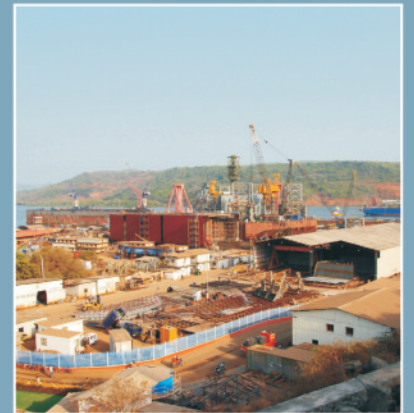




SHIP-BUILDING INFRASTRUCTURE ACROSS INDIA



AND
GROWTH POTENTIAL,
UNMATCHED.



Bharati Shipyard Limited

Board of Directors

P. C. Kapoor
Managing Director

Vijay Kumar
Managing Director

B. L. Patwardhan
Nominee Director - SBI

V.P. Kamath
Director

Company Secretary

U.A. Patel
Chief General Manager &
Company Secretary

Solicitors

Kanga & Company

Auditors

DPH & Co.
Bhuta Shah & Co.

Registrar & Share Transfer Agents

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





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MANAGING DIRECTORS' MESSAGE

Managing Directors' Message to the Shareholders

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

FY 2011 was yet another year of turmoil for the Broader Industry as a whole. Developed countries are still grappling with the economic slowdown. Global trade has picked up on a y-o-y basis, albeit at a slower than expected rate.

The year has not been too favourable to the Shipbuilding yards in India also as is the case with the rest of the world. Indian yards bagged almost no international orders owing to the slowdown prevalent in the macroeconomic environment. Bharati has also suffered in regards to receipt of new orders. Nevertheless, Bharati Shipyard Limited has managed these difficult times on the back of its robust order book, comprising of non speculative orders and domestic demand.

The Company has delivered 5 vessels plus 1 project in the FY 2011. The Greenfield yards construction is also on track as we would like to reap the benefits of the next Shipping cycle upturn which is expected to occur when the current over-supply situation in the Offshore vessels will ease out. Continued oil and gas demand primarily from the emerging economies will render support to offshore vessel construction going forward. 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 potential demand for offshore vessels.

The Indian Defense sector has already started placing orders on a few domestic yards. We feel optimistic of the huge order potential which can be catered to by various Indian shipyards including Bharati on account of the quantum of orders envisaged to be placed by the Defence Ministry.

The year ending 31st March 2011 also saw the acquisition of majority stake in Tebma Shipyards Ltd (Tebma) by the Company. We are pleased to share that Tebma has state-of-the-art infrastructure which augments Bharati's current capabilities. This acquisition is a strategic decision by the company and we expect long term value to emanate from this relationship. With the acquisition of Great Offshore limited in FY 2010 and Tebma in FY 2011, we have grown in terms of size and customer base. We believe that the both these acquisitions will create significant value for the shareholders.

Although in the near term our resources will be stretched to a certain extent due to slowdown in the industry coupled with increased financial burden, we are working out strategies to reduce costs and make our operations leaner across the group. Cost savings will help us tide over the current uncertainty in the broader industry. A stable outlook for global economy for the CY 2011 and 2012 makes us hopeful of revival in the shipping and the shipbuilding business. As a combined entity the Group will be ready to face the next boom in a much efficient manner. The cost savings will help strengthen margins in the future.

We are cautiously threading the coming year and are hopeful to steer your company through the slowdown with the unending support of our employees and customers. We are aiming at meeting customer needs in an ever evolving market by providing efficient and environmentally green solutions. We feel confident of taking upon the challenges to come over the near term with calculative spending and being completely customer centric and updated with the latest technology and infrastructure.

We have a keen sight on the success to come in the future by focusing on our vision to be the No. 1 Shipbuilding company and marine engineering services provider in the country by delighting our valued customers.

The magnanimous support of our investors, customers, bankers, employees and Bharati family as always will help the Company scale new heights in the years to come.

Thanking you

Yours sincerely,




Mr. Vijay Kumar
Managing Director


Mr. P. C. Kapoor
Managing Director



NOTICE

NOTICE is hereby given that the THIRTY FOURTH 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 22nd September, 2011 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2011 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.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or reenactment thereof, for the time being in force) and the enabling provisions in the Memorandum and Articles of Associations of the Company, listing agreements entered into by the Company with Stock Exchanges where the Shares of the Company are listed and subject to approval of the Financial Institutions (FIs), Securities and Exchange Board of India **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**, Reserve Bank of India (RBI) and all other concerned Authorities, Institutions or Bodies, if any, and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions, and modifications as may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board") which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution, the Board be and is hereby authorized on behalf of the Company with powers to delegate such authority to such person(s) as the Board may deem fit to issue on preferential basis, Convertible Warrants to the Promoter Directors of the Company namely Mr. P. C. Kapoor and Mr. Vijay Kumar up to 4.90 % of Company's present paid up equity share capital (maximum up to 2.45 % to each of the Promoter Directors) i.e. aggregate Convertible Warrants to be converted in to 15,52,700 Equity Shares of Rs. 10/- each of the Company.
RESOLVED FURTHER THAT for the purposes of giving effect to the above resolutions the Board or the Committee thereof and/or Managing Director(s) of the Company be and is hereby authorized on behalf of the Company to agree and to make and accept such condition(s), modification(s) and alteration(s) stipulated by any of the relevant authorities while according approvals, consents or permissions to the issue as may be considered necessary, proper and expedient.
RESOLVED FURTHER THAT 22nd August, 2011 will be the Relevant Date (being 30 days before the date of this Annual General Meeting) for the purpose of calculation of price of equity shares on conversion of warrants."
RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things it may, in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise with regard to the Offer, Issue, Allotment and Utilisation of issue proceeds
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Section 314, 314(1B) and all other applicable provisions (if any) of the Companies Act, 1956, and further subject to Director's Relative (Office or Place of Profit) Rules, 2011 and further subject to the approval of Central Government, consent of the members of the Company be and is hereby accorded to the appointment of Mr. Chetan Mehra (a relative of Mr. P.C. Kapoor, Managing Director of the Company) as Consultant / Advisor to the Company for advising on financial matters on terms and conditions as contained in the draft agreement as placed before the meeting."
"RESOLVED FURTHER THAT Mr. U. A. Patel, Company Secretary, Ms. Seema Achrekar, Junior Officer and Mr. A. O. Thomas, Jt. General Manager be and are hereby individually authorized to sign and file applications to the Central Government for obtaining consent of the Central Government to this appointment and to take all the necessary, incidental, ancillary and consequential steps as may be required from time to time to give effect to this resolution."
"RESOLVED FURTHER THAT Mr. U. A. Patel and Ms. Seema Achrekar be and are hereby individually authorized to sign and file all the forms as may be required to be filed with the Registrar of Companies, Maharashtra, Mumbai or with any other authorities as may be required to notify the aforesaid appointment."

NOTICE ...(CONTD.)

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 314, 314(1B) and all other applicable provisions (if any) of the Companies Act, 1956, and further subject to Director’s Relative (Office or Place of Profit) Rules, 2011 and further subject to the approval of Central Government, consent of the members of the Company be and is hereby accorded to the appointment of Ms. Sukriti Gayatri Kumar (a relative of Mr. Vijay Kumar, Managing Director of the Company) as Consultant / Advisor to the Company for advising on technical and engineering aspects of shipbuilding on terms and conditions as contained in the draft agreement as placed before the meeting.”

“RESOLVED FURTHER THAT Mr. U. A. Patel, Company Secretary, Ms. Seema Achrekar, Junior Officer and Mr. A. O. Thomas, Jt. General Manager be and are hereby individually authorized to sign and file applications to the Central Government for obtaining consent of the Central Government to this appointment and to take all the necessary, incidental, ancillary and consequential steps as may be required from time to time to give effect to this resolution.”

“RESOLVED FURTHER THAT Mr. U. A. Patel and Ms. Seema Achrekar be and are hereby individually authorized to sign and file all the forms as may be required to be filed with the Registrar of Companies, Maharashtra, Mumbai or with any other authorities as may be required to notify the aforesaid appointment.”

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: 23rd August, 2011

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.**
- The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 2011 to 22nd September, 2011 (both days inclusive).
- The Dividend recommended by the Board of Directors, if declared at the Meeting, will be payable to those Shareholders whose names are registered in the Register of Members of the Company on 22nd September, 2011.
- 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 22nd September, 2011 to those shareholders whose names stand on the Company’s Register of Members’ on 22nd September, 2011.
- Members are requested to intimate to the Company/ its Registrar, changes, if any, in their registered addresses, at an early date and to quote folio numbers in all their correspondence.
- Members are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting.
Members are also requested to claim their unclaimed dividend for the year 2004-05 onwards else if remained unclaimed for 7 years, the same will be transferred to the credit of Investors’ Education and Protection Fund under the provisions of Section 205C of the Companies Act, 1956 and the same can not be reclaimed.
- 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.
- 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.
- An Explanatory Statement pursuant to provisions of Section 173 (2) of the Companies Act- 1956, in respect of the Special Business as listed out at Serial No.5, 6 and 7 of this notice is annexed hereto.



ANNEXURE

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act-1956)

Item No. 5.

As per the provisions of Chapter VII of **SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009**, the Company is allowed to issue shares/instruments convertible in to shares, on preferential basis to its Promoter Directors as per guidelines prescribed by SEBI in this regard and as referred to herein before. These guide lines also necessitate certain disclosures by the Company which are being stated herein below:

1. Objects of the issue:

Your Company has undertaken a major expansion programme. In order to fund the expansion programme, the Company proposes to raise additional resources through various sources, including preferential allotment. The Management will consider to issue 7,76,350 Convertible Warrants / Equity Shares of Rs. 10/- to each of the Promoter Director, aggregating to 15,52,700 Convertible Warrants / Equity Shares being 4.90 % of the present paid up capital to the Promoter Directors i.e. Mr. P. C. Kapoor and Mr. Vijay Kumar, at a price of Rs. 139/- per warrant/share determined as per the statutory guidelines notified in this regard.

2. Intention of the Promoters/Directors/Key Management Persons to subscribe to the offer:

The Promoters Directors of the Company shall subscribe to the preferential issue.

3. Shareholding pattern before and after the proposed offer :

The following will be the Shareholding Pattern of the Company before and after the proposed preferential issue.

Sr. No	Class of Shareholders	Pre-issue		Post Issue	
		No. of shares	Holding %	No. of shares	Holding %
1	Mutual Funds & UTI	33,63,676	10.62	33,63,676	10.12
2	Other Bodies Corporate	34,16,949	10.78	34,169,49	10.27
3	FII/Banks	6,85,980	2.16	6,85,980	2.06
4	NRIs/OCBs	4,58,331	1.45	4,58,331	1.38
5	Public/Clearing Members	89,06,859	28.11	89,06,859	26.80
6	Directors & their relatives	14,85,5969	46.88	164,086,69	49.37
Total		316,877,64	100.00	332,404,64	100.00

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

4. Pricing of the issue:

Each warrant of the company shall be allotted at a price of Rs 139/- (Rupees One Hundred and Thirty Nine only). The said each warrant would be converted into One equity share of the Company at face value of Rs.10/- (Rupees Ten Only) per share. The price of the Securities is calculated on the basis of the relevant date, i.e. 22nd August, 2011 being 30 days before the date of Annual General Meeting. The method of arriving at the price is in accordance with SEBI Guidelines as in force on the date of this notice.

5. Terms of payment:

The warrants are being issued at a price of Rs. 139/-. An amount, as may be decided by the Board of Directors, not being less than 25% of the issue price (i.e. Rs. 35/- per warrant) shall be payable upon subscription of the warrants and the balance to be paid at the time of allotment of shares.

6. Proposed time limit:

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

ANNEXURE ...(CONTD.)

7. Lock-in requirements:

As per the provisions of Chapter VII of **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**, the Equity Shares allotted on preferential basis to any person including Promotor group shall be locked in for a period of three years from the date of their allotment.

8. Others terms of warrants:

- 15,52,700 warrants convertible into 15,52,700 equity shares of Rs.10/-each on a one to one basis representing 4.90 % of the capital after conversion in one or more tranches and in any Financial Year the conversion of warrants will not be more than 5% of the expanded Share Capital i.e. such enhanced share capital after exercise of rights under some of the said Warrants in order to comply with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 .
- The warrant holders shall be entitled to any future bonus/rights issue(s) of equity shares or other securities convertible into equity shares by the Company, in the same proportion and manner as any other shareholders of the Company for the time being.
- The warrants by themselves do not give to the holder(s) thereof any rights of the shareholders of the Company.
- The equity shares issued as above shall rank pari passu in all respects with the then existing equity shares of the Company. The warrants and equity shares shall be subject to the Memorandum and Articles of Association of the Company.

9. The identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them.

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

Sr. No.	Name	Pre - issue equity holding	%	Post - Issue equity holding	%
1	Mr. P.C. Kapoor	57,23,508	18.06	64,99,858	19.56
2	Mr. Vijay Kumar	57,24,556	18.06	65,00,906	19.56
	Total	114,480,64	36.12	130,007,64	39.12

The above pattern is based on full subscription of the warrants and the subsequent allotment of shares after conversion of all the warrants. No change in control of the Company is envisaged.

10. Undertakings:

The Issuer Company (Bharati) undertakes that if required, it shall re-compute the prices of the shares emanating out of the conversion of the warrants to be issued on preferential basis to meet the requirements of Regulation 73(1)(f) and will comply with the requirements of Regulation 73(1)(g) read with Regulation 76 of **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**.

11. Copy of Certificate of Statutory Auditors:

As stipulated under Regulation 73(2) of **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009** a copy of certificate issued by the Statutory Auditors of the Company, certifying that this preferential issue is made in accordance with the conditions stipulated under applicable regulations of **SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009**, will be placed before the 34th annual general meeting of the members of the Company.

12. Consequential changes, if any, in the composition of the Board of Directors: No changes are envisaged in the composition of the Board of Directors or in the Management of the Company as a result of this proposed allotment. There will not be any change in the control of the Company.

Sr. No	Class of shareholders	Pre-issue	Post-issue
	Promoters	No. of shares	No. of shares
1	Mr. P. C. Kapoor	57,23,508	64,99,858
2	Mr. Vijay Kumar	57,24,556	65,00,906
	Total	114,480,64	130,00,764



ANNEXURE ...(CONTD.)

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

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

The Board recommends the Resolution at Serial No. 5 of this notice for your approval. Your Directors believe that such preferential issue of the said Equity Shares Warrants will be in the best interest of your Company hence the above resolution is placed before the members for their approval. Mr. P C Kapoor and Mr. Vijay Kumar, Managing Directors may be deemed as concerned or interested in the resolution to the extent of warrants which may be allotted to them respectively.

Item No.6 & 7

It is proposed to appoint Mr. Chetan Mehra and Ms Sukriti Gayatri Kumar as the Consultants/Advisors to the Company on terms and conditions as contained in the agreements as per drafts placed before the meeting. Mr. Chetan Mehra will be advising the Company on Financial Matters where as Ms Sukriti Gayatri Kumar will be advising the Company on technical and engineering aspects of shipbuilding.

Mr. Chetan Mehra is a relative of Mr. P. C. Kapoor, Managing Director and Ms Sukriti Gayatri Kumar is a relative of Mr. Vijay Kumar-Managing Director. The proposal requires approval of members and Central Government. After the approval of members, the management will seek approval of the Central Government.

Mr. P. C. Kapoor, Managing Director and Mr. Vijay Kumar, Managing Director may be concerned or considered as interested in the proposals. None of the other Directors is concerned interested in the proposals.

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: 23rd August, 2011

Place : Mumbai

DIRECTORS' REPORT

TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

Your Directors have pleasure in presenting the 34th Annual Report, together with the Audited Financial Statements of the Company for the year ended March 31, 2011.

1. FINANCIAL RESULTS:

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

Particulars	(Rs. in Lakhs)	
	Financial Year	
	2010 - 2011	2009 - 2010
Total Income	158,134.49	135,244.24
Profit before Interest, Depreciation & Tax	46,732.40	32,098.29
Less : Interest	26,632.63	9,773.07
Less : Depreciation	2,150.77	1,529.31
Profit before Tax	17,949.00	20,795.91
Less : Tax	6,603.80	6,909.19
Profit after Tax	11,345.20	13,886.72
Surplus brought forward	43,741.47	32,259.15
Amount available for appropriation	55,086.67	46,145.87
APPROPRIATIONS		
Transfer to Debenture Redemption Reserve	1,250.00	-
Transfer to General Reserve	1,134.52	1,388.67
Dividend including Dividend Tax	1,060.30	1,015.73
Surplus carried forward	51,641.85	43,741.47
Total Appropriations	55,086.67	46,145.87

2. CAPITAL:

During the year under review Authorized Share Capital of the Company remained unchanged 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 2,89,39,300 shares to 3,03,09,300 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 13,70,000 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. 3,030.93 lakhs i.e. @ Rs.3/- per share on 3,03,09,300 Equity Shares of Rs. 10/- each aggregating to Rs. 1,060.30 lakhs including dividend tax.

4. OPERATING RESULTS AND PROFITS:

During the year under review, your Company has successfully delivered 5 (Five) vessels and 1(one) project. Your Company has posted turnover of Rs.136,822.69 Lakhs, and an increase of about 8.18 % as compared to Rs. 1,26,481.74 Lakhs in the previous financial year. Your Company has achieved Profit After Tax of Rs.11,345.20 Lakhs as against Rs. 13,886.72 Lakhs in the previous year.

