

Bharati Shipyard Limited

Board of Directors

P. C. Kapoor
Managing Director

Vijay Kumar
Managing Director

B. L. Patwardhan
Nominee Director - SBI

V.P. Kamath
Director

Solicitors

Kanga & Company

Auditors

DPH & Co.
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



Bharati Shipyard Limited



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Consolidated

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Bharati Shipyard Limited

MANAGING DIRECTORS' MESSAGE

Managing Directors' Message to the Shareholders

We would like to express our gratitude for your consistent support and belief in Bharati Shipyard Ltd. (Bharati).

This was one of the most challenging years that your Company has faced so far. The global downturn in the shipping and shipbuilding industry coupled with the recession in the European markets has had an adverse and direct impact on the sales and liquidity of the Company.

The overall increase in the domestic interest rates in rapid succession to tame stubbornly high inflation has hampered the profitability of several large, medium and small Corporate and your Company is no exception to that.

Even this year, majority of the shipyards have been unable to bag any new foreign orders.

Even though, the global shipbuilding and shipping markets are facing a downturn, the offshore segment still has an edge over other segments of the industry. The same is attributable to the rising global oil demand, significant offshore oil discoveries as against to that on land, growing preference for deep sea exploration and the replacement needs for ageing fleet. All these factors together have had a positive impact on the demand for new build sophisticated offshore vessels and Rigs which would meet the evolved technical and safety norms. A significant portion of such demands will be met by the Indian Shipyards who have always served this niche market more than the leaders of the overall shipbuilding market viz. South Korea, China and Japan who are yet to explore this market.

Bharati has undertaken the construction of a Jack up Oil Rig which has been successfully launched in May, 2012. There are only 9 Rig Manufacturers in the world. Your Company is the 10th and the 1st in India. This is the Company's major step for making a foray in the deep sea exploration market.

Moreover, we have also been able to tap the Defense sector and Government for fresh orders. The Company has been successful in obtaining orders for constructing Two Island Passenger Vessels for the Andaman and Nicobar Island Administration. We are confident of obtaining further prestigious orders from the Defense in the coming fiscal year. The Company has the requisite infrastructure, technical know-how and the experience.

As mentioned earlier, the Company has been facing liquidity problems and as a result of which its case has been referred for Corporate Debt Restructuring to the CDR Cell. The restructuring scheme, in principle is restraining by nature. However, it has the following **effects**, which the management believes will help the Company revive itself from its current unfavorable situation.

The company would be granted a moratorium period for repayment of principal and payment of interest. During such period, the Company can relinquish its apprehension to meet the obligations and can completely focus on its core business operations.

The company would also be receiving an additional Working Capital loan which would help in completing and delivering its vessels on hand. This would generate further liquidity for the Company.

Similarly, it would be receiving fresh funds for completion of its two Greenfield shipyards at Mangalore and Dabhol. This will enhance the production capacity which will be used to execute large orders going forward.

Besides the aid from its lenders through the CDR, the Company, on its own, is also striving towards optimizing its existing resources in hand and generating additional liquidity. The company is eligible for receiving a substantial amount of subsidy. During the current fiscal year, it has received ~Rs. 84.24 Crores .

The Company has an undisputable goodwill globally. Such goodwill and our commitment will help the Company in getting new orders even in the future. In fact, it is already in process of negotiating certain new orders which will materialize in the near future.

The current meltdown/recession/downturn in the shipping and shipbuilding industry is just one of the phases of the industry's business cycle. As per the fundamentals of economics, after growth, there is recession, followed by revival from the same and growth again. Historically, the said industries are cyclical industries. Both are at their bottom presently and it can only improve from here on. There are still certain untapped markets for the industry which are being discovered and will be additional sources of revenue.

The current liquidity crunch of the Company is only temporary and with the dedicated efforts and patience of all its stakeholders, optimum utilization of resources of its own and its group companies, the same will be overcome in the near future.

We are extremely thankful to our investors, customers, bankers, employees and Bharati family for their support even through this challenging time.

Thanking you

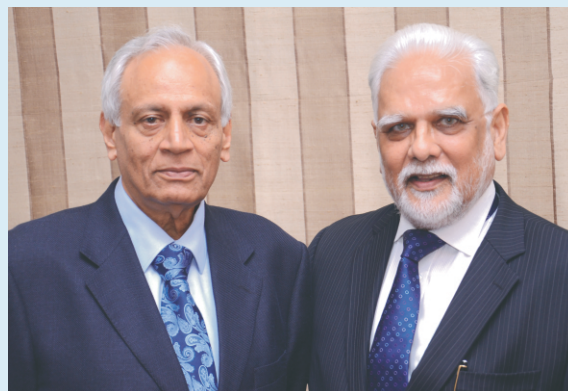
Yours sincerely,



Mr. Vijay Kumar
Managing Director



Mr. P. C. Kapoor
Managing Director



Mr. P. C. Kapoor
Managing Director

Mr. Vijay Kumar
Managing Director



NOTICE

NOTICE is hereby given that the **THIRTY FIFTH 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 Wednesday, the 26th September, 2012 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 2012 and Profit & Loss Account for the year ended as on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. V. P. Kamath, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s DPH & Co. Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

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

Sd/-
(Managing Director)

NOTES:

1. A member entitled to attend and vote at the meeting, is also entitled to appoint a proxy to attend and vote instead of himself/herself. A proxy so appointed need not be a member of the company. In order to be effective, the instrument appointing the proxy, should be duly stamped, completed, signed and deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 19th September, 2012 to 26th September, 2012 (both days inclusive).
3. Members are requested to intimate to the Company/ its Registrar, changes, if any, in their registered addresses, at an early date and to quote folio numbers in all their correspondence.
4. Members are requested to bring their Client ID and DP ID Numbers for easy identification of attendance at the meeting. Members are also requested to claim their unclaimed dividend for the year 2005-06 onwards else if remained unclaimed for 7 (seven) years, the same will be transferred to the credit of Investors' Education and Protection Fund under the provisions of Section 205C of the Companies Act, 1956 and the same cannot be reclaimed.
5. Members are requested to bring the copies of Annual Report at the time of attending Annual General Meeting. Please note that no copies of Annual Reports will be made available to the members at the time of meeting.
6. Members are requested to send their queries, if any, on the accounts, to the Compliance Officer at least 15 days before the Annual General Meeting to enable the Company to be ready with the replies at the AGM. Please note that no queries will be replied if received/raised after the above said time limits.

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

Sd/-
(Managing Director)

REGISTERED OFFICE:

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

Date: 30th August, 2012
Place : Mumbai

Bharati Shipyard Limited

DIRECTORS' REPORT

TO THE MEMBERS OF BHARATI SHIPYARD LIMITED

Your Directors have pleasure in presenting the 35th Annual Report, together with the Audited Financial Statements of the Company for the year ended March 31, 2012.

1. FINANCIAL RESULTS:

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

Particulars	(Rs. in Lakhs)	
	Financial Year	
	2011 - 2012	2010 - 2011
Total Income	140,603.27	158,134.49
Profit before Interest, Depreciation & Tax	48,186.98	46,732.40
Less : Interest	49,048.59	26,632.63
Less : Depreciation	3,997.03	2,150.77
Profit before Tax	(4,858.64)	17,949.00
Less : Tax	(5,453.68)	6603.80
Profit after Tax	595.04	11,345.20
Surplus brought forward	51,641.85	43,741.47
Amount available for appropriation	52,236.89	55,086.67
APPROPRIATIONS	--	--
Transfer to Debenture Redemption Reserve	--	1,250.00
Transfer to General Reserve	--	1,134.52
Dividend including Dividend Tax	--	1,060.30
Shortfall in provision of Dividend Tax for Last Year	48.22	--
Surplus carried forward	52,188.66	51,641.85
Total Appropriations	52,236.89	55,086.67

2. CAPITAL:

During the year under review Authorized Share Capital of the Company remained unchanged to Rs. 5,000.00 Lakhs 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 3,03,09,300 shares to 3,16,87,764 shares of face value of Rs 10/- each fully paid up. During the year Company has issued 13,78,464 equity share at Rs 200/- (face value Rs 10/-each) fully paid up on conversion of convertible 13,78,464 warrants Tranche – 2 issued vide resolution dated 29th September, 2009 passed at EGM.

3. DIVIDEND:

In view of the inadequate profits the directors do not recommend Dividend for the year under review.

4. OPERATING RESULTS AND PROFITS:

During the year under review, your Company has successfully delivered 4 vessels and launched the state of art Jack up Drill rig in May, 2012. Your Company has posted turnover of Rs. 1,10,324.95 Lakhs decrease of about 19.37% as compared to Rs. 1,36,822.69 Lakhs in the previous financial year. Your Company's EBIDTA (excluding subsidy) stands at Rs. 18,745.08 Lakhs has compare to Rs. 25,654.23 Lakhs in Previous Year. The net profit after tax for the year decreased to Rs. 595.04 Lakhs as against Rs. 11,345.19 Lakhs in the previous year.

5. FINANCE:

As at the end of financial year, your Company has total Secured Loans of Rs. 2,37,011.03 Lakhs comprising of Debentures worth Rs. 9,000 Lakhs, Cash and Export Credit Facility worth Rs. 98,161.40 Lakhs and Term Loan worth Rs.1,29,849.63 Lakhs. The Company has outstanding unsecured loans at the end of financial year of Rs. 1,49,223.79 Lakhs.



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 Brahmanvel, Taluka Sakri, District Dhule, Maharashtra. The project has generated revenue of Rs. 1028.68 Lakhs during the year under report.

7. SUBSIDIARY:

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

- a) Advitiya Urja Pvt. Ltd.
- b) Dhanshree Properties Pvt. Ltd.
- c) Natural Power Ventures Pvt. Ltd.
- d) Nirupam Energy Projects Pvt. Ltd.
- e) Nishita Mercantile Pvt. Ltd.
- f) Pinky Shipyard Pvt. Ltd.
- g) Premila Mercantile Pvt. Ltd.
- h) Vishudh Urja Pvt. Ltd.
- i) Tebma Shipyards 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. TEBMA SHIPYARDS LIMITED OPEN OFFER:

During the year under report your company acting in concert with its subsidiary company namely Nirupam Energy Projects Pvt. Ltd. acquired shares of M/s Tebma Shipyards Limited through open offer. The total acquisition is 21,56,198 equity shares i.e. 2.79% (Aggregating to 53.78% of Tebma Shipyards Ltd's capital).

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. 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 Independent Company Secretary certifying compliance with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with Stock Exchanges is annexed with the report on Corporate Governance.

11. CORPORATE RESTRUCTURING SCHEME

The Company, Bharati Shipyard Limited has been in business and dealing with Public Sector Banks for 39 years without a single default in meeting its obligations. However, recently the company is facing liquidity crunch and has been unable to meet its obligations due to the following main reasons

- i. The recession in Europe has led to a chain of events that have been unfavorable to the Company mainly due to the reason that a majority of its customers (about 70%) are European.
- ii. The recession has made the respective Bankers relook into their lending policies to our customers. This is especially in view of the new stringent capital adequacy norms set by the European Union.
- iii. These factors have had a direct adverse impact on the borrowing capabilities of our customers thereby deferring/delaying our stage payments.
- iv. Additionally, ours is a capital intensive industry with enormous amount of funds required towards development of ship building yards.
- v. In the recent past, the Company has undertaken construction of two Greenfield yards, viz Dabhol and Mangalore. Both these yards are partially operational and yet their contribution to the Company's revenue is significant. The Jack up Drilling Rig is being constructed at Dabhol while various orders of large offshore vessels awarded to the shipyard are being executed at Mangalore.

DIRECTORS' REPORT ...(CONTD.)

