



**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**

DPH & Co.  
Bhuta Shah & Co.

**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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# Managing Directors' Message

## Managing Directors' message to the Shareholders

We like to offer our heartfelt appreciation for your continued support and confidence in Bharati Shipyard Ltd (Bharati).

The hardships faced by the collapse of the global financial industry and the subsequent worldwide recession brought about difficult challenges for global ship-building industry over the past year. Nevertheless, BSL has been able to tide over this difficult period on the back of its robust order book comprising of non speculative orders and domestic demand.

Despite the challenging environment, FY 2009 -10 has been an eventful year for Bharati, as we delivered 6 vessels during the year. Going forward, we see the global economies slowly coming out of the downturn and the continued oil and gas demand to support offshore vessel construction. Stability of the crude prices over the past few months makes us optimistic that the spending by the Exploration and Production (E & P) sector will resurface resulting into steady demand for offshore vessels. On the domestic front, we are also optimistic about Defense sector and Indian Coast Guard demand which can be catered to efficiently by the Indian shipyards including Bharati.

FY 2009-10 has been a landmark year in the history of Bharati Shipyard as we acquired substantial share holding in one of India's leading integrated offshore oilfield services provider to the oil and gas (E&P) sector, Great Offshore Limited (GOL). Bharati acquired majority stake in GOL through the Open Offer process which was completed in January 2010. We are pleased to share with you that Bharati and GOL have a long standing relationship which spans over 16 years. Bharati is the only Indian ship builder to have built several vessels for GOL. We believe that the acquisition will create significant value for shareholders of both the companies. Both the companies are leaders in different but highly complementary industries that can bring benefits to both companies by mutually exploring significant synergies into the two businesses.

As a combined entity we believe we are well poised to reap the benefits of the next Oil and Gas sector boom. Bharati's acquisition of GOL is a strategic investment where both the companies will reap the benefits in the long term thereby enhancing the value for the shareholders.

As we now enter the new year, we are hopeful to steer your company through the economic downturn and emerge a far stronger company which is completely customer centric and updated with the latest technology and infrastructure. With the above mentioned plans Bharati will continue its vision to be the No. 1 Shipbuilding company and marine engineering services provider in the country. We are extremely thankful to our investors, customers, bankers, employees and Bharati family for their constant support to strengthen the Company.

Thanking you

Yours sincerely,

**Mr. P. C. Kapoor**

Managing Director



**Mr. Vijay Kumar**

Managing Director





## Notice

**NOTICE** is hereby given that the THIRTY THIRD Annual General Meeting of the members of BHARATI SHIPYARD LIMITED will be held at Rangaswar Hall, 4th Floor, Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhosle Marg, Near Mantralaya, Nariman Point, Mumbai 400 021 on Thursday, the 23rd September, 2010 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 2010 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 next Annual General Meeting and to fix their remunerations.

By Order of the Board of Directors.  
**FOR BHARATI SHIPYARD LIMITED**

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

### **REGISTERED OFFICE:**

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

Date: 29th June, 2010  
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. In Order to be effective, the instrument appointing the Proxy, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2 The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 2010 to 22nd September, 2010 (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 September, 2010.
- 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 23rd September, 2010 to those shareholders whose names stand on the Company's Register of Members' on 22nd September, 2010.
- 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.

By Order of the Board of Directors.  
**FOR BHARATI SHIPYARD LIMITED**

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

### **REGISTERED OFFICE:**

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

Date: 29th June, 2010  
Place : Mumbai



# Directors' Report

## TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

Your Directors have pleasure in presenting the 33<sup>rd</sup> Annual Report, together with the Audited Financial Statements of the Company for the year ended March 31, 2010.

### 1. Financial Results:

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

Particulars	Financial Year	
	2009 - 2010	2008 - 2009
<b>Total Income</b>	<b>135,244.23</b>	<b>101,945.42</b>
Profit before Interest, Depreciation & Tax	23,172.65	25,678.94
Less : Interest	9,609.93	5,133.49
Less : Depreciation	1,529.31	1,008.69
Profit before Tax	20,795.91	19,536.76
Less : Tax	6,909.19	6,204.50
<b>Profit after Tax</b>	<b>13,886.72</b>	<b>13,332.27</b>
Surplus brought forward	32,259.15	21,227.75
<b>Amount available for appropriation</b>	<b>46,145.87</b>	<b>34,560.02</b>
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	1,388.67	1,333.23
Dividend including Dividend Tax	1,015.73	967.64
Surplus carried forward	43,741.47	32,259.15
<b>Total Appropriations</b>	<b>46,145.87</b>	<b>34,560.02</b>

### 2. CAPITAL:

During the year under review Authorized Share Capital of the Company has been increased from Rs. 40.00 Crores to Rs. 50.00 crores consisting of 5,00,00,000 Equity Shares (face value of Rs. 10/- each). The Issued, Subscribed & Paid up Share Capital of the Company has increased from 2,75,69,300 shares to 2,89,39,300 shares (face value of Rs 10/- each) fully paid up. During the year Company has issued 13,70,000 equity share at Rs 80/- (face value Rs 10/-each) each fully paid up on conversion of convertible warrants Tranche – 1 issued vide resolution dated 15th May 2009 passed at EGM.

### 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. 28.93 Crores i.e. @ Rs.3 /- per share on 2,89,39,300 Equity Shares of Rs. 10/- each aggregating to Rs. 1,015.73 lakhs including dividend tax.

### 4. OPERATING RESULTS AND PROFITS:

During the year under review, your Company has successfully delivered 5 (five) vessels. Your Company has posted turnover of Rs.1,26,481.74 Lakhs, an increase of about 35.14 % as compared to Rs. 93,409.60 Lakhs in the previous financial year. Your Company has achieved profit after tax of Rs. 13,886.72 Lakhs as against Rs. 13,332.27 Lakhs in the previous year, an upsurge of 4.16%.

### 5. FINANCE:

As at the end of financial year, your Company has Debentures worth Rs. 9,000 lakhs, Cash and Export Credit Facility worth Rs. 19,037.32 lakhs and Term Loans worth Rs. 1,22,254.74 lakhs by way of consortium finance, where State Bank of India is the lead bank.



## Directors' Report ...Contd.

### 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. 1037.18 Lakhs during the year under report.

### 7. SUBSIDIARY:

During the year under report, the following companies are 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) Pinky Shipyard Pvt. Ltd.
- g) Premila Mercantile Pvt. Ltd.
- h) Vishudh Urja Pvt. Ltd.

The Central Government has granted an exemption to the Company from attaching the Annual Audited Accounts of the Subsidiary companies with its Annual Report.

### 8. ACQUISITION OF SHARES IN GREAT OFFSHORE LIMITED:

During the year under report your company acting in concert with its two subsidiary companies namely Natural Power Ventures Pvt. Ltd. and Dhanshree Properties Pvt. Ltd. acquired shares in M/s Great Offshore Ltd. The total acquisition is 1,85,14,352 equity shares (49.73% of GOF's capital including shares acquired on 6th April 2010 ) and held by Natural Power Ventures Pvt. Ltd. and Dhanshree Properties Pvt. Ltd. (subsidiary companies) and is very important and strategic both economically as well as commercially.

Consequent upon this acquisition, Mr. P.C. Kapoor and Mr. Vijay Kumar, Managing Directors of your Company have been appointed as Additional Directors on February 2, 2010 and Executive Directors on Board of Great Offshore Ltd w.e.f May 1, 2010.

The company has made this investment as a 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.

### 9. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and Company's 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. Mr. V. P. Kamath-Director, is also representing the Company on the Board of Directors of following subsidiary companies:

- a) Pinky Shipyard Pvt. Limited
- b) Natural Power Ventures Pvt. Ltd.
- c) Dhanshree Properties Pvt. Ltd.

### 10. FORGING JOINT VENTURES AND ALLIANCES:

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

### 11. 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.

### 12. 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.



## Directors' Report ...Contd.

### 13. 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.

### 14. AUDITORS:

M/s DPH & Co., Chartered Accountants, Mumbai and M/s Bhuta Shah & Co., Chartered Accountants, Mumbai are being appointed as Joint Auditors at the 33rd 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 certificates from the Joint Auditors pursuant to Section 224 (1-B) 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.

### 15. 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.

### 16. 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.

### 17. 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.

### 18. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2009-10, 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, 2010 ;
- 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.

### 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: 29th June, 2010  
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 2010.

**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	50,52,600	B.E. (Mech.), Ph.D	67	25.05.06	46	Lucas – TVS, Chennai
2	Mr. Sauvir Sarkar	President	33,58,098	B. Tech. (Naval Architecture)	46	01.12.06	25	Lloyds Register Asia, Mumbai
3	Mr. Subhash Dixit	President	26,75,730	B.E. (Elec.), DBM	65	20.03.08	40	Wartsila India Ltd. Belapur
4	Capt. Gopal Jha	President	29,83,490	Master (FG)	52	10.04.08	33	IMS Shipments Ltd.

**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	Mr. Vinod Kumar	President	32,57,730-	B. Tech. (Naval Architecture)	56	10.11.08	27	Goa Shipyard Ltd.

**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
<b>a. Value of Direct Import calculated on CIF Basis:</b>		
i. Components, Spare parts and Colour Chemicals	51,660.57	48,746.70
ii. Raw Materials	7,485.41	14,169.17
iii. Capital Goods	6,662.90	13,742.95
<b>b. Earnings in Foreign Exchange on account of Export of Goods:</b>	12,471.76	12,055.82
<b>c. Expenditure in Foreign Currency:</b>		
i. Commission and Brokerage	142.07	681.16
ii. Design and Consultancy	922.84	824.63
iii. Freight Charges	144.88	3329.12
iv. Traveling Expenses	210.38	818.63
v. Others	359.99	1575.94





# 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 are presented agenda papers along with notes for the Meeting.

#### b. Board Procedure

During the year under report the Board met 10 times on the following dates:

21-04-09, 29-04-09, 30-05-09, 23-06-09, 30-06-09, 30-07-09, 03-09-09, 26-10-09, 01-12-09, 28-01-10

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	10	8	Yes	2	-	1
Vijay Kumar	Executive	10	3	Yes	-	-	-
B. L. Patwardhan	Non Executive	10	10	Yes	-	-	-
V. P. Kamath	Non Executive	10	10	Yes	15	-	4

\* Excludes Directorships in private companies



## Annexure 'B' ...Contd.

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

Name of Director	Status Independent / Non-Independent	Remuneration paid to Directors				
		Salary Rs.	Commission Rs.	Contribution to PF Rs.	Total Rs.	Sitting Fees Rs.
P. C. Kapoor	Non Independent	75,00,000	2,05,50,000	9,00,000	2,89,50,000	-
Vijay Kumar	Non Independent	75,00,000	2,05,50,000	9,00,000	2,89,50,000	-
B. L. Patwardhan	Independent	-	-	-	-	2,60,000
V. P. Kamath	Independent	-	-	-	-	2,60,000

## 3. Audit Committee :

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

During the financial year ended 31st March, 2010 the Audit Committee met on the following dates:

29-04-09, 30-06-09, 30-07-09, 26-10-09 and 28-01-10.

b. The Audit Committee of the Board Comprises of two Non-Executive, 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 Held	No. of Meetings	No. of Meetings Attended
P. C. Kapoor	Executive	5	4
B. L. Patwardhan	Non Executive	5	5
V. P. Kamath	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.



## Annexure 'B' ...Contd.

**7. General Body Meetings :**

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

AGM	Day	Date	Time	Venue
30th	Thursday	30-08-07	11.00 a.m.	Babasaheb Dahanukar Sabhagraha, Fort, Mumbai-400 001
31st	Monday	29-09-08	11.30 a.m.	Auditorium of "The Synthetic & Art Silk Mills Research Association, Sasmira, Sasmira Marg, Worli, Mumbai-400 030"
32nd	Tuesday	29-09-09	10.30 a.m.	"Rangswar Hall", Y. B. Chavan Pratishthan, Gen J. Bhosle Marg, Nariman Point, Mumbai-400 021.

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

The Company has passed Special Resolutions 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 Clause 49:**

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.bharatishipyards.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.



## Annexure 'B' ...Contd.

**10. General Shareholder Information :****a. Annual General Meeting :****To be held on**: 23<sup>rd</sup> September, 2010**At**: Rangaswar Hall, 4th Floor,  
Y.B. Chavan Pratishthan,  
Gen. J. Bhosle Marg,  
Near Mantralaya, Nariman Point,  
Mumbai-400 021**b. Details of Director seeking appointment / re-appointment at the ensuing Annual General Meeting are given hereunder :**

Name of Director and nature of his Expertise in functional areas	Directorships/Committee Memberships in other Companies
<b>Mr. V. P. Kamath</b>	<b>Directorships</b>

V.P Kamath, aged 76, 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.

**Date of appointment :** 28th January , 2008

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 Forex Ltd.
8. Weizmann Ltd.
9. Windia Infrastructure Finance Ltd.
10. Supportive Insurance Brokers Ltd.
11. Avinnaya Resources Ltd.

**Committee Membership**

1. Weizmann Ltd.
  - a. Investor Grievances Committee
  - b. Audit Committee
2. Tapi Energy Projects Ltd.  
Audit Committee
3. Windia Infrastructure Finance Ltd  
Audit Committee

**c. Financial Calendar 2010-2011**

First Quarterly Unaudited Results

: Before 15th of August-2010

Second Quarterly Unaudited Results

: Before 15th of November-2010

Third Quarterly Unaudited Results

: Before 15th of February -2011

Fourth Quarterly Unaudited Results

: Before 15th of May-2011

**Or**

Audited Yearly Results for the Year

Ended 31st March-2011

: Before end of June-2011

**d. Dates of Book Closure**

: 15 Sept., 2010 to 22 Sept., 2010.

**e. Dividend Payment Date**: Within 30-days from the date of  
declaration of dividend i.e 23 Sept.,2010.

Dividend on Equity Shares when declared will be made payable on or after 23/09/2010 to those Shareholders whose names stand on the Company's Register of Members on 22/09/2010 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.



## Annexure 'B'...Contd.

## 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, 2009-2010 are given below:

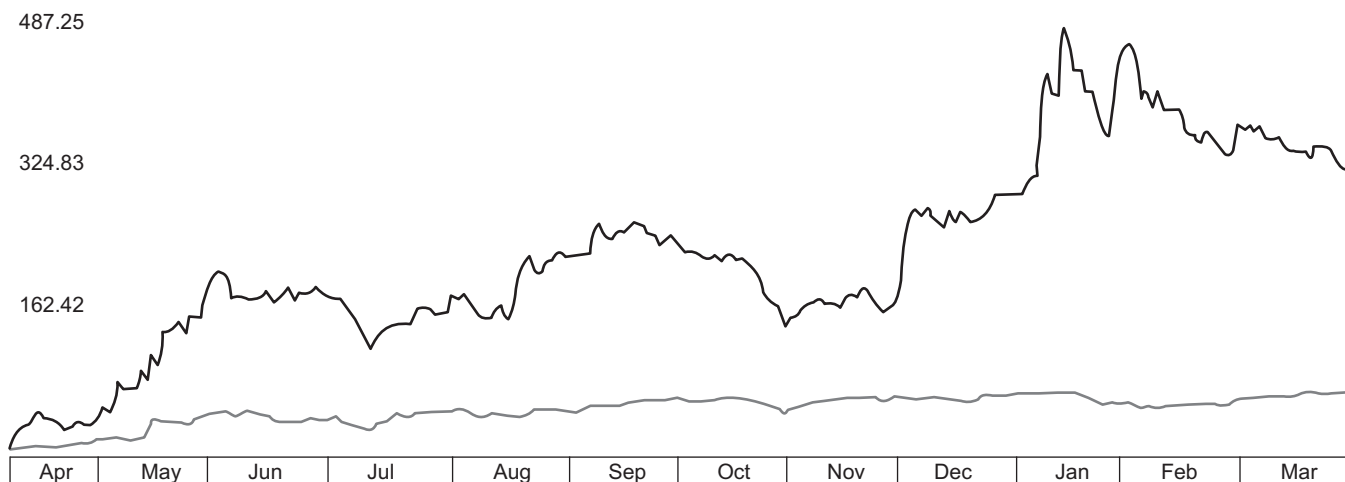
MONTH & YEAR	NSE			BSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
APR – 09	91.4	55.5	57,02,572	92	55.25	86,04,686
MAY – 09	159.4	82.05	1,05,03,365	159.95	82	1,88,92,136
JUN – 09	187.5	148.1	54,54,881	187	147.15	1,06,52,132
JUL – 09	172	127.5	22,46,230	172	128	44,57,975
AUG – 09	199.65	146	1,08,42,744	199.65	145.15	1,86,98,373
SEP – 09	226	188	57,09,466	229.9	186.2	1,17,15,783
OCT – 09	205.9	155.15	13,08,703	205.3	156	26,90,779
NOV – 09	194.7	142	19,18,587	187	145	36,50,877
DEC – 09	239.4	157.05	1,52,13,620	239	158	3,50,58,915
JAN – 10	352.8	229.5	1,82,81,972	354.6	210.25	3,98,81,745
FEB – 10	341.45	256.15	1,04,60,798	341.35	255.2	2,73,02,607
MAR – 10	284.7	229	46,01,723	284.9	246.5	1,32,84,621



## Annexure 'B' ...Contd.

NSE-Bharati Shipyard Ltd : Price Chart

Bharati ■ NSE ■

**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.



## Annexure 'B'...Contd.

## I. Share Holding Pattern as on 31st March, 2010 is given below:

Category	No. of shares held	Percentage of Shareholding
<b>A Promoters' holding</b>		
1 Promoters		
Indian Promoters	11,578,331	40.01
Foreign Promoters	-	-
2 Persons acting in Concert	529,174	1.83
<b>Sub-Total - (i)</b>	<b>12,107,505</b>	<b>41.84</b>
<b>B Non-Promoters Holding</b>		
3 Institutional Investors		
a Mutual Funds and UTI	1,183,454	4.09
b Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions/Non-government Institutions)	3,121,926	10.79
c Foreign Institutional Investors	1,754,582	6.06
<b>Sub-Total - (ii)</b>	<b>6,059,962</b>	<b>20.94</b>
4 Others		
a Private Corporate Bodies	3,677,092	12.71
b Indian Public	6,269,662	21.66
c NRIs / OCBs	310,639	1.07
d Any other (Clearing Members, Trusts)	514,440	1.78
<b>Sub-Total - (iii)</b>	<b>10,771,833</b>	<b>37.22</b>
<b>Grand Total ( i + ii + iii )</b>	<b>28,939,300</b>	<b>100.000</b>

## m. Distribution of Share Holding as on 31st March, 2010 is given below:

	Nominal Value of Share Holding	No. of Shareholders	% of the total Shareholders	Share Amount Rs.
1	To 500	35515	92.62	33656130
501	To 1000	1411	3.68	11452550
1001	To 2000	658	1.72	10225690
2001	To 3000	245	0.64	6277990
3001	To 4000	121	0.32	4348060
4001	To 5000	105	0.27	4912950
50001	To 10000	140	0.36	10211320
10001	And above	150	0.39	195978310
<b>TOTAL</b>		<b>38345</b>	<b>100.00</b>	<b>289393000</b>



## Annexure 'B' ...Contd.

**n. Dematerialization of Equity Shares :**

As on 31st March 2010, 2,89,37,348 equity shares representing 99.99% shares are held in dematerialized form and the balance 1,952 equity shares representing 0.01 % shares are in physical form.