5. FINANCE:

As at the end of financial year, your Company has total Secured Loans of Rs. 182,875.36 lakhs including Debentures worth Rs. 9,000 lakhs, Cash and Export Credit Facility worth Rs. 48,484.06 lakhs (by way of consortium finance where State Bank of India is the lead bank) and Term Loans and Loan from Bank and other Financial Institutions worth Rs. 125,391.30 lakhs. The Company has also availed unsecured loan and at the end of financial year total of Rs. 167,708.42 is outstanding as unsecured loan.



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 Brahamanvel, Taluka Sakri, District Dhule, Maharashtra. The project has generated revenue of Rs.978.30 Lakhs during the year under report. It has become mandatory for the Company to appoint a Cost Auditor w-e-f from 1st April, 2011. Hence the company has appointed Mr. K N Satyanarayan as the Cost Auditor for the above Project at its Board meeting held on 13th May, 2011.

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.
- i) Tebma Shipyard Limited

The Company has availed general exemption, given by Central Government vide circular no 2/2011 dated February 08, 2011 from attaching the Annual Audited Accounts of the Subsidiary companies with its Annual Report.

8. ACQUISITION OF CONTROLLING STAKE IN TEBMA SHIPYARD LIMITED:

During the year under report your company acting in concert with its subsidiary company namely Nirupam Energy Projects Pvt. Ltd. acquired controlling interest in M/s Tebma Shipyard Limited. The total acquisition is 3,94,53,125 equity shares (51% of Tebma Shipyard Ltd's capital).

The company has made an investment for strategic reasons and to expand and explore new opportunities of Shipbuilding 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 shipbuilding industry which will 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 Articles 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. Ltd.
- b) Natural Power Ventures Pvt. Ltd.
- c) Dhanshree Properties Pvt. Ltd.
- d) Nirupam Energy Projects Pvt. Ltd.

10. FORGING JOINT VENTURES AND ALLIANCES:

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

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 Annexure 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

DIRECTORS' REPORT ...(CONTD.)

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.

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. Repairs are an area which the company is exploring.

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 appointed as Joint Auditors at the 34th Annual General Meeting to hold office from conclusion of the said Meeting till conclusion of the next Annual General Meeting. The Company has received the necessary certificate from the Joint Auditor pursuant to Section 224 (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.

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 disclosed in Annexure - A.

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

17. PARTICULARS OF EMPLOYEES:

The company has not disclosed information as required by Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 as the same are not applicable to Company.

18. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2010-11, 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, 2011 ;
- 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

P. C. Kapoor
[Managing Director]

Date: 20th July, 2011
Place: Mumbai



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANY**

(Rs. in Lakhs)

Name of the Subsidiary	Financial year of the Subsidiary ended on	Shares of the Subsidiary held by the Company directly or through its Subsidiary Company on March 31, 2011	Number and face value of Share	Extent of Holding (%)	Net aggregate amount of profit / (loss) of the Subsidiary for the financial year of the Subsidiary so far as they concern members of the Company	Dealt with in the accounts of the Company for the year ended 31st March, 2011	Not Dealt with in the accounts of the Company for the year ended 31st March, 2011	Net aggregate amount of profits / (losses) for previous financial years of the Subsidiary since it become a Subsidiary so far as they concern members of the Company	Dealt with in the accounts of the Company for the year ended 31st March, 2011	Not Dealt with in the accounts of the Company for the year ended 31st March, 2011
1 Pinky Shipyard Pvt. Ltd.	March 31, 2011	1,53,000 ordinary shares Rs. 100 each fully paid	51.00	24.64	NIL	NIL	20.69			
2 Advitiya Urja Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 100 each fully paid	100.00	0.23	NIL	NIL	3.15			
3 Dhanshree Properties Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 10 each fully paid	100.00	488.29	NIL	NIL	346.32			
4 Natural Power Ventures Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 10 each fully paid	100.00	1,724.68	NIL	NIL	581.63			
5 Nirupam Energy Projects Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 10 each fully paid	100.00	68.79	NIL	NIL	0.61			
6 Nishita Mercantile Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 10 each fully paid	100.00	4.73	NIL	NIL	0.59			
7 Premila Mercantile Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 10 each fully paid	100.00	0.21	NIL	NIL	0.60			
8 Visudh Urja Pvt. Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 100 each fully paid	100.00	0.23	NIL	NIL	0.62			
9 Tebma Shipyard Ltd.	March 31, 2011	10,000 Equity Shares of Rs. 10 each fully paid	51.00	251.31	NIL	NIL	12,877.65			

Bharati Shipyard Limited

FINANCIAL INFORMATION OF SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Aditya Urja Pvt. Ltd.	Dhanshree Properties Pvt. Ltd.	Natural Power Ventures Pvt. Ltd	Nirupam Energy Pvt. Ltd.	Nishita Mercantile Pvt. Ltd.	Pinky Shipyard Pvt. Ltd.	Premila Mercantile Pvt. Ltd.	Tebma Shipyard Ltd.	Vishudh Urja Pvt. Ltd.
Paid up Share Capital	100,000	100,000	100,000	100,000	100,000	30,000,000	100,000	2,023,615,000	100,000
Reserves & Surplus	-	-	-	-	-	8,232,719	-	1,219,471,000	-
Total Assets	25,774,319	2,107,709,388	7,069,773,476	846,658,420	667,131	670,793,395	133,090	10,927,650,729	36,015,175
Total Liabilities (excluding Capital and Reserves)	25,674,319	2,107,609,388	7,069,673,476	846,558,420	567,131	632,560,672	33,090	7,684,565,000	35,915,175
Investments (excluding investment in subsidiaries)	-	2,022,054,719	6,794,634,168	757,500,000	-	10,000	-	132,000	-
Total Income	-	12,070,418	34,215,463	-	1,178,224	125,175,042	43,508	1,542,000,529	-
Profit/(Loss) Before Tax	(22,588)	(48,829,336)	(172,467,559)	(6,879,100)	(472,608)	7,620,747	20,547	(755,579,700)	(22,588)
Provision for Taxation	-	-	-	-	-	2,789,228	-	(5,613,000)	-
Profit/(Loss) after Tax	(22,588)	(48,829,336)	(172,467,559)	(6,879,100)	(472,608)	4,831,519	20,547	(748,056,654)	(22,588)
Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-	-



Annexure 'A'

A. Conservation of Energy:

- I. Electronic ballasts for lighting systems.
- II. Capacitor banks to increase power factor.
- III. Energy saving systems for welding sets.
- IV. Use of transparent sheets in fabrication sheds, workshops and stores for adequate natural lighting.
- V. Use of energy free systems in fabrication sheds for natural ventilation.
- VI. Use of Solar Systems for heating water in Accommodation area.

B. Technology Absorption:

We are in process of building 'Self Elevated Jack up Drill Rig'. This Rig is being built under the transfer of technology license with M/s LeTourneau Technologies inc., USA. Since we are building this type of Rig for the first time, under the transfer of Technology, experts from M/s LeTourneau have been positioned in the yard to oversee the construction and guide our engineers in production activities. Over a period of time we have gained knowledge in the field of fabrication, engineering and electrical, related to Jack up Rig Construction. We have documented the various the critical processes of hull fabrication, piping fabrication, leg fabrication etc., for facilitating Bharati to work on future Rig Construction. We are now equipped to undertake new work of building Rigs on our own minimum help from foreign expertise

C. Foreign Exchange Spent And Earned:

(Rs. in Lakhs)

Particulars	Current Year	Previous Year
a. Value of Direct Import calculated on CIF Basis:		
i. Components, Spare parts and Colour Chemicals	67,702.63	51,660.57
ii. Raw Materials	5,550.71	7,485.41
iii. Capital Goods	5,330.51	6,662.90
b. Earnings in Foreign Exchange on account of export of Goods:	39,017.34	12,471.76
c. Expenditure in Foreign Currency:		
i. Commission and Brokerage	91.89	142.07
ii. Design and Consultancy	714.44	922.84
iii. Freight Charges	190.08	144.88
iv. Legal & Professional Fees	607.87	-
v. Traveling Expenses	406.31	210.38
vi. Others	963.61	359.99

Annexure 'B'

Corporate Governance Report

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

1. Company's philosophy on Corporate Governance:

BHARATI SHIPYARD LIMITED believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders' value. In this pursuit, your Company's 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. 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. It encourages wide participation from all stakeholders.

2. Board of Directors :

The Board composition is in conformity with the provisions of the Companies Act, 1956 and clause 49 of the listing agreement. The strength of the Board as on 31st March, 2011 is 4 Directors comprising of 2 Promoter Directors and 2 Independent Non Executive Directors.

The composition of the Board as on 31st March, 2011 was as follows:

Name of Directors	Category of Directorship	* No. of other Directorships	#No. of Committee Memberships
Mr. Prakash Chandra Kapoor	Executive – MD	11	1
Mr. Vijay Kumar	Executive –MD	8	NIL
Mr. B. L. Patwardhan	Independent & Non- Executive	1	1
Mr. V. P. Kamath	Independent & Non- Executive	14	9

* Excludes Alternate Directorships, Directorships in Indian Private Limited Companies and Foreign Companies and proprietorship and partnership firms.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, membership /chairmanship of only the Audit Committee, Shareholders'/Investors Grievance Committee and the Remuneration Committee of the Public Limited Companies has been considered.

There is 1 nominee Director on behalf of State Bank of India. None of Directors have pecuniary or business relationship with the Company except to the extent as disclosed in Notes to accounts. No Director of the Company is either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he is Director.

3. Board Procedure:

During the year under report the Board met 7 times on the following dates: 30/04/2010, 29/06/2010, 11/08/2010, 11/11/2010, 22/11/2010, 27/12/2010 and 07/02/2011. 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	7	5	Yes	11	-	1
Vijay Kumar	Executive	7	4	Yes	8	-	-
B. L. Patwardhan	Non Executive	7	5	Yes	1	-	1
V. P. Kamath	Non Executive	7	7	Yes	14	3	6

* Excludes Directorships in private companies



Annexure 'B' ...CONTD.

a. 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	1,68,40,000	9,00,000	2,52,40,000	
Vijay Kumar	Non Independent	75,00,000	1,68,39,000	9,00,000	2,52,39,000	
B. L. Patwardhan	Independent	-	-	-	-	1,80,000
V. P. Kamath	Independent	-	-	-	-	2,40,000

b. Directors seeking Appointment/ Re-appointment at the Forthcoming Annual General Meeting (pursuant to Clause 49 IV (G)(i) of the Listing Agreement):

Name of the Director	Mr. V. P. Kamath
Age	76
Qualification	B.Com (Advanced Accounts and Auditing)
Expertise in specific functional areas	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.
Directorship in other Indian Public Limited Company and other firms as on 31.03.11	<ol style="list-style-type: none"> 1. Batot Hydro Power Limited. 2. Greenweizz Projects Limited. 3. Joiner Hydro Power Projects Limited. 4. Karma Energy Limited. 5. Tapi Energy Projects Limited. 6. Weizmann Forex Limited. 7. Weizmann Limited. 8. Windia Infrastructure Finance Limited. 9. Supportive Insurance Brokers Limited. 10. Avinnaya Resources Limited. 11. Pinky Shipyard Private Limited. 12. Natural Power Ventures Private Limited. 13. Dhanshree Properties Private Limited. 14. Nirupam Energy Projects Private Limited.

Committee Membership

1. Weizmann Limited.
 - a) Investor Grievances Committee
 - b) Audit Committee
2. Karma Energy Limited.
 - a) Investor Grievances Committee
 - b) Audit Committee
3. Weizmann Forex Limited.
 - a) Investor Grievances Committee
 - b) Audit Committee
4. Tapi Energy Projects Limited.
 - a) Audit Committee
5. Windia Infrastructure Finance Limited.
 - a) Audit Committee
6. Batot Hydro Power Limited
 - a) Audit Committee

Share Holding

NIL

Annexure 'B' ...CONTD.

c) Code of conduct for Directors and Senior Management:

The Code of conduct as applicable to the Directors and the members of the senior management had been approved by the Board and it is being duly abided by all of them. The Annual Report of the Company contains declaration to this effect from the Managing Directors.

4. Committees of the Board:

a) Audit Committee

The Company has an Audit Committee at the Board level with powers and role that are in accordance with clause 49 of the listing agreement. The Committee acts as a link between the management, the statutory and the Board of Directors and oversees the financial reporting process.

The Audit Committee presently comprises of 1 Executive Director and 2 Non Executive Independent Directors. The members of the Committee are well versed in finance matters, accounts, Company law and general business practices.

The functions of the Audit Committee are as per Company Law and Listing Agreement with the Stock Exchanges. These include the review of accounting and financial policies and procedures, review of financial reporting system, internal control system and procedures and ensuring compliance of statutory requirements.

The Audit Committee reviews the financial statements with the Statutory Auditors and the Management with reference to the accounting policies and practices before commending the same to the Board for its approval.

The Committee met 5 times during the year under report on 30/04/2010, 29/06/2010, 11/08/2010, 11/11/2010, and 07/02/2011. The time gap between the two meetings was not more than 4 months.

Composition of Audit Committee and details of the meetings attended:

Sr. No.	Name of the Audit Committee Member	Category	Designation of the Committee	No. of Meetings Held	No. of Meeting attended
1.	V. P. Kamath	Non Executive	Chairman	5	5
2.	P. C. Kapoor	Executive	Member	5	5
3.	B. L. Patwardhan	Non Executive	Member	5	4

The terms of reference of the Audit Committee include:

- To review financial statements and pre-publication announcements before submission to the Board.
- To discuss and review report of the external auditors and ensure the compliance of the internal control system.
- To apprise the Board on the impact of accounting policies, accounting standards and applicable laws and regulations.
- To hold discussions with statutory auditors on the scope and content of the audit.
- To review related party transactions:
- Appointment of statutory auditor and fixing their remuneration.

b) Remuneration Committee:

The powers of Remuneration Committee are exercised by the Board.

c) Share Transfer Committee:

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

d) Share Transfer and Shareholders Grievance Committee:

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



Annexure 'B' ...CONTD.

5. General Body Meetings:

The details of the Annual General Meeting held during the last 3 years are as under:

Financial Year	Date of AGM	Time	Venue	Special Resolution(s)
2007-2008 (31st AGM)	29.09.2008	11:30 a.m.	"The Synthetic & Art Silk Mills Research Association, Sasmira, Sasmira Marg, Worli, Mumbai - 400 030"	No
2008-2009 (32nd AGM)	29.09.2009	10:30 a.m.	"Rangaswar Hall", Y. B. Chavan Pratishthan, Gen J. Bhosle Marg, Nariman Point, Mumbai-400 021	3 special resolutions passed
2009-2010 (33rd AGM)	23.09.2010	10:30 a.m.	"Rangaswar Hall", Y. B. Chavan Pratishthan, Gen J. Bhosle Marg, Nariman Point, Mumbai-400 021	No

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.

6. Disclosures:

a) Disclosure regarding materially significant related party transactions during the year :

There were no other related party transactions of material nature with the Promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the Company at large. However, attention is drawn to point No. 13 & 19 of Notes to Accounts.

b) Disclosure of non-compliance by the Company:

There were no instances of Non-compliance on any matter related to the capital market during the past three years and that no penalties or strictures were imposed on the Company by any Stock Exchange or SEBI.

The Board affirms that no person has been denied access to the Audit Committee during the year. The Company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance.

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 nonmandatory requirements of Clause 49:

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

7. Means of Communication:

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

Day, Date and Time : Thursday, 22nd September, 2011 at 11.30 a.m.
Venue : Rangaswar Hall, 4th Floor, Y.B. Chavan Pratishthan, Gen. J. Bhosle Marg,
Near Mantralaya, Nariman Point, Mumbai-400 021.

8. Financial Calendar for 2011 – 12 (Tentative)

Financial Year	:	April 1 to March 31
Results for the quarter ending June 30, 2011	:	Before 15th of August-2011
Results for quarter ending September 30, 2011	:	Before 15th of November-2011
Results for quarter ending December 31, 2011	:	Before 15th of February -2012
Results for year ending March 31, 2012	:	Before 15th of May-2012
Annual General Meeting	:	Before 30th September, 2012

Annexure 'B' ...CONTD.

9. Date of Book Closure

Book Closure dates are from Thursday the 15th **September, 2011** to 22 **September, 2011** (both days inclusive).

10. Dividend Payment Date:

Within 30-days from the date of declaration of dividend i.e. 22nd September, 2011.

Dividend on Equity Shares when declared will be made payable on or after 22/09/2011 to those Shareholders whose names stand on the Company's Register of Members on 22/09/2011 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.

Listing on Stock Exchanges	:	The Bombay Stock Exchange Ltd. (BSE) , Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001.
ISIN No.	:	National Stock Exchange of India Ltd. (NSE) , Exchange Plaza, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051.
Stock Code/Symbol	:	INE 673G01013
NSE : BHARTISHIP		BSE : 532609

11. Market Price Data :

The monthly high and low quotations and volume of shares traded at the NSE /BSE during the financial year, 2010-2011 are given below:

Month & Year	NSE			BSE		
	High (Rs)	Low (Rs)	Volume	High (Rs)	Low (Rs)	Volume
Apr – 10	302.35	251.00	1,45,39,043	302.75	251.05	54,17,106
May – 10	283.85	233.00	57,99,750	284.00	230.25	23,04,368
Jun – 10	263.40	238.75	57,90,489	263.45	238.15	22,38,714
Jul – 10	246.95	225.00	26,63,255	247.00	225.35	9,64,160
Aug – 10	253.75	205.25	47,88,316	253.50	205.20	20,62,656
Sep – 10	241.40	207.00	40,94,298	241.40	205.40	15,71,959
Oct – 10	293.80	220.55	2,36,42,749	293.70	219.60	85,79,897
Nov – 10	280.90	200.00	1,29,84,318	281.00	205.55	39,75,518
Dec – 10	233.40	196.00	47,95,581	233.90	180.00	17,27,246
Jan – 11	223.00	162.90	30,53,913	223.05	162.00	11,66,284
Feb – 11	167.90	129.40	28,15,627	168.40	129.30	9,79,498
Mar – 11	154.50	140.10	23,54,429	154.70	140.25	9,42,676

BSE-Bharati Shipyard Ltd: Price Chart Bharati





Annexure 'B' ...CONTD.

