Lakhs)
Investment in			
Advitiya Urja Pvt. Ltd.	10	10,000	1.00
Dhanshree Properties Pvt. Ltd.	10	10,000	1.00
Natural Power Ventures Pvt. Ltd.	10	10,000	1.00
Nirupam Energy Projects Pvt. Ltd.	10	10,000	1.00
Nishita Mercantile Pvt. Ltd.	10	10,000	1.00
Premila Mercantile Pvt. Ltd.	10	10,000	1.00
Vishudh Urja Pvt. Ltd.	10	10,000	1.00
Net Movement in Investment			7.00

Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)

13. Balance of Sundry Debtors, Creditors, Loans and Advances and Personal Accounts are subject to confirmation.

14. In the opinion of the Directors, Current Assets and Loans and Advances have the value at which they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

15. Directors' Remuneration

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007-2008
Managing Directors		
Salaries	150.00	105.60
Contribution to Provident Fund & Other Funds	18.00	12.67
Commission	195.37	106.47
Total Remuneration	363.37	224.74
Non – Whole time directors		
Sitting Fees	2.10	1.10

16. Managerial Remuneration

Computation of Net Profit in accordance with Section 198 and 309 (5) of the Companies Act, 1956.

(Rs. in Lakhs)

Particulars	F.Y. 2008- 2009	F.Y. 2007-2008
Remuneration to Directors	363.37	224.74
Profit before other adjustments and Tax as per Profit and Loss Account	19,536.76	16,198.67
Add:		
Remuneration to Directors	363.37	224.74
Depreciation as per Books of Account	1008.69	813.72
Diminution in value of Investment	131.30	0.40
Sub – total	21,040.12	17,237.53
Less :		
Depreciation as per Books of Account	1008.69	813.72
Total	20,031.43	16,423.81
Entitlement of Maximum Remuneration	2,003.14	1,642.38


Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)
17. Retirement Benefits

The required disclosure under the Revised Accounting Standard 15 is given below

Brief description: The type of Defined Benefit plans is as follows.

Gratuity

The Employees Gratuity Fund Scheme managed by SBI Life Insurance is a Defined Benefit plan. The present value obligation is determined based on actuarial valuation using projected unit credit method.

i) Change is Defined Benefit obligation during the year ended March 31, 2009.

(Rs. in Lakhs)

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Present value of Defined Benefit obligation at the beginning of the year	174.24
2.	Current Service Cost	20.50
3.	Interest Cost	13.07
4.	Actuarial (Gain)/ Loss on obligations	(35.61)
5.	Benefits paid	-
6.	Present value of obligation as at the end of the year	(172.20)

ii) Changes in Fair Assets during the year ended March 31, 2009.

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Fair value of Plan Assets at the beginning of the year	-
2.	Expected return on Plan Assets	7.30
3.	Contributions made	194.74
4.	Benefits paid	-
5.	Actuarial gain/ (Loss) on Plan Assets	(104.19)
6.	Fair value of Plan Assets 31.03.09	97.85

iii) Expenses recognised in the statement of Profit & Loss Account for the year March 31, 2009.

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Current Service Cost	20.50
2.	Interest Cost	13.07
3.	Expected return on Plan Assets	(7.30)
4.	Net actuarial (gain)/ loss recognized in the year	68.58
5.	Expenses to be Recognized in the statement of Profit & Loss*	94.85

*(As the company has already made provision for the liability upto FY 2007-08 of Rs.194.74 hence above Expense is partly recognized from provision already made & partly in to be recognized in Profit & Loss statement)

Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)**iv) Net Assets/ (Liability) recognised in the Balance Sheet as at March 31, 2009.**

(Rs. in Lakhs)

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Present value of Defined Benefit obligation	172.20
2.	Fair value of Plan Assets	97.85
3.	Net Assets/ (Liability) recognized in the Balance Sheet	(74.35)

v) Actual return on Plan Assets for the year ended March 31, 2009

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Expected return on Plan Assets	7.30
2.	Actuarial gain/ (loss) on Plan Assets	(104.19)
3.	Actual return on Plan Assets	97.85

vi) Percentage of each category of Plan Assets to Total Fair Value of Plan Assets

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Insurer Managed Fund	100%

vii) Principal Actuarial assumptions at the Balance Sheet Date

Sr. No.	Particulars	Gratuity (Funded) 31-03-09
1.	Discount Rates	8%
2.	Annual increase in salary	4%
3.	Mortality Rate	IAL 94-96 Modified Ultimate


Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)
18. Interests in Joint Venture

The Company's interest, as Venturer, in jointly controlled entities (Incorporated as Joint Venture) is

Name	Country of Incorporation	Percentage of Ownership as at 31st March, 2009	Percentage of Ownership as at 31st March, 2008
Bengal Shipyard Ltd.	India	45.01%	45.01%

The Company's interest in this Joint Venture is reported as Long Term Investment and stated at cost. However, the Company's share of each Asset, Liability, Income & Expenses, etc. related to its interest in this Joint Venture is as follows:

(Rs. in Lakhs)

Particulars	As at
	March 31, 2009
SOURCES OF FUNDS*	
Reserve & Surplus	6.33
Loan Funds	
Secured Loans	-
Unsecured Loans	-
Total	6.33
APPLICATION OF FUNDS	
Fixed Assets Net Block	5.65
Investments	104.26
Current Assets, Loans & Advances	
Inventories	-
Debtors	-
Cash & Bank Balance	3.42
Loans & Advances	180.24
	183.66
Less: Current Liabilities & Provisions	
Current Liabilities	(146.49)
Net Current Assets	330.15
Miscellaneous Expenditure	93.77
Total	533.83
Income	
Turnover	-
Other Income	6.67
Total	6.67
Expenditure	-
Total	-
Profit / (Loss) before Tax	6.67
Provision for Tax	0.76
Profit / (Loss) after Tax	5.91

* After elimination of Share Capital, Inter Company Transaction and adjustment of accounting policies aggregating to Rs. 527.50 Lakhs for FY 2008-09 (Rs.177.51 Lakhs for FY 2007-08)

Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)**19. Segment Reporting****i. Primary Segments (Business Segments)**

(Rs. In Lakhs)

Segments →	Ship Manufacturing/ Repairing	Windmill Power	Total
Particulars ↓			
REVENUE			
Turnover	92,761.73	647.87	93,409.60
Subsidy	8,498.30	-	8,498.30
Other Income	37.52	-	37.52
Total	101,297.55	647.87	101,945.42
RESULT			
Segment Results Before Depreciation, Interest and Tax	25,065.88	613.06	25,678.94
Less: Interest (Net)	5,007.56	125.93	5,133.49
Less: Depreciation	550.51	458.18	1,008.69
Profit / (Loss) before Tax	19,507.81	28.95	19,536.76
Less: Tax Expenses	-	-	6204.50
Net Profit / (Loss) after Tax			13,332.26
OTHER INFORMATION			
Segment Assets	2,78,729.67	7,839.61	2,86,569.28
Segment Liabilities	2,15,432.98	1,116.95	216,549.93

i. Secondary Segments (Geographical Segments)

(Rs. in Lakhs)

Segments →	Domestic	Overseas	Total
Particulars ↓			
REVENUE			
Ship Manufacturing / Repairing	38,110.54	63,149.50	1,01,260.04
Windmill Power	647.87	-	647.87
Total	38,758.41	63,149.50	1,01,907.91

Note: Interest Expenses wherever identifiable, with specific segment are allocated over the said segment.