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

Allotted to the Promoter Directors in two separate tranches The Company allotted 27,40,000 Convertible Warrants to both the Promoter Directors vide EGM Resolution dated 15/05/2009, at a price of Rs. 80/- per warrant. Out of these warrants 13,70,000 warrants have been converted in to equity shares and 13,70,000 warrants are outstanding, pending conversions. The Company has received listing permission from BSE but NSE is yet to grant its final listing permission for these shares arising out of conversion. The Company then sanctioned allotment of 13,78,464 Convertible Warrants vide AGM Resolution dated 29th September,2009, at a price of Rs. 200/- per warrant. The entire quantity of 13,78,464 warrants are outstanding.

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

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

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, 2010, 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.
- Usgaon (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

#### (i) World Shipbuilding Scenario

The economic downturn which started in CY 2008 primarily, in the developed economies continued during the year. For the ship building industry FY 2010 globally was a year of few orders and order cancellations. Companies across the globe including South Korea, China and Japan witnessed adverse conditions during the year as a result of the financial crunch across all segments viz, Bulk carriers, containers and offshore vessels. In 2009, annual worldwide orders for new vessels tallied only 33 million DWT, down from 96.2 million in 2008, which was the lowest in nearly two decades. Nevertheless, Indian ship building industry was relatively hedged against this downturn due to inherent strengths like few speculative orders in their order book and domestic demand from the Defence sector. Indian companies were hit by European crisis which led to a few order cancellations.

Looking ahead, although the overall downturn in the economy may lead to volumes of lower seaborne trade over the near term, on the positive front, long term trade is likely to witness an increase which will in turn result in increased sea borne trade.

#### **The Shipbuilding Industry- Riding the Economic Cycle**

Global Shipbuilding industry witnessed a cyclical trough in CY 2009 due to decline in sea-borne trade. This has also created an over-capacity of ships globally ultimately affecting the performance of the shipbuilding industry during the year. Market reports indicate that the global shipbuilding orderbook declined from 367.2 mn GT at the end of CY 2008 to 303.5 mn GT at the end of 2009 primarily led by the slow growth of new-build orders aggregating 18.2 mn GT during CY09 as against 90.7 mn GT during CY08. However, vessel deliveries were not affected, and they grew at a steady pace with 75.7 mn GT of vessels delivered during CY09 compared to 64.2 mn GT of deliveries during CY08.

The year saw scrapping of vessels in the dry bulk vessel and container segment. Vessel prices dipped 20-30% however; this did not help the dwindling global shipbuilding orderbook. Major shipbuilding nations such as S. Korea, China and Japan were hurt by the financial crunch thereby requiring governments to take corrective measures in terms of restructuring of yards facing financial crisis and also offering monetary and non-monetary incentives to boost the industry's prospects. However, the Asian shipbuilders continued to dominate the global orderbook accounting for 95.1% for the year. Once again the market share of the S. Korean shipbuilders remained the highest at 37.0% in CY 2009. The share of the Chinese and Japanese shipbuilders stood at 36.1% & 16.8% respectively.

#### (ii) Shipbuilding scenario in India

The Indian shipbuilders occupied 5th rank globally accounting for 1.44% of the global orderbook with 2.2 mn CGT of vessels on order at the end of CY 2009. Indian companies cater to the niche offshore segment constructing PSVs, OSVs, AHTs, MPSVs etc. With expansion of shipyards to construct bigger vessels including bulk carriers and containers the Indian shipbuilders have successfully garnered such new-build orders. It is also noteworthy that Indian Companies saw no major instance of order cancellation during the year in comparison to the other Asia peers including S. Korea and China, primarily as their order books primarily comprised of non speculative orders, also majority of the orders that have been received are from repetitive clients.

India is known to have a long coastline and is known also for its maritime heritage. Around 95% of our foreign trade is sea borne. The development of maritime infrastructure – ports, shipbuilding, and shipping, including inland water transport, is therefore of critical importance to the progress of our economy. This sector also provides substantial employment in the organized sector, and acts as catalyst for rapid development of the hinterland as well. Lower labour costs, skilled man power etc. have spurred ship building growth over the last decade. The increased growth has largely resulted from export orders, the bulk of which have been in the small ship segment comprising Offshore and Platform Supply Vessels and Anchor Handling Tugs. The increase in export orders obtained by the Indian shipbuilding industry, despite its shortcomings clearly indicates that in the long term, there is a large potential market available Indian yards. Indian companies will also benefit from Defence sector orders and Indian Coast Guard orders as these sectors are looking to award certain contracts to Indian ship builders. Domestic E&P orders are also expected to resume on the back of rising oil prices as the government is keen on development of offshore gas and oil fields.

#### (iii) Bharati's stance on changing sector dynamics:

Bharati has been on a continuous growth path for the last decade. Increasing turnover and sustained profitability has been the strategy of the company. Bharati strives to achieve balanced growth by evaluating all the business opportunities and seeking the best option from the available opportunities. With ready technology and upbeat infrastructure the company is well placed to allay the effects of the global economic upheaval as the industry is looking forward to fresh investments in the offshore segment. Bharati is on track with its expansion plans to build capacity to serve its current clients in a better quality and add newer clients. Phase one of the Dabhol green field project is nearing completion, while capex is also being incurred at the Mangalore yard. The capacity expansion at the green field yards is now reaping benefits as Bharati is efficiently utilising all its yards to construct vessels for its customers. A brief about Bharati's diversified yards is as under:



## Management Discussions and Analysis ...Contd.

**Ratnagiri:** This is the first yard owned by the company and is located closer to Mumbai. The yard has been modernized and various new features were installed in the yard. The yard has the following equipments:

1. Sheltered lagoon slightly away from the open sea.
2. Modern machineries including automatic welding, blasting/painting machines, CNC Plasma cutting machines, Hydraulic pipe bending machines
3. Ship-lift facility having 16,000 tonnes lifting capacity
4. The yard is International Ship and Port Facility Security (ISPS) certified.

**Ghodbunder:** This yard is located near Mumbai and spreads over 12 acres of land. Major work carried out here are quality assurance and control procedures for steel fabrication, pre-outfitting and major piping work.

1. Four (4) slipways suitable for constructing hulls upto 125m length.
2. Machineries include mobile cranes, CAN Plasma cutting machine, panel line fabrication and welding machines etc.

**Kolkatta:** Spread over 7 acres of land in the east coast of India this yard can build vessels upto 125m in length and 22m in width.

1. Dry dock facilities
2. Two Gantry cranes of 40 tonnes each, CNC steel cutting/preparation machines, welding machines

**Goa:** Spread over 2.5 acres of land, the yard belongs to Pinky Shipyard Pvt Ltd., a subsidiary of Bharati.

1. Vessels upto 5,000 DWT and upto 140 m can be constructed in this yard.
2. Major machines include side slipping facility, CNC Plasma steel cutting and preparation machines, automatic blasting and painting machines, Panel line fabrication, profile bending machine, rollers for plate straightening etc.

**Dabhol:** This Greenfield project of Bharati is spread over 300 acres near village Usgaon (port Dabhol). The yard is designed by First Marine International of U.K. Apart from vessel construction, Bharati expects to carry out its ship repair business in the Dabhol yard.

1. Facility to construct vessels upto 1,00,000 DWT, including Jack Up Rigs, large cargo vessels etc.
2. Phase 1 of the yard complete with the installation of sophisticated equipments including 1200 tonnes Hugh Smith Hydraulic Bulkhead Flange Press Machine with cranes, from Swan Hunter Shipyard, U.K.
3. CNC Plasma Messer Griesheim 4 head and Esab Hancomander 6 head Profile Cutting Machines for precision cutting of steel plates.
4. Other automatic machineries like Twin Head Burny CNC profile cutting machines, Hydraulic Guillotine cutting machines, HGG CNC Pipe profiling machines, CNC Robot operated profiling machines etc.
5. Two cranes with 180T lifting capacity, Wenzlaff Panel Line system and conveyor assembly
6. Floating Dry dock has been shifted from Swan Hunter to Dabhol.

**Mangalore:** This yard is situated on the banks of river Gurpur. Post the entire capex the yard will have a capacity to build upto 60,000 DWT.

Currently the company is only incurring essential capex on its yards, as we are closely monitoring the global macroeconomic trends.

Although, there has been some encouraging news from the offshore sector, we will re-evaluate our capex plans for the Greenfield yards based on further inquiries from our customers. Nonetheless, we are well equipped to ride the next boom in the shipping sector.

### (iv) The Company Strategy

Bharati Shipyard is one of the leading ship builders in India. Decades of experience, knowledge and work quality has propelled Bharati in the premium league of world class ship building and marine services providing company.

The Company reiterates its commitment to quality and customer satisfaction and to sustain the same over the longer term Bharati works on the following business strategy:

#### a) Retain its position as a leading shipbuilder in the domestic and international terrain

Bharati's current order book has export orders in excess of 60% of the total order book. Bharati has created a name for itself in the offshore segment vessel construction. The company endeavors to continue its foray into export markets by targeting customers in the international domain. Our quality speaks of itself as we have bagged several repeat orders from our existing customers. In the domestic market Bharati aims to be the Numero Uno ship builder on the strength of its specialised knowledge, skillful talent pool and vast experience.



## Management Discussions and Analysis ...Contd.

### b) To construct complex vessels and move up the value chain

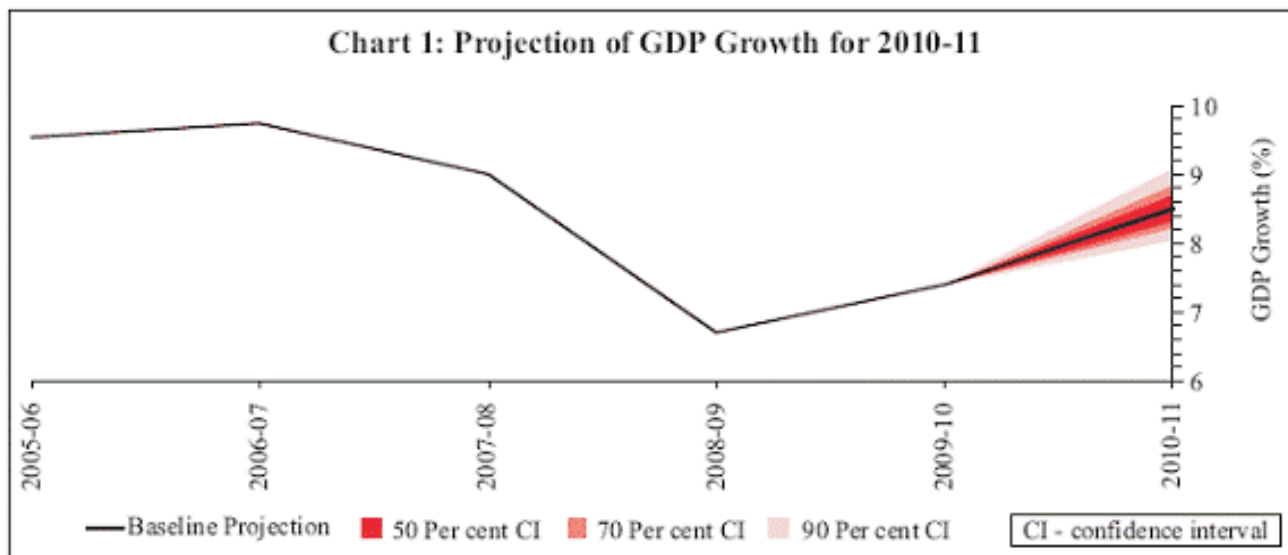
It has been a constant endeavour at Bharati to upgrade our product portfolio and cater to broad base customers. The first ever Jack up rig by any Indian company is being built by us in our Dabhol yard. The company is focussed on the offshore segment vessels; with resurgence in E&P demand the E&P players are expected to start their capital spending over the medium term.

Sophisticated equipment for vessel construction and higher yard capacity at the Greenfield yards has given Bharati an edge over its peers to construct high precision vessels used in the offshore segment. Thus Bharati Shipyard aims at upgrading its product portfolio and moving up the value chain. High Precision offshore vessel construction provides high margin generating business which Bharati is eager to pursue.

### c) To pursue domestic orders and defense orders

Bharati Shipyard has excelled in building offshore vessels, bulk carriers etc. We are mindful of the immense opportunities that will spur in India. India is poised for a balanced growth over the medium term.

According to the Reserve Bank of India (RBI), Indian GDP forecast for FY 2010-2011 is 8.5%. GDP expansion will result in increased trade activities. Thus we believe that domestic demand for cargo vessels and offshore vessels will also increase with an increase in GDP.



Energy security has become a primary objective for our government; we believe this will result in higher spending in the E&P sector by the public companies. This will give rise to domestic offshore vessel demand.

Bharati Shipyard is also pursuing Defense market and Indian Coast Guard which has a plethora of opportunities for domestic ship builders. According to news sources the Indian defense market is pegged at approximately US\$ 1.8 bn. Bharati Shipyard has in the past built vessels for the Indian Coast Guard. The company has tie-ups with Rolls Royce to build ships for the Indian defense sector. We believe we are well equipped to serve the prestigious Defence segment of our country.

### d) Building energy efficient vessels

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. 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. As most of world fleet and Indian fleet are made up of single engine-run ships, the advantage of going for LNG driven vessels with this concept are huge.

## II. Opportunities:

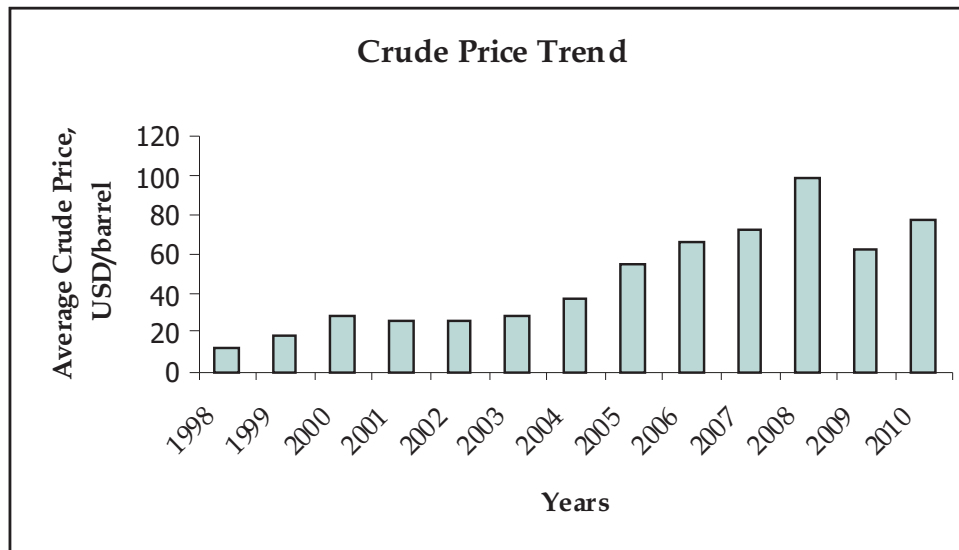
Post the economic recession experienced over the last 12 to 18 months economic growth is recovering at a gradual pace. According to the International Monetary Fund (IMF) the world GDP declined 1.1% y-o-y in CY 2009. The IMF forecasts a y-o-y increase of 3.1% in CY 2010 and a further 4.2% y-o-y growth in global GDP. The increase in world trade will lead to this increase in GDP. Increasing trade will lead to demand for newer vessels in the coming years. Due to environmental regulations replacement demand is also expected to trigger new vessel demand.



## Management Discussions and Analysis ...Contd.

### i. Resurgence in E&P spending:

Energy Security has become a priority agenda for governments across the globe. CY 2009 witness a drastic decline in E&P spending activity due to falling crude prices. However, the prices have stabilised in the current months. The crude prices have achieved stability in the range of US\$70 to US\$80. This price range provides an incentive to the E&P companies to engage in E&P spending.