12. 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, subdivision, 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.

13. Share Transfer System:

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and effected within 15 days from the date of receipt.

Shares held in the dematerialized form are electronically traded by Depository Participants and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository Participants the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants etc.

Physical shares received for transfer are required to be dematerialised first before their transfer.

14. Nomination Facility:

The Companies Amendment Act, 1999 has introduced through Section 109A, the facility of nomination to share/debenture/deposit holders. This facility is mainly useful for all holders holding the shares/debentures/Fixed deposits in single name. In case securities are held in joint names, the nomination will be effective only in event of death of all the holders.

Investors are advised to avail of this facility, especially those holding securities in single name to avoid the process of transmission by law.

Investors holding shares in physical form may obtain nomination form the Registrar and Share Transfer Agent of the Company at Mumbai. However, if the shares are held in dematerialized form, the nomination has to be conveyed to your depository participants directly, as per the format prescribed by them.

Share Holding Pattern as on 31st March, 2011 is given below:

Category	No. of Shares Held	Percentage of Shareholding
1 Promoters		
Indian Promoters	134,77,505	44.47
Foreign Promoters	0	0
2 Persons acting in Concert	0	0
Sub-Total - (i)	134,77,505	44.47
B Non-Promoters Holding		
3 Institutional Investors		
a Mutual Funds and UTI	37,250	0.12
b Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	33,26,426	10.97
c Foreign Institutional Investors	9,26,706	3.06
Sub-Total - (ii)	42,90,382	14.15
4 Others		
a Private Corporate Bodies	36,83,195	12.15
b Indian Public	81,35,938	26.84
c NRIs / OCBs	4,10,950	1.36
d Any other (Clearing Members, Trusts)	3,11,330	1.03
Sub-Total - (iii)	125,41,413	41.38
Grand Total (i + ii + iii)	303,09,300	100.00

Annexure 'B' ...CONTD.

Distribution of Share holding as on 31st March, 2011 is given below:

Nominal Value of Share Holding	No. of Shareholders	% of the total Shareholders	Share Amount Rs.
1 To 500	38,744	92.94	38,21,446
501 To 1000	1,534	3.68	12,29,899
1001 To 2000	741	1.78	11,39,256
2001 To 3000	233	0.56	6,01,147
3001 To 4000	98	0.24	3,48,152
4001 To 5000	92	0.22	4,30,647
5001 To 10000	122	0.29	8,74,542
10001 to Above	122	0.29	218,64,211
TOTAL	41,686	100.00	303,09,300

15. Dematerialization of Equity Shares :

As on 31st March 2011, 3,03,07,548 equity shares representing 99.99% shares are held in dematerialized form and the balance 1,752 equity shares representing 0.01 % shares are in physical form.

16. Outstanding GDRs/ADRs/Warrants or any other Convertible instruments:

The Company had 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 were outstanding as on 31-03-2011. However the same have been converted in to equity shares as of now.

17. 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 .

18. 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.

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

- a) **Chairman of the Board:** The Managing Directors are acting as Chairman of the meeting hence the requirement pertaining to reimbursement of expenses to a non-executive Chairman does not arise. No specific tenure has been specified for the Independent Directors.

However, Independent Directors are liable to retire by rotation and seek reappointment by the members.

- b) **Remuneration Committee:** The powers of Remuneration Committee are exercised by the Board.

- c) **Shareholders' rights:** As the Company's half yearly financial results are published in English and Marathi newspapers having a wide circulation, the same need not be sent to shareholders individually. However, the Company furnishes the quarterly and half yearly results on receipt of a request from the shareholders.

- d) **Audit Qualification:** There are no audit qualifications /observations in the Report of Auditors of the Company for the year under report.



- e) **Training to Board Members:** No training has been provided to the Board Members as on date of this report. The Directors interact with management in a very free and open manner on information that may be required by them for orientation with the business of the Company.
- f) **Mechanism for evaluating Non-executive Board Members:** The Company is working on the mechanism and the same will be adopted in due course.
- g) **Whistle Blower Policy:** The Company has adopted the code of conduct for Directors and Senior Management. The Board has considered and deliberated on the whistle blower policy of the Company. The same will be implemented shortly.

20. Compliance:

A certificate has been obtained from the Practicing Company Secretary regarding compliance of corporate governance and attached to this report.

ANNEXURE 'C' MANAGEMENT DISCUSSION AND ANALYSIS

I. Industry Structure, Development and Outlook

(i) The Shipbuilding Industry – Waiting for the upturn to Commence

Global Shipbuilding industry continued to witness sluggish demand during CY 2010. The demand for containers and cargo carrying vessels dropped on a y-o-y basis. The Baltic Dry Index dipped approximately 46% during CY 2010. Newbuilding prices have bottomed out in CY10 having declined about 30% to 45% from the peak levels witnessed in mid 2008.

At the beginning of the year, prospects for the offshore industry looked better in comparison to the cargo and container demand as crude oil prices were on an uptrend throughout the year. However, globally the demand for offshore vessels did not pick up as anticipated, primarily due to over-capacity in the offshore vessels. The total new builds order increased from 33.6 mn GT to 77.8 mn GT. However, there was no meaningful order accretion for the Indian shipyards in comparison to their Korean and Chinese peers during the year.

The Asian shipbuilders continued to dominate the global Shipbuilding orderbook. China continued to be the largest shipbuilding country in CY 2010 with a total orderbook standing at 185 million Dead Weight Tonnage (DWT). South Korea ranked second with a total DWT of 144 mn DWT, whilst Japan stood at number three at 77 mn DWT. Japan lost its market share to its Korean and Chinese competitors.

(ii) Shipbuilding scenario in India

Indian Shipbuilding orders did not pick up as anticipated at the beginning of CY 2010. Indian shipbuilding companies cater to the niche offshore segment constructing Platform Support Vessels (PSVs), Offshore Support Vessels (OSVs), Anchor Handling Tugs (AHTs), Multipurpose Platform Support Vessels etc. Despite, an increase in the crude oil prices, most of the Indian yards failed to see new vessel orders during the year due to oversupply in the offshore vessels. Nevertheless, the Indian Shipbuilding Companies have stayed afloat in such trying times due to resilient order book positions. A few Defence sector orders were bagged by some public as well as private sector yards during the year Defence shipbuilding is expected to meaningfully contribute to orderbook accretion in the coming years for the Indian shipbuilding Companies.

According to the Shipping Ministry document “Maritime Agenda: 2010 – 2020”, Government of India has proposed to increase the share of new build order book position of India to 5% over the period of coming decade i.e. by the year 2020. Currently Indian share of new build order book is less than 1% of the global orders. Government is desirous of developing maritime infrastructure – ports, shipping, including inland water transport, which will boost shipbuilding development in the years to come. Shipbuilding sector provides substantial employment in the organized sector, and acts as catalyst for steady urbanized development. Lower labour costs, skilled man power etc. have spurred ship building growth over the last decade. With further impetus from the Government, the Shipbuilding sector in India will be on a high speed growth path.

Opening up of the Defence sector orders for private shipbuilders and focus on energy security by National Oil Companies make us optimistic about long term domestic demand prospects and its impact on the shipbuilding development in India.

(iii) Company Overview:

Bharati Shipyard Ltd. (Bharati) began operations in 1976 with one shipyard based out in Ratnagiri, Maharashtra. The company now owns six shipyards with presence on both the West and the East Coast of India. The shipyards are located at Ratnagiri, Dabhol, Goa, Ghodbunder, Mangalore and Kolkata. The company's product portfolio has graduated from small sized vessels and tugs to sophisticated offshore vessels like Platform Support Vessels (PSVs), Anchor Handling Support Vessels (AHTSVs), Offshore Support Vessels (OSVs), Midsized LNG Containers, Forest Carriers and more recently Oil rig.

Bharati strives to achieve balanced growth by evaluating all the business opportunities and seeking the best option from the available opportunities. With ready technology upbeat infrastructure the company is well placed to allay the effects of the ongoing global economic upheaval.

With the view to reap the benefits of the upcoming shipping cycle, the company is in the advanced stages of Greenfield yards construction in Dabhol, Maharashtra and Mangalore, Karnataka.

(iv) Acquisitions by Bharati

In the year FY 2010 Bharati acquired a strategic stake in Great Offshore Ltd (GOL), one of the leading Oilfield Services provider in India. The acquisition of GOL is a forward integration for Bharati.

During the year FY 2011, Bharati acquired majority stake in Tebma Shipyards Ltd (TSL). Currently the open offer process to acquire further 20% in TSL is in process.



ANNEXURE 'C' MANAGEMENT DISCUSSION AND ANALYSIS.....CONTD.

(v) The Company Strategy

Bharati maintains a long term vision to be the best shipbuilding company in India catering to diverse client base both in India as well as internationally.

Despite a sluggish recovery in the global shipbuilding industry, the company has started receiving enquiries for higher end offshore vessels. We believe that these enquiries will percolate to meaningful orderbook accretion in the near term.

Commitment to quality, customer satisfaction and highest safety standards make us hopeful that the upcoming shipping uptrend will reward Bharati with significant opportunities. Our strategy to tide over the ongoing challenging environment continues to remain the same:

a) Focus on offshore sector

Traditionally Indian Shipbuilders have a offshore orders as the larger pie of their order book. Offshore orders comprise around 70% of Bharati's current order book. The order book also tilts towards export orders. The company endeavors to garner export markets by targeting customers in the international domain. Several repeat orders from both international and Indian customers in the past make us confident that the trend will continue going forward. The company is focused on use of cost efficient to make its operations leaner in going forward.

b) Pursuance of domestic orders

While Offshore exports vessels comprise a bulk of the order book, Bharati continues to evaluate the domestic shipping demand. The Government's commitment of creating a self sufficient energy generating economy will provide immense opportunities to varied industries that coexist and help develop the Power sector. Shipbuilding Companies will largely benefit by the boost in the Power sector as the National Oil Exploration Companies will require higher quality offshore vessels to explore further energy resources.

Stable GDP growth outlook and increasing crude oil price trend provides impetus to Exploration and Production (E&P) companies to support their E&P activities.

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.

c) Defence orders : De-risking of business

The company is mindful of the huge Defence shipbuilding market and Indian Coast Guard which have been outsourced to domestic shipbuilders. The outsourcing of Defence orders to private shipbuilding companies will help the private shipbuilding companies to mitigate the effects of slowdown in the global shipbuilding orders due to financial turbulence in the developed economies.

Bharati has in the past built vessels for the Indian Coast Guard. The Company is closely monitoring this business segment and is hopeful of securing some orders in this area in future.

d) Build sophisticated high margin yielding vessels

Bharati is the first ever Indian Shipbuilding company to construct a Jack up Oil Rig. The company has also built higher specification vessels for the offshore industry in the past. With the north-ward trend in the crude oil prices the company expects fresh orders from E&P players as there will be a resurgence in E&P demand the E&P players are expected to start their capital spending over the medium term. The rig market is being closely followed by the company as it is garnering interest of several international E&P companies.

Bharati is well equipped for construction of such sophisticated vessels on the back of higher yard capacity at the Greenfield yards and state of the art facilities created in these yards. High Precision offshore vessel construction provides high margin generating business which Bharati is eager to pursue.

e) Foray into Ship Repairs business

Bharati wishes to foray into the Ship repairs business in the medium term. The repairs business is a potential untapped market in India. Currently the ships from India and neighbouring countries are taken to Singapore or Dubai for repairs. This proves a costly affair for the Shipowners. Bharati looks to bridge this gap by providing repairs services to the shipping Companies in India. Dabhol yard is well equipped to carry out the repairs business. Thus we believe that repairs business will contribute to our bottomline in the coming years.

ANNEXURE 'C' MANAGEMENT DISCUSSION AND ANALYSIS.....CONTD.

II. Opportunities:

The current recessionary trend in the overall industry has led the shipbuilding companies to incorporate cost saving strategies to hedge the cyclical risks associated with this sector. Leaner operations will help strengthen margins when the shipping cycle will see the uptrend. Increasing world trade activities, stable GDP outlook for emerging economies and greater E&P activities will translate into demand for new build vessels in the medium term. Furthermore, strict environmental regulations will also boost the replacement demand which will lead to new build orders in the due course.

i. Stringent Drilling Regulations and International Maritime Organisation:

Tighter drilling rules may support a revival in offshore orders. Offshore orders are showing signs of recovery with the gradual pickup in the global economy and an increase in oil prices. Stricter norms will lead to demand for new build vessels. These norms would stem potential orders for ship building companies worldwide as shipping companies will resort to ordering new vessels in consonance with the environmental norms.

Anti Pollution norms by MARPOL (Marine Pollution Regulation) will also lead to phasing out of older vessels thus giving rise to replacement demand.

Post the oil spill incidents majority E&P companies are trading cautiously to avoid any further mishaps of such kinds. We feel that stricter environmental norms will give rise to new build vessel orders.

ii. Growth in the world trade and emerging nations:

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.

Furthermore, emerging economies are expected to steer the sluggish demand which will trigger orders for new builds. Increasing infrastructure and construction activities is driving demand for steel. Energy demand is driving demand for Oil and Coal. These factors will contribute 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;
- 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 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.



ANNEXURE 'C' MANAGEMENT DISCUSSION AND ANALYSIS.....CONTD.

- (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 export oriented 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.

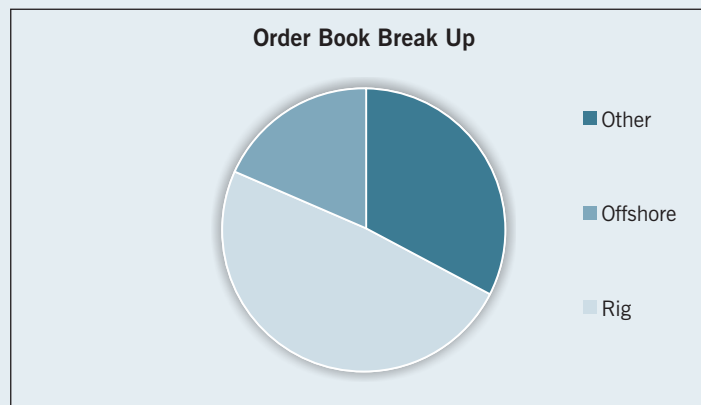
IV. Internal Control System:

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."

V. Financial Overview

i. Turnover

During the year, turnover has increased 8.2% y-o-y to Rs. 1,36,822.69 lakhs in comparison to the previous year of Rs. 126,481.74 lakhs. The increase in the topline is attributable to speedier execution at the Greenfield yards of the company. Approximately 70% of the current order book comprises of export orders.



ii. Subsidy

During the year the company has booked subsidy income of Rs. 21,078.17 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.

ANNEXURE 'C' MANAGEMENT DISCUSSION AND ANALYSIS.....CONTD.

iii. **Expenditure**a. **Raw Material Consumed**

The Raw Material consumed has increased from Rs. 70,406.54 lakhs to Rs. 75,250.99 lakhs in line with the increase in turnover. The raw material cost represented 55.00% of turnover for the year under consideration as compared to 55.67% last year. Raw Material cost as a percentage of sales have reduced 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. 16,718.00 lakhs at the end of 31st March 2010 to Rs.18,545.69 lakhs at the end of current year. The manufacturing and other expenses represented 13.55% of Turnover for the 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 to Rs.17,605.41 lakhs in the current year in comparison to Rs. 16,021.41 lakhs during the last year. This increase is mainly due to increase in turnover and rising labour costs. The employee cost represented 12.87% of turnover for the year as compared to 12.67% last year.

d. **Bank & Finance Charges**

Bank & Finance Charges have increased to Rs. 26,632.63 lakhs in the current year, from Rs. 9,773.07 lakhs in previous year. The Bank and Finance Charges comprise of interest on various term loans, 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. Currently, the company is in process of construction of various vessels. Thus the BG commissions have increased on a y-o-y basis. The overall increase in the finance charges is in tune with the increase in the overall borrowing during the year.

e. **Depreciation**

Depreciation has increased from Rs. 1,529.31 lakhs in last year to Rs. 2,150.77 lakhs in current year. The increase in depreciation is mainly due to the utilization of Plant & Machinery for Greenfield yards for the year under consideration. 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 decreased on a y-o-y basis at Rs. 11,345.20 as compared to Rs. 13,886.72 in the previous year. Net profit has dipped on a y-o-y basis due to an increase in finance charges during the current period.

v. **EBIDTA**

The EBIDTA (excluding subsidy) stands at Rs. 25,654.23 lakhs compared to Rs. 23,736.49 lakhs in previous year. The EBIDTA as a percentage of turnover stands at 18.75 % as compared to 18.64 % for the previous year.

vi. **Secured and Unsecured Loans**

Total Loan of company has increased to Rs. 3,50,583.78 Lakhs at the end of 31st March 2011 in comparison to Rs. 2,29,279.77 Lakhs during the last year. The Company continues to incur capex for setting up Greenfield yards in Dabhol and Mangalore. Various vessels from the existing orderbook are also being constructed at the yards of Bharati. Accordingly, the company has raised funds by means of term loans (Secured and Unsecured) to fund the dual needs of yard construction and working capital funding. The company also repaid its FCCB in December 2010 which was through internal accruals. This resulted in a drain in our working capital funds which had to be replenished by new borrowings. The company utilized its internal resources for varied purposes to keeping in mind the long term growth path of the Company. The consequent working capital gap was funded through fresh debt. 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 35,839.54 lakhs at the end of 31st March 2010 to Rs. 57,107.41 lakhs in the current year. This increase is primarily due to increase in subsidy receivable.