Schedule 'U' : Significant Accounting Policies and Notes to the Accounts (Contd.)
20. Foreign Currency Convertible Bonds (FCCB)

The Company issued the FCCB which are convertible into Ordinary shares. The particulars, terms of issue and status of conversion as at March 31, 2009 is given below :

Issue	Tranche – I (due 2008)	Tranche – II (due 2010)
Issued on	12th December, 2005	12th December, 2005
Issue Amount (in INR at the time of the issue)	US \$20 million (Rs. 9,170.00 Lakhs)	US \$80 million (Rs. 36,680.00 Lakhs)
Face Value	US \$ 100,000	US \$ 100,000
Conversion Price per share at fixed exchange rate	Rs. 421.94 US \$ 1 = Rs. 45.85	Rs. 497.89 US \$ 1 = Rs. 45.85
Exercise Period	after 22nd January, 2006 and upto 3rd December, 2008	after 22nd January, 2006 and upto 3rd December, 2010
Early redemption at the option of the Company subject to certain conditions	on or after 13th March, 2007	on or after 13th March, 2007
Redeemable on	13th December, 2008	13th December, 2010
Redemption percentage of the Principal Amount	119.86%	142.80%
Amount converted	US \$ 18.60 million	US \$ 33.10 million
Principal Paid	641.9	
Aggregate conversion into shares	2,021,177	3,048,123
Bonds Outstanding as at March 31, 2009	-	469
Aggregate number of shares that could be issued on conversion of outstanding bonds	-	4,318,956

21. Events Post Balance Sheet Date
Acquisition of shares of Great Offshore Limited

Natural Power Ventures Pvt. Ltd. and Dhanshree Properties Pvt. Ltd, wholly owned subsidiaries of Bharati Shipyards Limited have recently acquired 55,33,786 equity shares of Great Offshore Limited at Rs. 315/- per share equivalent 14.89% stake of Great Offshore Limited. These shares were earlier pledged to Advitiya Urja Pvt. Ltd. and Vishudh Urja Pvt. Ltd., both wholly owned subsidiaries of Bharati Shipyards Limited.

22. The figures for the previous year have been arranged /rearranged /regrouped wherever considered necessary.

Signatures to Notes & Schedules 'A' to 'U'

For M/s.DPH & Co.
Chartered Accountants

CA. Ashwin Patel
[Partner]
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board of Directors

P.C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

CS. U. A. Patel
[Chief General Manager & Company Secretary]

Date : 30th June, 2009
Place : Mumbai

Cash Flow Statement for the Year Ended 31st March, 2009

(Rs. in Lakhs)

	Particulars	Year Ended	
		March 31, 2009	March 31, 2008
A.	Cash flow from operating activities		
	Net profit before tax	19,536.76	16,198.67
	Adjustments for :		
	Depreciation for the year	1,008.69	813.72
	Preliminary Expenses Written off	97.85	97.85
	Loss on sale of Motor Car	3.53	
	Diminution in value of investments	131.30	0.40
	Foreign exchange Loss/ (Gain)	1,584.62	160.53
	Interest expenses	5,133.49	2,159.62
	Dividend/Gain from Investment	(0.02)	(25.29)
	Operating profit before working capital changes	27,496.22	19,405.50
	Increase in trade receivables	(9,461.05)	(4,899.92)
	Increase in inventories	(24,750.70)	(34,790.38)
	Increase in trade payables & Others	37,138.26	28,608.49
	Cash generated from Operations	30,422.72	8,323.69
	Direct Taxes paid	(1,440.97)	(3,378.23)
	Net Cash From Operating Activities		4,945.46
B.	Cash flow from investing activities		
	Purchase of Fixed assets	(45,363.99)	(22,750.17)
	Sale of Fixed Assets	4.58	
	Increase in deposits and advances	(32,922.89)	(10,929.87)
	Investments in Joint Venture	-	(22.50)
	Investment in Others (Net)	(7.00)	(100.10)
	Dividend received	0.02	25.29
	Net Cash From Investing Activities		(33,777.35)
C.	Cash flow from financing activities		
	(Repayment) / Proceeds from issue of Foreign Currency Convertible Bonds {FCCB}	7,773.37	2,202.27
	(Repayment) / Proceeds from long term borrowings	49,399.10	12,256.57
	Interest paid	(5,133.49)	(2,159.62)
	Dividend paid	(967.64)	(826.33)
	Net Cash From Financing Activities		11,472.91
	Net(Decrease)/Increase in Cash & Cash Equivalents (A+B+C)	1,763.81	(17,358.98)
	Cash and Cash Equivalents at the beginning of the year	22,617.74	40,137.25
		24,381.55	22,778.27
	Effect of exchange rate changes	(1,584.62)	(160.53)
	Cash and Cash Equivalents at the end of the year	22,796.93	22,617.74

Notes :

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (Revised) issued by Institute of Chartered Accountants of India.
- Previous year figures have been regrouped, rearranged wherever considered necessary.