News reports suggest that the spending will increase 11% y-o-y in CY 2010 with a further 8% y-o-y increase in CY 2011. Spending will primarily be by National Oil Companies across the world to secure energy resources for the countries.

Increased spending will boost new offshore vessel construction including **Rigs, FPSOs etc.** Thus we expect resurgence in offshore vessel demand due to stability in crude oil prices.

### ii. Stringent drilling regulations and International Maritime Organisation:

Tighter drilling rules may support a revival in offshore orders, which has begun with the pickup in the global economy and a doubling of oil prices from last year's low to more than US\$70 a barrel. About US\$167 billion is expected to be spent in the deepwater sector through 2015. These numbers stem potential orders for ship building companies worldwide. Further, MARPOL (Marine Pollution Regulation) contains requirements to prevent pollution that may be caused both accidentally and in the course of routine operations. MARPOL concerns the prevention of pollution from oil, bulk chemicals, dangerous goods, sewage, garbage and atmospheric pollution, and includes provisions such as those which require certain oil tankers to have double hulls. Accordingly, the regulation of IMO has mandated replacement of the single hull tankers with double hull tankers by 2015.

### iii. Growth in the world trade:

World-trade has grown significantly with the growth in global GDP over the past decade. Looking forward, as the global economy gradually comes out of the financial crisis; there will be higher trade activities. Substantial demand from China for bulk goods more than overcame the global contraction in demand. Emerging economies will trigger the demand for new build. Increasing infrastructure and construction activities is driving demand for steel. Energy demand is driving demand for Oil and Coal.

This will also lead to demand for new-builds, further fueled by emergence of specialized categories like LNG carriers.

## III. Risks and Concerns:

- (i) **Operational Risks:** The Company credits itself for timely delivery 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) **Risk related to the Ship Building Industry:** As a ship building company having a global customer base, we are subject to the industry's business cycles, the timing, duration and volatility of which are difficult to predict. The ship building industry has historically been cyclical. Our revenues from vessel construction depend upon the level of capital expenditures by Exploration and Production (E&P) players.

These capital expenditures depend upon a range of competitive and market factors, including:

- the current and anticipated market demand for offshore vessels depending on the supply-demand equation;



## Management Discussions and Analysis ...Contd.

- raw material prices;
- production costs;
- changes in vessel inventory levels;
- general economic conditions; and
- access to capital.

Reductions or delays in capital expenditure by our customers in the E&P sector could have a material adverse effect on our business, financial condition and results of operations.

- (iii) **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. Subsidies are provided as relief from all taxes paid by the Indian shipbuilders as they face a cost disadvantage vis-avis other shipbuilding nations. The revival of subsidy scheme is under active consideration of Government of India.
- (iv) **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 input, especially steel, has gone up. Steel accounts for a major cost of building a ship. Your company has entered into back to back contracts with the suppliers and has also followed the practice of storing sufficient steel in inventory to negate the immediate impact of the rise in steel prices. However, if the prices escalate further, this increase in input costs may affect the industry in general, and company in particular.
- (v) **Vulnerability due to certain concentrations:** The Company relies on outside vendors to supply the components and subassemblies used for vessel construction, each of which is obtained from a sole supplier or a limited number of suppliers. BSL's reliance on a limited group of suppliers involves several risks, including a potential inability to obtain an adequate supply of required components and reduced control over pricing and timely delivery of these equipments and components.
- (vi) **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, a 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 proportions of foreign revenues or foreign expenses vary significantly, the results of operations may be affected in case of adverse exchange rate fluctuations.
- (vii) **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.
- (viii) **Incremental orders/order cancellations.** In case the global economic scenario does not improve over the year, the company faces the risk of not receiving incremental orders. This could affect the growth prospects of the company.
- Besides, although the company has not faced any order cancellations till date, this risk continues to remain.

#### 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."

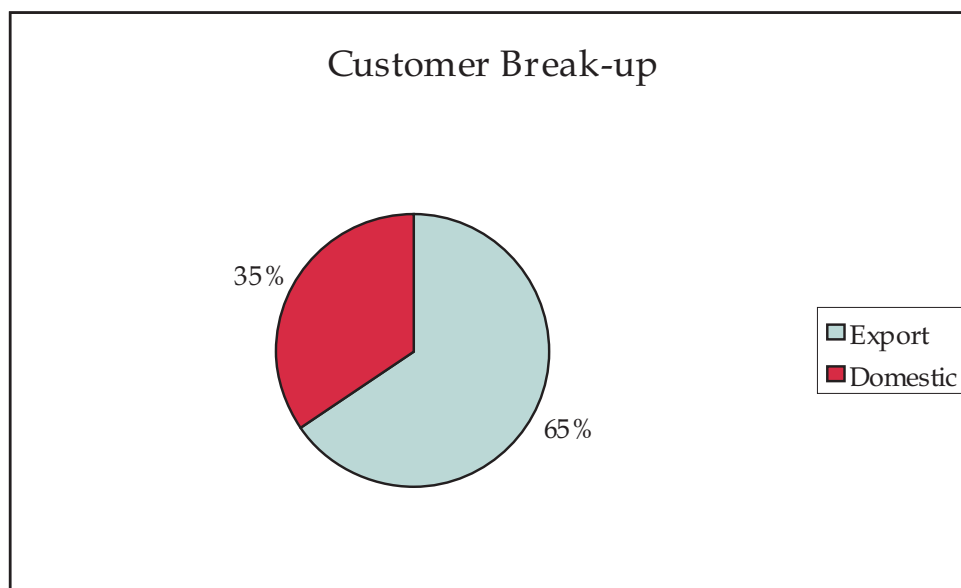
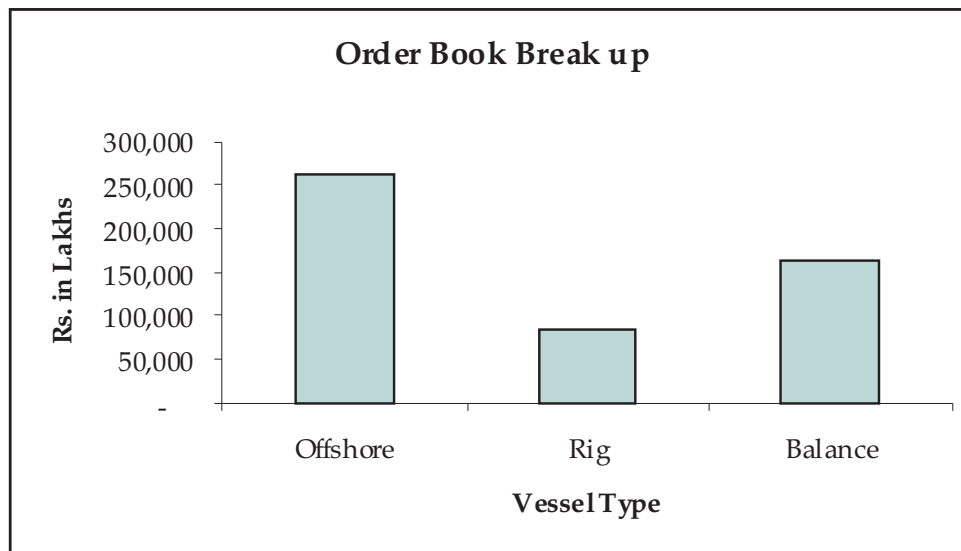


## Management Discussions and Analysis ...Contd.

### V. Financial Overview

#### i. Turnover

During the year, turnover has increased 35.41% in comparison to the previous year to Rs. 126,481.74 lakhs as against Rs. 93,409.60 lakhs in the previous year. The surge in the topline is attributable to execution at the Greenfield yards of the company. The capital expansion over the past years has yielded benefits in terms of higher and efficient utilization of the additional capacities created by the Company. Approximately 65% of the current order book comprises of export orders.



#### ii. Subsidy

During the year the company has booked subsidy of Rs. 8,361.80 lakhs. The company books subsidy 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 Material consumed has increased from Rs. 50,968.42 lakhs. to Rs. 70,406.54 lakhs primarily due to the increase in turnover. The raw material cost represented 55.67% of turnover for the year under consideration as compared to 54.56% last year. Raw Material cost as a percentage of sales have increased slightly due to 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. 12,790.34 lakhs to Rs. 16,881.14 lakhs. The manufacturing and other expenses represented 13.35% of Turnover for the year under consideration as compared to 13.69% last year. 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. 12,507.73 lakhs to Rs. 16,021.41 lakhs. This increase is mainly due to increase in turnover and rising labour costs. The employee cost represented 12.67% of turnover for the year as compared to 13.39% last year.

#### d. Bank & Finance Charges

Bank & Finance Charges have increased from Rs. 5,133.49 lakhs in previous year to Rs. 9,609.93 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. 1,008.69 lakhs in last year to Rs. 1,529.31 lakhs in current year. The increase in depreciation is mainly due to the purchase of Plant & Machinery for Greenfield yards in the year under consideration. 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 remained flat on a y-o-y basis at Rs. 13,886.72 as compared Rs. 13,332.26 in the previous year. Despite a sizeable increase in the topline, the Company showed flat net profit due to expansions made at Dabhol as well as other yards.

### v. EBIDTA

The EBIDTA (excluding subsidy) is Rs. 23,573.34 lakhs compared to 17,180.63 lakhs in previous year. The EBIDTA as a percentage of turnover stands at 18.64% as compared to 18.39 % for the previous year.

### vi. Secured and Unsecured Loans

Total Loan of company has increased to Rs. 2,29,279.77 Lakhs from Rs. 1,00,280.69 Lakhs. During the year the Company has raised fund by means of Term Loans (Secured and Unsecured) to accomplish its expansion goals at Dabhol & Mangalore Project as well as Expansion of existing facilities at other Yards. Further acquisition of GOL was completely funded through internal accruals, resulting in a drain in our working capital funds which had to be replenished by new borrowings. As a result our total loans increased on a y-o-y basis for the period under consideration.

### vii. Sundry Debtors

Debtors have increased from 28,112.02 lakhs to Rs. 35,839.54 lakhs. This increase is primarily due to increase in subsidy receivable.



## Management Discussions and Analysis ...Contd.

### **viii. Inventory**

As on 31st March 2010, the company has inventories of Rs. 1,23,109.11 lakhs in comparison to Rs. 84,782.05 lakhs as on 31st March, 2009). 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. 63,782.83 lakhs as on 31st March 2009 to Rs.1,42,552.84 lakhs for the year under consideration. The increase is due to the advances given to subsidiaries, suppliers and tax payments made for the F.Y. 2009-010, 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 from Rs. 97,703.57 lakhs. to Rs. 1,04,130.68 lakhs. This rise is mainly due to increase in advances received from customers. During the year the company has received advances against orders that are at various stages of completion 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, 2010 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 Shipyard Limited**

**P. C. Kapoor**  
Managing Director

**Date : 29th June, 2010.**  
**Place : Mumbai**

**For Bharati Shipyard 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 2010, 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

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

**CA. Ashwin Patel**  
Partner  
Membership No.127052  
Firm Reg. No. 128862W

**CA. Mitesh Kothari**  
Partner  
Membership No. 110822  
Firm Reg. No. 101474W

**Date: 29<sup>th</sup> June, 2010**  
**Place: Mumbai**



# 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, 2010, Profit and Loss Account and Cash Flow Statement for the year ended on that date 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, as amended by the Companies (Auditor's Report) Amendment Order, 2004 (hereinafter referred to as "the order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, hereinafter referred to as "the Act", and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
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 Act;
  - v. on the basis of written representations received from the directors of the Company as on 31st March, 2010 and taken on record by the Board of Directors, we report that, none of the directors are prima facie, disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; 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 Act, 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, 2010;
    - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

**CA. Ashwin Patel**  
Partner  
Membership No.127052  
Firm Reg. No. 128862W

**Date: 29<sup>th</sup> June, 2010**  
**Place: Mumbai**

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

**CA. Mitesh Kothari**  
Partner  
Membership No. 110822  
Firm Reg. No. 101474W



## 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, 2010 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 unsecured loans to 14 (fourteen) parties, consisting of 5 (five) subsidiaries, 8 (eight) private limited companies and 1 (one) public company listed in the register maintained under Section 301 of the Act. The maximum amount involved during the year is 99,345.31 Lakhs; and the year-end balance of loan granted to such parties is Rs. 91,114.75 Lakhs.
  - (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions on which loans have been given to the company are not, prima facie, prejudicial to the interest of the Company.
  - (c) There is no stipulation for repayment of principal and interest on the above loans and hence, the question of repayment being irregular does not arise.
  - (d) There is no stipulation for repayment of principal amount of the above loans and hence, the question of overdue principal amount does not arise.
  - (e) The company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Act. Accordingly, paragraph 4(iii) clause no. (f) and (g) of the Order are not applicable.
- (iv) In our opinion, there is an 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) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of the contracts or arrangements that need to be entered into the register maintained under section 301 of the Act, have been so entered.
  - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the contracts maintained under Section 301 of the Act exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public as defined under section 58A and 58AA of the Act and the rules framed there under, during the year under review.
- (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 Act has not been prescribed by the Central Government in respect of the Company's business.
- (ix) (a) According to the information and explanation given to us and according to books and records produced and examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, wherever applicable. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31-03-2010 for a period of more than six months from the date they become payable.



## Annexure to the Auditors' Report ...Contd.

- (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 1956	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) In our opinion, considering the nature of the business carried on during the year, the Company is not a chit fund or nidhi /mutual benefit fund /society. In view of the above, the said clause (xiii) is 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, as amended, 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.
- (xviii) During the year the Company has made preferential allotment of 1,370,000 Equity shares of Rs 10/- each at premium of Rs. 70/- to the promoters of the Company, which in our opinion is not prejudicial to the interest of the company.
- (xix) According to the information and explanation given to us, the Company had issued 11.00% secured redeemable non-convertible debentures amounting to Rs. 2,000 Lakhs during the year. The Company has created the security / charge in respect of the same.
- (xx) As informed to us, during the year covered by our audit report the Company has not raised any money by public issues.
- (xxi) In our opinion and according to information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For M/s. DPH & Co.  
Chartered Accountants

**CA. Ashwin Patel**  
Partner  
Membership No.127052  
Firm Reg. No. 128862W

**Date: 29<sup>th</sup> June, 2010**  
**Place: Mumbai**

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

**CA. Mitesh Kothari**  
Partner  
Membership No. 110822  
Firm Reg. No. 101474W



## Audited Balance Sheet

Particulars	Schedule	(Rs. in Lakhs)	
		As at March 31, 2010	As at March 31, 2009
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUND :</b>			
(a) Share Capital	A	2,893.93	2,756.93
(b) Reserves and Surplus	B	81,226.06	67,458.12
(c) Convertible Warrants	C	963.23	-
		<b>85,083.22</b>	<b>70,215.05</b>
<b>LOAN FUNDS :</b>			
(a) Secured Loans	D	150,292.06	69,788.79
(b) Unsecured Loans	E	78,987.71	30,491.91
		<b>229,279.77</b>	<b>100,280.70</b>
<b>DEFERRED TAX LIABILITY (NET) :</b>	F	4,191.02	3,450.01
<b>TOTAL</b>		<b>318,554.01</b>	<b>173,945.76</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS :</b>			
(a) Gross Block	G	42,601.12	28,982.36
(b) Less : Depreciation		5,387.45	3,796.08
<b>(c) Net Block</b>		<b>37,213.67</b>	<b>25,186.28</b>
(d) Capital work-in-progress		71,507.28	61,566.62
		<b>108,720.95</b>	<b>86,752.90</b>
<b>INVESTMENTS</b>	H	5,623.88	342.58
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
(a) Inventories	I	123,109.11	84,782.05
(b) Sundry Debtors	J	35,839.55	28,112.02
(c) Cash and Bank Balances	K	28,192.08	22,796.92
(d) Loans and Advances	L	142,552.83	63,782.78
		<b>329,693.57</b>	<b>199,473.78</b>
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>			
(a) Current Liabilities	M	104,130.68	97,703.58
(b) Provisions	N	21,451.57	15,115.64
		<b>125,582.25</b>	<b>112,819.21</b>
<b>NET CURRENT ASSETS</b>		<b>204,111.32</b>	<b>86,654.57</b>
<b>MISCELLANEOUS EXPENDITURE</b>	O	97.85	195.71
(To the extent not written off or adjusted)			
<b>NOTES TO ACCOUNTS</b>	V		
<b>TOTAL</b>		<b>318,554.01</b>	<b>173,945.76</b>

As per our Report attached

For M/s. DPH & Co.  
Chartered AccountantsCA. Ashwin Patel  
[Partner]  
Membership No. 127052  
Firm Reg. No. 128862WDate: 29<sup>th</sup> June, 2010  
Place : MumbaiFor M/s. Bhuta Shah & Co.  
Chartered AccountantsCA. Mitesh Kothari  
[Partner]  
Membership No. 110822  
Firm Reg. No. 101474W

For and on behalf of Board

P. C. Kapoor  
[Managing Director]Vijay Kumar  
[Managing Director]CS. U. A. Patel  
[Chief General Manager & Company Secretary]



## Audited Profit and Loss Account

(Rs. in Lakhs)