ANNEXURE 'C' MANAGEMENT DISCUSSION AND ANALYSIS.....CONTD.

viii. Inventory

As on 31st March 2011, the company has inventories of Rs. 1,90,796.07 lakhs in comparison to Rs. 1,23,109.11 lakhs as on 31st March, 2010. The increase in inventory is mainly due to the various components the vessels under construction that have reached the yards but are yet to be installed in respective vessels.

ix. Loans & Advances

Loans & advances have increased from Rs. 1,42,552.84 lakhs as on 31st March 2010 to Rs. 1,56,497.72 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. 2010 -11, advance given to subsidiary companies for sub-contracts and advances given to suppliers for the year under report.

x. Current Liabilities

Current Liabilities have decreased from Rs. 1,04,130.68 lakhs for year ending 31st March 2010 to Rs. 88,100.27 lakhs as on 31st March 2011.

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/CFO CERTIFICATION

To,
The Board of Directors,
BHARATI SHIPYARD LIMITED

We hereby certify that for the financial year, ending 31st March, 2011 on the basis of the review of the financial statements and the cash flow statement and to the best of our knowledge and belief that:-

1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
2. 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.
3. 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.
4. we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We further certify that:
 - a. There have been no significant changes in internal control during the year;
 - b. There have been no significant changes in accounting policies during the year.
 - c. There have been no instances of significant fraud of which we are become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

FOR BHARATI SHIPYARD LIMITED
Managing Director

FOR BHARATI SHIPYARD LIMITED
Managing Director

Date: **20th July, 2011**
Place: Mumbai.



CORPORATE GOVERNANCE CERTIFICATE UNDER CLAUSE 49 OF LISTING AGREEMENT

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 2011, 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 .
- 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 **N. Ambawat & Associates**
Company Secretaries

CS Rekha Narendra Ambawat
CP No. 3217
Membership No. 4954

Date: 20th July, 2011
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, 2011, 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, 2011 and taken on record by the Board of Directors, we report that, none of the directors are prima facie, disqualified as on 31st March, 2011 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, 2011;
 - (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: 20th July, 2011
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, 2011 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 advances to 11 (eleven) parties, consisting of 1 (one) subsidiary, 9 (nine) 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 Rs. 8,434.53 lakhs; and the year-end balance of loan granted to such parties is Rs. 9,750.61 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 received unsecured loan from two Directors listed in the register maintained under section 301 of the Act. The maximum amount involved during the year is Rs. 240.15 lakhs; and the year-end balance of loan granted to such parties is Rs. 240.15 lakhs.
 - f) In our opinion and according to the information and explanation given to us, above loans are interest free and terms and conditions on which loans have been given to the company are not, prima facie, prejudicial to the interest of the Company.
 - g) There is no stipulation for repayment of principal on the above loans and hence, the question of repayment being irregular does not arise.
- (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.
- (viii) As informed to us, the maintenance of cost records under section 209 (1) (d) of the Act has not been prescribed by the Central Government in respect of the activities carried on by the Company.

ANNEXURE TO THE AUDITORS' REPORT...CONTD.

- (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 31-03-2011 for a period of more than six months from the date they become payable.
- (b) According to the information and explanation given to us, the dues in respect of sales tax, income tax, custom duty, excise duty, cess that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below.

Name of the Statute	Nature of the dues	Financial Year to which matter pertains	Amount Rs. (in Lakhs)	Forum where dispute is pending
The 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) of the order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities. It has only invested in shares of subsidiaries, other body corporate and units of mutual funds for which proper records have been maintained and timely entries have been made therein. The said investments are held in company's name.
- (xv) In our opinion and according to the information and explanation given to us, the terms and conditions on which the Company has given corporate guarantee for loan taken by others from financial institution are not prima facie, prejudicial to the interest of the Company.
- (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 has not issued debentures during the year.
- (xx) As informed to us, the Company has not raised any money by public issues during the year.
- (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

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: 20th July, 2011
Place: Mumbai



BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in Lakhs)

Particulars	Schedule	As at	
		March 31, 2011	March 31, 2010
SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
(a) Share Capital	A	3,030.93	2,893.93
(b) Reserves and Surplus	B	92,407.89	81,226.06
(c) Convertible Share Warrants	C	2,756.93	963.23
		98,195.75	85,083.22
LOAN FUNDS :			
(a) Secured Loans	D	182,875.36	150,292.06
(b) Unsecured Loans	E	167,708.42	78,987.71
		350,583.78	229,279.77
DEFERRED TAX LIABILITY (NET) :	F	5,524.04	4,191.01
TOTAL		454,303.57	318,554.01
APPLICATION OF FUNDS :			
FIXED ASSETS :			
	G		
(a) Gross Block		82,146.32	42,601.12
(b) Less : Depreciation		7,600.28	5,387.45
(c) Net Block		74,546.04	37,213.67
(d) Capital work-in-progress		66,416.88	71,507.28
		140,962.92	108,720.95
INVESTMENTS	H	1,231.36	5,623.88
CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	I	190,796.07	123,109.11
(b) Sundry Debtors	J	57,107.41	35,839.54
(c) Cash and Bank Balances	K	18,314.86	28,192.08
(d) Loans and Advances	L	156,497.72	142,552.84
		422,716.06	329,693.57
LESS : CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	M	88,100.27	104,130.68
(b) Provisions	N	22,506.49	21,451.57
		110,606.76	125,582.25
NET CURRENT ASSETS		312,109.30	204,111.32
MISCELLANEOUS EXPENDITURE	O	-	97.85
(To the extent not written off or adjusted)			
NOTES TO ACCOUNTS	V		
TOTAL		454,303.57	318,554.01

The Schedules referred to above form an integral part of the Balance Sheet

For M/s. DPH & Co.
Chartered Accountants

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

For and on behalf of the 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]

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

Date: 20th July, 2011
Place : Mumbai

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	Schedule	(Rs. in Lakhs)	
		Year Ended March 31, 2011	Year Ended March 31, 2010
INCOME :			
Turnover	P	136,822.69	126,481.74
Subsidy		21,078.17	8,361.80
Other Income	Q	233.63	400.69
Total Income		158,134.49	135,244.24
EXPENDITURE :			
Raw Material Consumed	R	75,250.99	70,406.54
Manufacturing and Other Expenses	S	18,545.69	16,718.00
Employee Cost	T	17,605.41	16,021.41
Interest and Finance Charges (Net)	U	26,632.63	9,773.07
Depreciation	G	2,150.77	1,529.31
Total Expenditure		140,185.50	114,448.33
PROFIT BEFORE TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS		17,949.00	20,795.91
Less: Provision for Taxation			
Current Tax		4,629.18	6,327.53
Deferred Tax		1,333.02	741.00
Prior Period Tax Adjustments		641.60	(159.34)
PROFIT AFTER TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS		11,345.20	13,886.72
Surplus brought forward		43,741.47	32,259.15
Amount Available For Appropriation		55,086.67	46,145.87
APPROPRIATIONS :			
Transfer to Debenture Redemption Reserve		1,250.00	-
Transfer to General Reserve		1,134.52	1,388.67
Proposed Final Dividend		909.28	868.18
Dividend distribution Tax thereon		151.02	147.55
Surplus carried forward		51,641.85	43,741.47
TOTAL		55,086.67	46,145.87
EARNINGS PER SHARE			
Equity shares of face value of Rs. 10/- each			
Basic (in Rs.)		38.64	50.32
Diluted (in Rs.)		40.82	41.72
Basic (in Rs.) before Prior Preiod Tax Adjustment		38.00	49.74
Diluted (in Rs.) before Prior Preiod Tax Adjustment		40.15	41.24

NOTES TO ACCOUNTS

V

The Schedules referred to above form an integral part of the Balance Sheet

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

For and on behalf of the Board

CA. Ashwin Patel
[Partner]
Membership No. 127052
Firm Reg. No. 128862WCA. Mitesh Kothari
[Partner]
Membership No. 110822
Firm Reg. No. 101474WP. C. Kapoor
[Managing Director]Vijay Kumar
[Managing Director]CS. U. A. Patel
[Chief General Manager & Company Secretary]Date: 20th July, 2011
Place : Mumbai



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'A' : SHARE CAPITAL :		
Authorised Capital		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
	5,000.00	5,000.00
Issued, Subscribed and Paid up Capital		
3,03,09,300 (Previous Year 2,89,39,300) equity shares of Rs. 10 each fully paid up. In the current financial year 13,70,000 shares of Rs. 10 each were issued on partly conversion of convertible warrants Tranche - 1	3,030.93	2,893.93
Total	3,030.93	2,893.93
SCHEDULE 'B' : RESERVES & SURPLUS :		
(a) Securities Premium Account		
As per last Balance Sheet	31,155.71	30,196.71
Add: Premium on issue of Equity share (Conversion of Tranche - I Convertible warrants)	959.00	959.00
	32,114.71	31,155.71
(b) Revaluation Reserve		
As per last Balance Sheet	452.87	514.93
Less: Withdrawn for Depreciation for the year	62.06	62.06
	390.81	452.87
(c) Debenture Redemption Reserve		
As per last Balance Sheet	-	-
Add: Transferred from Profit & Loss Account	1,250.00	-
	1,250.00	-
(d) General Reserve		
As per last Balance Sheet	5,876.01	4,487.34
Add: Transferred from Profit & Loss Account	1,134.52	1,388.67
	7,010.53	5,876.01
(e) Profit & Loss Account		
	51,641.85	43,741.47
Total	92,407.89	81,226.06
SCHEDULE 'C' : SHARE WARRANTS :		
Amount to be converted into Equity Shares		
Tranche - 1 - "Nil" Equity Share warrants of Rs 80 each 25% paid up (Previous year "13,70,000")	-	274.00
Tranche - 2 - 13,78,464 Equity Share warrants of Rs 200 each Fully paid up (Previous year "13,78,464")	2,756.93	689.23
	2,756.93	963.23

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'D' : SECURED LOANS :		
(a) Debentures	9,000.00	9,000.00
(b) Loans and advances from banks		
(i) Cash Credit / Export Credit	48,484.06	19,037.32
(ii) Term Loans	118,641.30	114,754.74
	167,125.36	133,792.06
(c) Loans and advances from Financial Institutions	6,750.00	7,500.00
Total	182,875.36	150,292.06
SCHEDULE 'E' : UNSECURED LOANS :		
(a) Foreign Currency Convertible Bonds (FCCBs) (Refer Note II- 20 Schedule "V")	-	28,754.05
(a) Loans and advances from banks	161,891.56	45,145.51
(b) Loans and advances from Others	5,816.86	5,088.15
Total	167,708.42	78,987.71
SCHEDULE 'F' : DEFERRED TAX LIABILITY (NET) :		
(a) Deferred Tax Liabilities		
On account of timing difference of depreciation	5,596.83	4,263.81
(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)
Total	5,524.04	4,191.01



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011....CONTD.

(Rs. in Lakhs)

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01-Apr-10	Additions	Dedu- ctions	As at 31-Mar-11	As at 01-Apr-10	for the C.Y.	Charged to Reval. Res.#	Dedu- ctions	As at 31-Mar-11	As at 31-Mar-10
Land & Land Developments	3,879.60	2,648.04	-	6,527.64	-	-	-	-	6,527.64	3,879.60
Building	3,227.84	1,199.84	-	4,427.68	179.99	128.65	4.36	-	312.99	4,114.68
Plant & Machinery	23,183.06	32,902.56	-	56,085.62	2,730.30	1,234.16	57.70	-	4,022.17	52,063.46
Dredger	184.13	-	-	184.13	46.03	18.41	-	-	64.44	119.68
Two Line Handling Boat	-	1,294.91	-	1,294.91	-	6.46	-	-	6.46	1,288.45
Furniture and Fittings	1,971.13	655.50	-	2,626.62	177.44	145.50	-	-	322.94	2,303.68
Vehicles	674.39	644.54	-	1,318.93	198.23	66.02	-	-	264.25	1,054.67
Computers	441.14	90.35	-	531.49	169.35	66.63	-	-	235.98	295.51
Wind Mill	8,677.70	-	-	8,677.70	1,838.02	458.18	-	-	2,296.20	6,381.50
Office Equipments	362.14	109.47	-	471.61	48.09	26.75	-	-	74.84	396.78
Total	42,601.12	39,545.20	-	82,146.32	5,387.45	2,150.77	62.06	-	7,600.28	74,546.04
Previous Year	28,982.36	13,618.77	-	42,601.13	3,796.08	1,529.31	62.06	-	5,387.45	37,213.67

* Excluding Depreciation on Revalued Amount

Refer Note I - 5 of Schedule "V"

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'H' : INVESTMENTS :		
(a) Long Term (At Cost)		
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 31-3-2011 was Rs. 1112.75/- per share totaling to Rs.1.67 Lakhs)		
(ii) Investment in Subsidiary Companies		
Fully Paid Up Ordinary / Equity Shares (Unquoted)	1.00	1.00
10,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each of Advitiya Urja Private Limited		
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 Shipyard Private Limited	145.16	145.16
(iii) Investment in Joint Venture		
Fully Paid Up Ordinary / Equity Shares (Unquoted)		
2,25,048 (Previous Year 2,25,048) Equity Shares of Rs. 10/- each of Bengal Shipyard Limited	22.50	22.50
(b) Current (At Cost or Fair Value whichever is lower)		
Non - Trade Investment		
(i) Investment in Units of Mutual Fund (Unquoted)		
20,00,000 (Previous Year 20,00,000) Units of Rs. 10/- each of S.B.I. - Infrastructure Fund - Growth	187.40	200.00
(NAV as at 31-03-2011 was 9.37/- per unit totaling to Rs.187.40 lakhs)		
734,316.964 (Previous Year - 734,316.964) Units of Rs. 10/- each of Principal Monthly Income Fund	150.00	150.00
(NAV as at 31-03-2011 was 21.262/- per unit totaling to Rs. 156.13 lakhs)		
2,986,077.82 (Previous Year - 29,850,211.63) Units of Rs. 10/- each of S.B.I. Insta Cash Fund	500.18	500.00
(NAV as at 31-3-2011 was 16.7503/- per unit totaling to Rs.5,001.77 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	99.00
(NAV as at 31-3-2011 was 10.83/- per unit totaling to Rs.108.30 lakhs)		
510,858.76 (Previous Year - Nil) Units of Rs. 10/- each of S.B.I. Ultra Short Term Fund	51.12	-



SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
(NAV as at 31-3-2011 was 10.01/- per unit totaling to Rs.51.12 lakhs) 198,971.60 (Previous Year - Nil) Units of Rs. 10/- each of S.B.I. PSU Fund	19.58	-
(NAV as at 31-3-2011 was 9.84/- per unit totaling to Rs.19.58 lakhs) 500,000 (Previous Year - Nil) Units of Rs. 10/- each of S.B.I. PSU Fund (NAV as at 31-3-2011 was 9.84/- per unit totaling to Rs.49.20 lakhs)	49.20	-
(ii) Investment in Government Securities (Unquoted)		
National Saving Certificate - Sixth Issue	0.10	0.10
Total	1,231.36	5,623.88
SCHEDULE 'I' : INVENTORIES :		
(As taken, valued & certified by management)		
Raw Materials	87,582.96	71,125.48
Semi Finished Goods (Net of Advances from Customers of Rs. 2,59,372.70/-lakhs (Previous year Rs.2,30,446.06 lakhs))	103,213.11	51,983.63
Total	190,796.07	123,109.11
SCHEDULE 'J' : SUNDRY DEBTORS :		
(Unsecured and Considered Good)		
Outstanding for more than six months	42,940.17	30,992.04
Others Debts	14,167.23	4,847.51
Total	57,107.41	35,839.54
SCHEDULE 'K' : CASH & BANK BALANCES :		
(a) Cash on hand	53.51	55.53
(b) Bank Balances		
(i) with Scheduled Banks #*		
(1) In current accounts	2,120.07	9,348.58
(2) In deposit accounts	12,886.29	17,203.59
(3) In EEFC accounts	0.93	0.93
# Includes unpaid dividend and share application monies accounts		
* Includes Term deposits of Rs. 12,886.29 lacs (previous year Rs. 17,203.59 lacs) liened with bank for LC payment and bank guarantees		
(ii) with Foreign Banks *		
(1) In current accounts		
Checking Accounts (SBI, Nassau)	264.56	123.76
Current Account (Citibank, New York)	10.39	10.57
(2) In deposit accounts		
Fixed Deposit (SBI, Hong Kong)	76.87	76.59
Fixed Deposit (SBI, Nassau)	2,902.25	1,372.53
* Unutilised proceeds from FCCB/ECB		
Total	18,314.86	28,192.08

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'L' : LOANS & ADVANCES :		
(Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	143,271.66	128,012.79
Balances with Government Authorities	3,575.26	2,359.91
Trade Deposits	713.21	710.29
Advance tax and tax deducted at source	8,937.60	11,469.84
Total	156,497.73	142,552.84
SCHEDULE 'M' : CURRENT LIABILITIES :		
Sundry Creditors other than Small and Medium Enterprises (Refer Note II - 10 of Schedule "V")	25,722.55	28,798.20
Unpaid Dividend #	4.18	4.20
Unpaid Share Application Money #	8.38	8.38
Advances received against orders	58,452.97	72,900.29
Other Current Liabilities	3,912.18	2,419.61
# There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
Total	88,100.27	104,130.68
SCHEDULE 'N' : PROVISIONS :		
Provision for Income Tax	21,221.51	20,230.14
Provision for Fringe Benefit Tax	-	171.04
Provision for Gratuity	150.68	34.67
Provision for Leave Encashment	74.00	-
Dividend Payable	909.28	868.18
Dividend Distribution Tax Payable	151.02	147.55
Total	22,506.49	21,451.57
SCHEDULE 'O' : MISCELLANEOUS EXPENDITURE :		
Share Issue Expenses	97.85	195.71
Less: Written off to Profit & Loss account	97.85	97.85
Total	-	97.85



SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'P' : TURNOVER :		
Ship Manufacturing & Repairs	5 5,688.27	16,007.05
Increase in WIP	80,156.12	109,437.51
Wind Mill Income	978.30	1,037.18
Total	1 36,822.69	1 26,481.74
SCHEDULE 'Q' : OTHER INCOME :		
Dividend Income	6.16	3.39
Foreign Exchange Variation	-	-
Gain on Sale of Investments in Mutual Funds	11.22	-
Scrap Sale	216.24	266.00
Reversal of diminution in value of investment	-	131.30
Total	233.63	400.69
SCHEDULE 'R' : RAW MATERIAL CONSUMED :		
Opening Stock	71,125.48	65,217.95
Add : Purchases	91,708.47	76,314.07
	162,833.95	141,532.02
Less : Closing Stock	87,582.96	71,125.48
Total	75,250.99	70,406.54

SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011 CONTD.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE 'S' : MANUFACTURING & OTHER EXPENSES :		
Auditors' Remuneration	48.53	101.03
Advertisement Expenses	86.61	86.12
Car Hire Charges	440.51	363.04
Clearing & Forwarding	1,477.74	1,832.18
Commission and Brokerage	436.75	745.24
Conveyance	16.31	19.56
Courier & Postage Charges	42.10	69.27
Design & Consultancy	1,748.90	3,044.13
Diminution in value of investment	13.82	-
Director's Sitting Fees	4.20	6.30
Donation / Gifts	65.73	153.95
Electricity Charges	613.89	463.23
Equipment Hire Charges	4,661.36	3,605.52
Exhibition Expenses	87.84	14.76
Inspection / Testing Charges / Service	681.00	714.28
Insurance Charges	1,201.17	767.84
Keyman Insurance	67.00	80.00
Launching & Delivery Expenses	327.78	387.29
Lease Rent towards Land	553.47	499.21
Legal and Professional Expenses	1,046.01	184.96
Membership and Subscription	16.57	30.83
Office & Miscellaneous Expenses	369.61	232.89
Port Dues	672.58	156.10
Printing & Stationery	49.72	43.55
Preliminary Expenses written off	97.85	97.85
Rent	547.24	458.92
Rates and taxes	45.50	45.18
Repairs & Maintenance	199.08	180.24
Service Charges	215.35	260.02
Service tax	23.90	22.13
Telephone & Telex Charges	158.56	155.55
Transport Charges	1,558.95	1,069.40
Travelling Expenses	970.07	827.41
Total	18,545.69	16,718.00



SCHEDULES TO PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011 CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'T' : EMPLOYEE COST :		
Salaries, Wages, Stipend and Bonus	3,927.38	3,194.26
Labour Charges	12,184.86	11,601.65
Contribution to Provident Fund, ESIC, Gratuity and Leave Salary	550.91	330.07
Staff Welfare	455.46	334.42
Remuneration of Directors	486.79	561.00
Total	17,605.41	16,021.41
SCHEDULE 'U' : INTEREST AND FINANCE CHARGES (NET) :		
Bank Guarantee Commission	2,012.40	2,335.87
Interest on Term loan & Debentures	23,911.93	6,336.00
Interest on Working Capital Loans	3,703.61	2,911.44
Other Finance Charges	2,910.54	2,130.52
	32,538.48	13,713.82
Less: Interest on Bank Deposits (Gross Inclusive of Tax Deducted at Source Rs. 111.78 Lakhs, Previous Year Rs. 142.24 Lakhs)	858.13	1,082.73
Interest on Inter Corporate Deposits and Others (Gross Inclusive of Tax Deducted at Source Rs. 320.88 Lakhs, Previous Year Rs. 281.11)	3,530.82	3,021.16
Foreign Exchange Variation	1,516.89	(163.15)
	5,905.84	3,940.75
Total	26,632.63	9,773.07

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. Capital Work in progress

Capital work in progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire the same before the balance sheet date.

5. Depreciation

- i. Depreciation on Fixed Assets has been provided on Straight – Line Method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- ii. Depreciation on revalued amount has been charged to Revaluation Reserve.
- iii. Depreciation on additions /deletions is calculated on pro-rata basis from /to the date of such additions / deletions.
- iv. Assets costing less than Rs. 5,000/- are fully depreciated in the year of acquisition.
- v. Fixed assets under construction are shown as Capital Work-in-Progress and are not depreciated

6. 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.

7. Investments

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

8. Inventories

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

9. Employee Benefits

Short term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and wages, leave salary etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service.

Post employment benefits

Defined contribution plans:

The Company makes specified monthly contributions towards employee provident fund. The Company's contribution paid/ payable under the schemes is recognized as an expense in the profit and loss account during the period in which the employee renders the related service.



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.

Defined benefit plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets deducted.

The present value of any obligation under such defined benefit plan is determined based on actuarial valuation using the Project Unit Completion Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit and loss account.

10. Revenue Recognition

- i. Revenue is recognised in accounts in accordance with 'AS-7 Accounting for Construction Contracts' issued by the ICAI on percentage completion basis 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.

11. Government Subsidy

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

12. Borrowing Costs

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

13. Miscellaneous Expenditure

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

14. Provision for Taxation

Current Tax

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

Deferred Tax

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.

15. Foreign Currency transactions

Income and expense 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.

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

16. Provision and Contingent Liabilities

- 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.
- 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.
- Where there is a possible or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

17. Operating Leases

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

18. Earnings Per Share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

II. NOTES TO THE ACCOUNTS

1. Auditors' Remuneration

(Rs. in Lakhs)

Particulars	F.Y. 2010- 2011	F.Y. 2009- 2010
Fees as Auditors	11.03	9.93
Tax Audit	2.50	2.50
Taxation Matters	15.00	1.10
Others	20.00	87.50
Total	48.53	101.03

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. 2010- 2011	F.Y. 2009- 2010
Land, Buildings and Site Development Expenses	35,804.02	21,447.82
Plant and Machinery	21,197.46	46,539.65
Consultant Fees	5,270.18	3,159.82
Other Fixed Assets	4,145.21	-
Total	66,416.88	71,507.28



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.

3. Contingent Liabilities not provided in respect of

Particulars	(Rs. in Lakhs)	
	F.Y. 2010- 2011	F.Y. 2009- 2010
Claims against company not acknowledge as debt	931.83	931.83
Tax/Duties that may arise in respect of which appeal is pending	140.00	155.00
Corporate Guarantee given to Bank	16,476.67	1,106.28
Letter of Credit outstanding	22,481.78	1,770.04
Liabilities arising out of unexecuted Contract (Net of Advances)	85,297.50	48,500.00
Bank Guarantees		
- Performance Guarantee	4,196.85	4,860.76
- Advance Guarantee	1,91,531.10	200,074.73
- Others	553.75	653.05
Total	343,105.82	2,73,422.08

4. Details of Secured Loans

Particulars	(Rs. in Lakhs)	
	F.Y. 2010- 2011	F.Y. 2009- 2010
12.45% Secured Redeemable Non – Convertible Debentures	7,000.00	7,000.00
11.00% Secured Redeemable Non – Convertible Debentures	2,000.00	2,000.00
Debentures (A)	9,000.00	9,000.00
Refer Note : I		
Cash /Export Credit Facilities		
Cash /Export Packing Credit Account with State Bank Of India	19,414.33	19,387.17
Cash Credit Account with State Bank Of Hyderabad	3,027.41	870.98
Cash /Export Packing Credit Account with Andhra Bank	1,336.90	(10,143.53)
Cash Credit Account with State Bank Of Travancore	4,003.15	3,114.59
Cash Credit Account with IDBI	2,552.02	1,924.47
Export Packing Credit Account with EXIM Bank Of India	10,000.00	2,000.00
Cash Credit Account with Allahabad Bank	2,747.45	1,883.64
Cash Credit Account with Bank Of India	559.96	-
Cash Credit Account with Central Bank of India	1,305.36	-
Cash Credit Account with Punjab National Bank	2,904.04	-
Cash Credit Account with State Bank Of Mysore	663.44	-
Cash Credit / Export Credit Facilities (B)	48,484.06	19,037.32

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Refer Note : I

Term Loans from Scheduled Bank

Term Loan - I from State Bank of India (Ratnagiri Expansion)	-	92.92
Term Loan - II from State Bank of India (Wind Power Generator) (Principle amount repayable within 1 year Rs. 267.00 Lakhs)	533.54	794.69
Term Loan – EXIM Bank (Principle Amount repayable within 1 year Rs.4,000.00 Lakhs)	17,000.00	17,500.00
Term Loan – Allahabad Bank	20,216.58	20,000.00
Term Loan – Bank Of Baroda (Principal amount repayable within 1 year Rs. 1,250 Lakhs)	7,247.55	7,500.00
Term Loan – Bank Of India (Principle amount repayable within 1 year Rs. 1,500.00 Lakhs)	6,783.33	7,500.00
Term Loan – Bank Of Rajasthan (Principle amount repayable within 1 year Rs. 1,343.00 Lakhs)	4,585.33	4,974.94
Term Loan –Central Bank Of India (Principle amount repayable within 1 year Rs. 1,250.00 Lakhs)	7,591.91	7,479.34
Term Loan - Punjab National Bank (Principle amount repayable within 1 year Rs. 2,000.00 Lakhs)	9,609.14	10,000.00
Term Loan - State Bank of Mysore (Principle amount repayable within 1 year Rs. 917.00 Lakhs)	4,901.82	4,997.00
Term Loan - Punjab National Bank (Principle amount repayable within 1 year Rs. 1,500.00 Lakhs)	7,586.08	7,500.00
Term Loan - Punjab National Bank	-	15,146.51
ECB - DBS Bank	8,930.00	9,028.00
Central Bank of India - FCNR Loan (Principle amount repayable within 1 year Rs. 600 Lakhs)	3,649.45	2,241.34
Term Loan - Syndicate Bank * (Secured by way of Subsidy Receivable to the extent of Rs. 250 Cr.) (Principal amount repayable within 1 year Nil)	20,006.58	-
Term Loans from Scheduled Bank (C)	1,18,641.30	1,14,754.14

Refer Note : I

Term Loans from Financial Institutions

Term Loan - L & T Finance (Principle amount repayable within 1 year Rs. 2,250.00 Lakhs)	6,750.00	7,500.00
Term Loans from Financial Institutions (D)	6,750.00	7,500.00



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.

Refer Note : I

FCCB's

Foreign Currency Convertible Bonds	-	28,754.05
Total FCCB's (E)	-	28,754.05

From Scheduled Bank

Loan from IDBI Bank	-	2,500.00
Loan from Oriental Bank of Commerce	9,931.27	5,000.00
Loan from State Bank of Bikaner & Jaipur	4,166.41	5,000.00
Loan from Syndicate Bank	10,003.77	10,000.00
Loan from IDBI Bank	-	10,000.00
Loan from Catholic Syrian Bank	-	5,000.00
Loan from Federal Bank	4,283.31	5,000.00
Loan from Punjab National Bank	-	2,645.51
Loan from Canara Bank	20,000.00	-
Loan from Catholic Syrian Bank	6,066.25	-
Loan from Central Bank of India	10,116.78	-
Loan from IDBI Bank [1717]	10,087.36	-
Loan from IDBI Bank [1816]	5,052.02	-
Loan from Punjab National Bank (150 Cr) *	14,620.36	-
Loan from SICOM Ltd.	7,500.00	-
Loan from State Bank of Bikaner & Jaipur	4,999.98	-
Loan from State Bank of Hyderabad	5,056.27	-
Loan from Syndicate Bank [1460001]	10,003.77	-
Loan from The Lakshmi Vilas Bank Ltd.	5,000.00	-
Loan from The South Indian Bank Ltd.	5,000.00	-
Loan from UCO Bank	10,003.88	-
Loan from United Bank of India	20,000.14	-

From Scheduled Bank (F)

1,61,891.56 **45,145.51**

From Others

Loan from Appejay Shipping Ltd	5,076.71	5,088.15
Loan from M.P. Chini Industries Limited	500.00	-

From Directors

Loan from P. C. Kapoor	215.00	-
Loan from Vijay Kumar	25.15	-

From Others (G)

5,816.86 **5,088.15**

Total (A+B+C+D+E+F)

350,583.78 **229,279.77**

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Note : I - All above secured loans are secured by way of combine charged on Land situated at Mirya Village (Dist.Ratnagiri), Land Situated at Village Usgaon (Taluka Dist Ratnagiri), all movable properties located at all locations (i.e. Ghodbunder-Thane, Usgaon-Ratnagiri, Mirya Bunder-Ratnagiri, Zorinto-Sancole-Goa, Thannirbhav (Mangalore), Shibpur, Howrah-Kolkata and others) including Plant and Machinery, Equipment, Appliance, Furniture and Fixture, vehicles, machinery spares and stores tools and accessories, whether or not installed, windmills, whole of current assets namely Raw Materials, Stock in process, semi finished and finished goods, stores spares, bill receivable and Book Debts by Mortgage Deed entered on 09th April 2010 and amended thereafter on 30th September 2010.

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 were converted into equity shares in financial year 2009-10. The Balance 13,70,000 warrants were converted into equity shares on **8th December, 2010** of Rs. 10/- each at a price of Rs. 80/- per share including premium of Rs. 70/- per share.

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 ` 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 full amount against each outstanding convertible warrant.

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

Particulars	(Rs. in Lakhs)	
	F.Y. 2010- 2011	F.Y. 2009- 2010
From Subsidiaries	105,752.13	89,552.81
From Associates	-	160.22
From Joint Ventures	3,456.64	2,638.00
Others	34,062.89	35,661.76
Total	143,271.66	128,012.79

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

8. 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.

9. 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.

10. 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, 2011 together with interest paid/payable as required under the Act, have not been given.



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.

11. Retirement Benefits

The required disclosure under the Revised Accounting Standard 15 is given below **Brief description:** The type of Defined Benefit plans is as follows.

Gratuity

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

(i) Principal Actuarial assumptions at the Balance sheet Date

Actuarial Assumptions: For the year	Gratuity (Funded)	
	2010- 2011	2009- 2010
a. Discount rate (p.a)	8.00%	8.00%
b. Rate of Return on plan Assets (Para 107-109 AS-15)	8.00%	8.00%
c. Salary Escalation Rate	5.00%	5.00%
d. Mortality rate	IAL 94-96 Modified Ultimate	
e. Withdrawal Rate	3.00%	3.00%

(ii) Change in Benefit Obligation

Actuarial Assumptions: For the year	Gratuity (Funded)	
	2010- 2011	2009- 2010
Liability at the beginning of the year	214.71	172.20
Interest Cost	16.81	13.38
Current Service Cost	73.88	36.45
Benefits Paid	(9.24)	(9.89)
Actuarial Gain/(Loss) on obligations	101.97	2.57
Liability at the end o f the year	398.13	214.71

(iii) Fair Value of Plan Assets

Actuarial Assumptions: For the year	Gratuity (Funded)	
	2010- 2011	2009- 2010
Fair Value of Plan of Assets at the beginning of the year	180.04	97.85
Expected Return on plan assets	16.38	10.74
Employer's Contribution	60.00	82.70
Employee's Contribution	-	-
Benefit's Paid	(9.24)	(9.89)
Actuarial gain/(Loss) on plan assets	0.28	(1.37)
Fair value of Plan Assets at the end of the year	247.45	180.04

(iv) Actual Return on Plan Assets

Actuarial Assumptions: For the year	Gratuity (Funded)	
	2010- 2011	2009- 2010
Expected Return on plan assets	16.38	10.74
Actuarial gain/(Loss) on plan assets	0.28	(1.37)
Actual Return on Plan assets	16.65	9.37

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.**(v) Actual Recognized in Balance Sheet**

Actuarial Assumptions: For the year	Gratuity (Funded)	
	2010-2011	2009-2010
Liability at the end of year	398.13	214.71
Fair Value of the plan assets at the end of the year	247.45	180.04
Difference	(150.68)	(34.67)
Unrecognized Past Service Cost	-	-
Amount recognized in the Balance Sheet	(150.68)	(34.67)

(vi) Expenses Recognised in the profit & Loss Account

Actuarial Assumptions: For the year	Gratuity (Funded)	
	2010-2011	2009-2010
Liability at the end of year	398.13	214.71
Fair Value of the plan assets at the end of the year	247.45	180.04
Difference	(150.68)	(34.67)
Unrecognized Past Service Cost	-	-
Amount recognized in the Balance Sheet	(150.68)	(34.67)

12. Segment Reporting**i. Primary Segments (Business Segments)**

Segments/ Particulars	Ship Manufacturing	Windmill Power	Total
Revenue			
Turnover	135,844.39	978.30	136,822.69
Subsidy Income	21,078.17	-	21,078.17
Other Income	233.63	-	233.63
Total	157,156.19	978.30	158,134.49
Segment Results before depreciation,			
Interest and Tax	45832.21	900.19	46,732.40
Less: Interest (Net)	26,553.22	79.41	26,632.63
Less: Depreciation	1,692.59	458.18	2,150.77
Profit/(loss) before Tax	17,586.40	362.60	17,949.00
Less: Tax Expenses			5,962.21
Net profit/ (Loss) after tax			11,345.19
Other Information			
Segment Assets	556,891.99	8,018.34	564,910.33
Segment Liabilities	466,119.80	594.78	466,714.58

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.