As per our Report attached

For M/s. DPH & Co.
Chartered Accountants

CA. Ashwin Patel
[Partner]
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board of Directors

P.C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

CS. U. A. Patel
[Chief General Manager & Company Secretary]

Date : 30th June, 2009
Place : Mumbai



Balance Sheet Abstract and Company's General Business Profile

(Rs. in Lakhs)

1. Registration Detail								
Registration Number		1	9	0	9	2		
State Code					1	1		
Balance Sheet Date		3	1	0	3	0	9	
2. Capital Raised During the Year								
Public Issue	Nil						Right Issue	Nil
Bonus Issue	Nil						Private Placement	Nil
3. Position of Mobilisation and Deployment of Funds								
Total Liabilities	286,764.98							
Total Assets	286,764.98							
Sources of Funds							Application of Funds	
Paid up Capital	2,756.93						Net Fixed Assets	25,186.28
Reserves and Surplus	67,458.13						Capital Work-in-Progress	61,566.62
Secured Loans	69,788.78						Investments	342.58
Unsecured Loans	30,491.91						Net Current Assets	86,654.57
Deferred Tax Liability (Net)	3,450.02						Misc. Expenditure	195.72
4. Performance of Company								
Turnover (Total Income)	101,945.42							
Total Expenditure	82,408.65							
Profit/(Loss) Before Tax	19,536.76							
Profit/(Loss) After Tax	13,332.26							
Earning Per Share:								
Basic (in Rs.)	48.36						Diluted (in Rs.)	41.81
Dividend Rate	30%							



BHARATI SHIPYARD LIMITED

Consolidated Financial Statements

**For the Year Ended
31st March, 2009**



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF
BHARATI SHIPYARD LIMITED

1. We have examined the attached Consolidated Balance Sheet of **BHARATI SHIPYARD LIMITED** ("the Company"), its subsidiaries :

- **ADVITIYA URJA PRIVATE LIMITED**
- **DHANSHREE PROPERTIES PRIVATE LIMITED**
- **NATURAL POWER VENTURES PRIVATE LIMITED**
- **NIRUPAM ENERGY PROJECTS PRIVATE LIMITED**
- **NISHITA MERCANTILE PRIVATE LIMITED**
- **PINKY SHIPYARD PRIVATE LIMITED**
- **PREMILA MERCANTILE PRIVATE LIMITED**
- **VISHUDH URJA PRIVATE LIMITED**

and Joint Venture **BENGAL SHIPYARD LIMITED** (together referred to as "Group") as at March 31, 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Financial statements of our subsidiary have been audited by other auditor, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary, is based solely on the report of the other auditor.

4. *Further to our comments:*

- i. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard 21 'Consolidated Financial Statements', Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.
- ii. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the components and to the best of our information and explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2009;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **M/s. DPH & Co.**
Chartered Accountants

CA. Ashwin Patel
Partner
Membership No. 127052

For **M/s. Bhuta Shah & Co.**
Chartered Accountants

CA. Mitesh Kothari
Partner
Membership No. 110822

Date: 30th June, 2009
Place: Mumbai

Consolidated Balance Sheet as at 31st March, 2009

(Rs. in Lakhs)

Particulars	Schedule	As at	As at
		March 31, 2009	March 31, 2008
SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
(a) Share Capital	A	2,756.93	2,756.93
(b) Reserves and Surplus	B	67,492.86	55,122.84
		70,249.79	57,879.77
MINORITY INTEREST		139.92	127.72
LOAN FUNDS :			
(a) Secured Loans	C	69,788.78	20,389.67
(b) Unsecured Loans	D	30,548.91	22,775.56
		100,337.68	43,165.23
DEFERRED TAX LIABILITY (NET) :	E	3,460.26	3,041.91
TOTAL		174,187.65	104,214.63
APPLICATION OF FUNDS :			
FIXED ASSETS :	F		
(a) Gross Block		29,848.32	19,833.32
(b) Less : Depreciation		3,800.21	2,738.56
(c) Net Block		26,048.11	17,094.76
(d) Capital work-in-progress		61,566.62	26,231.35
GOODWILL ON CONSOLIDATION		31.19	30.43
INVESTMENTS	G	272.28	344.74
CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	H	84,993.13	60,160.15
(b) Sundry Debtors	I	28,112.02	18,650.97
(c) Cash and Bank Balances	J	23,058.74	22,697.84
(d) Loans and Advances	K	62,721.81	29,184.55
		198,885.70	130,693.52
LESS : CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	L	97,769.88	60,328.75
(b) Provisions	M	15,135.85	10,151.12
		112,905.73	70,479.88
NET CURRENT ASSETS		85,979.97	60,213.64
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	N	289.48	299.71
TOTAL		174,187.65	104,214.63

As per our Report attached

For M/s. DPH & Co.
Chartered AccountantsCA. Ashwin Patel
[Partner]
Membership No. 127052For M/s. Bhuta Shah & Co.
Chartered AccountantsCA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board

P.C. Kapoor
[Managing Director]Vijay Kumar
[Managing Director]CS. U. A. Patel
[Chief General Manager & Company Secretary]Date : 30th June, 2009
Place : Mumbai


Consolidated Profit and Loss Account for the Year Ended 31st March, 2009

(Rs. in Lakhs)

Particulars	Schedule	Year Ended	Year Ended
		March 31, 2009	March 31, 2008
INCOME :			
Turnover	O	93,491.88	64,514.41
Subsidy		8,498.30	5,970.98
Other Income	P	44.19	336.09
Total Income		102,034.37	70,821.48
EXPENDITURE :			
Raw Material Consumed	Q	50,968.42	36,163.73
Manufacturing and Other Expenses	R	12,823.80	7,917.40
Employee Cost	S	12,516.72	7,499.17
Finance Charges	T	5,133.37	2,157.71
Depreciation	F	1,010.85	814.91
Total Expenditure		82,453.17	54,552.92
PROFIT BEFORE TAXATION		19,581.20	16,268.57
Provision for Taxation			
- Current Tax		6,243.51	5,363.09
- Deferred Tax		418.35	168.41
- Fringe Benefit Tax		62.18	46.45
Prior Period Tax Adjustments		(503.41)	(92.79)
PROFIT AFTER TAXATION		13,360.57	10,783.41
Surplus/ (Deficit) brought forward		21,246.37	12,523.83
Share of minority interest		(12.19)	(18.76)
Amount Available For Appropriation		34,594.76	23,288.49
APPROPRIATIONS :			
Transfer to General Reserve		1,333.23	1,074.47
Proposed Dividend		827.08	827.08
Dividend Tax thereon		140.56	140.56
Surplus/(Deficit) carried forward		32,293.89	21,246.37
TOTAL		34,594.76	23,288.49
EARNINGS PER SHARE			
Equity Shares of face value of Rs. 10/- each			
Basic (in Rs.)		48.46	43.57
Diluted (in Rs.)		41.90	36.90
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	U		

As per our Report attached

For M/s. DPH & Co.
Chartered Accountants

CA. Ashwin Patel
[Partner]
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of the Board

P.C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

CS. U. A. Patel
[Chief General Manager & Company Secretary]