Particulars	Schedule	Year Ended	Year Ended
		March 31, 2010	March 31, 2009
<b>INCOME :</b>			
Turnover	P	126,481.74	93,409.59
Subsidy		8,361.80	8,498.30
Other Income	Q	400.69	37.52
<b>Total Income</b>		<b>135,244.23</b>	<b>101,945.42</b>
<b>EXPENDITURE :</b>			
Raw Material Consumed	R	70,406.54	50,968.42
Manufacturing and Other Expenses	S	16,881.15	12,790.33
Employee Cost	T	16,021.40	12,507.73
Interest and Finance Charges (Net)	U	9,609.93	5,133.49
Depreciation	G	1,529.31	1,008.69
<b>Total Expenditure</b>		<b>114,448.33</b>	<b>82,408.67</b>
<b>PROFIT BEFORE TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS</b>		<b>20,795.91</b>	<b>19,536.75</b>
Less: Provision for Taxation			
Current Tax		6,327.53	6,230.24
Deferred Tax		741.00	416.73
Fringe Benefit Tax		-	61.32
Prior Period Tax Adjustments		(159.34)	(503.79)
<b>PROFIT AFTER TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS</b>		<b>13,886.72</b>	<b>13,332.27</b>
Surplus brought forward		32,259.15	21,227.75
<b>Amount Available For Appropriation</b>		<b>46,145.87</b>	<b>34,560.01</b>
<b>APPROPRIATIONS :</b>			
Transfer to General Reserve		1,388.67	1,333.23
Proposed Final Dividend		868.18	827.08
Dividend distribution Tax thereon		147.55	140.56
Surplus carried forward		43,741.47	32,259.14
<b>TOTAL</b>		<b>46,145.87</b>	<b>34,560.02</b>
<b>EARNINGS PER SHARE</b>			
Equity shares of face value of Rs. 10/- each			
Basic (in Rs.)		50.32	48.36
Diluted (in Rs.)		41.72	41.81
Basic (in Rs.) before Prior Preiod Tax Adjustment		49.74	46.53
Diluted (in Rs.) before Prior Preiod Tax Adjustment		41.24	40.23

**NOTES TO ACCOUNTS**

V

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  
Firm Reg. No. 128862W

CA. Mitesh Kothari  
[Partner]  
Membership No. 110822  
Firm Reg. No. 101474W

P. C. Kapoor  
[Managing Director]

Vijay Kumar  
[Managing Director]

Date: 29<sup>th</sup> June, 2010  
Place: Mumbai

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



## Schedules to the Audited Balance Sheet

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'A' : SHARE CAPITAL :</b>		
<b>Authorised Capital</b>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	4,000.00
	<b>5,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed and Paid up Capital</b>		
2,89,39,300 (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. In the current financial year 13,70,000 shares of Rs. 10 each were issued on partly conversion of convertible warrants Tranche - 1	2,893.93	2,756.93
<b>Total</b>	<b>2,893.93</b>	<b>2,756.93</b>
<b>SCHEDULE 'B' : RESERVES &amp; SURPLUS :</b>		
<b>(a) Securities Premium Account</b>		
As per last Balance Sheet	30,196.71	30,196.71
Add: Premium on issue of Equity share (Conversion Tranche - I Conve	959.00	-
	<b>31,155.71</b>	<b>30,196.71</b>
<b>(b) Revaluation Reserve</b>		
As per last Balance Sheet	514.93	576.99
Less: Withdrawn for Depreciation for the year	62.06	62.06
	<b>452.87</b>	<b>514.93</b>
<b>(c) General Reserve</b>		
As per last Balance Sheet	4,487.34	3,102.76
Add: Provision for Gratuity reversed	-	51.35
Add: Transferred from Profit & Loss Account	1,388.67	1,333.23
	<b>5,876.01</b>	<b>4,487.34</b>
<b>(d) Profit &amp; Loss Account</b>	43,741.47	32,259.14
<b>Total</b>	<b>81,226.06</b>	<b>67,458.12</b>
<b>SCHEDULE 'C' : CONVERTIBLE WARRANTS :</b>		
<b>Amount to be converted into Equity Shares</b>		
Tranche - 1 - 13,70,000 Equity Share warrants of Rs 80 each 25% paid up (Pervious year "Nil")	274.00	-
Tranche - 2 - 13,78,464 Equity Share warrants of Rs 200 each 25% paid up (Pervious year "Nil")	689.23	-
<b>Total</b>	<b>963.23</b>	<b>-</b>





## Schedules to the Audited Balance Sheet as at 31st March, 2010 ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'D' : SECURED LOANS :</b>		
(a) Debentures	9,000.00	7,000.00
(b) Loans and advances from banks		
(i) Cash Credit / Export Credit	19,037.32	27,002.12
(ii) Term Loans	114,754.74	35,786.66
	<b>133,792.06</b>	<b>62,788.78</b>
(c) Loans and advances from Financial Institutions	7,500.00	-
<b>Total</b>	<b>150,292.06</b>	<b>69,788.79</b>
<b>SCHEDULE 'E' : UNSECURED LOANS :</b>		
(a) Foreign Currency Convertible Bonds (FCCBs) (Refer Note II- 20 Schedule "V")	28,754.05	30,491.91
(a) Loans and advances from banks	45,145.51	-
(b) Loans and advances from Others	5,088.15	-
<b>Total</b>	<b>78,987.71</b>	<b>30,491.91</b>
<b>SCHEDULE 'F' : DEFERRED TAX LIABILITY (NET) :</b>		
(a) Deferred Tax Liabilities		
On account of timing difference of depreciation	4,263.81	3,522.81
(b) Deferred Tax Assets		
On account of Gratuity liability	(28.03)	( 28.03)
On account of Diminution in value of investment	(44.76)	( 44.76)
<b>Total</b>	<b>4,191.02</b>	<b>3,450.01</b>



**SCHEDULE 'G' : FIXED ASSETS :** (Rs. in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01-Apr-09	Additions	Dedu- ctions	As at 31-Mar-10	As at 01-Apr-09	for the C.Y.	Charged to Reval. Res.#	Dedu- ctions	As at 31-Mar-10	As at 31-Mar-10	
Land & Land Developments	2,366.89	1,512.71	-	3,879.60	-	-	-	-	-	3,879.60	2,366.89
Building	721.57	2,506.27	-	3,227.84	118.96	56.66	4.36	-	179.98	3,047.86	602.61
Plant & Machinery	14,706.06	8,477.00	-	23,183.06	1,917.89	754.72	57.70	-	2,730.31	20,452.75	12,788.17
Dredger	184.13	-	-	184.13	27.62	18.41	-	-	46.03	138.10	156.51
Furniture and Fittings	1,162.36	808.77	-	1,971.13	77.39	100.05	-	-	177.44	1,793.69	1,084.97
Vehicles	629.47	44.92	-	674.39	137.21	61.03	-	-	198.24	476.15	492.26
Computers	272.20	168.94	-	441.14	109.17	60.19	-	-	169.36	271.78	163.04
Wind Mill	8,677.70	-	-	8,677.70	1,379.84	458.18	-	-	1,838.02	6,839.68	7,297.86
Office Equipments	261.98	100.16	-	362.14	28.01	20.07	-	-	48.08	314.06	233.97
<b>Total</b>	<b>28,982.36</b>	<b>13,618.77</b>	<b>-</b>	<b>42,601.13</b>	<b>3,796.08</b>	<b>1,529.31</b>	<b>62.06</b>	<b>-</b>	<b>5,387.45</b>	<b>37,213.67</b>	<b>25,186.28</b>
<b>Previous Year</b>	<b>18,973.39</b>	<b>10,028.73</b>	<b>19.75</b>	<b>28,982.36</b>	<b>2,736.97</b>	<b>1,008.69</b>	<b>62.06</b>	<b>11.64</b>	<b>3,796.08</b>	<b>25,186.27</b>	

\* Excluding Depreciation on Revalued Amount

# Refer Note II - 4 of Schedule "V"



Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'H' : INVESTMENTS :</b>		
<b>(a) Long Term (At Cost)</b>		
Non Trade Investments		
(i) Fully Paid Up Ordinary / Equity Shares (Quoted)		
150 Shares of ICICI Bank Ltd.	0.12	0.12
(Market Value as on 31-3-2010 was Rs. 952.70/- per share totaling to Rs.1.50 Lakhs)		
(ii) Investment in Subsidiary Companies Fully Paid Up Ordinary / Equity Shares (Unquoted)		
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Advitiya Urja Private Limited	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Vishudh Urja Private Limited	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Dhanshree Projects Private Limited	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Natural Power Ventures Private Limited	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Nirupam Energy Projects Private Limited	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Nishita Mercantile Private Limited	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Premila Mercantile Private Limited	1.00	1.00
1,53,000 (Previous Year 1,53,000) Equity Shares of Rs. 100/- each of Pinky Shipyards Private Limited	145.16	145.16
(iii) Investment in Joint Venture		
<b>Fully Paid Up Ordinary / Equity Shares (Unquoted)</b>		
2,25,048 (Previous Year 2,25,048) Equity Shares of Rs. 10/- each of Bengal Shipyards Limited	22.50	22.50
(b) <b>Current (At Cost or Fair Value whichever is lower)</b>		
<b>Non - Trade Investment</b>		
(i) <b>Investment in Units of Mutual Fund (Unquoted)</b>		
20,00,000 (Previous Year 20,00,000) Units of Rs. 10/- each of S.B.I. - Infrastructure Fund - Growth (NAV as at 31-03-2010 was 10.34/- per unit totaling to Rs.206.80 lakhs)	200.00	113.00
734,316.964 (Previous Year - Nil) Units of Rs. 10/- each of Principal Monthly Income Fund (NAV as at 31-03-2010 was 20.5479/- per unit totaling to Rs. 150.887/-) 29,850,211.63 (Previous Year - Nil) Units of Rs. 10/- each of (NAV as at 31-3-2010 was 16.7503/- per unit totaling to Rs.5,000.00 lakhs)	150.00	-
1,000,000 (Previous Year - 1,000,000) Units of Rs. 10/- each of S.B.I. Mutual Fund - India One Fund (NAV as at 31-3-2010 was 10.67/- per unit totaling to Rs.106.70 lakhs)	5,000.00	-
	99.00	54.70



## Schedules to the Audited Balance Sheet ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>(ii) Investment in Government Securities (Unquoted)</b>		
National Saving Certificate - Sixth Issue	0.10	0.10
<b>Total</b>	<b>5,623.88</b>	<b>342.58</b>
<b>SCHEDULE 'I' : INVENTORIES :</b>		
(As taken, valued & certified by management)		
Raw Materials	71,125.48	65,217.95
Semi Finished Goods	51,983.63	19,564.10
(Net of Advances from Debtors of Rs. 2,30,446.06/-lakhs (Previous year Rs.1,53,428.08 lakhs))		
<b>Total</b>	<b>123,109.11</b>	<b>84,782.05</b>
<b>SCHEDULE 'J' : SUNDRY DEBTORS :</b>		
(Unsecured and Considered Good)		
Outstanding for more than six months	30,992.04	26,891.57
Others	4,847.51	1,220.45
<b>Total</b>	<b>35,839.55</b>	<b>28,112.02</b>
<b>SCHEDULE 'K' : CASH &amp; BANK BALANCES :</b>		
(a) Cash on hand	55.53	58.60
(b) Bank Balances		
(i) with Scheduled Banks #		
(1) In current accounts	9,348.58	608.61
(2) In deposit accounts	17,203.59	19,914.35
(3) In EEFC accounts	0.93	1.07
# Includes unpaid dividend and share application monies accounts		
(ii) with Foreign Banks *		
(1) In current accounts		
Checking Accounts (SBI, Nassau)	123.76	2,118.00
Current Account (Citibank, New York)	10.57	11.90
(2) In deposit accounts		
Fixed Deposit ( SBI, Hong Kong)	76.59	84.39
Fixed Deposit ( SBI, Nassau)	1,372.53	-
* Unutilised proceeds from FCCB/ECB		
<b>Total</b>	<b>28,192.08</b>	<b>22,796.92</b>



## Schedules to the Audited Balance Sheet ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'L' : LOANS &amp; ADVANCES :</b>		
(Unsecured and Considered Good)		
Advances for value to be received in cash or kind	128,012.79	53,937.30
Balances with Government Authorities	2,359.91	1,404.50
Trade Deposits	710.29	665.33
Advance tax and tax deducted at source	11,469.84	7,775.66
<b>Total</b>	<b>142,552.83</b>	<b>63,782.80</b>
<b>SCHEDULE 'M' : CURRENT LIABILITIES :</b>		
Sundry Creditors other than Small and Medium Enterprises (Refer Note II - 11 of Schedule "V") -	28,798.20	10,991.34
Unpaid Dividend #	4.20	4.25
Unpaid Share Application Money #	8.38	9.70
Advances received against orders	72,900.29	85,850.81
Other Current Liabilities	2,419.61	847.48
# There are no amounts due and outstanding to be credited to be credited to the Investor Education and Protection Fund.		
<b>Total</b>	<b>104,130.68</b>	<b>97,703.58</b>
<b>SCHEDULE 'N' : PROVISIONS :</b>		
Provision for Income Tax	20,230.14	13,900.82
Provision for Fringe Benefit Tax	171.04	163.06
Provision for Gratuity	34.67	194.74
Dividend Payable	868.18	-
Dividend Distribution Tax Payable	147.55	-
<b>Total</b>	<b>21,451.57</b>	<b>14,258.62</b>
<b>SCHEDULE 'O' : MISCELLANEOUS EXPENDITURE :</b>		
Share Issue Expenses	195.71	293.56
Less: Written off to Profit & Loss account	97.85	97.85
<b>Total</b>	<b>97.86</b>	<b>195.71</b>



## Schedules to the Audited Profit and Loss Account

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'P' : TURNOVER :</b>		
Ship Manufacturing & Repairs	16,007.05	24,587.47
Increase in WIP	109,437.51	68,174.25
Wind Mill Income	1,037.18	647.87
<b>Total</b>	<b>126,481.74</b>	<b>93,409.59</b>
<b>SCHEDULE 'Q' : OTHER INCOME :</b>		
Scrap Sale	266.00	37.50
Dividend Income	3.39	0.02
Reversal of diminution in value of investment	131.30	
<b>Total</b>	<b>400.69</b>	<b>37.52</b>
<b>SCHEDULE 'R' : RAW MATERIAL CONSUMED :</b>		
Opening Stock	65,217.95	34,013.29
Add : Purchases	76,314.07	82,173.08
	<b>141,532.02</b>	<b>116,186.37</b>
Less : Closing Stock	71,125.48	65,217.95
<b>Total</b>	<b>70,406.54</b>	<b>50,968.42</b>



# Schedules to the Audited Profit and Loss Account

## ...Contd.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>SCHEDULE 'S' : MANUFACTURING &amp; OTHER EXPENSES :</b>		
Auditors' Remuneration	101.03	53.82
Advertisement Expenses	86.12	60.53
Car Hire Charges	363.04	248.34
Clearing & Forwarding	1,832.18	1,709.54
Commission and Brokerage	745.24	683.59
Conveyance	19.56	25.72
Courier & Postage Charges	69.27	33.76
Design & Consultancy	3,044.13	1,394.72
Diminution in value of investment	-	131.30
Director's Sitting Fees	6.30	2.10
Donation / Gifts	153.95	50.57
Electricity Charges	463.23	330.60
Equipment Hire Charges	3,605.52	1,305.61
Exhibition Expenses	14.76	37.79
Foreign Exchange Variation	163.15	1,584.62
Inspection / Testing Charges / Service	714.28	781.50
Insurance Charges	767.84	292.93
Keyman Insurance	80.00	80.00
Launching & Delivery Expenses	387.29	248.88
Lease Rent towards Land	499.21	503.20
Legal and Professional Expenses	184.96	72.24
Loss on sale of Motor Car	-	3.53
Membership and Subscription	30.83	32.96
Office & Miscellaneous Expenses	232.89	167.13
Port Dues	156.10	273.55
Printing & Stationery	43.55	97.85
Preliminary Expenses written off	97.85	37.29
Rent	458.92	444.41
Rates and taxes	45.18	34.80
Repairs & Maintenance	180.24	215.63
Service Charges	260.02	78.61
Service tax	22.13	24.89
Telephone & Telex Charges	155.55	157.71
Transport Charges	1,069.40	1,016.95
Travelling Expenses	827.41	567.36
<b>Total</b>	<b>16,881.15</b>	<b>12,790.33</b>



# Schedules to the Audited Profit and Loss Account

## ...Contd.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>SCHEDULE 'T' : EMPLOYEE COST :</b>		
Salaries, Wages, Stipend and Bonus	3,194.26	2,238.02
Labour Charges	11,601.65	9,492.25
Contribution to Provident Fund, ESIC, Gratuity	330.07	286.43
Staff Welfare	334.42	145.66
Remuneration of Directors	561.00	345.37
<b>Total</b>	<b>16,021.40</b>	<b>12,507.73</b>
<b>SCHEDULE 'U' : INTEREST AND FINANCE CHARGES (NET) :</b>		
Bank Guarantee Commission	2,335.87	2,273.11
Interest on Term loan & Debentures	6,336.00	863.11
Interest on Working Capital Loans	2,911.44	2,302.06
Other Finance Charges	2,130.52	815.66
	<b>13,713.83</b>	<b>6,253.94</b>
Less: Interest on Bank Deposits	1,082.73	889.29
Interest on Inter Others	3,021.16	231.17
	<b>4,103.89</b>	<b>1,120.46</b>
<b>Total</b>	<b>9,609.93</b>	<b>5,133.48</b>





# Schedule 'V': Significant Accounting Policies and notes to Accounts

## I. 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. 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.

### 5. 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.

### 6. 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.

### 7. 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 as percentage of contract value duly certified by Chartered Engineer.

### 8. 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).

### 9. 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 by applying percentage of work completed to the total contract value duly certified.
- ii. Revenue from ship repair is recognized on the basis of job completion.
- 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.