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.

(ii) Secondary Segments (Geographical Segments)

SEGMENTS	DOMESTIC	OVERSEAS	TOTAL
REVENUE			
Ship Manufacturing	41,510.07	115,646.02	157,156.09
Windmill Power	978.30	-	978.30
TOTAL	42,488.37	115,646.02	158,134.39
Segment Assets	5,64,910.33		5,64,910.33
Additions to Fixed Assets	-		-
incl Capital WIP			

13. 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.

a. List of Related Parties

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

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.**b. Transactions with Related Parties***(Rs. in Lakhs)*

Particulars	Enterprises where Control Exists		Joint Venture	Key Management Personnel	Associate	Relatives of Key Management Personnel	Total
	Subsidiary Company	Enterprises Owned or Controlled by KMP & their relatives					
Transactions during the year							
Remuneration	-	-	-	504.79	-	-	504.79
Rent -	-	-	0.60	-	-	0.60	
Equipment Hire charges	-	2,400	-	-	-	-	2,400.00
Labour charges	1,250.91	-	-	-	-	-	1,250.91
Advances given	31,183.79	1121.58	818.64	-	29,102.85	-	62,226.86
Interest income	2,501.86	-	-	-	460.76	-	2,962.62
Advances Received	16,406.11	315.45	-	240.15	32,602.85	-	49,564.56
Preferential allotment money received	-	-	-	2,889.70	-	-	2,889.70
Preferential Allotment of Shares	-	-	-	137.00	-	-	137.00
Premium on preferential allotment of shares	-	-	-	959.00	-	-	959.00
Outstanding Balances as on 31st March, 2011							
Unsecured Loan	-	-	-	240.15	-	-	240.15
Loans and Advances	105,752.13	276.88	3,456.64	-	-	2.50	109,488.15
Other Current Liabilities	-	177.29	-	253.58	-	-	670.83
Share warrants – application money	-	-	-	1,793.70	-	-	1,793.70

c Disclosure in respect of Material Related Party Transactions during the year*(Rs. in Lakhs)***(i) Remuneration include:**

Particulars	2010-2011	2009-2010
Mr. P C Kapoor	252.40	289.50
Mr. Vijay Kumar	252.39	289.50



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS....CONTD.

(ii) Rent include:

Particulars	2010-2011	2009-2010
Mr. P C Kapoor	0.30	3.60
Mr. Vijay Kumar	0.30	3.60
Mrs. Ashraf Kumar	-	3.60

(iii) Equipment Hire Charges include:

Particulars	2010-2011	2009-2010
Bharti Maritime Services Private Limited	1,740	1,740.00
Harsha Infrastructure Private Limited	660	642.00

(iv) Labour Charges include:

Particulars	2010-2011	2009-2010
Pinky Shipyard Private Limited	1,250.91	817.72

(v) Advances Given include:

Particulars	2010-2011	2009-2010
Great Offshore Limited	29,102.85	3,500.00
Dhanashree Properties Private Limited	45.11	19,996.90
Natural Power Ventures Private Limited	1,927.13	66,561.89
Pinky Shipyard Private Limited	6,117.73	Nil
Nishita Mercantile Private Limited	11,000	Nil
Nirupam Energy Projects Private Limited	12,075	Nil
Tebma Shipyard Limited	18.66	Nil
Bengal Shipyard Limited	818.64	2,133.00

(vi) Interest Income include:

Particulars	2010-2011	2009-2010
Dhanashree Properties Private Limited	608.69	429.70
Natural Power Ventures Private Limited	2,066.21	675.71
Nirupam Energy Projects Pvt. Ltd.	68.45	Nil
Great Offshore Limited	460.76	Nil

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.**14. Disclosure Required by Clause 32 of the Listing Agreement**

Amount of Loans and Advances in nature of loans outstanding from subsidiaries for the year ended March 31, 2011:

(Rs. in Lakhs)

Subsidiary Companies	Outstanding as at March 31, 2011	Maximum Outstanding during the year
Advitiya Urja Private Limited	170.59	170.59
Dhanshree Properties Private Limited	20,691.72	20,691.72
Nishita Mercantile Private Limited	5.34	5,000.44
Natural Power Ventures Private Limited	70,415.65	70,496.74
Nirupam Energy Projects Private Limited	8,395.69	8,395.69
Vishudh Urja Private Limited	4.56	4.56
Pinky Shipyard Limited	6,049.93	4,782.84
Tebma Shipyard Limited**	18.66	18.66
Great offshore Limited***	-	25,695.54

Enterprises owned or controlled by KMP and their relatives	Outstanding as at March 31, 2011	Maximum Outstanding during the year
Bharati Infraprojects Private Limited	0.18	0.18
Bharati Marine Construction & Engineering	2.75	2.75
Bharati Shipping & Dredging Pvt. Ltd.	55.02	80.47
Harsha Infrastructure Pvt. Ltd.	112.89	5.60
Sharven Multitrade P. Ltd.	21.77	21.77
Swati Silk Mills Pvt. Ltd.	35.30	35.30
Usha Silk Mills Pvt. Ltd.	7.64	7.64
Vayuraj Energy Projects Pvt. Ltd.	17.63	17.63
Vayutatva Energy Projects Pvt. Ltd.	23.70	23.70

**Nirupam Energy Projects Private Limited has made investment in its subsidiaries Tebma Shipyard Limited.

*** Natural Power Ventures Private Limited and Dhanshree Properties Private Limited have jointly made investment in its associate, Great Offshore Limited.



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

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 Earnings 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 conversion of preferential warrants.

Sr. No.	Particulars	Units	2010-2011	2009-2010
(a) (i)	Profit after tax	Rs. Lakhs	11,345.19	13,886.72
	Less/Add: Prior Period Tax Adjustment	Rs. Lakhs	641.60	159.34
(a) (ii)	Profit before Prior Period Tax Adjustment	Rs. Lakhs	11,986.79	13,727.38
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos	29,363,436.99	27,599,328.0
(c)	The nominal value per Ordinary Share	Rupees	10.00	10.00
(d) (i)	Earnings Per Share (Basic)	Rupees	38.64	50.32
(d) (ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	40.82	49.74
(e)	The weighted average number of Ordinary Shares for Diluted EPS			
	For Basic earnings per share	Nos	29,363,436.99	27,599,328
	Add: Diluted Warrants	Nos	491,394.30	5,688,956.00
	For Diluted earnings per share	Nos	29,854,831.28	33,288,284.
(f) (i)	Earnings Per Share (Diluted)	Rupees	38.00	41.72
(f) (ii)	Earnings Per Share (Diluted) before Prior Period Tax adjustment	Rupees	40.15	41.24

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, 2011	Percentage of Ownership as at 31st March, 2010
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.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS*		
Reserve & Surplus	16.06	12.52
Loan Funds		
Secured Loans	-	-
Unsecured Loans	-	-
Total	16.06	12.52
APPLICATION OF FUNDS		
Fixed Assets Net Block	5.30	5.48
Investments	34.86	64.55
Current Assets, Loans & Advances		
Inventories	-	-
Sundry Debtors	-	-
Cash & Bank Balances	4.03	13.37
Loans & Advances	1,532.80	1,083.37
Total	1,536.83	1,096.74
Less : Current Liability & Provisions		
Current Liability	246.20	130.96
Net Current Assets	1,290.63	965.79
Miscellaneous Expenditure	263.60	186.57
Total	1,554.23	1,152.36
Income		
Turnover	-	-
Other Income	3.62	6.20
Total	3.62	6.20
Expenditure	-	-
Total	-	-
Profit/(Loss) before Tax	3.62	6.20
Provision for Tax	-	-
Profit/(Loss) after Tax	3.62	6.20

*After elimination of Share Capital, Inter Company Transaction and adjustment of accounting policies aggregating to Rs. 3,679.14 Lakhs for FY 2010-11 (Rs. 2,660.50 Lakhs for FY 2009-10)



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

16. 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			
SBI Magnum Insta Cash Fund - Daily Dividend Option	10	59,70,042	1,000.00
SBI Mutual Fund - Liquid Fund	10	179,10,127	3,000.00
SBI - PSU Fund	10	1,98,972	20.00
SBI - PSU Fund	10	30,00,000	300.00
SBI - PSU Fund	10	5,00,000	50.00
SBI -SHF- Ultra Short Term Fund	10	4,99,700	50.00
Redemption			
SBI Magnum Insta Cash Fund - Daily Dividend Option	10	3,28,51,382	5,502.71
SBI Mutual Fund - Liquid Fund	10	1,79,22,951	3,002.15
SBI - PSU Fund	10	3,000,000	311.22

17. Directors' Remuneration

(Rs. in Lakhs)

Particulars	2010- 2011	2009- 2010
Managing Directors		
Salaries	150.00	150.00
Contribution to Provident Fund & Other Funds	18.00	18.00
Commission	336.79	411.00
Total Remuneration	504.79	579.00
Sitting Fees	4.20	6.30

18. Managerial Remuneration

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

(Rs. in Lakhs)

Particulars	2010- 2011	2009- 2010
Remuneration to Directors	504.79	579.00
Profit before other adjustments and Tax as per Profit and Loss Account	17,949.00	20,795.91
Add:		
Remuneration to Directors	504.79	579.00
Depreciation as per Books of Account	2,150.77	1,529.31
Diminution / (Appreciation) in value of Investment	13.82	(131.30)
Sub – total	20,618.37	22,772.92
Less :		
Depreciation as per Books of Account	2,150.77	1,529.31
Total	18,467.61	21,243.61
Entitlement of Maximum Remuneration	1,678.87	2,124.36

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.**19. 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, 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
Aggregate conversion into shares	3,048,123
Principal Paid	US \$ 46.9 million
Bonds Outstanding as at March 31, 2011	NIL

20. Acquisition of shares of Tebma Shipyard Limited

Nirupam Energy Projects Pvt. Ltd., wholly owned subsidiary of Bharati Shipyard Limited have jointly acquired 394,53,125 equity shares of Tebma Shipyard Limited at average acquisition price of Rs. 19.20 /- per share equivalent 51% stake of Tebma Shipyard Limited till 31st March 2011.

21. Details of stock and turnover of major class of goods & services*(Rs. in Lakhs)*

Particulars	2010- 2011		2009- 2010	
	Quantity (in Nos.)	Amount (Rs. in Lakhs)	Quantity (in Nos.)	Amount (Rs. in Lakhs)
Ocean Going Vessels	6	52,284.54	5	15,986.53
BBLRP Project	1	3,345.28	-	-

No stock of finished goods is held by the company.



SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

22. Repair and Maintenance

The breakup of the repair and Maintenance is as under:

(Rs. in Lakhs)

Particulars	2010-2011	2009-2010
Building	11.63	20.84
Plant and Machinery	23.08	135.51
Others	164.37	23.89
Total	199.08	180.24

23. CIF Value of Imports

(Rs. in Lakhs)

Particulars	2010-2011	2009-2010
Raw Materials (Steel)	5,550.71	7,485.41
Components and Spare Parts	67,702.63	51,660.57
Capital Goods	5,330.51	6,662.90
Total	78,583.84	65,808.88

24. Ratio and Value of Indigenous and imported raw material (steel) and Components and spare parts consumed

(Rs. in Lakhs)

Particulars	2010-2011		2009-2010	
	Amount	%	Amount	%
Raw Materials (Steel)				
I. Imported	16,845.54	22.00	10,424.45	15.00
II. Indigenous	2,592.06	4.00	3,944.11	5.68
Components and Spare Parts				
I. Imported	49,975.04	66.00	49,082.51	70.63
II. Indigenous	5,835.90	8.00	6,039.23	8.69
Total	75,250.99	100.00	69,490.30	100.00

25. Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	2010-2011	2009-2010
Commission and Brokerage	91.89	142.07
Design and Consultancy	714.44	922.84
Freight Charges	190.08	144.88
Legal & Professional Fees	607.87	-
Travelling Expenses	406.31	210.38
Others	963.61	359.99
Total	2,974.20	1,780.16

SCHEDULE 'V': SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

- 26. FOB Value of Exports** Rs. **39,017.34 Lakhs** (Previous Year. Rs. 12,471.76 Lakhs)
- 27. Licensed & Installed Capacity**
 Licensed Capacity : Not Applicable
 Installed Capacity : Not Ascertainable
- 28.** The figures for the previous year have been arranged /rearranged /regrouped wherever considered necessary.

Signature to Notes & Schedules 'A' to 'V'

As per our Report attached

For M/s.DPH & Co.
Chartered Accountants

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

Date: 20th July, 2011
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, 2011

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
A. Cash flow from operating activities		
Net profit before tax	17,949.00	20,795.91
Adjustments for :		
Depreciation for the year	2,150.77	1,529.31
Preliminary Expenses Written off	97.85	97.85
Loss on sale of Motor Car	-	-
Diminution /(Reversal of Diminution) in value of investments	13.82	(131.30)
Foreign exchange Loss/ (Gain)	1,516.89	-
Interest and Finance Charges (Net)	28,149.53	9,773.07
Dividend/Gain from Investment	(17.38)	(3.39)
Operating profit before working capital changes	46,826.69	32,061.46
Increase in trade receivables	(21,267.86)	(7,727.52)
Increase in inventories	(67,686.96)	(38,327.06)
Increase in trade deposits and advances	(13,944.89)	(3,141.48)
Increase in trade payables & Others	(16,841.29)	6,546.77
Cash generated from Operations	(72,914.31)	(10,587.84)
Direct Taxes Paid	(3,449.55)	(3,694.18)
Net Cash From Operating Activities	(76,363.87)	(14,282.01)
B. Cash flow from investing activities		
Purchase of Fixed assets including Capital WIP	(34,454.80)	(23,559.42)
Increase in deposits and advances other than trading	-	(71,934.39)
Investment in Others (Net)	4,378.71	(5,150.00)
Dividend received	17.38	3.39
Net Cash From Investing Activities	(30,058.71)	(100,640.42)
C. Cash flow from financing activities		
(Repayment) / Proceeds from issue Equity Shares including Security Premium	1,096.00	1,096.00
Proceeds from issue of Convertible Share Warrants	1,793.70	963.23
(Repayment) / Proceeds from borrowings (Net)	121,304.01	128,999.08
Interest and Finance Charges (Net)	(28,149.53)	(9,773.07)
Dividend paid	(1,015.73)	(967.64)
Net Cash From Financing Activities	95,028.46	120,317.60
Net(Decrease)/increase in Cash & Cash Equivalents (A+B+C)	(11,394.11)	5,395.16
Cash and Cash Equivalents at the beginning of the year	28,192.08	22,796.92
	16,797.97	28,192.08
Effect of exchange rate changes	1,516.89	-
Cash and Cash Equivalents at the end of the year	18,314.86	28,192.08

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.
- The above Cash & Cash Equivalents includes restricted cash balance of Rs. 4.28 lacs (previous year Rs.4.30 lacs)
- 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

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]

Date: 20th July, 2011
Place : Mumbai

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

		(Rs. in Lakhs)					
1. Registration Detail							
Registration Number		1	9	0	9	2	
State Code					1	1	
Balance Sheet Date		3	1	0	3	1	1
2. Capital Raised During the Year							
Public Issue	Nil						Nil
Bonus Issue	Nil						Nil
Right Issue							
Private Placement							
3. Position of Mobilisation and Deployment of Funds							
Total Liabilities *	454,303.57						
Total Assets	454,303.57						
Sources of Funds							
Paid up Capital	5,787.86						
Reserves and Surplus	92,407.89						
Secured Loans	182,875.36						
Unsecured Loans	167,708.42						
Deferred Tax Liability (Net)	5,524.04						
Application of Funds							
Net Fixed Assets					74,546.04		
Capital Work-in-Progress					66,416.88		
Investments					1,231.36		
Net Current Assets					312,109.30		
Misc. Expenditure					-		
4. Performance of Company							
Turnover (Total Income)	158,134.49						
Total Expenditure	140,185.50						
Profit/(Loss) Before Tax	17,949.00						
Profit/(Loss) After Tax	11,345.20						
Earning Per Share:							
Basic (in Rs.)	38.64						
Diluted (in Rs.)							40.82
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 - 2 - 13,78,464 Equity Share warrants of Rs. 200 each fully paid up totalling to Rs. 2,756.93 Lakhs.