Date : 30th June, 2009
Place : Mumbai

Schedules to the Consolidated Balance Sheet as at 31st March, 2009

Particulars	(Rs. in Lakhs)	
	As at March 31, 2009	As at March 31, 2008
SCHEDULE 'A' : SHARE CAPITAL :		
Authorised Capital 4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.10/- each	4,000.00	4000.00
Issued, Subscribed and Paid up Capital 2,75,69,300 (Previous Year 2,25,00,000) equity shares of Rs.10 each fully paid up including 67,011 equity shares allotted to directors of Company for consideration other than cash and 49,11,000 equity shares allotted as fully paid up bonus shares by capitalisation retained profit 50,69,300 equity shares issued upon conversion of total 517 Foreign Currency Convertible Bonds (FCCB) of denomination of US\$ 0.1 mn each	2,756.93	2,756.93
Total	2,756.93	2,756.93
SCHEDULE 'B' : RESERVES & SURPLUS :		
a) Securities Premium Account		
As per last Balance Sheet	30,196.71	7,000.00
Add: Premium on Conversion of FCCB	-	23,196.71
	30,196.71	30,196.71
(b) Revaluation Reserve		
As per last Balance Sheet	576.99	639.05
Less: Withdrawn for Depreciation for the year	62.06	62.06
	514.93	576.99
(c) General Reserve		
As per last Balance Sheet	3,102.76	2,064.91
Less: Provision for Dividend to FCCB Holders	-	36.61
Add : Provision for Gratuity reversed	51.35	-
Add: Transferred from Profit & Loss Account	1,333.23	1,074.47
	4,487.34	3,102.76
(d) Profit and Loss Account	32,293.89	21,246.37
Total	67,492.86	55,122.84


Schedules to the Consolidated Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'C' : SECURED LOANS :		
Debentures:		
12.45% Secured Redeemable Non-Convertible Debentures (Secured by way of First Parri Passu charge on Fixed Assets present & future)	7,000.00	-
Loans and advances from banks		
Cash / Export Credit facilities		
Cash / Export Packing Credit Account with State Bank of India	19,545.29	12,683.42
Cash Credit Account with State Bank of Hyderabad	1,005.44	1,508.72
Cash / Export Packing Credit Account with Andhra Bank	(268.76)	655.33
Cash Credit Account with State Bank of Travancore	3,711.61	3,937.54
Cash Credit Account with IDBI	1,008.54	-
Export Packing Credit Account with EXIM Bank of India	2,000.00	-
	27,002.12	18,785.01
(All the above loans from SBI, State Bank of Hyderabad, Andhra Bank and State Bank of Travancore have been secured by way of hypothecation charge on entire Current Assets consisting of Raw Materials, Stock-in-Process, Finished Goods & Subsidy Receivable; Equitable Mortgage of Fixed Assets of the Company as per consortium agreement)		
Term Loans		
Term Loan - I (Ratnagiri Expansion) (Secured by way of Mortgage of Plant & Machinery relating to Expansion Project)	184.00	276.00
Term Loan - II (Windmill) (Secured by way of Mortgage of Fixed Assets of Wind Power Project)	1,061.69	1,328.67
Term Loan - Exim Bank (Secured by way of Mortgage of Fixed Assets at Dahbol Yard)	15,000.00	-
Term Loan - Allahabad Bank (Principal Amount repayable within 1 year Rs. 10,000.00 Lakhs) (Secured against subsequent charge on the current assets of the company)	10,000.00	-
ECB - DBS Bank (Secured by way of Parri Pasu Charge on Fixed Assets at Dahbol Yard)	9,540.97	-
Total	69,788.78	20,389.67
SCHEDULE 'D' : UNSECURED LOANS :		
Foreign Currency Convertible Bonds	30,491.91	22,718.56
Loan from Others	57.00	57.00
Total	30,548.91	22,775.56
SCHEDULE 'E' : DEFERRED TAX LIABILITY (NET) :		
(a) Deferred Tax Liabilities		
On account of Timing difference	3,533.06	3,100.97
(b) Deferred Tax Assets		
On account of Gratuity liability	(28.03)	(58.85)
On account of Diminution in value of investment	(44.76)	(0.14)
On account of carried forward losses of Past Years	-	(0.07)
Total	3,460.27	3,041.91

Schedules to the Consolidated Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

SCHEDULE 'F' : FIXED ASSETS :												
Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK		
	%	As at 01-Apr-08	Additions	Dedu- ctions	As at 31-Mar-09	As at 01-Apr-08	Dedu- ctions	for the C.Y.	Charged to Reval. Res.	As at 31-Mar-09	As at 31-Mar-09	As at 31-Mar-08
Land	-	1,443.50	1,737.92	-	3,181.42	-	-	-	-	-	3,181.43	1,443.50
Building	3.34	438.20	285.29	-	723.49	99.06	-	15.79	4.36	119.22	604.27	339.14
Plant & Machinery	4.75	7,879.84	6,867.77	-	14,747.61	1,490.46	-	372.73	57.70	1,920.89	12,826.72	6,389.38
Dredger	10.00	184.13	-	-	184.13	9.21	-	18.41	-	27.62	156.51	174.92
Furniture and Fittings	6.33	470.07	696.73	-	1,166.80	31.44	-	46.76	-	78.20	1,088.60	438.63
Vehicles	9.50	360.04	289.18	19.75	629.47	102.30	11.64	46.55	-	137.21	492.26	257.74
Computers	16.20	209.86	64.76	-	274.63	69.83	-	39.37	-	109.20	165.42	140.03
Wind Mill	5.28	8,677.70	-	-	8,677.70	921.65	-	458.18	-	1,379.84	7,297.86	7,756.04
Office Equipments	6.33	169.99	93.09	-	263.08	14.61	-	13.43	-	28.04	235.04	155.39
Total		19,833.32	10,034.75	19.75	29,848.31	2,738.56	11.64	1,011.23	62.06	3,800.21	26,048.11	17,094.76
Previous Year		16,689.22	3,167.75	23.65	19,833.32	1,861.60	-	814.91	62.06	2,738.56	17,094.76	14,827.62