- vi. Upon optimum utilization of both these Greenfield yards, in the coming year, both these yards would not just compensate its costs, but also make earnings much higher than its costs incurred.
- vii. There is a temporary mismatch between the amount spent by the Company for the Greenfield yards and the receipt of return from them. This has acted as a catalyst to the persisting problem of global recession.
- viii. The rise of the domestic interest rates has also adversely impacted the net profits of the Company.

Due to the said reasons, the case of the Company has been referred to the CDR Cell on 16th December, 2011 (being "the reference date"). The Company has appointed SBI Capital Markets Ltd. and IDBI Capital Market Services Ltd. as its Financial Advisors for the CDR process.

Post reference, the CDR EG (Corporate Debt Restructuring Empowered Group) admitted the proposal of the Company for restructuring in its meeting held on 30th January, 2012¹.

As per the final restructuring proposal, the Company has a Total Exposure of ~ Rs.5860 crores (Fund is ~ Rs. 3,243 crores and Non Fund Based is ~ Rs. 2,617 crores) as on 1st October, 2011 (being "the Cut-off Date").

This exposure comprises of various facilities taken from 29 lenders, 25 of whom are signatories to the CDR mechanism.

The major terms of restructuring agreed upon are as follows:

1. Out of total term loans of Rs. 2,283.4 crores, 10% of the same amounting to Rs. 228.34 crores would be converted into Compulsorily Convertible Debentures. The balance 90% of Rs. 2,055.06 shall continue to be in the nature of term loans with a door to door tenure of 10 years from the Cut Off Date (COD) of 1st October, 2011 including moratorium period of 18 months. The repayment would be made in 34 structured quarterly installments.
2. The CCDs having a coupon rate of 1% p.a. would be converted into equity shares at the price as per the SEBI pricing formula.
3. The interest accruing at a concessional rate on the term loans of Rs. 2,055.06 crores during the moratorium period would be converted into a Funded Interest Term Loan repayable in 12 structured quarterly installments starting from Q1 of FY 2013-14.
4. Overdue principle as on COD of Rs. 114.03 crores would be converted into a Working Capital Term Loan payable in 12 structured quarterly installments starting from Q1 of FY 2013-14.
5. Similarly overdue interest as on COD on term loans and Rs. 3.36 crores would be converted into Funded Interest Term Loan repayable in 8 equal quarterly installments starting from Q1 of FY 2013-14.
6. LCs devolving till June, 2012 to the extent of Rs. 559.46 crores would be converted into a Working Capital Term Loan repayable in 24 structured quarterly installments over a period of 6 years starting from Q1 of FY 2013-14.
7. BGs invoked and honored by Banks till March, 2013 to the extent of Rs. 700.00 crores would be converted into a Working Capital Term Loan repayable in 6 structured quarterly installments over a period of 1.5 years starting from Q1 of FY 2013-14.
8. The interest on Fund Based Working Capital loans will be serviced on a monthly basis at a concessional rate of interest.
9. The Company would be eligible for an Additional Loan of Rs. 240 crores for completion of vessels on hand. Similarly, it would be getting an additional loan of Rs. 160 crores for its Capex requirements.
10. The Non- Convertible Debentures of Rs. 90 crores issued by the Company are also being restructured with a concessional rate of interest and the repayment period being extended by 5 years.
11. Warrants will be issued towards Promoters' Contribution required to be brought in as per the CDR package.

12. HUMAN RESOURCES:

During the year 2011-12, the focus of the organization was on consolidation, improvement and reorganization to meet the prevailing changes. There were significant initiatives in reducing the costs. There has been Manpower optimization in all the yards and the corporate offices. In addition, concerned effort was put in place for reducing administrative costs right across the organization.

While there was an emphasis on the cost side, talent acquisition initiatives were also carried out to fill up specific positions, which were functional necessities arising out of the business development.

13. RESEARCH AND DEVELOPMENT:

The Company is in continuous process of Research and development through in-house design team sources in the area of design and fabrication. In design we have upgraded our skills and are successfully building two LNG Propelled vessels with intrinsically safe engine room for the first time with the assistance of Rolls Royce and our own design team. We have also designed vessels with "CLEAN" notation and highest level of dynamic positioning..

¹The Empowered Group comprises of the Executive Director (ED) Level representatives of Industrial Development Bank of India Ltd, ICICI Bank Ltd., State Bank of India as standing members alongwith the ED level representatives of our Lending Financial Institutions and Banks.



DIRECTORS' REPORT ...(CONTD.)

14. AUDITORS:

M/s. Bhuta Shah & Company, Chartered Accountants One of the joint Statutory Auditor due to their professionally pre occupancy has requested the board, not to be re-appointed as the Auditor of the company. Hence it is proposed to appoint M/s DPH & Co, Chartered Accountants, as Statutory Auditor at the 35th Annual General Meeting and 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 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 Auditor of the Company is being sought at the ensuing Annual General Meeting.

15. FIXED DEPOSITS:

The Company, during the year under review, has not accepted nor renewed any deposits from public, under the Companies (Acceptance of Deposits) Rules, 1975.

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 information required under section 217(2A) of the Companies Act, 1956 and the Rules there under, in respect of the employees of the Company, is provided in the Annexure forming part of this Report. In terms of section 219(1)(b)(iv) of the Act, the Report and the Accounts are being sent to the Members excluding the aforesaid Annexure. The Annexure is available for inspection by members at the Registered office of the Company during business hours on working days up to the date of the ensuing AGM, and if any Member is interested in obtaining a copy thereof such Member may write to the Compliance Officer, whereupon a copy would be sent.

18. DIRECTORS':

Pursuant to Section 217(2AA) of the Companies Act, 1956, in relation to financial statements for the year 2011-12, 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, 2012 ;
- 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

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place: Mumbai

Bharati Shipyard Limited

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

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, 2012	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		Net aggregate amount of profits / (losses) for previous financial years of the Subsidiary since it became 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, 2012	Not Dealt with in the accounts of the Company for the year ended 31st March, 2012	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, 2012	1,53,000 ordinary shares Rs. 100 each fully paid	51.00	(99.70)	NIL	24.64	NIL	
2 Advitiya Urja Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	(0.23)	NIL	(3.38)	NIL	
3 Dhanshree Properties Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	109.30	NIL	(834.61)	NIL	
4 Natural Power Ventures Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	319.03	NIL	(2,306.31)	NIL	
5 Nirupam Energy Projects Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	47.77	NIL	(69.40)	NIL	
6 Nishita Mercantile Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	(0.21)	NIL	(5.32)	NIL	
7 Premila Mercantile Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	(0.23)	NIL	(0.85)	NIL	
8 Visudh Urja Pvt. Ltd.	March 31, 2012	10,000 Equity Shares of Rs. 100 each fully paid	100.00	(0.23)	NIL	(0.62)	NIL	
9 Tebma Shipyards Ltd.	March 31, 2012	4,16,09,323 Equity Shares of Rs. 100 each fully paid	53.79	(536.29)	(148.56)	251.31	(12,877.65)	



FINANCIAL INFORMATION OF SUBSIDIARIES FOR THE YEAR ENDED MARCH 31, 2012

(Rs. in Lakhs)

Particulars	Advitya Urja Pvt. Ltd.	Dhanshree Properties Pvt. Ltd.	Natural Power Ventures Pvt. Ltd.	Nirupam Energy Pvt. Ltd.	Nishita Mercantile Pvt. Ltd.	Pinky Shipyard Pvt. Ltd.	Premila Mercantile Pvt. Ltd.	Tebma Shipyards Ltd.	Vishudh Urja Pvt. Ltd.
Paid up Share Capital	1.00	1.00	1.00	1.00	1.00	300.00	1.00	20,236.15	1.00
Reserves & Surplus	(3.61)	(725.31)	(1,987.27)	(21.64)	(5.52)	(113.26)	(0.69)	(15,416.76)	(1.08)
Total Assets	254.36	20,243.11	68,385.71	8,457.08	1.37	16,484.64	0.94	98,045.15	359.30
Total Liabilities	256.98	20,967.43	70,371.99	8,477.71	5.90	16,297.91	0.63	91,310.75	359.38
(excluding Capital and Reserves)	-	-	-	-	-	-	-	-	-
Investments (excluding Investment in subsidiaries)	-	20,220.55	67,987.78	8,022.19	-	0.10	-	1.32	-
Total Income	-	120.70	342.15	-	0.02	1,431.99	-	35,260.27	-
Profit/(Loss) Before Tax	(0.23)	109.30	319.03	47.77	(0.21)	122.24	(0.23)	(1,220.29)	(0.23)
Provision for Taxation	-	-	-	-	-	24.46	-	52.97	-
Profit/(Loss) After Tax	(0.23)	109.30	319.03	47.77	(0.21)	(195.50)	(0.30)	(1,273.26)	(0.23)
Proposed Dividend (including Tax thereon)	-	-	-	-	-	-	-	-	-

Bharati Shipyard Limited

ANNEXURE 'A'

A. Conservation of Energy:

- I. We have under taken up gradation of Electrical systems to improve Power Factor to 0.99 resulting into reduction in consumption of electricity.
- II. We have extended energy saving systems for welding sets to additional machines.
- III. We have installed Solar panels for the water heating at the accommodation at yards.

B. Technology Absorption:

- I. On the construction side we have introduced line production system that avoids unnecessary transportation time and hastens the productivity. To support this system we have introduced Computer Numeric Control machines for profile cutting of plates and pipes and No bolder automatic welding machines.
- II. We are now engaged in building a Mobile Offshore Drilling Unit capable of operating in 350 feet of water. This Rig can be elevated to a height of 418Feet and has an advanced electric rack and pinion system of jack up as well as derrick skidding system. It has a cantilever cover of 70 feet beyond the transom and drill floor movement of 30 feet side to side.
- III. Also, we have introduced Self Propelled Moduler Transport System by which we can transport large structures weighing as much as 2500 tonnes. We have also introduced, in our yards, the pneumatically controlled Skidding System by which we can skid and load out structures as heavy as 7000 tonnes.

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 Color Chemicals	60,441.57	67,702.63
ii. Raw Materials	178.70	5,550.71
iii. Capital Goods	3,343.05	5,330.51
b) Earning in Foreign Exchange on account of export of Goods:	Nil	39,017.34
c) Expenditure in Foreign Currency:		
i. Commission and Brokerage	Nil	91.89
ii. Design and Consultancy	1,565.84	714.44
iii. Freight Charges	89.10	190.08
iv. Legal & Professional fees	147.92	607.87
v. Travelling Expenses	47.33	406.31
vi. Other	5,696.43	963.61



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 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, 2012 is 4 Directors comprising of 2 Promoter Directors and 2 Independent Non Executive Directors.

The composition of the Board as on 31st March, 2012 was as follows:

Name of Directors	Category of Directorship	* No. of other Directorships	#No. of Committee Memberships
Mr. Prakash Chandra Kapoor	Executive – MD	12	1
Mr. Vijay Kumar	Executive –MD	9	NIL
Mr. B. L. Patwardhan	Independent & Non- Executive	2	NIL
Mr. V. P. Kamath	Independent & Non- Executive	14	8

* 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: 13.05.2011, 20.07.2011, 12.08.2011, 19.08.2011, 12.11.2011, 26.12.2011 and 10.02.2012. 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	6	Yes	12	-	1
Vijay Kumar	Executive	7	5	Yes	9	-	-
B. L. Patwardhan	Non Executive	7	7	Yes	2	-	-
V. P. Kamath	Non Executive	7	7	Yes	14	3	5

* Excludes Directorships in private companies

Bharati Shipyard Limited

ANNEXURE 'B' ...CONTD.