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 10. 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.

### 11. 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

### 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 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.

### 14. 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.

### 15. 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.

### 16. 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.



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### II. NOTES TO THE ACCOUNTS

#### 1. Auditors' Remuneration

(Rs. in Lakhs)

Particulars	F.Y. 2009- 2010	F.Y. 2008- 2009
Fees as Auditors	9.93	2.21
Tax Audit	1.10	0.56
Taxation Matters	90.00	51.05
<b>Total</b>	<b>101.03</b>	<b>53.82</b>

#### 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. 2009- 2010	F.Y. 2008- 2009
Land, Buildings and Site Development Expenses	21,447.82	28,448.30
Plant and Machinery	46,539.65	29,596.75
Consultant Fees	3,159.82	3,159.82
Other Fixed Assets	-	1.75
<b>Total</b>	<b>71,507.29</b>	<b>61,566.62</b>

#### 3. Contingent Liabilities not provided in respect of

(Rs. in Lakhs)

Particulars	F.Y. 2009- 2010	F.Y. 2008- 2009
a) Claims made against company not acknowledged as debts.	931.83	931.83
b) Tax / Duties that may arise in respect of which appeals are pending.	155.00	155.00
c) Letter of Credit outstanding	16,476.67	20,219.81
d) Liabilities arising out of unexecuted Contract (Net of Advances)	48,500.00	50,370.00
<b>Total</b>	<b>66,063.50</b>	<b>71,676.64</b>

#### 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. Note on Convertible Share Warrants

As per the approval of shareholders in the Extra Ordinary General Meeting held on 15th May, 2009, the Company has allotted 2,740,000 convertible warrants to Promoter Directors entitling them to apply for and obtain allotment of one equity share at a price of Rs. 80/- per share against each such warrant at any time after the date of allotment but before the expiry of 18 months from the date of allotment in one or more tranches. Out of the above, 1,370,000 warrants are converted into equity shares of Rs. 10/- each at a price of Rs. 80/- per share including premium of Rs. 70/- per share. The Company has received 25% amount against each outstanding convertible warrant.

As per the approval of shareholders in the Annual General Meeting held on 29th September, 2009, the Company has allotted 1,378,464 convertible warrants to Promoter Directors entitling them to apply for and obtain allotment of one equity share at a price of Rs. 200/- per share against each such warrant at any time after the date of allotment but before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received 25% amount against each outstanding convertible warrant.



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 6. Details of Secured Loan

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>Debentures:</b>		
12.45% Secured Redeemable Non-Convertible Debentures (Secured by way of First Parri Passu charge on Fixed Assets i.e. Movable and Immovable Assets including land and Building both present & Future)	7,000.00	7,000.00
11.00% Secured Redeemable Non-Convertible Debentures (Secured by way of First Parri Passu charge on Fixed Assets of the company)	2,000.00	-
<b>Debentures (A)</b>	<b>9,000.00</b>	<b>7,000.00</b>
<b>Cash / Export Credit facilities</b>		
Cash / Export Packing Credit Account with State Bank of India	19,387.17	19,545.29
Cash Credit Account with State Bank of Hyderabad	870.98	1,005.44
Cash / Export Packing Credit Account with Andhra Bank	(10,143.53)	(268.76)
Cash Credit Account with State Bank of Travancore	3,114.59	3,711.61
Cash Credit Account with IDBI	1,924.47	1,008.54
Export Packing Credit Account with EXIM Bank of India	2,000.00	2,000.00
Cash Credit Account with Allahabad Bank	1,883.64	-
(All the above loans from State Bank of India, State Bank of Hyderabad, Andhra Bank, State Bank of Travancore, IDBI and EXIM Bank of India 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)		
<b>Cash Credit / Export Credit facilities (B)</b>	<b>19,037.32</b>	<b>27,002.12</b>
<b>Term Loans from Scheduled Bank -</b>		
Term Loan - I from State Bank of India (Ratnagiri Expansion) (Secured by way of Mortgage of Plant and Machinery related to Ratnagiri Expansion Project) (Principle amount repayable within 1 year Rs. 92.92 Lakhs)	92.92	184.00
Term Loan - II from State Bank Of India (Wind Power Generator) (Secured by way of Mortgage of Wind Power Project) (Principle amount repayable within 1 year Rs. 267.00 Lakhs )	794.69	1,061.68
Term Loan - Exim Bank (Secured by way of Mortgage of Fixed Assets at Dabhol Yard) (Principle amount repayable within 1 year Rs. 3,000.00 Lakhs)	17,500.00	15,000.00
Term Loan - Allahabad Bank (Secured against subsequent charge on the Current Assets of the company)	10,000.00	10,000.00
Term Loan - Allahabad Bank	10,000.00	-



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
(Secured Against entire movable and immovable Fixed Assets of the company)		
Term Loan - Bank of Baroda	7,500.00	
(Secured by way of Fixed Assets at Dabhol Yard)		
Term Loan - Bank of India	7,500.00	
(Secured by way of Fixed Assets and Capital Work in Progress of the Company except the Fixed Assest specifically charged with SBI)		
(Principle amount repayable within 1 year Rs. 625.00 Lakhs)		
Term Loan - Bank of Rajasthan	4,974.94	
(Secured against Fixed Assets of the Company)		
(Principle amount repayable within 1 year Rs. 300.00 Lakhs)		
Term Loan - Central Bank of India	7,479.34	
(Secured by way of Fixed Assets of the company except the Fixed Assets of Ratnagiri yard)		
Term Loan - Punjab National Bank	10,000.00	
(Secured against Fixed Assets of Dabhol Yard)		
(Principle amount repayable within 1 year Rs. 952.38 Lakhs)		
Term Loan - State Bank of Mysore	4,997.00	
(Secured by way of Fixed Assets of the Compnay except the Assets located at Ratnagiri yard)		
(Principle amount repayable within 1 year Rs. 333.00 Lakhs)		
Term Loan - Punjab National Bank	7,500.00	
(Secured against Fixed Assets including Capital Work in Progress of the company)		
Term Loan - Punjab National Bank	15,146.51	
(Secured against Fixed Assets of company including WIP of the company)		
(Principle amount repayable within 1 year Rs. 15,146.51 Lakhs)		
ECB - DBS Bank	9,028.00	9,540.97
(Secured by way of Fixed Assets located at Dabhol Yard)		
Central Bank of India - FCNR Loan	2,241.34	
(Secured by way of immovable and Fixed Assets of the Compnay)		
<b>Term Loans from Scheduled Bank (C)</b>	<b>114,754.74</b>	<b>35,786.66</b>
<b>Term Loans from Financial Institutions</b>		
Term Loan - L & T Finance	7,500.00	
(Secured Against Fixed Assets of the company)		
(Principle amount repayable within 1 year Rs. 375.00 Lakhs)		
<b>Term Loans from Financial Institutions (D)</b>	<b>7,500.00</b>	<b>-</b>
<b>Total (A + B + C + D)</b>	<b>150,292.06</b>	<b>69,788.77</b>



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 7. Advances recoverable in cash or in kind or for value to be received include:

(Rs. in Lakhs)

Particulars	As at 31.03.2010	As at 31.03.2009
From Subsidiaries	89,552.81	17,618.42
From Associates	160.22	254.97
From Joint Ventures	2,638.00	505.00
Others	35,661.76	35,558.91
<b>Total</b>	<b>128,012.79</b>	<b>53,937.30</b>

8. Balance of Sundry Debtors, Creditors, Loans and Advances and Personal Accounts are subject to confirmation.
9. 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.
10. Outstanding foreign currency monetary assets and liabilities which are backed by letter of credit are not translated at the exchange rate prevailing on the balance sheet date.

### 11. Micro, Small and Medium Enterprises

The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2010 together with interest paid/payable as required under the Act, have not been given.

### 12. 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.



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### (i) Principal Actuarial assumptions at the Balance Sheet Date

Actuarial Assumptions: for the year	Gratuity (Funded)	
	Current Year	Previous Year
(a) Discount Rate (p.a.)	8.00%	8.00%
(b) Rate of Return on Plan Assets (Para 107-109AS-15)	8.00%	8.00%
(c) Salary Escalation Rate (Para 83-91 AS-15)	5.00%	5.00%
(d) Mortality	IAL 94-96 Modified Ultimate	
(e) Withdrawal rate	3.00%	3.00%

### (ii) Change in Benefit Obligation

Actuarial Assumptions: for the year	Gratuity (Funded)	
	Current Year	Previous Year
Liability at the beginning of the year	172.20	174.24
Interest Cost	13.38	13.07
Current Service Cost	36.45	20.50
Benefits Paid	(9.89)	-
Transfer from previous employer's	-	-
Provision for diminution in fair value of plan assets	-	-
Actuarial gain/(loss) on obligations	2.57	(35.61)
Liability at the end of the year	<b>214.71</b>	<b>172.20</b>

### (iii) Fair value of Plan Assets:

Actuarial Assumptions: for the year	Gratuity (Funded)	
	Current Year	Previous Year
Fair Value of Plan Assets at the beginning of the year	97.85	-
Expected Return on Plan Assets	10.74	7.30
Employer's Contribution	82.70	194.74
Employee's Contribution	-	-
Benefit's Paid	(9.89)	-
Provision for diminution on fair value of plan assets	-	-
Actuarial gain/(loss) on Plan Assets	(1.37)	(104.19)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>180.04</b>	<b>97.85</b>

### (iv) Actual Return on Plan Assets:

Actuarial Assumptions: for the year	Gratuity (Funded)	
	Current Year	Previous Year
Expected Return On Plan Assets	10.74	7.30
Actuarial gain/(loss) on Plan Assets	(1.37)	(104.19)
Actual Return on Plan Assets	9.37	97.85



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### (v) Actual Return on Plan Assets:

Actuarial Assumptions: for the year	Gratuity (Funded)	
	Current Year	Previous Year
Liability at the end of the year	214.71	172.20
Fair value of the Plan Assets at the end of the year	180.04	97.85
Difference	(34.67)	(74.35)
Unrecognised Past Service Cost	-	-
Amount recognised in the Balance Sheet	(34.67)	(74.35)

### (vi) Expenses Recognised in the Profit & Loss Account:

Actuarial Assumptions: for the year	Gratuity (Funded)	
	Current Year	Previous Year
Current Service Cost	36.45	20.50
Interest Cost	13.38	13.07
Expected Return on Plan Assets	(10.74)	(7.30)
Net Actuarial Gain/(loss) to be recognised	3.94	68.58
Expenses Recognised in Profit and Loss Account	43.02	94.85





## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 13. Segment Reporting

i.

#### Primary Segments (Business Segments)

(Rs. In Lakhs)

Segments Particulars	Ship Manufacturing/ Repairing	Windmill Power	Total
<b>REVENUE</b>			
Turnover	125,444.56	1,037.18	126,481.74
Subsidy	8,361.80	-	8,361.80
Other Income	400.69	-	400.69
<b>Total</b>	<b>134,207.05</b>	<b>1,037.18</b>	<b>135,244.22</b>
<b>RESULT</b>			
Segment Results Before	30,968.20	966.94	31,935.14
Depreciation, Interest and Tax			
Less: Interest (Net)	9,495.51	114.42	9,609.93
Less: Depreciation	1,071.13	458.18	1,529.31
Profit / (Loss) before Tax	20,401.57	394.34	20,795.91
Less: Tax Expenses			6,909.18
<b>Net Profit / (Loss) after Tax</b>			<b>13,886.72</b>
<b>OTHER INFORMATION</b>			
Segment Assets	436,679.53	7,358.87	444,038.40
Segment Liabilities	358,165.53	835.01	359,000.54

#### ii. Secondary Segments (Geographical Segments)

(Rs. in Lakhs)

Segments Particulars	Domestic	Overseas	Total
<b>REVENUE</b>			
Ship Manufacturing	54,073.72	80,133.33	134,207.05
Windmill Power	1,037.18		1,037.18
<b>Total</b>	<b>55,110.90</b>	<b>80,133.32</b>	<b>135,244.22</b>
<b>Segment Assets</b>	444,038.40	-	444,038.40
Additions to Fixed Assets			
incl Capital WIP	23,559.42	-	23,559.42

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



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 14. 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
Subsidiaries	<ol style="list-style-type: none"> <li>1. Pinky Shipyard Pvt. Ltd.</li> <li>2. Advitiya Urja Pvt. Ltd.</li> <li>3. Nishita Mercantile Pvt. Ltd.</li> <li>4. Premila Mercantile Pvt. Ltd.</li> <li>5. Vishudh Urja Pvt. Ltd.</li> <li>6. Natural Power Ventures Pvt. Ltd.</li> <li>7. Nirupam Energy Projects Pvt. Ltd.</li> <li>8. Dhanshree Properties Pvt. Ltd.</li> </ol>
Joint Venture	<ol style="list-style-type: none"> <li>1. Bengal Shipyard Ltd.</li> </ol>
Key Managerial Personnel	<ol style="list-style-type: none"> <li>1. Mr. P. C. Kapoor - Managing Director</li> <li>2. Mr. Vijay Kumar - Managing Director</li> </ol>
Relatives of Key Managerial Personnel	<p><b>Relatives of Mr. P. C. Kapoor</b></p> <ol style="list-style-type: none"> <li>1. Mrs. Madhu Kapoor – Wife</li> <li>2. Mrs. Radhika Mehra – Daughter</li> </ol> <p><b>Relatives of Mr. Vijay Kumar</b></p> <ol style="list-style-type: none"> <li>3. Mrs. Ashraf G. Kumar – Wife</li> <li>4. Ms. Sukriti V. Kumar – Daughter</li> </ol>
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	<ol style="list-style-type: none"> <li>1. Bharati Shipping &amp; Dredging Company Pvt. Ltd.</li> <li>2. Bharati Maritime Services Pvt. Ltd.</li> <li>3. Bharati Infratech Projects Pvt. Ltd.</li> <li>4. Bharati Marine Construction &amp; Engineering Pvt. Ltd.</li> <li>5. Harsha Infrasrtucture Pvt. Ltd.</li> <li>6. Sharven Multitrade Pvt. Ltd.</li> <li>7. Swati Silk Mills Pvt. Ltd.</li> <li>8. Usha Silk Mills Pvt. Ltd.</li> <li>9. Vayuraj Energy Projects Pvt. Ltd.</li> <li>10. Vayutatva Energy Projects Pvt. Ltd.</li> </ol>



## Schedule 'V': Significant Accounting Policies and notes to 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				
<b>Transactions during the year</b>						
Remuneration	-	-	-	579.00	-	579.00
Directors' sitting fees	-	-	-	6.30	-	6.30
Rent	-	-	-	7.20	3.60	10.80
Equipment						
Hire charges	-	2,382.00	-	-	-	2,382.00
Labour charges	817.72	-	-	-	-	817.72
Advances given	86,559.11	231.25	2,133.00	-	-	88,923.36
Interest income	1,105.41	-	-	-	-	1,105.41
Repayment of advances given	15,619.40	76.00	-	-	-	15,695.40
Preferential allotment money received	-	-	-	2,059.23	-	2,059.23
Preferential Allotment of Shares	-	-	-	137.00	-	137.00
Premium on preferential allotment of shares	-	-	-	959.00	-	959.00
<b>Outstanding balances as on 31.03.2010</b>						
Loans and Advances	89,552.81	160.22	2,638.00	-	2.50	92,353.53
Other Current Liabilities	-	314.75	-	250.56	-	565.31
Share warrants – application money	-	-	-	963.23	-	963.23



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### (iii) Disclosure in respect of Material Related Party Transactions during the year

(Rs. in Lakhs)

#### (a) Remuneration include:

Particulars	Current Year	Previous Year
Mr. P C Kapoor	289.50	177.08
Mr. Vijay Kumar	289.50	177.08

#### (b) Rent include:

Particulars	Current Year	Previous Year
Mr. P C Kapoor	3.60	3.60
Mr. Vijay Kumar	3.60	3.60
Mrs. Ashraf Kumar	3.60	3.60

#### (c) Equipment Hire Charges include:

Particulars	Current Year	Previous Year
Bharti Maritime Services Private Limited	1,740.00	1,740.00
Harsha Infrastructure Private Limited	642.00	Nil

#### (d) Labour Charges include:

Particulars	Current Year	Previous Year
Pinky Shipyard Private Limited	817.72	511.24

#### (e) Advances Given include:

Particulars	Current Year	Previous Year
Dhanashree Properties Private Limited	19,996.90	Nil
Natural Power Ventures Private Limited	66,561.89	11,305.88
Advitiya Urja Private Limited	Nil	4,203.22
Nirupam Energy Projects Private Limited	Nil	14,075.05
Bengal Shipyard Limited	2,133.00	Nil

#### (f) Interest Income include:

Particulars	Current Year	Previous Year
Dhanashree Properties Private Limited	429.70	Nil
Natural Power Ventures Private Limited	675.71	Nil



Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

**(g) Repayment of Advances Given include:**

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
Natural Power Ventures Private Limited	7,521.97	2,900.00
Nirupam Energy Progects Private Limited	5,891.00	8,175.00
Vishudh Urja Private Limited	2,000.00	Nil
Advitiya Urja Private Limited	Nil	2,150.00

**(h) Preferential Allotment Money Received include:**

Particulars	Current Year	Previous Year
Mr. P.C. Kapoor	1,029.62	Nil
Mr. Vijay Kumar	1,029.62	Nil

**(i) Allotment of equity shares include:**

Particulars	Current Year	Previous Year
Mr. P.C. Kapoor	68.50	Nil
Mr. Vijay Kumar	68.50	Nil

**(j) Premium on allotment of equity shares:**

Particulars	Current Year	Previous Year
Mr. P.C. Kapoor	479.50	Nil
Mr. Vijay Kumar	479.50	Nil



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 15. Earning Per Share Calculation of EPS 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 un-issued share capital and on conversion of FCC Bonds.