Schedules to the Consolidated Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'G' : INVESTMENTS :		
(a) Long Term (At Cost)		
Non Trade Investments		
(i) Fully Paid Up Ordinary / Equity Shares (Quoted)		
150 (Previous Year 150) Equity Shares of Rs. 10 each of ICICI Bank Ltd. (Market Value as on 31-03-2009 was Rs 332.60 per share totalling to Rs.0.49 Lakhs)	0.12	0.12
200 (Previous Year 200) Equity Shares of Rs. 50/- each of Goa Urban Co-op Bank Limited	0.10	0.10
(ii) Investment in Subsidiary Companies		
Fully Paid Up Ordinary / Equity Shares (Unquoted)		
Share in 49,920 Equity Shares of Rs. 10/- each of Oceanic Shipyards Limited - JV investment	2.25	2.25
(b) Current (At Cost or Fair value whichever is lower)		
Non - Trade Investment		
(i) Investment in Mutual Fund (Unquoted)		
20,00,000 (Previous Year Nil) Units of Rs. 10 each of S.B.I. - Infrastructure Fund - Growth (NAV as on 31-3-2009 was Rs. 5.65 per unit totalling to Rs.113.00 Lakhs)	113.00	200.00
10,00,000 (Previous Year 10,00,000) Units of Rs. 10/- each of S.B.I. One India Fund - Growth (NAV as on 31-3-2009 was Rs. 5.47 per unit totalling to Rs.54.70 Lakhs)	54.70	99.00
Share in NIL (Previous Year 9,56,219) units of HDFC Cash Management Fund Saving Plus Plan Daily Dividend Reinvest - JV Investment	-	43.17
Share in 22,48,189 (Previous Year Nil) units of HDFC Floating Rate Income Fund - JV Investment (NAV as on 31-3-2009 was Rs. 10.1784 per unit totalling to Rs.228.83 Lakhs)	102.01	-
(ii) Investment in Government Securities (Unquoted)		
National Saving Certificate - Sixth Issue	0.10	0.10
Total	272.28	344.74

Schedules to the Consolidated Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'H' : INVENTORIES :		
Raw Materials	65,217.95	34,013.29
Semi Finished Goods	19,775.18	26,146.86
Total	84,993.13	60,160.15
SCHEDULE 'I' : SUNDRY DEBTORS :		
(Unsecured Considered Good)		
Outstanding for more than six months	26,891.57	14,144.83
Others	1,220.45	4,506.14
Total	28,112.02	18,650.97
SCHEDULE 'J' : CASH & BANK BALANCES :		
(a) Cash on hand	83.17	100.00
(b) Bank Balances		
(i) with Scheduled Banks #		
(1) In current accounts	837.58	155.09
(2) In deposit accounts	19,922.63	6,192.57
(3) In EEFC accounts	1.07	29.92
# Includes unpaid dividend and share application monies accounts		
(ii) with Foreign Banks *		
(1) In current accounts		
Checking Account (SBI, Nassau)	2,118.00	355.03
Citibank, New York	11.90	1,493.11
Checking Account (ICICI, UK)	-	9.13
(2) In deposit accounts		
Fixed Deposit (SBI, Hong Kong)	84.39	5,998.50
Fixed Deposit (SBI, Nassau)	-	5,795.21
Fixed Deposit (ICICI, UK)	-	2,569.29
Total	23,058.74	22,697.84
SCHEDULE 'K' : LOANS & ADVANCES :		
Advances for value to be received in Cash/Kind	52,845.74	19,765.49
Balances with Income Tax, Sales Tax, Port Trust etc.	9,210.13	8,724.36
Trade Deposits	665.94	694.70
Total	62,721.81	29,184.55



Schedules to the Consolidated Balance Sheet as at 31st March, 2009 (Contd.)

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'L' : CURRENT LIABILITIES :		
Sundry Creditors	10,609.27	4,515.10
Sundry Creditors - Small scale industrial undertakings@	434.40	571.34
Investor Education and Protection Fund #		
- Unpaid Dividend	4.25	3.11
- Unpaid Share Application Money	9.70	9.70
Advances received against orders	85,850.81	54,572.52
Other Current Liabilities	861.45	656.98
Total	97,769.88	60,328.75
<p>@ Small scale industrial undertaking to whom amount are due have been determined based on the information available with company and are given below. The dues are within the period of agreed terms. Asian Ancilliary Corporation, Aquarius Fibreglass, Bhawani Engineering Works, Corporated Consultancy & Engineering Enterprises Pvt. Ltd., Eskay Industries, Fast Tech Industries, H. K. Engineers, M.R. Engineering, Marine Electricals, Marks Ten Equipment (I) Pvt. Ltd., MEW Engineering Works, Universal Engineering Corporation, Zeal Marketing Pvt. Ltd.</p> <p>^ The Company has not received the required information from the Suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the end together with interest paid / payable as required under the said Act have not been made.</p> <p># There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.</p>		
SCHEDULE 'M' : PROVISIONS :		
Provision for Income Tax	13,921.93	8,879.02
Provision for Fringe Benefit Tax	171.85	109.72
Provision for Gratuity	74.42	194.74
Dividend Payable	827.08	827.08
Dividend Tax Payable	140.56	140.56
Total	15,135.85	10,151.12
SCHEDULE 'N' : MISCELLANEOUS EXPENDITURE :		
Preliminary & Share Issue Expenses	295.14	392.99
Less: Written off to Profit & Loss Account	97.85	97.85
Pre-Operative Expenses	92.19	4.57
Total	289.48	299.71

Schedules to the Consolidated Profit and Loss Account for the year ended 31st March, 2009

Particulars	(Rs. in Lakhs)	
	As at March 31, 2009	As at March 31, 2008
SCHEDULE 'O' : TURNOVER :		
Ship Manufacturing & Repairs	24,587.47	14,114.23
Increase in WIP	68,256.53	49,576.58
Wind Mill Income	647.87	823.61
Total	93,491.87	64,514.42
SCHEDULE 'P' : OTHER INCOME :		
Scrap Sale	37.50	310.39
Dividend from Investment	6.69	4.31
Gain on sale of Investment	-	21.40
Total	44.19	336.10
SCHEDULE 'Q' : RAW MATERIAL CONSUMED :		
Opening Stock	34,013.29	21,778.81
Add : Purchases	82,173.08	48,398.21
	116,186.37	70,177.02
Less : Closing Stock	65,217.95	34,013.29
Total	50,968.42	36,163.73


Schedules to the Consolidated Profit and Loss Account for the year ended 31st March, 2009

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'R' : MANUFACTURING & OTHER EXPENSES :		
Auditors' Remuneration	54.66	33.17
Advertisement Expenses	61.10	70.78
Car Hire Charges	248.34	139.84
Clearing & Forwarding	1,709.54	1,038.54
Commission and Brokerage	683.59	374.66
Conveyance	25.72	21.29
Courier Charges	33.76	22.53
Design & Consultancy	1,398.26	1,006.01
Diminution in value of investment	131.30	0.40
Directors' sitting fees	2.10	1.10
Donation	50.57	48.06
Electricity Charges	348.25	248.83
Equipment Hire Charges	1,305.61	792.86
Exhibition	37.79	24.06
Foreign Exchange Variation	1,584.62	160.53
Inspection / Testing Charges / Service	781.50	241.29
Insurance Charges	292.93	170.36
Keyman Insurance	80.00	80.00
Launching & Delivery Expenses	248.88	531.02
Legal and Professional Expenses	76.40	51.80
Loss on sale of Motor Car	3.53	-
Lease Rent towards land	508.82	462.30
Membership and Subscription	33.01	15.05
Office & Miscellaneous Expenses	167.88	97.39
Port Dues	273.55	81.55
Postage & Telegram	6.29	3.29
Preliminary Expenses written off	97.85	97.85
Printing & Stationery	37.44	89.14
Rent, rates and taxes	479.37	261.38
Repairs & Maintenance	215.63	85.11
Service Charges	78.60	91.94
Service tax	24.89	21.99
Telephone & Telex Charges	157.71	114.59
Transport Charges	1,016.95	973.63
Travelling Expenses	567.36	465.11
Total	12,823.80	7,917.40