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

Name of Director	Status	Remuneration paid to Directors					
		Independent / Non-Independent	Salary Rs.	Commission Rs.	Contribution to PF Rs.	Total Rs.	Sitting Fees Rs.
P. C. Kapoor	Non Independent		66,00,000	-	9,00,000	75,00,000	
Vijay Kumar	Non Independent		66,00,000	-	9,00,000	75,00,000	
B. L. Patwardhan	Independent		-	-	-	-	2,40,000
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	77
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 31.03.12	<ol style="list-style-type: none"> 1. Pinky Shipyard Private Limited 2. Natural Power Ventures Private Limited 3. Dhanshree Properties Private Limited 4. Avinaya Resources Limited 5. Mitra Fidelity Limited 6. Weizmann Forex Limited 7. Batot Hydro Power Limited 8. Joiner Hydro Power Projects Limited 9. Greenweiz Projects Limited 10. Karma Energy Limited 11. Weizmann Limited 12. Tapi Energy Projects Limited 13. Supportive Insurance Brokers Limited 14. Nirupam Energy Projects Private Limited
Committee Membership	<ol style="list-style-type: none"> 1. Weizmann Limited <ol style="list-style-type: none"> a) Investor Grievances Committee b) Audit Committee 2. Karma Energy Limited <ol style="list-style-type: none"> a) Investor Grievances Committee b) Audit Committee 3. Weizmann Forex Limited <ol style="list-style-type: none"> a) Investor Grievances Committee b) Audit Committee 4. Tapi Energy Projects Limited <ol style="list-style-type: none"> a) Audit Committee 5. Batot Hydro Power Limited <ol style="list-style-type: none"> 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 Auditor 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 recommending the same to the Board for its approval.

The Committee met 5 times during the year under report on 13.05.2011, 20.07.2011, 12.08.2011, 12.11.2011 and 10.02.2012. 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	4
3.	B. L. Patwardhan	Non Executive	Member	5	5

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 Compliance Officer in coordination with the Registrars are attending to all the grievances of investors.
- There were no complaints / queries pending reply.

Bharati Shipyard Limited

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)
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)	29.09.2010	10:30 a.m.	"Rangaswar Hall", Y. B. Chavan Pratishthan, Gen J. Bhosle Marg, Nariman Point, Mumbai - 400 021	No
2010-2011 (34th AGM)	23.09.2011	11:30 a.m.	"Rangaswar Hall", Y. B. Chavan Pratishthan, Gen J. Bhosle Marg, Nariman Point, Mumbai - 400 021	3 special resolutions passed

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.

Non Allotment of Convertible Warrants

The Company in its Last AGM had passed enabling resolution for issuing 15,52,700 convertible warrants to its promoters (Mr. P.C. Kapoor and Mr. Vijay Kumar). However the same is not proceeded with.

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. 27 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 Management 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 Audit Committee 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: **No.**
- Whether Management Discussion and Analysis is a part of annual report: **Yes.**
- Annual General Meeting :

Day, Date and Time : Wednesday, 26th September, 2012 and 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 2012 – 13 (Tentative)

Financial Year	:	April 1 to March 31
Results for the quarter ending June 30, 2012	:	Before 15th of August-2012
Results for quarter ending September 30, 2012	:	Before 15th of November-2012



ANNEXURE 'B' ...CONTD.

Results for quarter ending December 31, 2012 : Before 15th of February -2013
Results for year ending March 31, 2013 : Before 30th of May-2013
Annual General Meeting : Before 30th September, 2013

9. Date of Book Closure

Book Closure dates are from Wednesday the 19th September, 2012 to Wednesday the 26th September, 2012 (both days inclusive).

10. Details of Stock Exchange :

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

11. Market Price Data :

The monthly high and low quotations and volume of shares traded at the NSE /BSE during the financial year, 2011-2012 are given below:

Month & Year	NSE			BSE		
	High (Rs)	Low (Rs)	Volume	High (Rs)	Low (Rs)	Volume
Apr – 11	185.70	145.55	7,97,785	185.60	145.55	12,32,341
May – 11	163.90	134.75	2,04,659	163.75	135.00	4,51,807
Jun – 11	142.00	120.00	2,87,371	142.00	120.60	5,94,278
Jul – 11	140.50	126.85	5,50,648	140.70	126.85	10,29,823
Aug – 11	132.20	72.00	18,32,470	132.40	85.15	16,69,869
Sep – 11	116.70	90.00	11,41,035	116.25	89.65	23,69,085
Oct – 11	105.55	85.10	4,89,430	103.55	85.10	7,10,480
Nov – 11	104.40	72.60	3,19,841	104.65	75.15	9,53,784
Dec – 11	92.00	64.75	7,65,071	92.15	65.15	14,68,683
Jan – 12	91.90	67.15	7,76,055	92.00	66.00	17,98,463
Feb – 12	114.40	87.00	3334968	114.40	86.70	43,62,593
Mar – 12	95.10	75.20	549202	95.20	68.00	13,53,177

NSE-Bharati Shipyard Ltd: Price Chart Bharati



Bharati Shipyard Limited

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 affected 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 dematerialized 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 from 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, 2012 is given below:

Category	No. of Shares Held	Percentage of Shareholding
1 Promoters		
Indian Promoters	1,43,26,795	45.21
Foreign Promoters	-	-
2 Persons acting in Concert	-	-
Sub-Total - (i)	1,43,26,795	45.21
B Non-Promoters Holding		
3 Institutional Investors		
a Mutual Funds and UTI	-	-
b Banks, Financial Institutions, Insurance Companies (Central / State Gov. Institutions / Non-government Institutions)	33,25,626	10.49
c Foreign Institutional Investors	28,113	0.09
Sub-Total - (ii)	33,53,739	10.58
4 Others		
a Private Corporate Bodies	23,49,997	7.42
b Indian Public	1,06,78,898	33.70
c NRIs/OCBs	5,89,207	1.86
d Any other (Clearing Members, Trusts)	3,89,128	1.23
Sub-Total - (iii)	1,40,07,230	44.21
Grand Total (i + ii + iii)	3,16,87,764	100.00



ANNEXURE 'B'

Distribution of Share holding as on 31st March, 2012 is given below:

Nominal Value of Share Holding	No. of Shareholders	% of the total Shareholders	No. of Shares
1 To 500	41,309	91.4300	44,38,958
501 To 1000	2,091	4.6281	16,69,842
1001 To 2000	925	2.0473	14,03,520
2001 To 3000	306	0.6773	7,76,349
3001 To 4000	133	0.2944	4,70,722
4001 To 5000	115	0.2545	5,38,524
5001 To 10000	172	0.3807	1269,177
10001 to Above	130	0.2877	21,120,672
TOTAL	45181	100.0000	31,687,764

15. Dematerialization of Equity Shares :

As on 31st March 2012, 3,16,86,752 equity shares representing 99.99% shares are held in dematerialized form and the balance 1,012 equity shares representing 0.01 % shares are in physical form.

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

No GDRs/ADRs/Warrants or any other Convertible instruments were outstanding as on 31.03.2012.

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: Bharati Shipyard Limited, 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 nonexecutive 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 re-appointment 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 Product Wise Performance

The Shipbuilding is a vast and complex industry comprising of various diversified segments, the major ones being offshore including Rigs, cargo vessels, containers, cruise liners, defense, passenger vessels etc. Recently, a new segment has evolved due to growing environmental regulations, being the LNG propelled vessels which basically use the unconventional source of LNG as a fuel. The important segments are outlined herein below:

i. Offshore Segment

The demand for offshore vessels is positively correlated with the quantum of Offshore E&P activities. Lately, offshore oil and gas reserves have been an increasing focus for energy companies as significant oil discoveries on land are becoming less common.

The growing demand for oil coupled with the increasing focus on offshore reserves and age related policies for the vessels outlined by the Hirers for safety and efficiency has acted as a key factor for demand of new-build offshore vessels.

Between 2003 and 2008 the industry ordered over \$800 billion of new ships. 50% of the orders were placed in 2007/8 when prices were at a peak. In 2011, 40% of investment has been offshore related and 15% gas. In Nov 2011, the contract value of the marine order book is over \$300 billion and offshore is nearly \$150 billion.

In India itself, the shipbuilding and repair market is poised to pick up momentum with the increasing penetration of Indian shipbuilding companies in the offshore vessels (OSVs) segment. Indian companies have established strong credentials in the building and repair of OSV, resulting in a spike in orders for such vessels from the Indian industry. The limited capacities related to OSVs in leading shipbuilding nations such as Japan and South Korea are resulting in diversion of orders to India, driving up the fortunes of the Indian shipbuilding and repair market.

Company's Strategy

The Company has always been one of the leading private sector shipbuilding Company in India catering mainly to Offshore segment. It has always strived towards a diversified client base globally. Presently, the order book of the Company is dominated by Offshore segment including Rig. It has always strived towards and succeeded in providing to its Client excellent quality vessels, the operations of which have earned lucrative profits to the Customers. It has taken up the challenge of being one of the first few to construct the high end complex vessels types like MSVs and PSVs. Its passion for the business and the consistent focus on quality improvisation has been one of its USPs and has attracted repeated orders.

ii. Rigs

The future demand within the rig market and the requirement to construct new fleet will be driven primarily by the age of rigs. New Rig-build activity has resumed in order to satisfy increased demand and to replace the aging fleet.

The majority of the global fleet of Rigs is more than 20 years old. The average cost of newbuild Jack up rig is USD 200-250 million. Globally, by 2015, there will be more than 250 rigs, which are more than 50% of the fleet, of more than 30 years of age. ~8% will at the same time be more than 40 years old, 5x the number of units of that age today. These units will be scrapped, and it will happen sooner than later. The scrapping of old units will happen because they are too expensive to reactivate, too expensive to maintain, or simply too old and out-dated to be employed by the oil companies.

Another key element driving the demand for Drilling units is the recent offshore discoveries and the large amount of underdeveloped oil and gas fields. Following the development of offshore oil exploration, deep sea exploration has become a new focus. According to Dow Jones, in the 2012 calendar year the global exploration for deepwater oil and gas fields continues unabated, despite recent economic turmoil and concerns about where energy prices might go.

The offshore drilling contractors posted higher-than-expected earnings, as oil and gas producers scrambled to hire expensive, specialized drilling rigs, and signaled that strong demand for their wares is poised to continue.

Drilling contractors have also been able to raise prices when signing new or extending contracts.

Contracts are becoming not only more expensive, but longer. Now announced contracts tend to last several years, whereas in the recent past, eight to 10 months were typical. In the Gulf, longer contracts allow more downtime needed in order to clear new permitting and regulatory hurdles imposed after the Deepwater Horizon oil spill.

Rigs like Jack up Drilling Rigs, Drill ships and semi submersibles which are key equipments for the exploration of deep sea oil and gas will be playing a more important role in the future.

Company's Strategy

The Company has already undertaken the construction of a Self Propelled Cantilevered Independent leg, Jackup drill Rig. There are only 9 Rig manufacturers in the world which have the technical know-how and potential of manufacturing such types of rigs. The Company is the 10th in the World and the **1st in India**. On the other hand, the global demand of the rigs is gradually rising on account of replacement needs of a majority of existing rigs which are crossing the age of 20 years.



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

The Rig was launched in May, 2012.

The Company's next step would be to foray into the drill ship market.

iii. LNG-Propelled Vessels

The concept of using LNG as a fuel for ships has been gaining popularity not only in Europe but also in Asia and USA. The focus is being shifted to unconventional sources of energy like LNG which are yet to be explored fully and which are emitting less of the sulfur oxide, a pollutant said to cause acid rain.

LNG propelled vessels are especially required throughout the "Emission Control Areas" (ECAs) in North-West Europe. Vessel emissions in ECAs will have to be reduced further on January 1st 2015, forcing ship owners to limit their sulfur emissions drastically.