Sr. No.	Particulars	Units	2009-2010	2008 - 2009
(a) (i)	Profit after tax	Rs. Lakhs	<b>13,886.72</b>	<b>13,332.26</b>
	Less: Prior Period Tax Adjustment	Rs. Lakhs	(159.34)	(503.79)
(a) (ii)	Profit before Prior Period Tax Adjustment	Rs. Lakhs	<b>13,727.38</b>	<b>12,828.47</b>
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos	27,599,328	27,569,300
(c)	The nominal value per Ordinary Share	Rupees	10.00	10.00
(d) (i)	Earnings Per Share (Basic)	Rupees	<b>50.32</b>	<b>48.36</b>
(d) (ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	<b>49.74</b>	<b>46.53</b>
(e)	The weighted average number of Ordinary Shares for Diluted EPS			
	For Basic earnings per share	Nos	27,599,328	27,569,300
	Add: Conversion of Warrants & FCCB	Nos	5,688,956	4,318,956
	For Diluted earnings per share	Nos	33,288,284	31,888,256
(f) (i)	Earnings Per Share (Diluted)	Rupees	<b>41.72</b>	<b>41.81</b>
(f) (ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	<b>41.24</b>	<b>40.23</b>

### 16. Accounting for Interest in Joint Venture

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

#### 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:



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

(Rs. in Lakhs)

Particulars	As at	As at
	March 31, 2010	March 31, 2009
<b>SOURCES OF FUNDS*</b>		
Reserve & Surplus	12.52	6.33
Loan Funds		
Secured Loans		-
Unsecured Loans		-
<b>Total</b>	<b>12.52</b>	<b>6.33</b>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets Net Block	5.48	5.65
Investments	64.55	104.26
<b>Current Assets, Loans &amp; Advances</b>		
Inventories	-	-
Debtors	-	-
Cash & Bank Balance	13.37	3.42
Loans & Advances	1,083.37	180.24
	1,096.74	183.66
<b>Less: Current Liability &amp; Provisions</b>		
Current Liability	(1,577.14)	(497.72)
		-
<b>Net Current Assets</b>	<b>2,673.88</b>	<b>681.38</b>
Miscellaneous Expenditure	186.57	93.77
<b>Total</b>	<b>2,930.48</b>	<b>885.06</b>
<b>Income</b>		
Turnover		-
Other Income	6.20	6.67
<b>Total</b>	<b>6.20</b>	<b>6.67</b>
<b>Expenditure</b>	-	-
<b>Total</b>	-	-
Profit / (Loss) before Tax	6.20	6.67
Provision for Tax	-	0.76
Profit / (Loss) after Tax	<b>6.20</b>	<b>5.91</b>

\* After elimination of Share Capital, Inter Company Transaction and balances and adjustment of accounting policies aggregating Rs. 2,660.50 Lakhs



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

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

Mutual Fund Schemes	Face Value (in Rs.)	No. of Units Invested	Cost (Rs. in Lakhs)
Investment Principal Monthly Income Fund Plan - Growth Accumulation	10	734,317	150.00
SBI Premier Liquid Fund - Institutional - Daily Dividend	10	3,987,042	400.00
SBI Magnum Insta Cash Fund - Daily Dividend Option	10	101,490,720	17,000.00
<b>Redemption</b>			
SBI Premier Liquid Fund - Institutional - Daily Dividend	10	3,988,270	400.12
SBI Magnum Insta Cash Fund - Daily Dividend Option	10	71,659,885	12,003.25

### 18. Directors' Remuneration

(Rs. in Lakhs)

Particulars	F.Y. 2009- 2010	F.Y. 2008- 2009
Managing Directors		
Salaries	150.00	150.00
Contribution to Provident Fund & Other Funds	18.00	18.00
Commission	411.00	195.37
<b>Total Remuneration</b>	<b>579.00</b>	<b>363.37</b>
Non – Whole time directors		
Sitting Fees	6.30	2.10

### 19. 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. 2009- 2010	F.Y. 2008- 2009
<b>Remuneration to Directors</b>	<b>579.00</b>	<b>363.37</b>
Profit before other adjustments and Tax as per Profit and Loss Account	20,795.91	19,536.76
<b>Add:</b>		
Remuneration to Directors	579.00	363.37
Depreciation as per Books of Account	1,529.31	1008.69
Diminution / (Appreciation) in value of Investment	(131.30)	131.30
<b>Sub – total</b>	<b>22,772.92</b>	<b>21,040.12</b>
<b>Less :</b>		
Depreciation as per Books of Account	1,529.31	1008.69
<b>Total</b>	<b>21,243.61</b>	<b>20,031.43</b>
<b>Entitlement of Maximum Remuneration</b>	<b>2,124.36</b>	<b>2,003.14</b>





## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 20. Foreign Currency Convertible Bonds (FCCB)

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

### 21. 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 jointly acquired 1,83,14,352 equity shares of Great Offshore Limited at average acquisition price of approx Rs.475.73 /- per share equivalent 49.19% stake of Great Offshore Limited till 31st March 2010.

### 22. Details of stock and turnover of major class of goods & services

(Rs. in Lakhs)

Particulars	F.Y. 2009- 2010		F.Y. 2008- 2009	
	Quantity (in Nos.)	Amount (Rs. in Lakhs)	Quantity (in Nos.)	Amount (Rs. in Lakhs)
Ocean Going Vessels	5	15,986.53	8	24,261.20
No stock of Finished Goods is held by the company.				



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 23. CIF Value of Imports

(Rs. in Lakhs)

Particulars	F.Y. 2009- 2010	F.Y. 2008- 2009
Raw Materials (Steel)	7,485.41	14,169.17
Components and Spare Parts	51,660.57	48,746.70
Capital Goods	6,662.90	13,742.95
<b>Total</b>	<b>65,808.88</b>	<b>76,658.82</b>

### 24. Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	F.Y. 2009- 2010	F.Y. 2008- 2009
Commission and Brokerage	142.07	681.16
Design and Consultancy	922.84	824.63
Freight Charges	144.88	3,329.12
Travelling Expenses	210.38	818.63
Others	359.99	1575.94
<b>Total</b>	<b>1,780.16</b>	<b>7,299.48</b>

25. **FOB Value of Exports Rs. 12,471.76 Lakhs** (Previous Year. Rs. **12,055.83** Lakhs)

### 26. Licensed & Installed Capacity

Licensed Capacity : Not Applicable

Installed Capacity : Not Ascertainable

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

#### As per our Report attached

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

**CA. Ashwin Patel**  
[Partner]  
Membership No. 127052  
Firm Reg. No. 128862W

**Date: 29<sup>th</sup> June, 2010**  
**Place : Mumbai**

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

**CA. Mitesh Kothari**  
[Partner]  
Membership No. 110822  
Firm Reg. No. 101474W

**For and on behalf of Board**

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

**Vijay Kumar**  
[Managing Director]

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



# Cash Flow Statement

## for the year ended 31st March, 2010

(Rs. in Lakhs)

Particulars	Year Ended	Year Ended
	March 31, 2010	March 31, 2009
<b>A. Cash flow from operating activities</b>		
Net profit before tax	20,795.91	19,536.76
<b>Adjustments for :</b>		
Depreciation for the year	1,529.31	1,008.69
Preliminary Expenses Written off	97.85	97.85
Loss on sale of Motor Car		3.53
Diminution /(Reversal of Diminution) in value of investments	(131.30)	131.30
Foreign exchange Loss/ (Gain)	163.15	1,584.62
Interest and Finance Charges (Net)	9,609.93	5,133.49
Dividend/Gain from Investment	(3.39)	(0.02)
<b>Operating profit before working capital changes</b>	<b>32,061.46</b>	<b>27,496.22</b>
Increase in trade receivables	(7,727.52)	(9,461.05)
Increase in inventories	(38,327.06)	(24,750.70)
Increase in trade deposits and advances	(3,141.48)	
Increase in trade payables & Others	6,546.77	37,138.26
<b>Cash generated from Operations</b>	<b>(10,587.83)</b>	<b>30,422.72</b>
Direct Taxes paid	(3,694.18)	(1,440.97)
<i>Net Cash From Operating Activities</i>	<b>(14,282.01)</b>	<b>28,981.75</b>
<b>B. Cash flow from investing activities</b>		
Purchase of Fixed assets including Capital WIP	(23,559.42)	(45,363.99)
Sale of Fixed Assets	-	4.58
Increase in deposits and advances other than trading	(71,934.39)	(32,922.89)
Investment in Others (Net)	(5,150.00)	(7.00)
Dividend received	3.39	0.02
<i>Net Cash From Investing Activities</i>	<b>(100,640.42)</b>	<b>(78,289.29)</b>
<b>C. Cash flow from financing activities</b>		
(Repayment) / Proceeds from issue Equity Shares including Security Premium	1,096.00	
Proceeds from issue of Convertible Share Warrants	963.23	
(Repayment) / Proceeds from issue of Foreign Currency Convertible Bonds {FCCB}		7773.37
(Repayment) / Proceeds from borrowings (Net)	128,999.08	49,399.10
Proceeds from issue of Convertible Share Warrants		
Interest and Finance Charges (Net)	(9,609.93)	(5,133.49)
Dividend paid	(967.64)	(967.64)
<b>Net Cash From Financing Activities</b>	<b>120,480.74</b>	<b>51,071.34</b>
Net(Decrease)/increase in Cash & Cash Equivalents (A+B+C)	<b>5,558.31</b>	<b>1,763.81</b>
Cash and Cash Equivalents at the beginning of the year	22,796.92	22,617.74
	<b>28,355.23</b>	<b>24,381.55</b>
Effect of exchange rate changes	(163.15)	(1,584.62)
Cash and Cash Equivalents at the end of the year	<b>28,192.08</b>	<b>22,796.93</b>

**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  
Firm Reg. No. 128862W

**Date: 29<sup>th</sup> June, 2010**  
**Place : Mumbai**

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

**CA. Mitesh Kothari**  
[Partner]  
Membership No. 110822  
Firm Reg. No. 101474W

**For and on behalf of Board**

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

**Vijay Kumar**  
[Managing Director]

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



# Balance Sheet Abstract and Company's General Business Profile

## 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 *	318,554.01		
Total Assets	318,554.01		
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid up Capital	2,893.93	Net Fixed Assets	37,213.67
Reserves and Surplus	81,226.06	Capital Work-in-Progress	71,507.28
Secured Loans	150,292.06	Investments	5,623.88
Unsecured Loans	78,987.71	Net Current Assets	204,111.32
Deferred Tax Liability (Net)	4,191.01	Misc. Expenditure	97.85

## 4. Performance of Company

Turnover (Total Income)	135,244.23		
Total Expenditure	114,448.33		
Profit/(Loss) Before Tax	20,795.91		
Profit/(Loss) After Tax	13,886.72		
<b>Earning Per Share:</b>			
Basic (in Rs.)	50.32	Diluted (in Rs.)	41.72

**Dividend Rate** 30%

Share capital of the Company has increased by Rs. 137.00 Lakhs during the year. In the current financial year 13,70,000 shares of Rs. 10 each were issued on partly conversion of convertible warrants Tranche-1.

\* Total Liabilities include Tranche-1-13,760,000 Equity Share warrants of Rs. 80 each 25% paid up & Tranche-2-13,78,464 Equity Share warrants of rs. 200 each 25% paid up totalling to Rs. 963.23 Lakhs.



# **BHARATI SHIPYARD LIMITED**

## **Consolidated Financial Statements**

**For the Year Ended  
31st March, 2010**



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# Auditors' Report on Consolidated Financial Statements

## TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

1. We have audited the attached Consolidated Balance Sheet of BHARATI SHIPYARD LIMITED ("the Company"), its Subsidiaries and Joint Venture (together referred to as "Group") as at March 31, 2010, 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 consolidated 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 subsidiary companies namely Advitiya Urja Private Limited, Dhanshree Properties Private Limited, Natural Power Ventures Private Limited, Nirupam Energy Projects Private Limited, Nishita Mercantile Private Limited, Premila Mercantile Private Limited and Vishudh Urja Private Limited which reflect total assets of Rs. 88438.96 lacs, total revenue of Rs. 180.83 lacs and net cash outflow amounting to Rs. 56.55 lacs for the year ended, have been audited by one of us.
4. We did not audit the financial statements of subsidiary company namely; Pinky Shipyard Private Limited and the Joint Venture Company, namely, Bengal Shipyard Limited, whose financial statements reflect total assets of Rs. 4340.87 lacs as at 31 March 2010, total revenue of Rs. 787.71 lacs and net cash inflows amounting to Rs. 64.01 lacs for the year ended on that date. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the said subsidiaries and joint venture company, is based solely on the report of other auditors.
5. 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' and Accounting Standard 27 'Financial Reporting of Interests in Joint Ventures' as notified by the Companies (Accounting Standard) Rules, 2006.
  - 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 read together with notes thereon in Schedule 'V', 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, 2010;
    - (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  
Firm Reg. No. 128862W

**Date: 29<sup>th</sup> June, 2010**  
**Place: Mumbai**

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

**CA. Mitesh Kothari**  
Partner  
Membership No. 110822  
Firm Reg. No. 101474W



# Consolidated Balance Sheet

Particulars		(Rs. in Lakhs)	
		Schedule March 31, 2010	As atAs at March 31, 2009
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUND :</b>			
(a) Share Capital	A	2,893.93	2,756.93
(b) Reserves and Surplus	B	80,361.44	67,492.86
(c) Convertible Share Warrants	C	963.23	-
		<b>84,218.60</b>	<b>70,249.79</b>
<b>MINORITY INTEREST</b>		163.67	139.92
<b>LOAN FUNDS :</b>			
(a) Secured Loans	D	150,292.06	69,788.78
(b) Unsecured Loans	E	79,810.80	30,548.91
		<b>230,102.86</b>	<b>100,337.69</b>
<b>DEFERRED TAX LIABILITY (NET) :</b>	F	4,201.69	3,460.26
<b>TOTAL</b>		<b>318,686.81</b>	<b>174,187.65</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS :</b>			
	G		
(a) Gross Block		43,469.51	29,848.32
(b) Less : Depreciation		5,394.38	3,800.21
<b>(c) Net Block</b>		<b>38,075.13</b>	<b>26,048.11</b>
(d) Capital work-in-progress		71,507.28	61,566.62
		<b>109,582.41</b>	<b>87,614.73</b>
<b>GOODWILL ON CONSOLIDATION</b>		31.19	31.19
<b>INVESTMENTS</b>	H	92,750.76	272.28
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
(a) Inventories	I	123,276.41	84,993.13
(b) Sundry Debtors	J	35,839.54	28,112.02
(c) Cash and Bank Balances	K	28,441.60	23,058.74
(d) Loans and Advances	L	52,965.26	62,721.81
		240,522.81	198,885.70
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>			
(a) Current Liabilities	M	102,989.03	97,769.88
(b) Provisions	N	21,495.75	15,135.85
		<b>124,484.78</b>	<b>112,905.72</b>
<b>NET CURRENT ASSETS</b>		<b>116,038.03</b>	<b>85,979.98</b>
<b>MISCELLANEOUS EXPENDITURE</b>	O	284.66	289.48
(To the extent not written off or adjusted)			
<b>NOTES TO ACCOUNTS</b>	V		
<b>TOTAL</b>		<b>318,686.80</b>	<b>174,187.65</b>

As per our Report attached

For M/s. DPH & Co.  
Chartered AccountantsCA. Ashwin Patel  
[Partner]  
Membership No. 127052Date : 29<sup>th</sup> June, 2009  
Place : MumbaiFor M/s. Bhuta Shah & Co.  
Chartered AccountantsCA. 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]





## Consolidated Profit and Loss Account

Particulars	Schedule	(Rs. in Lakhs)	
		Year Ended March 31, 2010	Year Ended March 31, 2009
<b>INCOME :</b>			
Turnover	P	126,437.96	93,491.88
Subsidy		8,361.80	8,498.30
Other Income	Q	587.72	44.19
<b>Total Income</b>		<b>135,387.48</b>	<b>102,034.37</b>
<b>EXPENDITURE :</b>			
Raw Material Consumed	R	70,406.54	50,968.42
Manufacturing and Other Expenses	S	16,919.37	12,823.63
Employee Cost	T	15,868.02	12,516.72
Interest and Finance Charges (Net)	U	10,717.53	5,133.37
Depreciation	G	1,531.47	1,010.85
<b>Total Expenditure</b>		<b>115,442.53</b>	<b>82,453.17</b>
<b>PROFIT BEFORE TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS</b>		<b>19,944.95</b>	<b>19,581.20</b>
Less: Provision for Taxation			
- Current Tax		6,350.48	6,243.51
- Deferred Tax		741.43	418.35
- Fringe Benefit Tax		-	62.18
Prior Period Tax Adjustments		(158.07)	(503.41)
<b>PROFIT AFTER TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS</b>		<b>13,011.11</b>	<b>13,360.57</b>
Surplus/ (Deficit) brought forward		32,293.89	21,246.37
Share of minority interest		(23.75)	( 12.19)
<b>Amount Available For Appropriation</b>		<b>45,281.25</b>	<b>34,594.75</b>
<b>APPROPRIATIONS :</b>			
Transfer to General Reserve		1,388.67	1,333.23
Proposed Final Dividend		868.18	827.08
Dividend Tax thereon		147.55	140.56
Surplus/(Defecit) carried forward		42,876.85	32,293.89
<b>TOTAL</b>		<b>45,281.25</b>	<b>34,594.76</b>
<b>EARNINGS PER SHARE</b>			
Equity shares of face value of Rs. 10/- each			
Basic (in Rs.)		47.14	48.46
Diluted (in Rs.)		39.09	41.90
Basic (in Rs.) before Prior Period Tax Adjustment		46.57	46.64
Diluted (in Rs.) before Prior Period Tax Adjustment		38.61	40.32