Schedules to the Profit and Loss Account for the year ended 31st March, 2009

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2009	March 31, 2008
SCHEDULE 'S' : EMPLOYEE COST :		
Salaries, Wages, Stipend and Bonus	2,342.68	1,539.78
Labour Charges	9,377.76	5,438.33
Contribution to Provident Fund, ESIC, Gratuity	305.25	192.61
Staff Welfare	145.66	116.38
Remuneration of Directors	345.37	212.06
Total	12,516.72	7,499.17
SCHEDULE 'T' : FINANCE CHARGES :		
Bank Guarantee Commission	2,273.11	1,204.15
Interest on Term Loans & Working Capital	3,165.17	865.67
Interest on Other	-	2.79
Other Financial Charges	816.24	447.86
	6,254.52	2,520.48
Less: Interest Received / Receivable on Bank Deposits	889.98	284.20
Interest Received / Receivable on Others	231.17	78.57
	1,121.15	362.77
Total	5,133.37	2,157.71



Schedule 'U' : Basis of Consolidation, Significant Accounting Policies and Notes to Accounts

I. BASIS OF CONSOLIDATION

The Consolidated Financial Statement relate to Bharati Shipyards Limited (the Company), its subsidiaries and its Joint Venture which constitute the Group.

List of Subsidiaries considered in these consolidated Financial Statements as on 31st March, 2009 with percentage:

Sr. No.	Name of the Entity	Country of Incorporation	Nature of Relationship	Ownership Interest as on 31st March, 2009	Ownership Interest as on 31st March, 2008
1.	Advitya Urja Private Limited	India	Subsidiary	100%	-
2.	Dhanshree Properties Private Limited	India	Subsidiary	100%	-
3.	Natural Power Ventures Private Limited	India	Subsidiary	100%	-
4.	Nirupam Energy Projects Private Limited	India	Subsidiary	100%	-
5.	Nishita Mercantile Private Limited	India	Subsidiary	100%	-
6.	Pinky Shipyards Private Limited	India	Subsidiary	51%	51%
7.	Premila Mercantile Private Limited	India	Subsidiary	100%	-
8.	Vishudh Urja Private Limited	India	Subsidiary	100%	-
9.	Bengal Shipyards Limited	India	Joint Venture	45.01%	45.01

Basis of Accounting

- The financial statements of the Subsidiary companies and Joint Venture, used in the consolidation, are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2009.
- The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements” and Accounting Standard 27 (AS 27)-“Financial Reporting of Interests in Joint Ventures”, notified by the Companies (Accounting Standard) Rules, 2006 and other generally accepted accounting principles.

Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

- The financial statements of the Company and its Subsidiary companies and Joint Venture have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intragroup balances and intra-group transactions and unrealised profits or losses have been fully eliminated.
- Interest in a jointly controlled entity is reported using proportionate consolidation.
- The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company are made, is recognised as 'goodwill' being an asset in the Consolidated Financial Statements.
- Minority interest in the net profit of subsidiary for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to the company's shareholders.
- Minority interest in the net assets of subsidiary consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary company.

Schedule 'U': Basis of Consolidation, Significant Accounting Policies and Notes to Accounts (Contd.)

II. SIGNIFICANT ACCOUNTING POLICIES

1. Revenue Recognition

- i. Revenue is recognized in accounts in accordance with 'AS-7 Accounting for Construction Contracts' issued by the ICAI on percentage completion basis.
- ii. Revenue on work in process is recognized as per certified value of work done.
- iii. Export turnover includes exchange rate difference arising on realization.
- iv. Dividend income on investment is accounted for in the year in which the right to receive the payment is established.
- v. Interest income is recognized on the time proportion basis.

2. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition.

3. Revaluation Reserve

The Company has revalued Building, Plant and Machinery and Shed in 1994 - 95 and aggregate addition resulting there from amounting to Rs. 1,443.10 Lakhs has been credited to the Revaluation Reserve Account. The Revaluation Reserve is based upon technical report of approved valuers.

4. Depreciation

- i. Depreciation on Fixed Assets has been provided on straight – line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- ii. Depreciation on revaluation has been charged to revaluation reserve.
- iii. Depreciation on additions /deletions is calculated on pro-rata basis from /to the date of such additions / deletions.
- iv. Fixed assets under construction are shown as Capital Work-in-Progress and are not depreciated.

5. Goodwill

The excess of cost to the Parent Company of its investment in the subsidiary over its share of equity, on the acquisition date is recognised in the financial statements as Goodwill.

6. Impairment of Assets

At each balance sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

7. Investments

Long-term investments are stated at cost less provision for other than temporary diminution in value. Current investments comprising mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

8. Inventories

- i. Raw materials are valued at cost or market price whichever is lower. Cost is taken on FIFO Basis.
- ii. Stock in process is valued at amount of work done duly certified by Chartered Engineer.

9. Retirement benefits

- i. Contribution to Provident and Superannuation Funds are recognised as expense when incurred.
- ii. Contribution towards Gratuity payable by the Company is charged to revenue on the basis of actuarial valuation.
- iii. Leave Encashment benefit is treated as accrued, as and when claimed (encashed).



Schedule 'U': Basis of Consolidation, Significant Accounting Policies and Notes to Accounts (Contd.)

10. Foreign currency transactions

Income and expenses in foreign currencies are converted at exchange rates prevailing on the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date.

Premium or discount on forward exchange contracts are amortised and recognised in the profit and loss account over the period of the contract. Forward exchange contracts outstanding at the balance sheet date are stated at fair values and any gains or losses are recognised in the profit and loss account.

11. Provision for Taxation

Current Tax

Provision for current income-tax is made on the basis of estimated taxable income for the year and where the income is assessed by the tax authorities on the basis of such assessed income.

Deferred Tax

The deferred tax during the year for timing difference is accounted using tax rates that have been enacted; the net difference arising thereon is debited to Profit & Loss Account.

Fringe Benefit Tax

Provision for Fringe Benefit Tax has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

12. Miscellaneous Expenditure

Preliminary expenses are written off over a period of 5 years, commencing from the year of commencement of commercial operations.