Under rules from the International Maritime Organization, these emissions are required to be reduced to 0.5 percent by 2020 globally from 4.5 percent presently.

In particular compared to conventional heavy fuel oil, LNG offers close to 100 per cent reduction of emissions in sulfur and particulate matter, an 80-85 per cent reduction of nitrogen oxides (NOx) and 20-25 per cent less CO2 emissions.

Company's Strategy

Bharati Shipyard has already made a foray into this market and is one of the **world's first ship manufacturers** to do so. It has entered into a contract for construction and sale of 2 LNG propelled vessels to a Company based in Norway. Norway has taken the lead developing "LNG as fuel" concept for shipping. It has already taken a leading position in the use of LNG as a fuel, such as on ferries and supply ships.

iv. Defense

The Union Budget 2012-13, presented to the Parliament on March 16, 2012 hiked the defense outlays to Rs. 1,93,407.29 crore (US\$ 40.44 billion. This represents a growth of 17.63%. The increase in the latest defense budget was made possible by the expansionary fiscal policy adopted by the government in general.

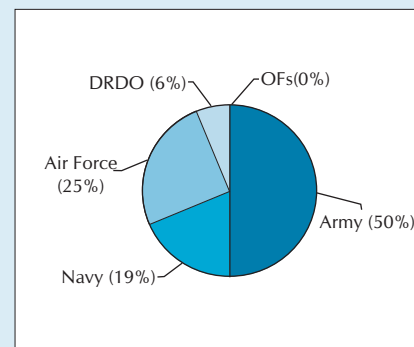
The Army accounts for 50 per cent of the latest defense budget, followed by the Air Force at 25 per cent, Navy at 19 per cent, Defense Research and Development Organization at six per cent. It is noteworthy that compared to the previous year's budget, Navy is the only service which has increased its share in total defense allocation (from 15 to 19 per cent).

Figure: Share of Defense Services in Defense Budget 2012-13

(Source: Indian Institute of Defense Studies)

It is however to be noted that the three services (Army, Navy and Air Force) account for 94% of total Capital Expenditure in 2012-13, with the Air Force at the top with a share of 38%, followed by the Navy 31 per cent and the Army 24%. Of the total Capital Expenditure of the three services, around 89% is earmarked for capital acquisition or modernization.

A closer look at the growth of the modernization budget of 2012-13 would reveal that the focus is entirely driven by the Navy, which has got a 72% hike in its modernization budget.



Company's Strategy:

The Company intends to make the most out of this opportunity. The capital requirements of the Navy are too large to be catered alone by the public sector shipyards. The focus is shifting towards actively involving even the private shipyards which have the necessary manpower and state of the art infrastructure in place and more importantly, the desire to explore the untapped sector of Defense.

As said earlier, following the basic portfolio management principles, the Company has been diversifying its client base. The Company has already bagged orders from the Indian Navy and the Coast Guard. It is confident that successful execution of these orders will help the Company live up to the expectations attached to it and help in acquiring further orders even in the future.

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

2. Outlook

The financial year 2011-12 was a year of financial turmoil. In December 2011, the Company has been referred to CDR cell for Debt restructuring because of various reasons explained in Director's report. On the other side the Company was awarded with various new orders from Indian Navy and Coast Guard. These orders from Indian Navy and Coast Guard will help to build strong relationship with above customers by timely delivery of vessels with company's excellence in shipbuilding.

Going forward, in FY 2012-13 main focus of the Company will be on completing orders on hand and on capturing new local as well as global orders. Speedy completion and delivery of existing orders will help company to cope up with a liquidity mismatch and focus on capturing new orders will give company future outlook to excel in shipbuilding.

The Company is committed to deliver quality products by meeting global standards in terms of capabilities, technology and size. The Company is also equipped with modern technology and heavy engineering facilities to undertake projects like Rig and LNG vessels. The Company has incurred huge capital expenditure for creation of state of the art facilities at its Dabhol Yard and Mangalore Yard including floating dry dock.

With this infrastructure and experience, the Company has an edge over existing players in the industry. The company is expecting its order book to grow on account of defense demand, future demand for offshore Vessels/Rig and Ship repairs activity.

3. Opportunities

The global downturn in the Shipping and Shipbuilding industry and the recession in Europe has made all the Shipyards relook and improvise the business strategies and operational methods making them more cost effective and innovative. They are exploring the market for untapped client base as well as resources. The positive results of such actions will be an add-on incentive once the market has revived.

a) **Growing requirements of the market:**

With the global offshore activities inclined towards exploration in deeper waters, the demand is rising for technologically new and improvised Rigs and Offshore Support Vessels capable of undertaking such activities. The growing oil prices are also an indication for the growing demand for exploration activities.

b) **Government Initiatives and Policies:**

The Government has set a target of 5% for the nation's share in the international market from the present 1%. It has been supportive about the concept of strengthening the shipping and shipbuilding industry and there are discussions of a Comprehensive policy for the industry, which would extend beyond the existing concept of New Subsidy Scheme.

The Shipyards of the country possess the caliber. Such kind of support will have far reaching benefits.

Besides, with certain regulations being outlined by the International Maritime Organization and other such organizations with regards to anti-pollution norms and other features of the vessels being regulated, there is a demand or rather need for technologically advanced vessels meeting the stipulated standards.

4. Risks and concerns.

i. **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.



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

- ii. **Subsidy Support:** The Government of India had come up with subsidy scheme for Indian Shipbuilding Industry for all orders received before August 2007 subject to certain conditions. Subsidies are provided as relief from all taxes paid by the Indian shipbuilders as they face a cost disadvantage vis- a- vis other shipbuilding nations. Now as above scheme has already reached its sunset point all Indian Shipbuilding players are poised against highly competitive Global Market. If above subsidy scheme will not be revived, it will be very difficult for Indian Shipbuilding Industry to survive in Global Shipbuilding Market The revival of subsidy scheme is under active consideration of Government of India and its probable that subsidy scheme may get the extension for a further five years.
- iii. **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 steel (of one of the major input), has gone up. The company has 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.
- iv. **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. This 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.
- v. **Foreign Exchange Risk:** The Company has been export oriented since long and the contracts entered into by the Company with its Customers are also in foreign currencies. Similarly, a significant costs and expenses of the Company are in foreign currency. Fluctuations in exchange rates may affect company's earnings and outgo. 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.
- vi. **Under-developed 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.
- vii. **Stagnant orders inflows:** Due to global economic downturn the shipbuilding industry as whole has been affected by lesser number of incremental orders. This could also affect the growth prospects of the company. However, Indian shipbuilding has an edge because of increase in Defense orders.

5. Internal control systems and their adequacy

The company has designed its internal control system specially and specifically to ensure 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 statutes, 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.

6. Financial Overview

i. Turnover

During the year, turnover has reduced by 19.37% y-o-y to Rs. 110,324.95 lakhs in comparison to the previous year of Rs. 136,822.69 lakhs. The decrease in the top line is attributable to inadequate working capital to support the essential level of operation.

ii. Subsidy

During the year the company has booked subsidy income of Rs. 29,441.89 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. Further, the company has received subsidy of Rs. 8,424.06 lakhs from Government of India (Ministry of Shipping) during the year.

iii. Expenditure

a. Raw Material Consumed

The Raw Material consumed has decreased from Rs. 75,250.99 lakhs to Rs. 60,250.99 lakhs in line with the decrease in turnover. The raw material cost represented 54.41% of turnover for the year under consideration as compared to 55.00% 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.

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

b. Manufacturing and Other Expenses

The Manufacturing and Other expenses have reduced from Rs. 18,545.69 Lakhs at the end of 31st March 2011 to Rs.16,662.08 Lakhs at the end of current year. The manufacturing and other expenses represented 15.07% 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 reduced to Rs.15,766.25 Lakhs in the current year in comparison to Rs.17,605.41 Lakhs during the last year. This decrease is mainly due to decrease in turnover and slow down on level of activity at various yards due to financial crisis. The employee cost represented 14.29% of turnover for the year as compared to 12.87% last year.

d. Bank & Finance Charges

Bank & Finance Charges have increased to Rs. 49,048.59 Lakhs in the current year, from Rs. 26,632.63 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. Increase in Interest cost was on account of increase in the overall borrowing during the year and due to increased domestic Interest rate.

e. Depreciation

Depreciation has increased from Rs. 2,150.77 Lakhs in last year to Rs. 3,997.03 Lakhs in current year. The increase in depreciation is mainly due to increased utilization and commissioning of Plant & Machinery of Greenfield yards in the year under consideration. The company has also installed majority of the machinery purchased from Swan Hunter which has also led to the increase in depreciation.

iv. EBIDTA

The EBIDTA (excluding subsidy) stands at Rs. 18,745.08 lakhs compared to Rs. 25,654.23 Lakhs in previous year. The EBIDTA as a percentage of turnover stands at 17% as compared to 18.75 % for the previous year.

v. Profits

The net profit after tax for the year decreased on a y-o-y basis at Rs. 595.04 as compared to Rs. 11,345.19 in the previous year. Net profit has dipped on a y-o-y basis due to an increase in finance charges and reduction on level of operation during the current period.

vi. Long Term and Short Term Borrowings :

Total Long Term and Short Term Borrowings has been increased by Rs. 82,472.10 Lakhs mainly due to additional facilities availed and accumulation of unpaid Interest liability by the company.

vii. Fixed Assets and Capital Work in Progress

Total Net Fixed Assets and Capital work in Progress has been increased form Rs. 1,40,962.92 Lakhs to 1,55,755.48 due to ongoing yard expansion and development activities at various yards of the Company.

viii. Long Term Loans & Advances

Long Term Loans & advances have increased from Rs. 108,991.17 Lakhs as on 31st March 2011 to Rs. 118,631.11 Lakhs for the year under consideration. The increase is due to the advances given to subsidiaries, advances given for sub-contracts and advances given to suppliers for the year under report.

ix. Inventories

As on 31st March 2012, the company has inventories of Rs. 220,177.52 Lakhs in comparison to Rs. 1,90,796.07 Lakhs as on 31st March, 2011. The increase in inventory is mainly due to the increase in Net Work in Progress. The Company is currently constructing 66 vessels including one Rig out of which many vessels are near completion which has resulted in to increase in Work in Progress.

x. Trade Receivables

Trade receivables of the Company has been increased by Rs. 27.676.77 Lakhs (from Rs. 57,009.43 Lakhs to Rs. 84686.20 lakhs) during the year mainly due to booking of Subsidy income receivable from Government of India (Ministry of Shipping).



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

7. **Material developments in Human Resources / Industrial Relations front, including number of people employed**

The Company has laid down HR Policies for its employees. The association between the management and employees is very convivial. The Company believes in Good health, safety and welfare of its employees. The Company has been implementing various HR initiatives to enhance the effectiveness of its employees.

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.