BHARATI SHIPYARD LIMITED

**Consolidated Financial
Statements**

**For the Year Ended
31st March, 2011**

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

1. We have examined the attached Consolidated Balance Sheet of **BHARATI SHIPYARD LIMITED** ("the Company"), its subsidiaries and Joint Venture (together referred to as "Group") as at March 31, 2011, 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.97,647.05 lacs, total revenue of Rs.463.29 lacs and net cash inflow amounting to Rs.656.64 lacs for the year ended, have been audited by one of us.
4. We did not audit the financial statements of subsidiary companies namely Pinky Shipyard Private Limited, Tebma Shipyard Limited, associate company, namely, Great Offshore Limited and the Joint Venture Company, namely, Bengal Shipyard Limited, whose financial statements reflect total assets of Rs.542,098.08 lacs as at 31st March 2011, total revenue of Rs.101,598.46 lacs and net cash inflow amounting to Rs.22,531.95 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, associates and joint venture company, is based solely on the report of other auditors.
4. Further to our comments:
 - i. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard 21 'Consolidated Financial Statements', Accounting Standard 23 'Accounting for Investments in Associates in 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, 2011;
 - (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: 20th July, 2011
Place: Mumbai

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

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



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Rs. in Lakhs)

Particulars	Schedule	As at	As at
		March 31, 2011	March 31, 2010
SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
(a) Share Capital	A	3,030.93	2,893.93
(b) Reserves and Surplus	B	100,707.91	80,361.44
(c) Convertible Warrants	C	2,756.93	963.23
		106,495.77	84,218.60
MINORITY INTEREST		9,547.89	163.67
LOAN FUNDS :			
(a) Secured Loans	D	216,378.38	150,292.06
(b) Unsecured Loans	E	172,057.61	79,810.80
		388,435.99	230,102.86
DEFERRED TAX LIABILITY (NET) :	F	5,535.83	4,201.69
		510,015.48	318,686.81
APPLICATION OF FUNDS :			
FIXED ASSETS :			
(a) Gross Block	G	107,552.32	43,469.51
(b) Less : Depreciation		13,554.51	5,394.38
(c) Net Block		93,997.81	38,075.13
(d) Capital work-in-progress		70,391.83	71,507.28
		164,389.64	109,582.41
GOODWILL ON CONSOLIDATION		11,125.35	31.19
INVESTMENTS	H	100,456.77	92,750.77
CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Inventories	I	205,305.45	123,276.41
(b) Sundry Debtors	J	82,900.02	35,839.54
(c) Cash and Bank Balances	K	40,717.92	28,441.60
(d) Loans and Advances	L	53,476.86	52,965.26
		382,400.25	240,522.81
LESS : CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	M	125,824.00	102,989.03
(b) Provisions	N	22,796.14	21,495.75
		148,620.15	124,484.78
NET CURRENT ASSETS		233,780.11	116,038.03
MISCELLANEOUS EXPENDITURE	O	263.60	284.42
(To the extent not written off or adjusted)			
NOTES TO ACCOUNTS	V		
TOTAL		510,015.48	318,686.81

The Schedules referred to above form an integral part of the Balance Sheet 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]

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

Date: 20th July, 2011
Place : Mumbai

Bharati Shipyard Limited

34th Annual Report 2010 - 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

Particulars	Schedule	(Rs. in Lakhs)	
		Year Ended March 31, 2011	Year Ended March 31, 2010
INCOME :			
Turnover	P	139,769.02	126,437.96
Subsidy		21,131.46	8,361.80
Other Income	Q	254.03	587.72
Total Income		161,154.50	135,387.48
EXPENDITURE :			
Raw Material Consumed	R	76,267.20	70,406.54
Manufacturing and Other Expenses	S	18,730.52	16,756.22
Employee Cost	T	18,386.73	15,868.02
Interest and Finance Charges (Net)	U	29,663.90	10,880.29
Depreciation	G	2,342.50	1,531.47
Total Expenditure		145,390.83	115,442.54
PROFIT BEFORE TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS		15,763.66	19,944.95
Less: Provision for Taxation			
- Current Tax		4,655.95	6,350.48
- Deferred Tax		1,334.15	741.43
Prior Period Tax Adjustments		641.78	(158.07)
PROFIT AFTER TAX AND EXTRAORDINARY AND PRIOR PERIOD ITEMS		9,131.78	13,011.11
Surplus/ (Deficit) brought forward		42,876.85	32,293.89
Share of minority interest		281.75	(23.75)
Share of Profit from Investment in Associate		1,587.88	-
Amount Available For Appropriation		53,314.65	45,281.25
APPROPRIATIONS :			
Transfer to Debenture Redemption Reserve		1,250.00	-
Transfer to General Reserve		1,134.52	1388.67
Proposed Final Dividend		909.28	868.18
Dividend Tax thereon		151.02	147.55
Surplus/(Defecit) carried forward		49,869.83	42,876.85
TOTAL		53,314.65	45,281.25
EARNINGS PER SHARE			
Equity shares of face value of Rs. 10/- each			
Basic (in Rs.)		32.68	47.14
Diluted (in Rs.)		34.86	39.09
Basic (in Rs.) before Prior Period Ta Adjustment		32.14	46.57
Diluted (in Rs.) before Prior Period Ta Adjustment		34.29	38.61

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS V

The Schedules referred to above form an integral part of the profit and loss account 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]

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

Date: 20th July, 2011
Place : Mumbai



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'A' : SHARE CAPITAL :		
Authorised Capital		
5,00,00,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
	5,000.00	5,000.00
Issued, Subscribed and Paid up Capital		
3,03,09,300 (Previous Year 2,89,39,300) equity shares of Rs. 10 each fully paid up. In the current financial year 13,70,000 shares of Rs. 10 each were issued on partly conversion of convertible warrants Tranche - 1	3,030.93	2,893.93
Total	3,030.93	2,893.93
SCHEDULE 'B' : RESERVES & SURPLUS :		
(a) Securities Premium Account		
As per last Balance Sheet	31,155.71	30,196.71
Add: Premium on issue of Equity share (Conversion of Tranche - I Convertible warrants)	959.00	959.00
	32,114.71	31,155.71
(b) Revaluation Reserve		
As per last Balance Sheet	452.92	514.93
Less: Withdrawn for Depreciation for the year	62.06	62.06
	390.86	452.87
(c) Debenture Redemption Reserve		
As per last Balance Sheet	-	-
Add: Transferred from Profit & Loss Account	1,250.00	-
	1,250.00	-
(d) General Reserve		
As per last Balance Sheet	5,876.01	4,487.34
Add: Provision for Gratuity reversed	-	-
Add: Transferred from Profit & Loss Account	1,134.52	1,388.67
	7,010.53	5,876.01
(e) Share of Profit and Reserve for Associate		
for the last year	10,071.88	-
Add : Share of Current year	1,587.88	-
	11,659.76	-
(f) Profit & Loss Account		
	48,282.06	42,876.85
Total	100,707.91	80,361.44
SCHEDULE 'C' : SHARE WARRANTS :		
Amount to be converted into Equity Shares		
Tranche - 1 - "Nil" Equity Share warrants of Rs 80 each 25% paid up (Previous year "13,70,000")	-	274.00
Tranche - 2 - 13,78,464 Equity Share warrants of Rs 200 each Fully paid up (Previous year "13,78,464")	2,756.93	689.23
	-	-
Total	2,756.93	963.23

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'D' : SECURED LOANS :		
(a) Debentures	9,000.00	9,000.00
(b) Loans and advances from banks		
(i) Cash Credit / Export Credit	53,670.97	19,037.32
(ii) Term Loans	146,957.41	114,754.74
	200,628.38	133,792.06
(c) Loans and advances from Financial Institutions	6,750.00	7,500.00
Total	216,378.38	150,292.06
SCHEDULE 'E' : UNSECURED LOANS :		
(a) Foreign Currency Convertible Bond (FCCBs) (Refer Note 20 Schedule "V")	-	28,754.05
(b) Loans and advances from banks	165,462.97	45,145.51
(c) Loans and advances from Others	6,594.64	5,911.24
Total	172,057.61	79,810.80
SCHEDULE 'F' : DEFERRED TAX LIABILITY (NET) :		
a) Deferred Tax Liabilities		
On account of timing difference of depreciation	5,608.63	4,274.48
(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)
Total	5,535.83	4,201.69

SCHEDULE 'G' : FIXED ASSETS :

(Rs. in Lakhs)

	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 01-Apr-10	Acquisition (See Note Below)	Additions	Dedu- ctions	As at 31-Mar-11	As at 01-Apr-10	for the Year	Acquisition (See Note Below)	Charged to Reval. Res.#	Dedu- ctions	As at 31-Mar-11	As at 31-Mar-10
Land	4,696.09	324.78	2,650.98	-	7,671.85	-	-	-	-	-	7,671.85	4,696.09
Land - Leasehold	-	70.83	-	-	70.83	4.73	16.06	-	-	20.79	50.04	-
Building	3,229.76	8,456.80	1,203.86	-	12,890.42	792.02	877.83	4.36	-	1,854.52	11,035.90	3,049.45
Slipway	-	3,587.95	54.96	-	3,642.91	241.11	438.41	-	-	679.52	2,963.39	-
Plant & Machinery	23,224.61	9,931.60	33,869.66	-	67,025.87	2,466.17	1,694.74	57.70	-	6,953.89	60,071.99	20,489.33
Dredger	184.13	-	-	-	184.13	18.41	-	-	-	64.44	119.68	138.09
Two Line Handling Boat	-	-	1,294.91	-	1,294.91	6.46	-	-	-	6.46	1,288.45	-
Furniture and Fittings	1,975.62	495.40	656.15	2.19	3,124.99	214.95	230.21	-	0.08	623.61	2,501.38	1,797.10
Vehicles	674.39	53.37	644.77	-	1,372.53	70.90	34.84	-	-	303.97	1,068.55	476.16
Computers	443.71	174.27	90.35	-	708.33	169.81	124.52	-	-	381.04	327.29	273.90
Wind Mill	8,677.70	-	-	-	8,677.70	458.18	-	-	-	2,296.20	6,381.50	6,839.68
Office Equipments	363.50	176.58	113.70	3.89	649.89	43.45	56.14	-	0.86	146.90	502.99	315.33
Intangible Assets												
Software licences	-	232.49	5.49	-	237.98	25.36	197.81	-	-	223.17	14.81	-
Total	43,469.51	23,504.07	40,584.82	6.08	107,552.32	4,428.46	3,670.56	62.06	0.94	13,554.51	93,997.81	38,075.13
Previous year	49,258.25		17,803.52	88.19	66,973.58	5,399.16	3,637.74	62.06	34.02	9,064.94	57,908.64	

Note:

Additions to gross block and Dericiation charge includes balances taken over on account of acquisition of 51% stake in Tebma Shipyard Limited which amounts to Rs.23,504.07 Lakhs and Rs.3,670.56 Lakhs respectively

Bharati Shipyard Limited

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SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'H' : INVESTMENTS :		
(a) Long Term (At Cost)		
Non Trade Investments		
(i) Equity Shares (Quoted)		
150 Shares of ICICI Bank Ltd.	0.12	0.12
(Market Value as on 31-3-2011 was Rs. 1112.75/- per share totaling to Rs.1.67 Lakhs)		
4600 Shares of Andhra Bank Ltd.	0.46	-
(Market Value as on 31-3-2011 was Rs. 148.5/- per share totaling to Rs.6.83 Lakhs)		
1728 Shares of Syndicate Bank Ltd.	0.86	-
(Market Value as on 31-3-2011 was Rs. 117.5/- per share totaling to Rs.2.03 Lakhs)		
(ii) Equity Shares (Unquoted)		
200(Previous Year 200) equity shares of Rs.50/-each of Goa Urban Co-op Bank Limited	0.10	0.10
Trade Investments		
(i) Equity Shares (Quoted)		
1,83,14,352 Equity Shares of Great offshore Limited -		
Value of Investments	55,209.11	-
Add: Goodwill thereon	43,029.66	
Add: Post Acquisition Profits	1,587.88	
Less: Dividend Received	462.85	
	99,363.79	87,236.89
(ii) Equity Shares (Unquoted)		
(i) 5,000 Equity shares of Jai Pahadimata Barter Pvt. Ltd.	0.23	0.23
(ii) 5,000 Equity shares of Pashupati Vinimay Pvt. Ltd.	0.23	0.23
(iii) 4,999 Equity shares of Bengal Heavy Engineering Pvt.Ltd.	0.23	0.23
(iv) 50,000 Equity Shares of Rs. 10/- each of Ocenic Shipyard Ltd.	2.25	2.25
(v) 5,000 Equity shares of Balgopal Vaypaar Pvt. Ltd.	0.23	0.23
(b) Current (At Cost or Fair Value whichever is lower)		
Non - Trade Investment		
(i) Investment in Units of Mutual Fund (Unquoted)		
S.B.I. - Infrastructure Fund - Growth - 20,00,000 (Previous Year 20,00,000)		
Units of Rs. 10/- each	187.40	200.00
(NAV as at 31-03-2011 was 9.37/- per unit totaling to Rs.187.40 lakhs)		
Principal Monthly Income Fund - 734,316.964 (Previous Year - 734,316.964)		
Units of Rs. 10/- each	150.00	150.00
(NAV as at 31-03-2011 was 21.262/- per unit totaling to Rs. 156.13 lakhs)		
S.B.I Insta Cash Fund - 2,986,077.82 (Previous Year - 29,850,211.63)		
Units of Rs. 10/- each	500.18	5,000.00
(NAV as at 31-3-2011 was 16.7503/- per unit totaling to Rs.5,001.77 lakhs)		
S.B.I. Mutual Fund - India One Fund - 1,000,000 (Previous Year - 1,000,000)		
Units of Rs. 10/- each	99.00	99.00
(NAV as at 31-3-2011 was 10.83/- per unit totaling to Rs.108.30 lakhs)		
S.B.I. Ultra Short Term Fund - 510,858.76 (Previous Year - Nil) Units of Rs. 10/- each	51.12	-



SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
(NAV as at 31-3-2011 was 10.01/- per unit totaling to Rs.51.12 lakhs)		
S.B.I. PSU Fund - 198,971.60 (Previous Year - Nil) Units of Rs. 10/- each	19.58	-
(NAV as at 31-3-2011 was 9.84/- per unit totaling to Rs.19.58 lakhs)		
S.B.I. PSU Fund - 500,000 (Previous Year - Nil) Units of Rs. 10/- each	49.20	-
(NAV as at 31-3-2011 was 9.84/- per unit totaling to Rs.49.20 lakhs)		
HDFC Floating Rate Income Fund - 698,869 (Previous Year - 1,353,141)	31.71	61.40
(NAV as at 31-3-2011 was 10.08/- per unit totaling to Rs.70.45 lakhs)		
(ii) Investment in Government Securities (Unquoted)		
National Saving Certificate - Sixth Issue	0.10	0.10
Total	100,456.77	92,750.77
SCHEDULE 'I' : INVENTORIES :		
(As taken, valued & certified by management)		
Raw Materials	95,745.20	71,125.48
Semi Finished Goods	109,560.25	52,150.93
(Net of Advances from Customers of Rs. 2,59,372.70/-lakhs (Previous year Rs.2,30,446.06 lakhs))		
Total	205,305.45	123,276.41
SCHEDULE 'J' : SUNDRY DEBTORS :		
(Unsecured and Considered Good)		
Outstanding for more than six months	68,732.79	30,992.04
Others	14,167.23	4,847.51
(Unsecured and Considered Doubtful)		
Outstanding for more than six months	8,427.08	-
Others	-	-
	91,343.78	35,839.54
Less: Provision for Doubtful Debts	8,427.08	-
Total	82,900.02	35,839.54
SCHEDULE 'K' : CASH & BANK BALANCES :		
(a) Cash on hand	82.16	82.41
(b) Bank Balances		
(i) with Scheduled Banks #*		
(1) In current accounts	3,717.85	9,562.65
(2) In deposit accounts	29,179.70	17,212.16
(3) In EEFC accounts	4,484.16	0.93
# Includes unpaid dividend and share application monies accounts		
* Includes Term deposits of Rs. 24,936.59 lacs liened with bank towards LC, Buyer's Credit and Bank Guarantees and towards refund guarantees to the extent of Rs. 1,800 lacs		
(ii) with Foreign Banks *		
(1) In current accounts		
Checking Accounts (SBI, Nassau)	264.56	123.76
Current Account (Citibank, New York)	10.39	10.57

Bharati Shipyard Limited

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SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011....CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
(2) In deposit accounts		
Fixed Deposit (SBI, Hong Kong)	76.87	76.59
Fixed Deposit (SBI, Nassau)	2,902.25	1,372.53
* Unutilised proceeds from FCCB/ECB		
Total	40,717.92	28,441.60

SCHEDULE 'L' : LOANS & ADVANCES :

(Unsecured and Considered Good)		
Advances for value to be received in cash or kind	38,509.14	38,367.60
Balances with Government Authorities	3,837.92	2,359.91
Trade Deposits	990.25	720.90
Advance tax and tax deducted at source	10,139.55	11,516.85
Total	53,476.86	52,965.26

SCHEDULE 'M' : CURRENT LIABILITIES :

Sundry Creditors other than Small and Medium Enterprises	29,596.86	28,958.03
Unpaid Dividend #	6.03	4.20
Unpaid Share Application Money #	8.38	8.38
Advances received against orders	89,021.62	72,900.29
Other Current Liabilities	7,191.12	1,118.13

There are no amounts due and outstanding to be credited to be credited to the Investor Education and Protection Fund.

Total	125,824.00	102,989.03
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SCHEDULE 'N' : PROVISIONS :

Provision for Income Tax	21,290.56	20,272.41
Provision for Fringe Benefit Tax	-	171.85
Provision for Gratuity	205.20	35.76
Provision for Leave Encashment	132.66	-
Dividend Payable	909.28	868.18
Dividend Distribution Tax Payable	151.02	147.55
Provision for Warranty	107.42	-

Total	22,796.14	21,495.75
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SCHEDULE 'O' : MISCELLANEOUS EXPENDITURE :

Preliminary & Share Issue Expenses	99.43	197.61
Less: Written off to Profit & Loss account	97.85	98.18
Preoperative Expenses	262.03	184.99

Total	263.60	284.42
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SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2011...CONTD.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE 'P' : TURNOVER :		
Ship Manufacturing & Repairs	60,499.69	16,007.05
Increase in WIP	80,156.12	109,393.73
Wind Mill Income	978.30	1,037.18
Total	141,634.11	126,437.96
SCHEDULE 'Q' : OTHER INCOME :		
Scrap Sale	216.24	266.00
Dividend Income	9.78	190.42
Gain on Sale of Investments in Mutual Funds	11.22	-
Reversal of diminution in value of investment	-	131.30
Miscellaneous Income	16.78	-
Total	254.03	587.72
SCHEDULE 'R' : RAW MATERIAL CONSUMED :		
Opening Stock	71,292.78	65,217.95
Add : Purchases	92,964.38	76,314.07
	164,257.16	141,532.01
Less : Closing Stock	87,989.96	71,125.48
Total	76,267.20	70,406.54

Bharati Shipyard Limited

SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2011...CONTD.