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS**

V

**As per our Report attached**

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

**CA. Ashwin Patel**  
[Partner]  
Membership No. 127052

**Date : 29<sup>th</sup> 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 of Directors**

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

**Vijay Kumar**  
[Managing Director]

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



## Schedules to the Consolidated Balance Sheet

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'A' : SHARE CAPITAL :</b>		
<b>Authorised Capital</b>		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	4,000.00
	<b>5,000.00</b>	<b>4,000.00</b>
<b>Issued, Subscribed and Paid up Capital</b>		
2,89,39,300 (Previous Year 2,75,69,300) equity shares of Rs. 10 each fully paid up	2,893.93	2,756.93
Out of the above 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. In the current financial year 13,70,000 shares of Rs. 10 each were issued on partly conversion of convertible warrants Tranche - 1		
<b>Total</b>	<b>2,893.93</b>	<b>2,756.93</b>
<b>SCHEDULE 'B' : RESERVES &amp; SURPLUS :</b>		
<b>(a) Securities Premium Account</b>		
As per last Balance Sheet	30,196.71	30,196.71
Add: Premium on issue of Equity share (Conversion Tranche - I Convertible Warrants)	959.00	-
	<b>31,155.71</b>	<b>30,196.71</b>
<b>(b) Revaluation Reserve</b>		
As per last Balance Sheet	514.93	576.99
Less: Withdrawn for Depreciation for the year	62.06	62.06
	<b>452.87</b>	<b>514.93</b>
<b>(c) General Reserve</b>		
As per last Balance Sheet	4,487.34	3,102.76
Add: Provision for Gratuity reversed	-	51.35
Add: Transferred from Profit & Loss Account	1,388.67	1,333.23
	<b>5,876.01</b>	<b>4,487.34</b>
<b>(d) Profit &amp; Loss Account</b>	42,876.85	32,293.89
<b>Total</b>	<b>80,361.44</b>	<b>67,492.86</b>
<b>SCHEDULE 'C' : SHARE WARRANTS :</b>		
<b>Amount to be converted into Equity Shares</b>		
Tranche - 1 - 13,70,000 Equity Share warrants of Rs 80 each 25% paid up (Previous year "Nil")	274.00	-
Tranche - 2 - 13,78,464 Equity Share warrants of Rs 200 each 25% paid up (Previous year "Nil")	689.23	-
<b>Total</b>	<b>963.23</b>	<b>-</b>



# Schedules to the Consolidated Balance Sheet

## ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'D' : SECURED LOANS :</b>		
(a) Debentures	9,000.00	7,000.00
(b) Loans and advances from banks		
(i) Cash Credit / Export Credit	19,037.32	27,002.12
(ii) Term Loans	114,754.74	26,245.69
	<b>133,792.06</b>	<b>53,247.81</b>
(c) Loans and advances from Financial Institutions	7,500.00	9,540.97
<b>Total</b>	<b>150,292.06</b>	<b>69,788.78</b>
<b>SCHEDULE 'E' : UNSECURED LOANS :</b>		
(a) Foreign Currency Convertible Bonds (FCCBs) (Refer Note II- 20 Schedule "V")	28,754.05	30,491.91
(b) Loans and advances from banks	45,145.51	-
(c) Loans and advances from Others	5,911.24	57.00
<b>Total</b>	<b>79,810.80</b>	<b>30,549</b>
<b>SCHEDULE 'F' : DEFERRED TAX LIABILITY (NET) :</b>		
(a) Deferred Tax Liabilities		
On account of timing difference of depreciation	4,274.48	3,533.06
(b) Deferred Tax Assets		
On account of Gratuity liability	(28.03)	(28.03)
On account of Diminution in value of investment	(44.76)	(44.76)
<b>Total</b>	<b>4,201.69</b>	<b>3,460.26</b>

Schedules to the Consolidated Balance Sheet  
...Contd.

(Rs. in Lakhs)

**SCHEDULE 'G' : FIXED ASSETS :**

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01-Apr-09	Additions	Deductions	As at 31-Mar-10	As at 01-Apr-09	for the year	Charged to Reval. Res.	As at 31-Mar-10	As at 31-Mar-09
Land & Land Developments	3,181.43	1,514.66	-	4,696.09	-	-	-	-	3,181.43
Building	723.49	2,506.27	-	3,229.76	119.22	56.73	4.36	180.31	3,049.45
Plant & Machinery	14,747.61	8,477.00	-	23,224.61	1,920.89	756.69	57.70	2,735.28	20,489.33
Dredger	184.13	-	-	184.13	27.62	18.41	-	46.03	138.09
Furniture and Fitting	1,166.80	808.83	-	1,975.62	78.20	100.32	-	178.52	1,797.10
Vehicles	629.47	44.92	-	674.39	137.21	61.03	-	198.23	476.16
Computers	274.63	169.08	-	443.71	109.20	60.61	-	169.81	273.90
Wind Mill	8,677.70	-	-	8,677.70	1,379.84	458.18	-	1,838.02	6,839.68
Office Equipments	263.08	100.42	-	363.50	28.04	20.13	-	48.17	315.33
<b>Total</b>	<b>29,848.32</b>	<b>13,621.18</b>	<b>-</b>	<b>43,469.51</b>	<b>3,800.21</b>	<b>1,532.11</b>	<b>62.06</b>	<b>5,394.38</b>	<b>38,075.13</b>
<b>Previous year</b>	<b>19,833.32</b>	<b>10,034.75</b>	<b>19.75</b>	<b>29,848.32</b>	<b>2,738.56</b>	<b>1,011.23</b>	<b>62.06</b>	<b>3,800.21</b>	<b>26,048.11</b>



# Schedules to the Consolidated Balance Sheet

## ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'H' : INVESTMENTS :</b>		
<b>(a) Long Term (At Cost)</b>		
<b><u>Non Trade Investments</u></b>		
<b>(i) <u>Equity Shares (Quoted)</u></b>		
150 (Previous Year 150) Shares of ICICI Bank Ltd.	0.12	0.12
(Market Value as on 31-3-2010 was Rs. 952.70/- per share totaling to Rs.1.50 Lakhs)		
<b>(ii) <u>Equity Shares (Unquoted)</u></b>		
200 (Previous Year 200) Equity Shares of Rs. 50/- each of Goa Urban Co-op Bank Ltd.	0.10	0.10
<b><u>Trade Investments</u></b>		
<b>(i) <u>Equity Shares (Quoted)</u></b>		
1,83,14,352 (Previous Year Nil) Equity Shares of Great Offshore Limited	87,236.89	-
(Market Value as on 31-3-2010 was Rs. 409.25/- per share totaling to Rs.74,951.49 Lakhs)		
<b>(ii) <u>Equity Shares (Unquoted)</u></b>		
50,000 (Previous Year 50,000) Equity Shares of Rs. 10/- each of Ocenic Shipyards Ltd.	2.25	2.25
4,999 (Previous Year Nil) Equity Shares of Rs. 10/- each of Bengal Heavy Engineering Pvt. Ltd.	0.23	-
5,000 (Previous Year Nil) Equity shares of Balgopal Vaypaar Pvt. Ltd.	0.23	-
5,000 (Previous Year Nil) Equity shares of Jai Pahadimata Barter Pvt. Ltd.	0.23	-
5,000 (Previous Year Nil) Equity shares of Pashupati Vinimay Pvt. Ltd.	0.23	-
<b>(b) <u>Current (At Cost or Fair Value whichever is lower)</u></b>		
<b><u>Non - Trade Investment</u></b>		
<b>(i) <u>Investment in Units of Mutual Fund (Unquoted)</u></b>		
20,00,000 (Previous Year 20,00,000) Units of Rs. 10/- each of S.B.I. - Infrastructure Fund - Growth	200.00	113.00
(NAV as at 31-03-2010 was 10.34/- per unit totaling to Rs.206.80 lakhs)		
734,316.964 (Previous Year - Nil) Units of Rs. 10/- each of Principal Monthly Income Fund	150.00	-
(NAV as at 31-03-2010 was 20.5479/- per unit totaling to Rs. 150.887/-)		
29,850,211.63 (Previous Year - Nil) Units of Rs. 10/- each of S.B.I. Insta Cash Fund	5,000.00	-
(NAV as at 31-3-2010 was 16.7503/- per unit totaling to Rs.5,000.00 lakhs)		
1,000,000 (Previous Year - 1,000,000) Units of Rs. 10/- each of S.B.I. Mutual Fund - India One Fund	99.00	54.70
(NAV as at 31-3-2010 was 10.67/- per unit totaling to Rs.106.70 lakhs)		
1,353,141 (Previous Year 22,48,189) Units HDFC Floating Rate Income Fund	61.40	102.01
(NAV as at 31-3-2010 was 7.89/- per unit totaling to Rs.106.70 lakhs)		
<b>(ii) <u>Investment in Government Securities (Unquoted)</u></b>		
National Saving Certificate - Sixth Issue	0.10	0.10
<b>Total</b>	<b>92,750.76</b>	<b>272.28</b>



# Schedules to the Consolidated Balance Sheet

## ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'I' : INVENTORIES :</b>		
(As taken, valued & certified by management)		
Raw Materials	71,125.48	65,217.95
Semi Finished Goods	52,150.93	19,775.18
(Net of Advances from Debtors of Rs. 2,30,446.06/-lakhs (Previous year Rs.1,53,428.08 lakhs))		
<b>Total</b>	<b>123,276.41</b>	<b>84,993.13</b>
<b>SCHEDULE 'J' : SUNDRY DEBTORS :</b>		
(Unsecured and Considered Good)		
Outstanding for more than six months	30,992.04	26,891.57
Others	4,847.51	1,220.45
<b>Total</b>	<b>35,839.54</b>	<b>28,112.02</b>
<b>SCHEDULE 'K' : CASH &amp; BANK BALANCES :</b>		
(a) Cash on hand	82.41	83.17
(b) Bank Balances		
(i) with Scheduled Banks #		
(1) In current accounts	9,562.65	837.58
(2) In deposit accounts	17,212.16	19,922.63
(3) In EEFC accounts	0.93	1.07
# Includes unpaid dividend and share application monies accounts		
(ii) with Foreign Banks *		
(1) In current accounts		
Checking Accounts (SBI, Nassau)	123.76	2,118.00
Current Account (Citibank, New York)	10.57	11.90
(2) In deposit accounts		
Fixed Deposit ( SBI, Hong Kong)	76.59	84.39
Fixed Deposit ( SBI, Nassau)	1,372.53	-
* Unutilised proceeds from FCCB/ECB		
<b>Total</b>	<b>28,441.60</b>	<b>23,058.74</b>



# Schedules to the Consolidated Balance Sheet

## ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'L' : LOANS &amp; ADVANCES :</b>		
(Unsecured and Considered Good)		
Advances for value to be received in cash or kind	38,367.60	52,845.74
Balances with Government Authorities	2,359.91	1,404.50
Trade Deposits	720.90	665.94
Advance tax and tax deducted at source	11,516.85	7,805.64
<b>Total</b>	<b>52,965.26</b>	<b>62,721.81</b>
<b>SCHEDULE 'M' : CURRENT LIABILITIES :</b>		
Sundry Creditors other than Small and Medium Scale Industrial undertakings	28,958.03	11,043.67
(Refer note - III - 3 of Schedule 'V')		
Investor Education and Protection Fund #		
- Unpaid Dividend	4.20	4.25
- Unpaid Share Application Money	8.38	9.70
Advances received against orders	72,900.29	85,850.81
Other Current Liabilities	1,118.13	861.45
# There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
<b>Total</b>	<b>102,989.03</b>	<b>97,769.88</b>
<b>SCHEDULE 'N' : PROVISIONS :</b>		
Provision for Income Tax	20,272.41	13,921.93
Provision for Fringe Benefit Tax	171.85	171.85
Provision for Gratuity	35.76	74.42
Dividend Payable	868.18	827.08
Dividend Distribution Tax Payable	147.55	140.56
<b>Total</b>	<b>21,495.75</b>	<b>15,135.85</b>
<b>SCHEDULE 'O' : MISCELLANEOUS EXPENDITURE :</b>		
Preliminary & Share Issue Expenses	197.61	295.14
Less: Written off to Profit & Loss account	98.18	97.85
Preoperative Expenses	184.99	92.19
<b>Total</b>	<b>284.42</b>	<b>289.48</b>



# Schedules to the Consolidated Balance Sheet

## ...Contd.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2010	As at March 31, 2009
<b>SCHEDULE 'P' : TURNOVER :</b>		
Ship Manufacturing & Repairs	16,007.05	24,587.47
Increase in WIP	109,393.73	68,256.53
Wind Mill Income	1,037.18	647.87
<b>Total</b>	<b>126,437.96</b>	<b>93,491.88</b>
<b>SCHEDULE 'Q' : OTHER INCOME :</b>		
Scrap Sale	266.00	37.50
Dividend Income	190.42	6.69
Reversal of diminution in value of investment	131.30	-
<b>Total</b>	<b>587.72</b>	<b>44.19</b>
<b>SCHEDULE 'R' : RAW MATERIAL CONSUMED :</b>		
Opening Stock	65,217.95	34,013.29
Add : Purchases	76,314.07	82,173.08
	<b>141,532.01</b>	<b>116,186.37</b>
Less : Closing Stock	71,125.48	65,217.95
<b>Total</b>	<b>70,406.54</b>	<b>50,968.42</b>





# Schedules to the Consolidated Profit and Loss

## ...Contd.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>SCHEDULE 'S' : MANUFACTURING &amp; OTHER EXPENSES :</b>		
Auditors' Remuneration	102.24	54.66
Advertisement Expenses	86.37	61.10
Car Hire Charges	363.04	248.34
Clearing & Forwarding	1,832.18	1,709.54
Commission and Brokerage	745.24	683.59
Conveyance	19.56	25.72
Courier & Postage Charges	69.27	33.76
Design & Consultancy	3,049.92	1,398.26
Diminution in value of investment	-	131.30
Director's Sitting Fees	6.30	2.10
Donation / Gifts	154.50	50.57
Electricity Charges	479.17	348.25
Equipment Hire Charges	3,605.52	1,305.61
Exhibition Expenses	14.76	37.79
Foreign Exchange Variation	163.15	1,584.62
Inspection / Testing Charges / Service	714.28	781.50
Insurance Charges	767.84	292.93
Keyman Insurance	80.00	80.00
Launching & Delivery Expenses	387.29	248.88
Lease Rent towards Land	505.21	508.82
Legal and Professional Expenses	186.66	76.40
Loss on sale of Motor Car	-	3.53
Membership and Subscription	30.83	33.01
Office & Miscellaneous Expenses	238.69	167.88
Port Dues	156.10	273.55
Printing & Stationery	43.66	43.73
Preliminary Expenses written off	97.85	97.85
Rent	458.92	444.41
Rates & Taxes	45.86	34.97
Repairs & Maintenance	180.24	215.63
Service Charges	260.02	78.60
Service tax	22.13	24.89
Telephone & Telex Charges	155.55	157.71
Transport Charges	1,069.40	1,016.95
Travelling Expenses	827.58	567.36
<b>Total</b>	<b>16,919.37</b>	<b>12,823.80</b>



# Schedules to the Consolidated Profit and Loss

## ...Contd.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2010	Year Ended March 31, 2009
<b>SCHEDULE 'T' : EMPLOYEE COST :</b>		
Salaries, Wages, Stipend and Bonus	3,319.73	2,342.68
Labour Charges	11,299.02	9,377.76
Contribution to Provident Fund, ESIC, Gratuity	353.85	305.25
Staff Welfare	334.42	145.66
Remuneration of Directors	561.00	345.37
<b>Total</b>	<b>15,868.02</b>	<b>12,516.72</b>
<b>SCHEDULE 'U' : INTEREST AND FINANCE CHARGES (NET) :</b>		
Bank Guarantee Commission	2,335.87	2,273.11
Interest on Term loan & Debentures	6,336.00	3,165.17
Interest on Working Capital Loans	2,911.44	-
Other Finance Charges	2,132.88	816.24
<b>Total</b>	<b>13,716.18</b>	<b>6,254.52</b>
Less: Interest Received / Receivable on Bank Deposits	1,083.29	889.98
Interest Received / Receivable on Others	1,915.75	231.17
	<b>2,999.04</b>	<b>1,121.15</b>
<b>Total</b>	<b>10,717.14</b>	<b>5,133.37</b>



# Schedule 'V': Significant Accounting Policies and notes to Accounts

## 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 2010 with percentage:

Name of the Company	Nature	Country of Incorporation	% of Holding As on 31.03.10	% of Holding As on 31.03.09
Dhanshree Properties Pvt Ltd	Subsidiary	India	100.00	100.00
Natural Power Ventures Pvt Ltd	Subsidiary	India	100.00	100.00
Nirupam Energy Projects Pvt Ltd	Subsidiary	India	100.00	100.00
Nishita Mercantile Pvt Ltd	Subsidiary	India	100.00	100.00
Pinky Shipyards Pvt. Ltd	Subsidiary	India	51.00	51.00
Premila Mercantile Pvt Ltd	Subsidiary	India	100.00	100.00
Vishudh Urja Pvt Ltd	Subsidiary	India	100.0	100.0
Bengal Shipyards Ltd.	Joint Venture	India	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, 2010.
- 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 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### II. 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. 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.