Bharati Shipyard Limited

CEO/CFO CERTIFICATION

To,
The Board of Directors,
BHARATI SHIPYARD LIMITED

We hereby certify that for the financial year ending 31st March, 2012 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

(Vijay Kumar)

FOR BHARATI SHIPYARD LIMITED

(P. C. Kapoor)

Date: 28th May, 2012

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 2012, 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

Place: Mumbai
Date: 28th May, 2012

Bharati Shipyard Limited

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, 2012, Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors, we report that, none of the directors are prima facie, disqualified as on 31st March, 2012 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 Statement of Profit and Loss, 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
Firm Registration No. 128862W

CA. Ashwin Patel
Partner
Membership No.127052

Place: Mumbai
Date: 28th May, 2012

For **M/s. Bhuta Shah & Co.**
Chartered Accountants
Firm Registration No. 101474W

CA. Mitesh Kothari
Partner
Membership No. 110822



ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) As explained to us, physical verification of a major portion of fixed assets as at March 31, 2012 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 9 (Nine) parties, consisting of 1 (one) subsidiary and 8 (Eight) private limited companies under Section 301 of the Act. The maximum amount involved during the year is 2,252 Lakhs; and the year-end balance of loan granted to such parties is Rs. 428 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 1 (one) party listed in the register maintained under section 301 of the Act. The maximum amount involved during the year is 5,573 Lakhs; and the year-end balance of loan received from such parties is Rs. 5,573 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) The maintenance of cost records under section 209 (1) (d) of the Act has been prescribed by the Central Government from current year in respect of the activities carried on by the Windmill Segment of the Company. The cost record of the company have been broadly reviewed by the cost auditor (Mr. K. N. Satyanarayan) and as per the report he is of the opinion that prima facie the prescribed cost records has been maintained. We have, however, not made a detailed record with a view to determine whether they are accurate or complete.
- (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

Bharati Shipyard Limited

ANNEXURE TO THE AUDITORS' REPORT...CONTD.

Provident Fund, Employee's State Insurance, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues, wherever applicable. However, according to the information and explanations 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 within a period of 6 months from the date they became payable are given below.

Nature of the Statute	Nature of the dues	Financial Year to which the matter Pertains	Amount Rs. (in Lakhs)
The Income Tax Act, 1956	Income Tax	2010-2011	1,993.34

- (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.

Nature of the Statute	Nature of the dues	Financial Year to which the matter Pertains	Amount Rs. (in Lakhs)	Forum where dispute is pending
The Customs Act, 1962	Custom Duty	2010-11	62.61	CESTAT
The Customs Act, 1962	Custom Duty	2010-11	418.18	CESTAT

- (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 records produced, the company has defaulted in repayment of term Loan of Rs. 67,805 lakhs and the overdrawn cash credit amounting to Rs. 29,954 lakhs. Further default in payment of interest is Rs. 14,662 lakhs. The period of default in respect of Cash Credit Facility and term loans starts from October, 2011. The default continues to exist as on the reporting date.
- (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 1,378,484 Equity shares of Rs. 10/- each at premium of Rs. 190/- 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
Firm Registration No. 128862W

CA. Ashwin Patel
Partner
Membership No.127052

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Registration No. 101474W

CA. Mitesh Kothari
Partner
Membership No. 110822

Date: 28th May, 2012
Place: Mumbai



BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	3,168.78	3,030.93
(b) Reserves and surplus	3	95,511.73	92,407.89
(c) Money received against share warrants		-	2,756.93
2 Share application money pending allotment		-	-
3 Non-current liabilities		-	-
(a) Long-term borrowings	4	281,565.96	254,253.19
(b) Deferred tax liabilities (Net)		70.35	5,524.04
(c) Other Long term liabilities		-	-
(d) Long-term provisions	5	162.00	74.00
4 Current liabilities		-	-
(a) Short-term borrowings	6	104,668.85	49,509.53
(b) Trade payables		27,185.07	26,408.48
(c) Other current liabilities	7	112,036.98	108,513.13
(d) Short-term provisions	8	11,715.03	13,470.56
TOTAL		636,084.75	555,948.67
II. ASSETS			
Non-current assets			
1 (a) Fixed assets	9		
(i) Tangible assets		79,390.39	74,493.88
(ii) Intangible assets		40.61	52.16
(iii) Capital work-in-progress		76,324.47	66,416.88
(iv) Intangible assets under development		-	-
(b) Non-current investments	10	174.66	174.66
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	11	118,631.11	108,991.17
(e) Other non-current assets		-	-
2 Current assets			
(a) Current investments	12	464.34	1,056.69
(b) Inventories	13	220,177.52	190,796.07
(c) Trade receivables	14	84,686.21	57,009.43
(d) Cash and cash equivalents	15	12,006.32	17,771.36
(e) Short-term loans and advances	16	44,189.12	39,186.37
(f) Other current assets		-	-
TOTAL		636,084.75	555,948.67

Significant Accounting Policies and Notes to Accounts

1 - 43

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
Firm Reg. No. 128862W

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

For and on behalf of Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place: Mumbai

Bharati Shipyard Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(Rs. in Lakhs)

Particulars	Refer Note No.	Year ended March 31, 2012	Year ended March 31, 2011
I. Revenue From Operations			
Sale of products	17	110,239.57	136,800.74
Sale of services		85.38	21.96
Other operating revenues	18	30,262.43	21,294.41
II. Other income	19	15.89	17.38
III. Total Revenue (I + II)		140,603.27	158,134.49
IV. Expenses:			
Cost of materials consumed	20	60,027.97	75,250.99
Employee benefits expense	21	15,766.25	17,605.41
Finance costs	22	49,048.59	26,632.64
Depreciation and amortization expense	9	3,997.03	2,150.77
Other expenses	23	16,622.08	18,545.69
Total expenses		145,461.92	140,185.50
V. Profit before exceptional and extraordinary items and tax (III-IV)		(4,858.64)	17,948.99
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		(4,858.64)	17,948.99
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		(4,858.64)	17,948.99
X Tax expense:			
(1) Current tax		-	4,629.18
(2) Deferred tax		(5,453.68)	1,333.02
(3) Prior Period Tax Adjustment		-	641.60
XI Profit (Loss) for the period (XI + XIV)		595.04	11,345.19
XII Earnings per equity share:	36		
(1) Basic		1.90	38.64
(2) Diluted		1.90	38.00

Significant Accounting Policies and Notes to Accounts

1 - 43

As per our Report attached

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

For and on behalf of the Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place : Mumbai



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
A. Cash flow from operating activities		
Net profit before tax	(4,858.64)	17,949.00
Adjustments for :		
Depreciation for the year	3,997.03	2,150.77
Preliminary Expenses Written off	-	97.85
Diminution /(Reversal of Diminution) in value of investments	41.06	13.82
Foreign exchange Loss/ (Gain)	(926.85)	(1,516.89)
Interest and Finance Charges (Net)	49,564.99	28,149.53
Dividend/Gain from Investment	(3.11)	(17.38)
Operating profit before working capital changes	47,814.48	46,826.69
Increase in trade receivables	(32,679.54)	(21,267.86)
Increase in inventories	(29,381.45)	(67,686.96)
Increase in trade deposits and advances	(5,655.59)	(14,488.39)
Increase in trade payables & Others	4,373.59	(16,841.29)
Cash generated from Operations	(15,528.51)	(73,457.81)
Direct Taxes paid	(713.16)	(3,449.55)
Net Cash From Operating Activities	(16,241.67)	(76,907.37)
B. Cash flow from investing activities		
Purchase of Fixed assets including Capital WIP	(18,851.65)	(34,454.80)
Increase in deposits and advances other than trading	(3,984.35)	-
Investment in Others (Net)	551.29	4,378.71
Dividend received	3.11	17.38
Net Cash From Investing Activities	(22,281.6)	(30,058.71)
C. Cash flow from financing activities		
Proceeds from issue of share capital	(1.76)	1,096.00
Proceeds from issue of Convertible Share Warrants		1,793.70
Repayment of long term borrowings	(94,755.92)	-
(Repayment) / Proceeds from borrowings (Net)	177,245.96	121,304.01
(Repayment) / Proceeds from issue Interest and Finance Charges (Net)	(49,564.99)	(28,149.53)
Dividend paid	(1,091.91)	(1,015.73)
Net Cash From Financing Activities	31,831.37	95,028.46
Net(Decrease)/increase in Cash & Cash Equivalents (A + B + C)	(6,691.90)	(11,937.62)
Cash and Cash Equivalents at the beginning of the year	17,771.36	28,192.08
	11,079.46	16,254.47
Effect of exchange rate changes	926.85	1,516.89
Cash and Cash Equivalents at the end of the year	12,006.31	17,771.36

Notes :

- 1 Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 issued by Institute of Chartered Accountants of India.
- 2 The above Cash & Cash Equivalents includes restricted cash balance of Rs. 4.28 Lakhs (previous year Rs. 4.30 Lakhs)
- 3 Previous year figures have been regrouped, rearranged wherever considered necessary.

As per our Report attached

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

CA. Ashwin Patel
[Partner]
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place: Mumbai

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Note 1 : Significant Accounting Policies

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) 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.

h) Inventories

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

i) 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.



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.

j) Revenue Recognition

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

k) Government Subsidy

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

l) 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

m) 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.

n) 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 amortized and recognized 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 recognized in the Profit and Loss account.

o) Provision and Contingent Liabilities

- i. The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- ii. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

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.

p) 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.

q) 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.

Note 2 : Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	As at March 31, 2012		As at March 31, 2011	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Authorised				
Equity Shares of Rs. 10 each	50,000,000	5,000.00	50,000,000	5,000.00
Issued & Subscribed & fully Paid up				
Equity Shares of Rs. 10 each fully paid	31,687,764	3,168.78	30,309,300	3,030.93
Total	31,687,764	3,168.78	30,309,300	3,030.93

Note 2 : (i) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Equity Shares			
	As at March 31, 2012		As at March 31, 2011	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year	30,309,300	3,030.93	28,939,300	2,893.93
Shares Issued during the year	1,378,464	137.85	1,370,000	137.00
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	31,687,764	3,168.78	30,309,300	3,030.93

Note 2 : (ii) Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	Equity Shares			
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Vijay Kumar	5,724,556	18.07	5,035,324	16.61
Prakash Chandra Kapoor	5,723,508	18.06	5,034,276	16.61
Bharati Shipping And Dredging Co. Pvt Ltd.	2,878,731	9.08	2,878,731	9.5
LIC of India Child Fortune Plus	2,633,216	8.31	44,000	0.15



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 3 : Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Reserves & Surplus	As at March 31, 2012	As at March 31, 2011
a. Securities Premium Account		
Opening Balance	32,114.71	31,155.71
Add : Securities premium credited on Share issue	2,619.08	959.00
Closing Balance	34,733.79	32,114.71
b. Debenture Redemption Reserve		
Opening Balance	1,250.00	-
(+) Current Year Transfer	-	1,250.00
(-) Written Back in Current Year		
Closing Balance	1,250.00	1,250.00
c. Revaluation Reserve		
Opening Balance	390.81	452.87
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	62.06	62.06
Closing Balance	328.75	390.81
d. General Reserve		
Opening Balance	7,010.53	5,876.01
(+) Current Year Transfer	-	1,134.52
(-) Written Back in Current Year	-	-
Closing Balance	7,010.53	7,010.53
e. Surplus		
Opening balance	51,641.85	43,741.47
(+) Net Profit/(Net Loss) For the current year	595.04	11,345.19
(+) Transfer from Reserves	-	-
(-) Transfer to Debenture Redemption Reserve	-	(1,250.00)
(-) Proposed Dividends	-	(909.28)
(-) Dividends short provision Previous Year	(48.22)	-
(-) Interim Dividends	-	-151.02
(-) Transfer to Reserves	-	-1,134.52
Closing Balance	52,188.66	51,641.85
Total	95,511.73	92,407.89

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 4 : Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Long Term Borrowings	As at March 31, 2012		As at March 31, 2011	
	Non-Current		Current	
Secured				
(a) Bonds/debentures				
Life Insurance Corporation of India	7,000.00	7,000.00	-	-
12.45 % Debentures of Rs. 7,000 (in lakhs) each of Rs. 10,00,000 redeemable at par on 21.12.2013				
General Insurance Corporation of India	2,000.00	2,000.00	-	-
11.00 % Debentures of Rs. 2,000 (in lakhs) each of Rs. 10,00,000 redeemable at par on 08.06.2014				
(b) Term loans				
from banks	123,309.46	115,392.33	-	17,869.33
from other parties	6,540.16	6,750.00	-	-
	138,849.62	131,142.33	-	17,869.33
Unsecured				
(b) Term loans				
from banks	127,645.69	110,534.15	-	29,237.05
from other parties	15,070.65	12,576.71	-	500.00
(of the above, Rs. (in lakhs) 1,27,645.69 is guaranteed by Directors)				
*Terms of Security (as below)	142,716.34	123,110.86	-	29,737.05
Total	281,565.96	254,253.19	-	47,606.39

*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, Thannirbhavi-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.