13. Provision and Contingent Liabilities

- i. The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- ii. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.
- iii. Where there is a possible or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

III. NOTES TO ACCOUNTS

1. Provisions and Contingent Liabilities

(Rs. in Lakhs)

Particulars	Amount
a) Claims made against company not acknowledged as debts.	931.88
b) Tax / Duties that may arise in respect of which appeals are pending.	155.00
c) Letter of Credit outstanding	20,219.81
d) Liabilities arising out of unexpected Contract (net of advances)	50,370.00
TOTAL	71,676.64

Schedule 'U' : Basis of Consolidation, Significant Accounting Policies and Notes to Accounts (Contd.)**2. Related Party Disclosure**

The Company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard - 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

i. List of Related Parties and relationships, where control exists

Particulars of Relation	Name of the party
Subsidiary	1. Oceanic Shipyard Ltd.
Key Managerial Personnel and their relatives	1. Mr. P. C. Kapoor – Managing Director 2. Mrs. Madhu Kapoor (Wife) 3. Mrs. Radhika Mehra (Daughter) 4. Mr. Vijay Kumar – Managing Director 5. Mrs. Ashraf Geeta Kumar (Wife) 6. Ms. Sukriti Gayatri Kumar (Daughter)
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	1. Bharati Shipping & Dredging Co. Pvt. Ltd. 2. Bharati Maritime Services Pvt. Ltd.

ii. Transactions with Related Parties

(Rs. in Lakhs)

Particulars	Subsidiary Company	Enterprises Owned or Controlled by KMP & their relatives	Key Management Personnel	Relatives of Key Management Personnel	Total
Opening balances					
Receivable	245.93	142.00	-	2.50	390.43
Payable	-	-	57.00	1.01	58.01
Transactions					
Remuneration	-	-	354.13	-	354.13
Directors' sitting fees	-	-	2.10	-	2.10
Rent	-	-	7.20	3.60	10.80
Capital Expenditure	-	-	-	-	-
Dividend paid	-	84.31	219.86	158.06	462.23
Advances Given	126.92	5.97	-	0.56	133.45
Advances Received	-	-	-	-	-
Outstanding balances as on 31.03.09					
Loans and Advances Receivables	372.85	40.53	-	2.50	415.89
Unsecured Loan	-	-	57.00	-	57.00
Other Current Liabilities	-	-	-	4.06	4.06

No amounts written off or written back in the period in respect of debts due from or to related parties.


Schedule 'U' : Basis of Consolidation, Significant Accounting Policies and Notes to Accounts (Contd.)
3. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from the exercise of options on unissued share capital and on conversion of FCCBs.

The calculation of earnings per share (basic and diluted) is based on the earnings and number of shares as computed below.

Sr.	Particulars	Units	F.Y.	F.Y.
			2008-2009	2007 - 2008
(a)	Profit after tax	Rs. In Lakhs	13,360.57	10,783.41
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos.	27,569,300	24,749,118
(c)	The nominal value per Ordinary Share	Rs.	10.00	10.00
(d)	Earnings Per Share (Basic)	Rs.	48.46	43.57
(e)	The weighted average number of Ordinary Shares for Diluted EPS For Basic earnings per share	Nos.	27,569,300	24,749,118
	Add: Conversion of FCC Bonds	Nos.	4,318,956	4,471,084
	For Diluted earnings per share	Nos.	31,888,256	29,220,202
(f)	Earnings Per Share (Diluted)	Rs.	41.90	36.90

Schedule 'U' : Basis of Consolidation, Significant Accounting Policies and Notes to Accounts (Contd.)**4. Segment Reporting****A. Primary Segments (Business Segments)****(Rs. in Lakhs)**

Segments Particulars	Ship Manufacturing	Windmill	Total
REVENUE			
Turnover	92,844.00	647.87	93,491.87
Subsidy	8,498.30	-	8,498.30
Other Income	44.19	-	44.19
Total	101,386.49	647.87	102,034.36
RESULT			
Segment Results Before Depreciation, Interest and Tax	25,112.37	613.06	25,725.43
Less: Depreciation	552.67	458.18	1,010.85
Less: Interest (Net)	5,007.45	125.93	5,133.37
Profit / (Loss) before Tax	19,552.25	28.95	19,581.20
Less: Tax Expenses			6,724.04
Net Profit / (Loss) after Tax			12,857.16
OTHER INFORMATION			
Segment Assets	166,710.19	7,839.61	287,062.19
Segment Liabilities	115,852.78	1,116.95	216,703.67
B. Secondary Segments (Geographical Segments)			
(Rs. in Lakhs)			
Segments Particulars	Domestic	Overseas	Total
REVENUE			
Ship Manufacturing	38,192.80	63,149.50	101,342.30
Windmill	647.87		647.87
Total	38,840.67	63,149.50	101,990.17
Note: Interest Expenses wherever allocable to specific segment are allocated to the said segment.			



Schedule 'U': Basis of Consolidation, Significant Accounting Policies and Notes to Accounts (Contd.)

5. Balance of Sundry Debtors, Creditors, Loans and Advances and Personal Accounts are subject to confirmation.
6. In the opinion of the Directors, current assets and loans and advances have the value at which they are stated in the Balance Sheet if realized in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
7. The figures for the previous year have been arranged/rearranged/regrouped wherever considered necessary.

Signatures to Notes & Schedules 'A' to 'U'

For M/s.DPH & Co.
Chartered Accountants

CA. Ashwin Patel
[Partner]
Membership No. 127052

Date : 30th June, 2009
Place : Mumbai

For M/s. Bhuta Shah & Co.
Chartered Accountants

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board

P.C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

CS. U. A. Patel
[Chief General Manager & Company Secretary]