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2011	Year Ended March 31, 2010
SCHEDULE 'S' : MANUFACTURING & OTHER EXPENSES :		
Auditors' Remuneration	49.74	102.24
Advertisement Expenses	86.61	86.37
Car Hire Charges	440.51	363.04
Clearing & Forwarding	1,477.74	1,832.18
Commission and Brokerage	436.75	745.24
Conveyance	16.31	19.56
Courier & Postage Charges	42.10	69.27
Design & Consultancy	1,752.76	3,049.92
Diminution in value of investment	13.82	-
Director's Sitting Fees	4.20	6.30
Donation / Gifts	65.73	154.50
Electricity Charges	637.56	479.17
Equipment Hire Charges	4,663.07	3,605.52
Exhibition Expenses	87.84	14.76
Inspection / Testing Charges / Service	681.00	714.28
Insurance Charges	1,220.39	767.84
Keyman Insurance	67.00	80.00
Launching & Delivery Expenses	327.78	387.29
Lease Rent towards Land	564.49	505.21
Legal and Professional Expenses	1,106.31	186.66
Membership and Subscription	16.57	30.83
Office & Miscellaneous Expenses	382.79	238.69
Port Dues	672.58	156.10
Printing & Stationery	49.72	43.66
Preliminary Expenses written off	97.85	97.85
Rent	554.44	458.92
Rates & Taxes	63.15	45.86
Repairs & Maintenance	209.70	180.24
Service Charges	215.35	260.02
Service tax	23.90	22.13
Telephone & Telex Charges	162.70	155.55
Transport Charges	1,558.95	1,069.40
Travelling Expenses	981.09	827.58
Total	18,730.52	16,756.22



SCHEDULES TO THE CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2011...CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 'T' : EMPLOYEE COST :		
Salaries, Wages, Stipend and Bonus	4,224.78	3,319.73
Labour Charges	12,607.34	11,299.02
Contribution to Provident Fund, ESIC, Gratuity	606.01	353.85
Staff Welfare	461.80	334.42
Remuneration of Directors	486.79	561.00
Total	18,386.73	15,868.02
SCHEDULE 'U' : INTEREST AND FINANCE CHARGES (NET) :		
Bank Guarantee Commission	2,048.05	2,335.87
Interest on Term loan & Debentures	23,991.67	6,336.00
Interest on Working Capital Loans	3,867.22	2,911.44
Other Finance Charges	2,917.69	2,132.88
Total	32,824.64	13,716.18
Less: Interest Received / Receivable on Bank Deposits	896.30	1,083.29
Interest Received / Receivable on Inter Corporate deposit and Others	750.88	1,915.75
Foreign Exchange Variation	1,513.56	(163.15)
	3,160.74	2,835.89
Total	29,663.90	10,880.29

SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Consolidation

The Consolidated Financial Statement relate to Bharati Shipyard Limited (the Company), its subsidiaries and its Joint Venture which constitute the Group. List of Entities considered in these consolidated Financial Statements as on 31st March, 2011 with percentage:

Sr. No	Name of the Entity	Country of Incorporation	Nature of Relationship	Ownership Interest
1.	Advitya Urja Private Limited	India	Subsidiary	100%
2.	Dhanshree Properties Private Limited	India	Subsidiary	100%
3.	Natural Power Ventures Private Limited	India	Subsidiary	100%
4.	Nirupam Energy Projects Private Limited	India	Subsidiary	100%
5.	Nishita Mercantile Private Limited	India	Subsidiary	100%
6.	Pinky Shipyard Private Limited	India	Subsidiary	51%
7.	Premila Mercantile Private Limited	India	Subsidiary	100%
8.	Vishudh Urja Private Limited	India	Subsidiary	100%
9.	Tebma Shipyard Limited	India	Subsidiary	51%
10.	Great Offshore Limited	India	Associate	49.73%
11.	Bengal Shipyard Limited	India	Joint Venture	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, 2011.
- The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements”, Accounting Standard 23 (AS 23) – “Accounting for Investments in Associate in 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.

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



SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

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. Costs include 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. Assets costing less than Rs. 5,000/- are fully depreciated in the year of acquisition.
- v. Fixed assets under construction are shown as Capital Work-in-Progress and are not depreciated.

5. Capital Work in progress

Capital work in progress includes the cost of fixed assets that are not ready to use at the balance sheet date and advances paid to acquire the same before the balance sheet date.

6. 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.

7. 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.

8. Investments

- I. Long-term investments are stated at cost less provision for other than temporary diminution in value.
- II. Investment in associate Company is accounted as per "Equity Method" and accordingly the share of Post acquisition reserve of the associate company are added to /deducted from the cost of Investments.
- III. Current investments comprising mutual funds are stated at the lower of cost and fair value, determined on a portfolio basis.

9. 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.

SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

10. Goodwill

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

11. Employee Benefits

Short term benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and wages, leave salary etc. and the expected cost of ex-gratia are recognized in the period in which the employee renders the related service.

Defined contribution plans:

The Company makes specified monthly contributions towards employee provident fund. The Company's contribution paid/payable under the schemes is recognized as an expense in the profit and loss account during the period in which the employee renders the related service.

Defined benefit plans:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets deducted.

The present value of any obligation under such defined benefit plan is determined based on actuarial valuation using the Project Unit Completion Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

When the calculation results in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the profit and loss account.

12. 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.

13. 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.

14. Provision for Taxation

Current Tax

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

Deferred Tax

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

15. 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



SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

16. Miscellaneous Expenditure

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

17. Provision and Contingent Liabilities

i. The Company recognizes a provision when there is a present obligation as a result of 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.

18. 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.

19. Earnings Per Share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity and dilutive equity equivalent shares outstanding during the year, except where the results would be anti-dilutive.

II. NOTES TO THE ACCOUNTS

1. Provisions and Contingent Liabilities

Particulars	(Rs. in Lakhs)	
	F.Y. 2010- 2011	F.Y. 2009- 2010
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.	1,464.71	1,214.20
c) Corporate Guarantee Given to Bank	1,106.28	1,770.04
d) Letter of Credit outstanding	24,135.51	25,848.94
e) Liabilities arising out of unexpected Contract (net of advances)	85,402.50	48,762.28
f) Bank Guarantee	2,19,912.93	2,33,411.51
TOTAL	3,32,953.76	311,938.80

In addition to above, there are two winding up petitions filed against Tebma Shipyard Limited to recover the dues amounting to Rs. 1727 Lakhs as on date. Tebma Shipyard Limited, in the meanwhile, has initiated the process of negotiating with parties concerned for an out of court settlement of the dues in the phased manner.

2. Notes of 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 were converted into equity shares in financial year 2009-10. The Balance 13,70,000 warrants were converted into equity shares on **8th December, 2010** of Rs. 10/- each at a price of Rs. 80/- per share including premium of Rs. 70/- per share.

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 full amount against each outstanding convertible warrant.

SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

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, 2011 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.

Segments/ Particulars	Ship Manufacturing	Windmill Power	Total
Revenue			
Turnover	138,790.72	978.30	139,769.02
Subsidy Income	21,131.46	-	21,131.46
Other Income	216.25	-	216.25
Total income from operation	1,60,138.43	978.30	1,61,116.72
Unallocable Income			37.78
Total Income			1,61,154.50
Segment Results before depreciation,			
Interest and Tax	46,871.56	900.19	47,771.75
Less: Interest (Net)	29,583.99	79.41	29,663.40
Less: Depreciation	1,884.32	458.18	2,342.50
Profit/(loss) before Tax	15,403.25	362.60	15,765.85
Unallocable Expenses			2.19
Less: Tax Expenses			6,631.88
Net profit/ (Loss) after tax			9,131.78
Other Information Segment Assets	533,363.55	8,018.34	541,381.89
Unallocable Assets			95,741.89
Total Assets			637,123.78
Segment Liabilities	125,674.51	594.78	126,269.29
Unallocable Liabilities			909.28
Total Liabilities			127,178.57

ii. Secondary Segments (Geographical Segments)

SEGMENTS	DOMESTIC	OVERSEAS	TOTAL
REVENUE			
Ship Manufacturing	65,177.18	94,961.24	1,60,138.42
Windmill Power	978.30	-	978.30
TOTAL	64,328.17	94,961.24	1,61,116.72
Segment Assets	637,123.78	-	637,123.78
Additions to Fixed Assets incl Capital WIP	-	-	-



SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

5. Disclosure of Goodwill

Particulars	(Rs. in Lakhs)	
	2010- 2011	2009- 2010
Opening Balance	31.19	31.19
Add: Goodwill on acquisition of Tebma Shipyard Limited	11,094.16	-
Closing Balance	11125.35	31.19

6. Investment in Associates

The Particulars of the investment in the Associates as per equity Method of accounting under AS-23 is as under:

Name of Associate	Great Offshore Limited
Ownership Interest	49.73%
Value of Investment	45,137.23
Add: Amount of Goodwill/ (Capital Reserve)	43,029.66
Add: Share of Post Acquisition Reserves and Surplus	11,659.76
Less: Dividend received	462.86
Carrying Amount of Investments	99,363.79

17. 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
Associates	Great Offshore Limited
Key Managerial Personnel	1. P. C. Kapoor 2. Vijay Kumar
Relatives of Key Managerial Personnel	Relatives of Mr. P. C. Kapoor 1. Mrs. Madhu Kapoor – Wife 2. Mrs. Radhika Mehra – Daughter Relatives of Mr. Vijay Kumar 3. Mrs. Ashraf G. Kumar – Wife 4. Ms. Sukriti V. Kumar – Daughter
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives	1. Bharati Shipping & Dredging Company Pvt. Ltd. 2. Bharati Maritime Services Pvt. Ltd. 3. Bharati Infratech Projects Pvt. Ltd. 4. Bharati Marine Construction & Engineering Pvt. Ltd. 5. Harsha Infrastucture Pvt. Ltd. 6. Sharven Multitrade Pvt. Ltd. 7. Swati Silk Mills Pvt. Ltd. 8. Usha Silk Mills Pvt. Ltd. 9. Vayuraj Energy Projects Pvt. Ltd. 10. Vayutatva Energy Projects Pvt. Ltd. 11. Apeejay Shipping Ltd.

SCHEDULE 'U': BASIS OF CONSOLIDATION, 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	Associate	Total
Transactions during the year					
Remuneration		504.79			504.79
Rent		0.60			0.60
Interest Income				460.76	460.76
Equipment Hire charges	2,400				2,400.00
Advances given	1,121.58			29,102.85	30,224.43
Advances Received	315.45	240.15		32,602.85	33,158.45
Preferential allotment money received		2889.70			2889.70
Preferential Allotment of Shares		137.00			137.00
Premium on preferential allotment of shares		959.00			959.00
Outstanding Balances as on 31st March, 2011					
Unsecured Loan		240.15			240.15
Loans and Advances	276.88		2.50		279.38
Other Current Liabilities	177.29	253.58			430.84
Share warrants – application money received		1793.70			1793.70

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

(Rs. in Lakhs)

(i) Remuneration include:

Particulars	2010-2011	2009-2010
Mr. P C Kapoor	252.40	289.50
Mr. Vijay Kumar	252.39	289.50



SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

(ii) Rent include:

Particulars	2010-2011	2009-2010
Mr. P C Kapoor	0.30	3.60
Mr. Vijay Kumar	0.30	3.60
Mrs. Ashraf Kumar	-	3.60

(iii) Equipment Hire Charges include:

Particulars	2010-2011	2009-2010
Bharti Maritime Services Private Limited	1,740	1,740.00
Harsha Infrastructure Private Limited	660	642.00

(iv) Advances Given include:

Particulars	2010-2011	2009-2010
Great Offshore Limited	28,696.54	3,500.00

(v) Interest Income include:

Particulars	2010-2011	2009-2010
Great Offshore Limited	460.76	Nil

(vi) Repayment of Advances Given include:

Particulars	2010-2011	2009-2010
Great Offshore Limited	32,196.53	Nil

(vii) Preferential Allotment Money Received include:

Particulars	2010-2011	2009-2010
Mr. P.C. Kapoor	1,444.84	1,029.62
Mr. Vijay Kumar	1,444.84	1,029.62

(viii) Allotment of equity shares include:

Particulars	2010-2011	2009-2010
Mr. P.C. Kapoor	68.50	68.50
Mr. Vijay Kumar	68.50	68.50

(x) Premium on allotment of equity shares:

Particulars	2010-2011	2009-2010
Mr. P.C. Kapoor	479.50	479.50
Mr. Vijay Kumar	479.50	479.50

SCHEDULE 'U': BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

8. 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 Earnings 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 conversion of preferential warrants.

Sr. No.	Particulars	Units	2010-2011	2000- 2010
(a) (i)	Profit after tax	Rs. Lakhs	9,594.64	13,011.11
	Less/Add: Prior Period Tax Adjustment	Rs. Lakhs	641.78	(158.07)
(a) (ii)	Profit before Prior Period Tax Adjustment	Rs. Lakhs	10236.41	12,853.04
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos	29,363,436.99	27,599,328.0
(c)	The nominal value per Ordinary Share	Rupees	10.00	10.00
(d) (i)	Earnings Per Share (Basic)	Rupees	32.68	47.14
	Earnings Per Share (Basic) before Prior Period Tax			
(d) (ii)	adjustment	Rupees	34.86	46.57
(e)	The weighted average number of Ordinary Shares for Diluted EPS			
	For Basic earnings per share	Nos	29,363,436	27,599,328
	Add: Dilutive Warrants	Nos	491,394	5,688,956
	For Diluted earnings per share	Nos	29,854,831	33,288,284
(f) (i)	Earnings Per Share (Diluted) Rupees		32.14	39.09
(f) (ii)	Earnings Per Share (Diluted) before Prior Period Tax adjustment	Rupees	34.29	38.61

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

10. 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.

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

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

For M/s.DPH & Co.
Chartered Accountants

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

Date: 20th July, 2011
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]



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2011	Year Ended March 31, 2010
A. Cash flow from operating activities		
Net profit before tax	15,763.66	19,944.94
Adjustments for :		
Depreciation for the period	2,342.50	1,532.11
Preliminary Expenses Written off	97.85	97.85
Diminution /(Reversal of Diminution) in value of investments	13.82	(131.30)
Foreign exchange Gain /(Loss)	(1,513.56)	163.15
Loss on sale of Motor Car	-	-
Interest and Finance Charges (Net)	31,177.46	10,717.14
Dividend/Gain from Investment	(21.00)	(190.42)
Operating profit before working capital changes	47,860.72	32,133.47
Increase in trade receivables	(47,060.48)	(7,727.52)
Increase in inventories	(82,029.04)	(38,283.28)
Increase in trade deposits and advances	(370.06)	(1,010.38)
Increase in trade payables & Others	22,252.49	5,338.56
Cash generated from Operations	(59,346.38)	(9,549.15)
Direct Taxes paid	(3,459.42)	(3,711.21)
Net Cash From Operating Activities	(62,805.80)	(13,260.36)
B. Cash flow from investing activities		
Good Will	(11,094.16)	
Purchase of Fixed Assets	(57,211.79)	(23,561.85)
Investment in Others (Net)	39,39.94	(92,347.18)
Increase in deposits and advances	(141.54)	14,478.14
Dividend/Gain from Investment	21 00	190 42
Net Cash From Investing Activities	(64,486.55)	(101,240.47)
C. Cash flow from financing activities		
(Repayment) / Proceeds from issue Equity Shares including Security Premium	10,198.47	1096
Proceeds from issue of Convertible Share Warrants	1,793.70	963.23
(Repayment) / Proceeds from Long Term borrowings	66,086.32	129,765.17
(Repayment) / Proceeds from Unsecured Loans	92,246.81	
Miscellaneous Expenditure (Pre Operative Expenditure)	(77.04)	(92.80)
Interest paid	(31,177.46)	(10,717.14)
Dividend paid	(1,015.73)	(967.64)
Net Cash From Financing Activities	138,055.07	120,046.82
Net increase in Cash & Cash Equivalents (A+B+C)	10,762.73	5,545.99
Cash and Cash Equivalents at the beginning of the year	28,441.58	23,058.74
	39,204.36	28,604.73
Effect of exchange rate changes	1,513.56	(163.15)
Cash and Cash Equivalents at the end of the year	40,717.92	28,441.58

Notes :

- 1 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.
- 2 The above Cash & Cash Equivalents includes restricted cash balance of Rs. 4.28 lacs (previous year Rs.4.30 lacs)
- 3 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

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]

Date: 20th July, 2011
Place : Mumbai



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 **34TH ANNUAL GENERAL MEETING to be held on Thursday, 22nd September, 2011 at 11.30 a.m.** at 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
.....ofor falling him
.....of.....as my/our proxy to vote for me /us and on my/our behalf
at the **34TH ANNUAL GENERAL MEETING to be held on Thursday, 22nd September, 2011 at 11.30 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.....2011.

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.



Bharati Shipyard Limited

Registered Office

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Ballard Estate, Mumbai 400 001, India.
Tel.: +91-22-3028 9200 • Fax : +91-22-3028 9222
Email : info@bharatishipyard.com
Website : www.bharatishipyard.com

Corporate Office

Oberoi Chambers II, 646, New Link Road,
Andheri (W), Mumbai 400 053
Tel. : +91 22 3950 6800

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