Note 5 : Disclosure pursuant to Note no. 6(E) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Long Term Provisions	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
Leave Encashment (unfunded)	162.00	74.00
(b) Others (Specify nature)		
	-	-
Total	162.00	74.00



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 6 : Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Short Term Borrowings	As at March 31, 2012	As at March 31, 2011
Secured		
(a) Other loans and advances (specify nature)		
Cash/Export Credit facilities	98,161.41	48,484.06
	98,161.41	48,484.06
Unsecured		
(a) Loans and advances from related parties	6,507.45	1,025.47
	6,507.45	1,025.47
Total	104,668.85	49,509.53

Note 7 : Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Other Current Liabilities	As at March 31, 2012	As at March 31, 2011
Unpaid dividends	20.79	4.18
Application money received for allotment of securities and due for refund #	6.62	8.38
Advances Received from Customers	106,792.48	58,458.97
Un-Realised Gain/loss Forex	1.69	1.69
Security Deposits Received	466.54	412.52
Service Tax Payable	7.78	-
TDS Payable	189.42	524.23
Provision for Expenses	2,468.85	1,496.77
Other Current Liabilities	2,082.81	-
Total	112,036.98	60,906.74

Note 8 : Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Short Term Provisions	As at March 31, 2012	As at March 31, 2011
a) Provision for employee benefits		
Gratuity (Funded)	168.62	150.68
(b) Others (Specify nature)		
Provision for Income Tax	11,534.56	12,247.73
Proposed Dividend & Tax	-	1,060.30
Provision for Wealth Tax (Net)	11.85	11.85
Total	11,715.03	13,470.55

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 9 : Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part I of Schedule VI to the Companies Act, 1956

Fixed Assets	G R O S S B L O C K						A C C U M U L A T E D D E P R E C I A T I O N					N E T B L O C K	
	Balance as at 1 April 2011	Additions/ (Disposals)	Acquired through business Combinations	Revaluations/ (Impairments)	Balance as at 31st March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st March 2012	Balance as at 1 April 2011	Balance as at 31st March 2012	
a Tangible Assets (Not Under Lease)													
Land	6,400.12	-	-	-	6,400.12	-	-	-	-	6,400.12	6,400.12	6,400.12	
Buildings	4,427.68	62.64	-	-	4,490.31	312.99	148.21	4.36	-	4,114.68	4,029.11	4,029.11	
Plant and Equipment	56,085.62	8,728.47	-	-	64,814.09	4,022.16	2,942.47	57.70	-	52,063.46	57,849.46	57,849.46	
Dredger	184.13	-	-	-	184.13	64.45	18.41	-	-	119.67	101.26	101.26	
Two Line Handling Boat	1,294.91	-	-	-	1,294.91	6.46	90.64	-	-	1,288.45	1,197.80	1,197.80	
Furniture and Fixtures	2,626.62	73.39	-	-	2,700.01	322.91	168.67	-	-	2,303.71	2,208.43	2,208.43	
Vehicles	1,318.93	6.92	-	-	1,325.84	264.25	120.05	-	-	1,054.67	941.54	941.54	
Office equipment	471.61	24.44	-	-	496.05	74.87	31.09	-	-	396.74	390.10	390.10	
Computers	444.47	30.39	-	-	474.86	201.12	67.12	-	-	243.35	206.62	206.62	
Wind Mill	8,677.70	-	-	-	8,677.70	2,296.20	458.18	-	-	6,381.50	5,923.31	5,923.31	
Total	81,931.78	8,926.24	-	-	90,858.02	7,565.42	4,044.84	62.06	-	11,610.26	74,366.36	79,247.76	
a Tangible Assets (Under Lease)													
Land	127.52	16.51	-	-	144.02	-	1.39	-	-	127.52	142.63	142.63	
Total	127.52	16.51	-	-	144.02	-	1.39	-	-	127.52	142.63	142.63	
b Intangible Assets													
Computer software	87.02	1.31	-	-	88.33	34.86	12.85	-	-	52.16	40.61	40.61	
Total	87	-	-	-	88.33	34.86	12.85	-	-	52.16	40.61	40.61	
c Capital work-in-progress													
Total	66,416.88	9,907.59	-	-	76,324.47	-	-	-	-	66,416.88	76,324.47	76,324.47	
Total	66,416.88	9,907.59	-	-	76,324.47	-	-	-	-	66,416.88	76,324.47	76,324.47	
d Intangible assets under Development													
Total	-	-	-	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	-	-	-	-	-	



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 10 : Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Non- Current Investments	As at March 31, 2012	As at March 31, 2011
A Trade Investments		
B Other Investments		
(a) Investment in Equity instruments	174.66	174.66
Total	174.66	174.66
Less : Provision for diminution in the value of Investments		
Total	174.66	174.66

Details of Non Current Investments

Sr. No.	Particulars	Extent of Holding (%)		Amount (Rs. in Lakhs)	
		2012	2011	2012	2011
	Investment in Equity Instruments (Unquoted)				
(a)	Investment in Equity Instruments of Subsidiary				
	Shares of Adivitya Urja Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
	Shares of Dhanshree Properties Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
	Shares of Natural Power Ventures Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
	Shares of Nirupam Energy Projects Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
	Shares of Nishita Mercantile Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
	Shares of Pinky Shipyard Private Limited 1,53,000 (Previous Year 1,53,000) Equity Shares of Rs. 100/-	51%	51%	145.16	145.16
	Shares of Premila Mercantile Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
	Shares of Vishudh Urja Private Limited 10,000 (Previous Year 10,000) Equity Shares of Rs. 10/-	100%	100%	1.00	1.00
(a)	Investment in Equity Instruments of Joint Venture				
	Shares of Bengal Shipyard Limited 2,25,048 (Previous Year 2,25,048) Equity Shares of Rs. 10/-	45%	45%	22.50	22.50
	Total			174.66	174.66

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 11 : Disclosure pursuant to Note no. L (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Long Term Loans and Advances	As at March 31, 2012	As at March 31, 2011
a. Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	813.17	781.11
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	813.17	781.11
b. Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	111,017.91	108,210.06
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	111,017.91	108,210.06
c. Other loans and advances	6,800.03	-
Total	118,631.11	108,991.17

Note 12 : Disclosure pursuant to Note no. N (i) and (ii) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Current Investments	As at March 31, 2012	As at March 31, 2011
(a) Investment in Equity instruments	0.12	0.12
(b) Investments in Mutual Funds	519.00	1,070.29
(c) Other non-current investments (specify nature)	0.10	0.10
Total	519.22	1,070.51
Less : Provision for dimunition in the value of Investments	54.88	13.82
Total	464.34	1,056.69



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Details of Current Investments				
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Special Purpose Entity / Others	Amount (Rs. in Lakhs)	
			2012	2011
(a)	Investment in Equity Instruments (Quoted)			
	Shares of ICICI Bank Ltd 150 (Previous Year 150) Equity Shares of Rs. 10/- each fully paid	Others	0.12	0.12
(b)	Investments in Mutual Funds (Quoted)		477.14	1,069.49
	Principal Monthly Income Fund 734,316.964 (Previous Year - 734,316.964) Units of Rs. 10/- each fully paid	Others	150.00	150.00
	SBI Infrastructure Fund-Growth 20,00,000 (Previous Year 20,00,000) Units of Rs. 10/- each fully paid	Others	168.80	200.00
	SBI Insta Cash Fund Others 1,056.66 (Previous Year - 2,986,077.82) Units of Rs. 10/- each fully paid		-	500.18
	SBI One India Fund Growth 1,000,000 (Previous Year - 1,000,000) Units of Rs. 10/- each fully paid	Others	99.00	99.00
	SBI PSU Fund-SBH 198,971.60 (Previous Year - 198,971.60) Units of Rs. 10/- each fully paid	Others	17.19	20.00
	SBI PSU Fund-SBT 500,000 (Previous Year - 5,00,000) Units of Rs. 10/- each fully paid	Others	42.15	49.20
	SBI SHF Ultra Short Term Fund (Daily Dividend) 510,858.76 (Previous Year - 510,858.76) Units of Rs. 10/- each fully paid	Others	-	51.12
(c)	Other non-current investments (specify nature)			
	National Saving Certificate-6th Issue	Others	0.10	0.10
	Total		477.36	1,069.71

Note 13 : Disclosure pursuant to Note no. O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956

Inventories	(Rs. in Lakhs)	
	As at March 31, 2012	As at March 31, 2011
a. Raw Materials and components	71,391.94	87,582.96
b. Work-in-progress	148,785.58	103,213.11
Total	220,177.52	190,796.07

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 14 : Disclosure pursuant to Note no. P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Trade Receivables	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	19,461.22	14,167.23
Total	19,461.22	14,167.23
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Secured, considered good	-	-
Unsecured, considered good	65,224.98	42,842.19
Total	84,686.20	57,009.43

Note 15 : Disclosure pursuant to Note no. Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Cash and cash equivalents	As at March 31, 2012	As at March 31, 2011
a. Balances with banks this includes:	11,922.94	17,640.98
Earmarked Balances (unpaid dividend accounts)	21.11	4.53
Margin money	-	-
Security against borrowings	9,499.21	15,788.54
Guarantees	-	-
Current Accounts	2,402.62	1,847.91
Bank deposits with more than 12 months maturity	-	-
b. Cheques, drafts on hand	-	-
c. Cash on hand	82.79	53.51
d. Bank deposits with less than 12 months maturity	0.59	76.87
Total	12,006.32	17,771.36

Note 16 : Disclosure pursuant to Note no. R (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Short-term loans and advances	As at March 31, 2012	As at March 31, 2011
a. Loans and advances to related parties		
Secured, considered good	-	-
Unsecured, considered good	104.18	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
Total	104.18	-



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b. Others (specify nature)	(Rs. in Lakhs)	
Secured, considered good	-	-
Unsecured, considered good	2,589.76	3,969.20
Advance to Suppliers	38,342.33	30,349.84
Advance to Staff	165.46	183.12
Prepaid Expenses	1,306.59	1,641.38
VAT Receivable	1,680.80	3,018.32
Service Tax Receivable	-	24.52
	44,084.94	39,186.37
Total	44,189.12	39,186.37

Note 17 : As per Point No. 2 of General Instructions for Preparation of Statement of Profit and Loss

	(Rs. in Lakhs)	
Sale of Products	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Sale of Products	27,589.49	55,666.32
Increase in WIP	81,621.40	80,156.12
Wind Mill Income	1,028.68	978.30
Total	110,239.57	136,800.74

Note 18 : As per Point No. 2 of General Instructions for Preparation of Statement of Profit and Loss

	(Rs. in Lakhs)	
Other Operating Revenue	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Subsidy Income	29,441.89	21,078.17
Scarp Sales	820.55	216.24
Total	30,262.43	21,294.41

Note 19 : Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Other Income	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Interest Income	-	-
Dividend Income	3.11	6.16
Net gain/loss on sale of investments	-	11.22
Other non-operating income	12.78	-
Total	15.89	17.38

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Note 20 : Disclosures pursuant to point no. 5 of Part II of the Revised Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Details of Material Consumed	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Inventory at the beginning of the year	87,582.96	71,125.48
Add: Purchases	43,836.95	91,708.47
	131,419.91	162,833.95
Less: Inventory at the end of the year	71,391.94	87,582.96
Total	60,027.97	75,250.99