Consolidated Cash Flow Statement for the Year Ended 31st March, 2009

	Year Ended		Year Ended	
	March 31, 2009		March 31, 2008	
A. Cash flow from operating activities				
Net profit before tax	19,581.20		16,268.57	
Minority				
Adjustments for :				
Depreciation for the year	1,010.85		814.91	
Preliminary Expenses Written off	97.85		97.85	
Diminution in value of investments	131.30		0.40	
Foreign exchange Gain /(Loss)	1,584.62		160.53	
Loss on sale of Motor Car	3.53		-	
Interest expenses	5,133.37		2,157.71	
Dividend/Gain from Investment	(6.69)		(25.70)	
Operating profit before working capital changes	27,536.04		19,474.27	
Increase in trade receivables	(9,461.05)		(4,899.21)	
Increase in inventories	(24,832.98)		(34,696.79)	
Increase in trade payables & Others	38,120.86		28,564.11	
Cash generated from Operations	31,362.87		8,442.38	
Direct Taxes paid	(1,445.94)		(3,377.09)	
<i>Net Cash From Operating Activities</i>		29,916.93		5,065.29
B. Cash flow from Investing activities				
Good Will	(0.75)		-	
Purchase of Fixed Assets	(45,370.02)		(22,772.03)	
Sale of Fixed Assets	4.58		-	
Investment in Others	(58.84)		(145.52)	
Increase in deposits and advances	(33,537.26)		(10,954.40)	
Dividend/Gain from Investment	6.69		25.70	
<i>Net Cash From Investing Activities</i>		(78,955.61)		(33,846.25)
C. Cash Flow from financing activities				
(Repayment) / Proceeds from Long Term borrowings	49,399.10		12,256.58	
(Repayment) / Proceeds from Unsecured Loans	7,773.35		2,202.29	
Miscellaneous Expenditure	(87.25)		(6.14)	
Interest paid	(5,133.37)		(2,157.71)	
Dividend paid	(967.64)		(826.33)	
<i>Net Cash From Financing Activities</i>		50,984.19		11,468.69
Net increase in Cash & Cash Equivalents (A+B+C)		1,945.51		(17,312.27)
Cash and Cash Equivalents at the beginning of the year		22,697.84		40,170.65
		24,643.35		22,858.38
Effect of exchange rate changes		(1,584.62)		(160.53)
Cash and Cash Equivalents at the end of the year		23,058.74		22,697.84

Notes :

- Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (Revised) issued by Institute of Chartered Accountants of India.
- Previous year figures have been regrouped, rearranged wherever considered necessary.

As per our report attached

For M/s. DPH & Co.
Chartered Accountants

CA. Ashwin Patel
[Partner]
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board

P.C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

CS. U. A. Patel
[Chief General Manager & Company Secretary]

Date : 30th June, 2009
Place : Mumbai

Statement pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Company

(Rs. in Lakhs)

Name of the Subsidiary	Financial year of the Subsidiary ended on	Shares of the Subsidiary held by the Company directly or through its Subsidiary Company on March 31, 2009		Net aggregate amount of profit / (loss) of the Subsidiary for the financial year of the Subsidiary so far as they concern members of the Company		Net aggregate amount of profits / (losses) for previous financial years of the Subsidiary since it become a Subsidiary so far as they concern members of the Company	
		Number and face value	Extent of Holding (%)	Dealt with in the accounts of the Company for the year ended 31st March, 2009	Not Dealt with in the accounts of the Company for the year ended 31st March, 2009	Dealt with in the accounts of the Company for the year ended 31st March, 2009	Not Dealt with in the accounts of the Company for the year ended 31st March, 2009
1 Advitiya Urja Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.48)	NIL	-
2 Dhanshree Properties Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.44)	NIL	(0.22)
3 Natural Power Ventures Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.35)	NIL	-
4 Nirupam Energy Projects Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.37)	NIL	(0.07)
5 Nishita Mercantile Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.25)	NIL	-
6 Pinky Shipyards Pvt. Ltd.	March 31, 2009	1,53,000 ordinary shares Rs.100 each fully paid	51.00	NIL	12.69	NIL	18.21
7 Premila Mercantile Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.25)	NIL	-
8 Vishudh Urja Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.47)	NIL	-



Financial Information of Subsidiaries for the Year Ended March 31, 2009

Particulars	Advitya Urja Pvt. Ltd.	Dhanshree Properties Pvt. Ltd.	Natural Power Ventures Pvt. Ltd	Nirupam Energy Pvt. Ltd.	Nishita Mercantile Pvt. Ltd.	Pinky Shipyard Pvt. Ltd.	Premila Mercantile Pvt. Ltd.	Vishudh Urja Pvt. Ltd.
Paid up Share Capital	100,000	100,000	1 00,000	1 00,000	1 00,000	30,000,000	100,000	100,000
Reserves & Surplus	-	-	-	-	-	9,440	-	-
Total Assets Total Liabilities								
(excluding Capital and Reserves)	1,035,322,525	15,489	840,587,736	590,000,000	19,009	6,724,808	19,009	790,699,568
Investments (excluding investment in subsidiaries)	-	-	-	-	-	10,000	-	-
Total Income	-	-	-	-	-	59,352,508	-	-
Profit/Loss Before Tax	(47,773)	(44,488)	(35,053)	(37,498)	(25,484)	4,025,904	(25,484)	(47,173)
Provision for Taxation	-	-	-	-	-	1,537,167	-	-
Profit/Loss After Tax	(47,773)	(44,488)	(35,053)	(37,498)	(25,484)	2,488,737	(25,484)	(47,173)
Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-



BHARATI SHIPYARD LIMITED

Regd. Office: 606, 6th Floor, Raheja Chambers, Nariman Point, Mumbai-400021

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

DP ID :

Master Folio No. :

Client ID:

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share(s) held:

I hereby record my presence at the 32nd **ANNUAL GENERAL MEETING** of the Company held on **Tuesday, 29th September, 2009 at 10.30 a.m.** at "Rangaswar Hall, 4th Floor, Y.B. Chavan Pratishthan, Gen. J. Bhosle Marg, Near Mantralaya, Nariman Point, Mumbai-400 021 "

Signature of the shareholder or proxy _____

BHARATI SHIPYARD LIMITED

Regd. Office: 606, 6th Floor, Raheja Chambers, Nariman Point, Mumbai-400021

PROXY FORM

DP ID :

Master Folio No. :

Client ID:

I/We
.....being a Member/Members of Bharati Shipyards Limited hereby
appoint.....
.....or falling him
.....ofor falling him
.....of.....as my/our proxy to vote for me /us and on my/our behalf
at the **32nd ANNUAL GENERAL MEETING** to be held on **Tuesday, 29th September, 2009 at 10.30 a.m.**
at "Rangaswar Hall, 4th Floor, Y.B. Chavan Pratishthan, Gen. J. Bhosle Marg, Near Mantralaya, Nariman Point,
Mumbai-400 021 ". or at any adjournment thereof.

Signed this.....day of.....2009.

Affix
Re. 1/-
revenue
stamp

Signature of Member

Note:

- 1. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hrs before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
- 2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios.





Bharati Shipyard Limited

Corporate Office

302, Wakefield House, 3rd Floor, Sprott Road,
Ballard Estate, Mumbai - 400 001, India.
Tel. : +91 22 3028 9200

Registered Office

606, 6th floor, Raheja Chambers, Free Press Journal Road,
Nariman Point, Mumbai - 400 021
Tel.: +91 22 4085 1234

Email : info@bharatishipyard.com

www.bharatishipyard.com

SHIPYARDS : Dabhol • Ratnagiri • Ghodbunder • Goa • Kolkatta • Mangalore