#### 5. Impairment of Assets

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.

#### 6. 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.

#### 7. 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.

#### 8. 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. Leave Encashment benefit is treated as accrued, as and when claimed (encashed).

#### 9. 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 by applying percentage of work completed to the total contract value duly certified.
- ii. Revenue from ship repair is recognized on the basis of job completion.
- 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.



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 10. 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.

### 11. 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

### 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 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.

### 14. 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.

### 15. 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.

### 16. 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.

## III. NOTES TO ACCOUNTS

### 1. Provisions and Contingent Liabilities

(Rs. in Lakhs)

Particulars	FY 2009-2010	FY 2008-2009
Claims made against company not acknowledged as debts.	931.83	931.83
Tax / Duties that may arise in respect of which appeals are pending.	155.00	155.00
Letter of Credit outstanding	16,476.67	20,219.81
Liabilities arising out of unexpected Contract (Net of Advances)	48,500.00	50,370.00
<b>TOTAL</b>	<b>66,063.50</b>	<b>71,676.64</b>



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 2. Note on Convertible Share Warrants

As per the approval of shareholders in the Extra Ordinary General Meeting held on 15th May, 2009, the Company has allotted 2,740,000 convertible warrants to Promoter Directors entitling them to apply for and obtain allotment of one equity share at a price of Rs. 80/- per share against each such warrant at any time after the date of allotment but before the expiry of 18 months from the date of allotment in one or more tranches. Out of the above, 1,370,000 warrants are converted into equity shares of Rs. 10/- each at a price of Rs. 80/- per share including premium of Rs. 70/- per share. The Company has received 25% amount against each outstanding convertible warrant.

As per the approval of shareholders in the Annual General Meeting held on 29th September, 2009, the Company has allotted 1,378,464 convertible warrants to Promoter Directors entitling them to apply for and obtain allotment of one equity share at a price of Rs. 200/- per share against each such warrant at any time after the date of allotment but before the expiry of 18 months from the date of allotment in one or more tranches. The Company has received 25% amount against each outstanding convertible warrant.

3. **Micro, Small and Medium Enterprises** The Company has not received any information from its supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 which came into effect from 2nd October, 2006, and hence disclosure, if any, relating to amounts unpaid as on 31st March, 2010 together with interest paid/payable as required under the Act, have not been given.

### 4. Segment Reporting

#### i. Primary Segments (Business Segments)

Since the business of Wind Mill Power is not significant, all the assets, liabilities and expenses other than those specifically related to Wind Mill Power, are allocated to Ship Manufacturing Business. Hence, there are no un-allocable assets, liabilities and expenses.

(Rs. in Lakhs)

Segments → Particulars ↓	Ship Manufacturing	Windmill	Total
<b>REVENUE</b>			
Turnover	125,400.77	1,037.18	126,437.96
Subsidy	8,361.80	-	8,361.80
Other Income	266.00	-	266.00
<b>Total income from Operations</b>	<b>134,028.58</b>	<b>1,037.18</b>	<b>135,065.76</b>
Unallocable Income			321.72
<b>Total income</b>			<b>135,387.48</b>
<b>RESULT</b>			
Segment Results Before Depreciation, Interest and Tax	31,230.56	966.94 3	2,197.50
Depreciation, Interest and Tax			
Less: Interest (Net)	10,600.47	114.42	10,714.89
Less: Depreciation	1,073.29	458.18	1,531.47
Profit / (Loss) before Tax	19,556.81	394.34	19,951.14
Less: Unallocable Expenses			6.20
Less: Tax Expenses			6,933.84
Net Profit / (Loss) after Tax	-		<b>13,011.11</b>
<b>OTHER INFORMATION</b>			
Segment Assets	3 36,743.37	7,358.87	344,102.24
Unallocable Assets			87,236.89
<b>Total Assets</b>			<b>431,339.13</b>
Segment Liabilities	115,852.78	1,116.95	103,024.79
Unallocable Liabilities			868.18
<b>Total Liabilities</b>			<b>103,892.97</b>



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### II. Secondary Segments (Geographical Segments)

(Rs. in Lakhs)

Segments Particulars	Domestic	Overseas	Total
<b>REVENUE</b>			
Ship Manufacturing	54,216.97	80,133.33	134,350.30
Windmill Power	1,037.18	-	1,037.18
<b>Total</b>	<b>55,254.16</b>	<b>80,133.33</b>	<b>135,387.48</b>
<b>Segment Assets</b>	<b>431,339.13</b>	-	<b>431,339.13</b>
Additions to Fixed Assets incl			
Capital WIP	23,561.84	-	23,561.84

### 5. Related Party Disclosure

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

Particulars of Relation	Name of the party
Key Managerial Personnel	<ol style="list-style-type: none"> <li>1. Mr. P. C. Kapoor - Managing Director</li> <li>2. Mr. Vijay Kumar - Managing Director</li> </ol>
Relatives of Key Managerial Personnel	<p><b>Relatives of Mr. P. C. Kapoor</b></p> <ol style="list-style-type: none"> <li>1. Mrs. Madhu Kapoor – Wife</li> <li>2. Mrs. Radhika Mehra – Daughter</li> </ol> <p><b>Relatives of Mr. Vijay Kumar</b></p> <ol style="list-style-type: none"> <li>3. Mrs. Ashraf G. Kumar – Wife</li> <li>4. Ms. Sukriti V. Kumar – Daughter</li> </ol>
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	<ol style="list-style-type: none"> <li>1. Bharati Shipping &amp; Dredging Company Pvt. Ltd.</li> <li>2. Bharati Maritime Services Pvt. Ltd.</li> <li>3. Bharati Infratech Projects Pvt. Ltd.</li> <li>4. Bharati Marine Construction &amp; Engineering Pvt. Ltd.</li> <li>5. Harsha Infrasrtucture Pvt. Ltd.</li> <li>6. Sharven Multitrade Pvt. Ltd.</li> <li>7. Swati Silk Mills Pvt. Ltd.</li> <li>8. Usha Silk Mills Pvt. Ltd.</li> <li>9. Vayuraj Energy Projects Pvt. Ltd.</li> <li>10. Vayutatva Energy Projects Pvt. Ltd.</li> </ol>



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### ii. Transactions with Related Parties

(Rs. in Lakhs)

Particulars	Enterprises Owned or Controlled by KMP & their relatives	Key Management Personnel	Relatives of Key Management Personnel	Total
<b>Transactions during the year</b>				
Remuneration	-	579.00	-	579.00
Directors' sitting fees	-	6.30	-	6.30
Rent	-	7.20	3.60	10.80
Equipment Hire charges	2,382.00	-	-	2,382.00
Advances given	231.25	-	-	231.25
Repayment of advances given	76.00	-	-	76.00
Preferential allotment money received	-	2,059.23	-	2,059.23
Preferential Allotment of Shares	-	137.00	-	137.00
Premium on preferential allotment of shares	-	959.00	-	959.00
<b>Outstanding balances as on 31.03.2010</b>				
Loans and Advances	160.22	-	2.50	162.72
Other Current Liabilities	314.75	250.56	-	565.31
Share warrants – application money received	-	963.23	-	963.23
Share application money received	238.35	-	-	238.35





## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### (iii) Disclosure in respect of Material Related Party Transactions during the year

(Rs. in Lakhs)

<b>(a) Remuneration include:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Mr. P C Kapoor	289.50	177.08
Mr. Vijay Kumar	289.50	177.08
<b>(b) Rent include:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Mr. P C Kapoor	3.60	3.60
Mr. Vijay Kumar	3.60	3.60
Mrs. Ashraf Kumar	3.60	3.60
<b>(c) Equipment Hire Charges include:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Bharti Maritime Services Private Limited	1,740.00	1,740.00
Harsha Infrastructure Private Limited	642.00	Nil
<b>(d) Preferential Allotment Money Received include:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Mr. P.C. Kapoor	1,029.62	Nil
Mr. Vijay Kumar	1,029.62	Nil
<b>(e) Preferential Allotment of equity shares include:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Mr. P.C. Kapoor	68.50	Nil
Mr. Vijay Kumar	68.50	Nil
<b>(f) Premium on allotment of equity shares:</b>		
<b>Particulars</b>	<b>Current Year</b>	<b>Previous Year</b>
Mr. P.C. Kapoor	479.50	Nil
Mr. Vijay Kumar	479.50	Nil



## Schedule 'V': Significant Accounting Policies and notes to Accounts ...Contd.

### 6. Earning Per Share Calculation of EPS 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 un-issued share capital and on conversion of FCC Bonds.

Sr. No.	Particulars	Units	2009-2010	2008 - 2009
(a) (i)	Profit after tax	Rs. Lakhs	<b>13,011.11</b>	<b>13,360.57</b>
	Less: Prior Period Tax Adjustment	Rs. Lakhs	(158.07)	(503.41)
(a) (ii)	Profit before Prior Period Tax Adjustment	Rs. Lakhs	<b>12,853.04</b>	<b>12,857.16</b>
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos	27,599,328	27,569,300
(c)	The nominal value per Ordinary Share	Rupees	10.00	10.00
(d) (i)	Earnings Per Share (Basic)	Rupees	<b>47.14</b>	<b>48.46</b>
(d) (ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	<b>46.57</b>	<b>46.64</b>
(e)	The weighted average number of Ordinary Shares for Diluted EPS			
	For Basic earnings per share	Nos	27,599,328	27,569,300
	<b>Add:</b> Conversion of Warrants & FCCB	Nos	5,688,956	4,318,956
	For Diluted earnings per share	Nos	33,288,284	31,888,256
(f) (i)	Earnings Per Share (Diluted)	Rupees	<b>39.09</b>	<b>41.90</b>
(f) (ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	<b>38.61</b>	<b>40.32</b>

- Balance of Sundry Debtors, Creditors, Loans and Advances and Personal Accounts are subject to confirmation.
- 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.
- The figures for the previous year have been arranged/rearranged/regrouped wherever considered necessary.

### Signatures to Notes & Schedules 'A' to 'V'

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

**CA. Ashwin Patel**  
[Partner]  
Membership No. 127052  
Firm Reg. No. 128862W

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

**CA. Mitesh Kothari**  
[Partner]  
Membership No. 110822  
Firm Reg. No. 101474W.

**For and on behalf of Board**

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

**Vijay Kumar**  
[Managing Director]

**Date : 29<sup>th</sup> June, 2010**

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



## Consolidated Cash Flow Statement

(Rs. in Lakhs)

Particulars	Year Ended	Year Ended
	March 31, 2010	March 31, 2009
<b>A. Cash flow from operating activities</b>		
Net profit before tax	19,944.94	1 9,581.20
Adjustments for :		
Depreciation for the period	1,532.11	1,010.85
Preliminary Expenses Written off	97.85	97.85
Diminution /(Reversal of Diminution) in value of investments	(131.30)	131.30
Foreign exchange Gain /(Loss)	163.15	1,584.62
Loss on sale of Motor Car	-	3.53
Interest and Finance Charges (Net)	10,717.14	5,133.37
Dividend/Gain from Investment	(190.42)	(6.69)
<b>Operating profit before working capital changes</b>	<b>32,133.47</b>	<b>27,536.03</b>
Increase in trade receivables	(7,727.52)	(9,461.05)
Increase in inventories	(38,283.28)	(24,832.98)
Increase in trade deposits and advances	(1,010.38)	
Increase in trade payables & Others	5,338.56	38,120.86
<b>Cash generated from Operations</b>	<b>(9,549.15)</b>	<b>31,362.86</b>
Direct Taxes paid	(3,711.21)	(1,445.94)
Net Cash From Operating Activities	(13,260.36)	29,916.92
<b>B. Cash flow from investing activities</b>		
Good Will		(0.75)
Purchase of Fixed Assets	(23,561.85)	(45,370.02)
Sale of Fixed Asset		4.58
Investment in Others	(92,347.18)	(58.84)
Increase in deposits and advances	14,478.14	(33,537.26)
Dividend/Gain from Investment	190.42	6.69
<b>Net Cash From Investing Activities</b>	<b>(101,240.46)</b>	<b>(78,955.60)</b>
<b>C. Cash flow from financing activities</b>		
(Repayment) / Proceeds from issue Equity Shares including Security Premium	1,096.00	
Proceeds from issue of Convertible Share Warrants	963.23	
(Repayment) / Proceeds from Long Term borrowings	129,765.17	49,399.10
(Repayment) / Proceeds from Unsecured Loans		7,773.35
Miscellaneous Expenditure (Pre Operative Expenditure)	(92.80)	(87.25)
Interest paid	(10,717.14)	(5,133.37)
Dividend paid	(967.64)	(967.64)
Net Cash From Financing Activities	120,046.83	50,984.19
Net increase in Cash & Cash Equivalents (A+B+C)	<b>5,546.00</b>	<b>1,945.51</b>
Cash and Cash Equivalents at the beginning of the year	23,058.74	22,697.84
	<b>28,604.74</b>	<b>24,643.35</b>
Effect of exchange rate changes	(163.15)	(1,584.62)
Cash and Cash Equivalents at the end of the year	<b>28,441.59</b>	<b>23,058.73</b>

**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 : 29<sup>th</sup> June, 2009  
Place : Mumbai



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

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, 2010	Number and face value	Extent of Holding (%)	Net aggregate amount of profit / (loss)		Net aggregate amount of profits / (losses)	
					of the Subsidiary for the financial year of the Subsidiary so far as they concern members of the Company	Not Dealt with in the accounts of the Company for the year ended 31st March, 2010	for previous financial years of the Subsidiary since it became a Subsidiary so far as they concern members of the Company	Not Dealt with in the accounts of the Company for the year ended 31st March, 2010
1 Pinky Shipyard Pvt. Ltd.	March 31, 2009	1,53,000 ordinary shares Rs. 100 each fully paid	51.00	NIL	24.72	NIL	30.90	
2 Advitiya Urja Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 100 each fully paid	100.00	NIL	(2.68)	NIL	(0.48)	
3 Dhanshree Properties Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(345.66)	NIL	(0.66)	
4 Natural Power Ventures Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(581.28)	NIL	(0.35)	
5 Nirupam Energy Projects Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.17)	NIL	(0.44)	
6 Nishita Mercantile Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.33)	NIL	(0.26)	
7 Premila Mercantile Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.34)	NIL	(0.26)	
8 Vishnudh Urja Pvt. Ltd.	March 31, 2009	10,000 Equity Shares of Rs. 10 each fully paid	100.00	NIL	(0.15)	NIL	(0.47)	

(Rs. in Lakhs)



## Financial Information of Subsidiaries for the Year Ended March 31, 2010

Particulars	Advitya Urja Pvt. Ltd.	Dhanshree Properties Pvt. Ltd.	Natural Power Ventures Pvt. Ltd	Nirupam Energy Pvt. Ltd.	Nishita Mercantile Pvt. Ltd.	Pinky Shipyards Pvt. Ltd.	Premila Mercantile Pvt. Ltd.	Vishudh Urja Pvt. Ltd.
Paid up Share Capital	100,000	100,000	100,000	100,000	100,000	30,000,000	100,000	100,000
Paid up Share Capital	100,000	100,000	100,000	100,000	100,000	30,000,000	100,000	100,000
Reserves & Surplus	-	-	-	-	-	3,401,201	-	-
Total Assets	25,747,259	2,057,310,191	6,812,274,268	5,620,499	1,54,538	174,860,380	154,538	35,988,115
Total Liabilities (excluding Capital and Reserves)	25,647,259	2,057,210,191	6,812,174,268	5,520,499	54,538	141,459,178	54,538	35,888,115
Investments (excluding investment in subsidiaries)	-	2,022,054,719	6,701,634,168	-	-	10,000	-	-
Total Income	-	8,530,873	9,568,802	-	-	82,138,551	-	-
Profit/Loss Before Tax	(10,958)	(34,564,326)	(58,123,894)	(14,088)	(29,706)	7,312,347	(30,433)	(11,258)
Provision for Taxation	-	-	-	-	-	2,465,481	-	-
Profit/Loss After Tax	(10,958)	(34,564,326)	(58,123,894)	(14,088)	(29,706)	4,846,866	(30,433)	(11,258)
Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-



# Attendance Slip

## BHARATI SHIPYARD LIMITED

Regd. Office: 302, Wakefield House, Sprott Road, Ballard Estate, Mumbai- 400 001

**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 declare my presence at the **33RD ANNUAL GENERAL MEETING** of the Company held on **Thursday, 23rd September, 2010. at 10.30 a.m.** Rangaswar Hall, 4th Floor, Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhosle Marg, Near Mantralaya, Nariman Point, Mumbai 400 021

Signature of the shareholder or proxy \_\_\_\_\_



## BHARATI SHIPYARD LIMITED

Regd. Office: 302, Wakefield House, Sprott Road, Ballard Estate, Mumbai- 400 001

### PROXY FORM

DP ID :

Master Folio No. :

Client ID:

I/We .....  
.....being a Member/Members of Bharati Shipyard Limited hereby  
appoint.....  
.....or falling him  
.....of .....or falling him  
.....of.....as my/our proxy to vote for me /us and on my/our behalf  
at the **33RD ANNUAL GENERAL MEETING to be held on Thursday, 23rd September, 2010 at 10.30 a.m. at  
Rangaswar Hall, 4th Floor, Y. B. Chavan Pratishthan, Gen. Jagannathrao Bhosle Marg, Near Mantralaya,  
Nariman Point, Mumbai 400 021 or at any adjournment thereof.**

Signed this.....day of.....2010.

Affix  
Re. I/-  
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 at 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. The Company shall provide additional forms on request.