Note 21 : Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Employee Benefit Expenses	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
(a) Salaries and incentives (Including Labour Charges)	14,849.97	16,599.03
(b) Contributions to :-	-	-
(i) Provident and other fund	355.27	374.90
(ii) Superannuation scheme	-	-
(c) Gratuity fund contributions	98.37	176.01
(d) Social security and other benefit plans for overseas employees	-	-
(e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	-	-
(f) Staff welfare expenses	462.64	455.46
Total	15,766.25	17,605.41

Note 22 : Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Finance Cost	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Interest expense	44,972.74	27,615.54
Bank Charges	-	2,012.40
Other borrowing costs	4,592.25	2,910.54
Applicable net gain/loss on foreign currency transactions and translation	926.85	(1,516.89)
Less: Interest Income	1,443.26	4,388.95
Total	49,048.59	26,632.64



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Note 23 : Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956 (Rs. in Lakhs)

Other Expenses	For the Year Ended March 31, 2012	For the Year Ended March 31, 2011
Equipment Hiring Charges	3,600.79	4,661.36
Design Consultancy	2,713.16	1,748.90
Rent	1,448.11	547.24
Clearing & Forwarding	1,363.70	1,477.74
Other Expenses	7,496.32	10,110.45
Total	16,622.08	18,545.69

Note 24 : Auditors' Remuneration (Rs. in Lakhs)

Particulars	F.Y. 2011- 2012	F.Y. 2010- 2011
Fees as Auditors	15.08	11.03
Tax Audit	4.96	2.50
Taxation Matters	6.95	15.00
Others	0.10	20.00
Total	27.09	48.53

Note 25 : Capital Work – in – progress

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

Particulars	F.Y. 2011- 2012	F.Y. 2010- 2011
Land, Buildings and Site Development Expenses	54,492.41	35,804.02
Plant and Machinery	16,401.21	21,197.46
Consultant Fees	5,415.54	5,270.18
Other Fixed Assets	15.31	4,145.21
Total	76,324.47	66,416.88

Note 26 : Contingent Liabilities not provided in respect of (Rs. in Lakhs)

Particulars	F.Y. 2011- 2012	F.Y. 2010- 2011
Claims against company not acknowledge as debt	1,279.41	931.83
Tax/Duties that may arise in respect of which appeal is pending	480.80	140.00
Corporate Guarantee given to Bank	-	1,106.28
Letter of Credit outstanding	43,611.57	16,476.67
Liabilities arising out of unexecuted Contract (Net of Advances)	84,079.79	85,297.50
Bank Guarantees		
- Performance Guarantee	3,691.51	4,196.85
- Advance Guarantee	1,95,856.00	1,91,531.10
- Others	8,673.17	553.75
Total	3,37,672.25	3,00,233.98

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Note 27 : Note on Convertible Share Warrants

As per the approval of shareholders in the Annual General Meeting held on 29th September, 2009, the Company has allotted 13,78,464 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. All the above 13,78,464 convertible warrants are converted into equity shares of Rs. 10/- each at a price of Rs. 200/- per share including premium of Rs. 190/- per share on 01.07.2011.

Note 28 : Balance of Sundry Debtors, Creditors, Loans and Advances and Personal Accounts are subject to confirmation.

Note 29 : 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.

Note 30 : 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.

Note 31 : 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, 2012 together with interest paid/payable as required under the Act, have not been given.

Note 32 : 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.

a) Leave Encashment:

The Company has made provision of Rs. 88 lakhs towards leave encashment on the basis of leave records available. It is in the process of getting actuarial valuation for the same.

b) Gratuity:

The Employee's 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.

Defined Benefit Plans:

(i) **Principal Actuarial assumptions at the Balance sheet Date** (Rs. in Lakhs)

Particulars	Gratuity (Funded)	
	F.Y. 2011- 2012	F.Y. 2010- 2011
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	6% F5Y & 6% TA	10.00%
d. Mortality rate	IAL 94-96 Modified Ultimate	
e. Withdrawal Rate	2.00%	3.00%

(ii) Change in Benefit Obligation

Particulars	Gratuity (Funded)	
	F.Y. 2011- 2012	F.Y. 2010- 2011
Liability at the beginning of the year	398.13	214.71
Interest Cost	31.11	16.81
Current Service Cost	77.00	73.88
Benefits Paid	(18.35)	(9.24)
Transfer from previous employer's	-	-
Provision for diminution in fair value of plan assets	-	-
Actuarial gain/(loss) on obligations	13.64	101.97
Liability at the end of the year	501.53	398.13



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

(iii) Fair Value of Plan Assets (Rs. in Lakhs)

Particulars	Gratuity (Funded)	
	F.Y. 2011- 2012	F.Y. 2010- 2011
Fair Value of Plan Assets at the beginning of the year	247.45	180.04
Expected Return on Plan Assets	22.11	16.38
Employer's Contribution	-	60.00
Employee's Contribution	-	-
Benefit's Paid	(18.35)	(9.24)
Provision for diminution on fair value of plan assets	-	-
Actuarial gain/(loss) on Plan Assets	1.28	0.28
Fair Value of Plan Assets at the end of the year	252.48	247.44

(iv) Actual Return on Plan Assets

Particulars	Gratuity (Funded)	
	F.Y. 2011- 2012	F.Y. 2010- 2011
Expected Return On Plan Assets	22.10	16.38
Actuarial gain/(loss) on Plan Assets	1.28	0.28
Actual Return on Plan Assets	23.38	16.66

(v) Actual Recognized in Balance Sheet:

Particulars	Gratuity (Funded)	
	F.Y. 2011- 2012	F.Y. 2010- 2011
Liability at the end of the year	501.53	398.13
Fair value of the Plan Assets at the end of the year	332.91	247.45
Difference	(168.62)	(150.68)
Unrecognized Past Service Cost	-	-
Amount recognized in the Balance Sheet	(168.62)	(150.68)

(vi) Expenses Recognized in the Profit & Loss Account:

Particulars	Gratuity (Funded)	
	F.Y. 2011- 2012	F.Y. 2010- 2011
Current Service Cost	77.00	73.88
Interest Cost	31.11	16.81
Expected Return on Plan Assets	22.11	16.37
Net Actuarial Gain/(loss) to be recognized	1.28	0.27
Expenses Recognized in Profit and Loss Account	98.37	176.01

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Note 33 : Segment Reporting

i. Primary Segments (Business Segments)				(Rs. in Lakhs)
Segments/ Particulars	Ship Manufacturing	Windmill Power	Total	
REVENUE				
Turnover	109,296.27	1,028.68	110,324.95	
Subsidy	29,441.89	-	29,441.89	
Other Income	836.43	-	836.43	
Total	139,574.59	1,028.68	140,603.27	
RESULT				
Segment Results Before Depreciation, Interest and Tax	41,918.96	748.91	42,667.87	
Less: Interest (Net)	43,529.48	-	43,529.48	
Less: Depreciation	3,538.85	458.18	3,997.03	
Profit / (Loss) before Tax	(5,149.37)	290.73	(4,858.64)	
Less: Tax Expenses			(5,453.68)	
Net Profit / (Loss) after Tax			595.04	
OTHER INFORMATION				
Segment Assets	629,526.77	6,557.98	636,084.75	
Segment Liabilities	537,056.34	347.91	537,404.25	

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.

ii. Secondary Segments (Geographical Segments)				(Rs. in Lakhs)
Segments	Domestic	Overseas	Total	
REVENUE				
Ship Manufacturing and Others Income	105,237.02	34,337.57	139,574.59	
Windmill Power	1,028.68	-	1,028.68	
Total	106,265.70	34,337.57	140,603.27	

Note 34 : Disclosure in accordance with 'AS- 7 Accounting for Construction Contracts' issued by the Institute of chartered Accountants of India :

PARTICULARS	(Rs. in Lakhs)	
	F.Y. 2011-2012	F.Y. 2010-2011
Contract revenue recognized as revenue for the year	109,210.89	135,822.44
Contract cost incurred and recognized profits	67,291.93	89,990.23
Advances received from above customers	295,421.62	259,372.70
Gross amount due from customers for contact work	148,785.58	103,213.11
Gross amount due to customers for contact work	106,792.48	58,452.97

The gross due from customers reflects the net amount for all contracts in progress for which cost incurred plus recognized profit(Less recognized Losses) exceeds progress billing.

The gross due to customers reflects the net amount for all contracts in progress where progress billing exceeds cost incurred plus recognized profit (Less recognized Losses) .



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During the year, advances from customers to the extent of work done amounting to Rs 2,95,421.62 lakhs is adjusted against Work in Progress in note 13. Advance received in excess of work done and advances pending against commencement of work are disclosed in Current Liabilities under advance from customer in note 7.

Note 35 : 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.

(ii) List of Related Parties and relationships, where control exists

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 Shipyards Limited
Associate	<ol style="list-style-type: none"> 1. Great Offshore Ltd.
Joint Venture	<ol style="list-style-type: none"> 1. Bengal Shipyard Ltd.
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 Infrasrtucture 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.

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

(ii) Summary of Related Party Transactions:

Sr. No.	Particulars						(Rs. in Lakhs)	
		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					
1	Transactions during the year							
a	Remuneration	-	-	-	150.00	-	-	150.00
b	Legal and Professional Charges	-	-	-	-	-	7.50	7.50
c	Hiring Charges	-	1,568.40	-	-	68.65	-	1,637.05
d	Labour Charges	1,387.63	-	-	-	-	-	1,387.63
e	Launching & Delivery Charges	-	-	-	-	7.28	-	7.28
f	Loans & Advances Given	1,969.58	3.40	-	-	13,781.72	-	15,754.70
g	Repayment of Loans Received	-	50.50	-	240.15	-	-	290.65
h	Interest Income	21.86	-	-	-	176.72	-	198.59
i	Loans Received	-	6,588.56	-	-	-	-	6,588.56
j	Repayment of Loans & Advances Given	2,997.58	58.69	-	-	13,761.00	-	16,817.27
k	Advances received from Customers	-	-	-	-	11,868.31	-	11,868.31
l	Reimbursement of Expenses	-	-	-	-	15.00	-	15.00
m	Preferential Allotment of Shares	-	-	-	137.85	-	-	137.85
n	Premium on Preferential Allotment of Shares	-	-	-	2,619.08	-	-	2,619.08
o	Sale of Products	233.63	-	-	-	-	-	233.63
p	Purchases	22.93	-	-	-	-	-	22.93
2	Outstanding Balances as at 31st March, 2012							
a	Loans and Advances Given	99,960.96	109.04	3,456.64	-	179.77	-	1,03,706.41
b	Loans and Advances Taken	-	6,537.85	-	-	-	-	6,537.85
c	Trade Receivables	210.71	-	-	-	71.93	-	282.63
d	Other Current Liabilities	1,359.88	-	-	-	97,819.26	-	99,179.14

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

(a) Remuneration include:

Particulars	Current Year	Previous Year
Mr. P. C. Kapoor	75.00	252.40
Mr. Vijay Kumar	75.00	252.39
	150.00	504.79



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(Rs. in Lakhs)

Particulars	F.Y. 2011- 2012	F.Y. 2010- 2011
(b) Legal and Professional fees :		
Sukruti V Kumar	7.50	-
	7.50	-
(c) Equipment Hire Charges Include :		
Bharati Maritime Service Private Limited	1,172.40	1,740.00
Harsha Infrastructure Private Limited	396.00	660.00
Great Offshore Ltd.	68.65	-
	1,637.05	2,400.00
(d) Labour Charges include:		
Pinky Shipyard Private Limited	1,387.63	1,250.91
	1,387.63	1,250.91
(e) Launching & Delivery Charges Include :		
Great Offshore Ltd.	7.28	-
	7.28	-
(f) Loans & Advances Given Include :		
Pinky Shipyard P. Ltd.	1,550.30	6,117.73
Great Offshore Ltd.	13,781.72	29,102.85
	15,332.02	35,220.58
(g) Repayment of Loans Received Include :		
Mr. P. C. Kapoor	215.00	-
Mr. Vijay Kumar	25.15	-
Bharati Maritime Services Pvt Ltd.-Loan	50.50	-
	290.65	-
(h) Interest Income Include :		
Pinky Shipyard P. Ltd.	21.86	-
Great Offshore Ltd.	176.72	460.76
	198.59	460.76
(i) Loans Received include:		
Bharati Maritime Services Pvt Ltd.	985.00	-
Bharati Infratech Project Pvt. Ltd.	5,573.00	-
	6,558.00	-
(j) Repayment of Loans & Advances Given Include:		
Dhanshree Properties Pvt. Ltd.	119.05	150.00
Natural Power Ventures Pvt. Ltd.	342.15	1,425.00
Pinky Shipyard P. Ltd.	2,517.72	-
Great Offshore Ltd.	13,761.00	-
	16,739.92	1,575.00

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		(Rs. in Lakhs)	
Particulars	F.Y. 2011- 2012	F.Y. 2010- 2011	
(k) Advances received from Customers Include:			
Great Offshore Ltd.	11,868.31	-	
	11,868.31	-	
(l) Reimbursement of Expenses Include:			
Great Offshore Ltd.	15.00	-	
	15.00	-	
(m) Preferential Allotment of Shares Include:			
Mr. P. C. Kapoor	68.92	68.50	
Mr. Vijay Kumar	68.92	68.50	
	137.85	137.00	
(n) Premium on Preferential Allotment of Shares			
Mr. P. C. Kapoor	1,309.54	479.50	
Mr. Vijay Kumar	1,309.54	479.50	
	2,619.08	959.00	
(o) Sale of Products include:			
Tebma Shipyards Ltd.	233.63	-	
	233.63	-	
(p) Purchase of Products include:			
Tebma Shipyards Ltd.	22.93	-	
	22.93	-	
(iv) Disclosure Required by Clause 32 of the Listing Agreement			
Subsidiary Companies	Outstanding as at March 31, 2012	Maximum Outstanding during the year	
1 Aditya Urja Pvt. Ltd	170.60	170.60	
2 Dhanshree Properties Pvt. Ltd	20,686.78	20,805.82	
3 Natural Power Venturers Pvt. Ltd	70,371.40	70,713.54	
4 Nirupam Energy Projects Pvt. Ltd.	8,402.85	8,402.85	
5 Nishita Mercantile Pvt. Ltd.	5.35	0.45	
6 Pinky Shipyard Pvt. Ltd.	319.34	1,956.21	
7 Premila Mercantile Pvt. Ltd.	0.07	0.07	
8 Vishudh Urja Pvt. Ltd.	4.57	4.57	
Enterprises owned or controlled by KMP and their relatives	Outstanding as at March 31, 2012	Maximum Outstanding during the year	
1 Bharati Marine Constructions & Engineering Pvt. Ltd.	-	2.75	
2 Bharati Shipping & Dredging Pvt. Ltd.	-	55.05	
3 Harsha Infrastructure Pvt. Ltd.	-	131.99	
4 Sharven Multitrade P. Ltd.	22.08	22.08	
5 Swati Silk Mills Pvt. Ltd.	35.97	35.97	
6 Usha Silk Mills Pvt. Ltd.	8.67	8.67	
7 Vayuraj Energy Projects Pvt. Ltd.	18.09	18.09	
8 Vayutatva Energy Projects Pvt. Ltd.	24.18	24.18	



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 36 : 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 un-issued share capital.

Sr. No.	Particulars	Units	F.Y. 2011-2012	F.Y. 2010-2011
(a) (i)	Profit after tax	Rs. In Lakhs	595.04	11,345.19
	Less/Add: Prior Period Tax Adjustment	Rs. In Lakhs	-	641.60
(a) (ii)	Profit before Prior Period Tax Adjustment	Rs. In Lakhs	595.04	11,986.79
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos	31,345,031.15	29,363,436.99
(c)	The nominal value per Ordinary Share	Rupees	10.00	10.00
(d) (i)	Earnings Per Share (Basic)	Rupees	1.90	38.64
(d) (ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	1.90	40.82
(e)	The weighted average number of Ordinary Shares for Diluted EPS			
	For Basic earnings per share	Nos	31,345,031.15	29,363,436.99
	Add: Dilutive Warrants	Nos	-	491,394.30
	For Diluted earnings per share	Nos	31,345,031.15	29,854,831.28
(f) (i)	Earnings Per Share (Diluted)	Rupees	1.90	38.00
(f) (ii)	Earnings Per Share (Diluted) before Prior Period Tax adjustment	Rupees	1.90	40.15

Note 37 : Accounting for Interest in Joint Venture

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

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, 2012	Percentage of Ownership as at 31st March, 2011
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:

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Particulars	(Rs. in Lakhs)	
	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES		
1) SHAREHOLDERS' FUNDS		
(a) Reserves And Surplus	17.43	16.06
2) NON-CURRENT LIABILITIES		
(a) Long-Term Provisions	2.21	1.45
(b) Other Non-Current Liabilities	667.65	242.31
3) CURRENT LIABILITIES		
(a) Other Current Liabilities	2.64	2.40
(b) Short-Term Provisions	4.56	0.04
TOTAL	694.49	262.26
ASSETS		
1) NON-CURRENT ASSETS		
(a) Fixed Assets		
(i) Tangible Assets	4.72	5.30
(ii) Intangible Assets	0.10	0.00
(iii) Capital Work-In-Progress	350.83	262.03
(b) Non Current Investments	3.15	3.15
(c) Long-Term Loans And Advances	1906.23	1529.78
(d) Other Non-Current Assets	1.58	1.58
2) CURRENT ASSETS		
(a) Current Investments	0.67	31.71
(b) Short-Term Loans & Advances	1.73	3.02
(c) Cash & Cash Equivalent	3.81	4.03
INCOME:		
Other Income	1.37	3.62
EXPENSES:		

*After elimination of Share Capital, Inter Company Transaction and adjustment of accounting policies aggregating to Rs. 3,479.14 Lakhs for FY 2011-12 (Rs. 3679.14 Lakhs for FY 2010-11)

Note 38 : Details of stock and turnover of major class of goods & services

Particulars	Sales			
	F.Y. 2011 – 2012		F.Y. 2010 – 2011	
	Quantity (in Nos.)	Amount (Rs. in Lakhs)	Quantity (in Nos.)	Amount (Rs. in Lakhs)
Ocean Going Vessels	4	27,589.49	6	52,284.54
BBLRP Project	-	-	1	3,345.28



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 39 : Repair and Maintenance

The breakup of the repair and Maintenance is as under:

(Rs. in Lakhs)

Particulars	2011 – 2012	2010 – 2011
Building	15.27	11.63
Plant and Machinery	444.75	23.08
Others	166.51	164.37
Total	626.52	199.08

Note 40 : CIF Value of Imports

(Rs. in Lakhs)

Particulars	2011 – 2012	2010 – 2011
Raw Materials (Steel)	178.70	5,550.71
Components and Spare Parts	60,441.57	67,702.63
Capital Goods	3,343.05	5,330.51
Total	63,963.62	78,583.84

Note 41 : Ratio and Value of Indigenous and imported raw material (steel) and Components and spare parts consumed

(Rs. in Lakhs)

Particulars	2011 – 2012		2010 – 2011	
	Amount	%	Amount	%
Raw Materials (Steel)				
I. Imported	925.02	1.57	16,845.54	22.00
II. Indigenous	8,298.38	13.82	2,592.06	4.00
Components and Spare Parts				
I. Imported	49,491.73	82.45	49,975.04	66.00
II. Indigenous	1,312.83	2.19	5,835.90	8.00
Total	60,027.96	100.00	75,250.99	100.00

Note 42 : Expenditure in Foreign Currency

(Rs. in Lakhs)

Particulars	2011 – 2012	2010 – 2011
Commission and Brokerage	-	91.89
Design and Consultancy	1,565.84	714.44
Freight Charges	89.10	190.08
Legal & Professional Fees	147.92	607.87
Travelling Expenses	47.33	406.31
Others	5,696.43	963.61
Total	7,546.62	2,974.20

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Note 43 : The figures for the previous year have been arranged /rearranged /regrouped wherever considered necessary.

As per our Report attached

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

For and on behalf of Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place: Mumbai



35th Annual Report 2011 - 2012



BHARATI SHIPYARD LIMITED

**Consolidated Financial
Statements**

**For the Year Ended
31st March, 2012**

Bharati Shipyard Limited

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, associate and joint venture (together referred to as "Group") as at 31st March, 2012, and also the Consolidated Statement of Profit and Loss 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. 97,701.88 Lakhs as at 31st March, 2012, total revenue of Rs. 511.28 Lakhs and net cash outflow amounting to Rs. 687.36 Lakhs 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 Shipyards Limited, associate company, namely, Great Offshore Limited and the Joint Venture Company, namely, Bengal Shipyard Limited, whose financial statements reflect total assets of Rs. 622,675.42 Lakhs as at 31st March 2012, total revenue of Rs.134,941.30 Lakhs and net cash outflow amounting to Rs. 9,262.05 Lakhs 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.
5. Further to our comments:
 - i. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard 21 'Consolidated Financial Statements', 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, 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 31st March, 2012;
 - (b) in the case of the Consolidated statement of Profit and Loss Account, of the statement of loss 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
Firm Reg. No. 128862W

CA. Ashwin Patel
Partner
Membership No.127052

Date: 28th May, 2012
Place: Mumbai

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

CA. Mitesh Kothari
Partner
Membership No. 110822



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2012

(Rs. in Lakhs)

Particulars	Note No.	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	3,168.78	3,030.93
(b) Reserves and surplus	4	101,335.41	100,707.91
(c) Money received against share warrants		-	2,756.93
Minority interest		9,042.20	9,547.89
2 Share application money pending allotment			
3 Non-current liabilities			
(a) Long-term borrowings	5	311,237.90	282,626.30
(b) Deferred tax liabilities (Net)		375.43	5,535.83
(c) Other Long term liabilities		16,345.37	242.31
(d) Long-term provisions	6	164.21	75.45
4 Current liabilities			
(a) Short-term borrowings	7	120,698.87	58,988.63
(b) Trade payables		29,431.15	31,585.12
(c) Other current liabilities	8	156,849.99	142,714.73
(d) Short-term provisions	9	11,955.00	13,689.71
Total		760,604.31	651,501.73
II. ASSETS			
Goodwill on Consolidation	30	11,899.71	11,125.35
1 (a) Fixed assets	10		
(i) Tangible assets		97,300.85	93,930.84
(ii) Intangible assets		3,551.72	66.97
(iii) Capital work-in-progress		76,720.45	67,145.51
(iv) Intangible assets under development		-	3,508.34
(b) Non-current investments	11	97,093.01	99,368.37
(c) Deferred tax assets (net)		-	
(d) Long-term loans and advances	12	21,105.21	4,928.08
(e) Other non-current assets	13	10,533.34	1,820.26
2 Current assets			
(a) Current investments	14	465.02	1,088.40
(b) Inventories	15	232,284.74	205,305.45
(c) Trade receivables	16	132,658.06	82,802.05
(d) Cash and cash equivalents	17	31,063.13	39,344.31
(e) Short-term loans and advances	18	45,145.93	40,599.60
(f) Other current assets	19	783.14	468.20
Total		760,604.31	651,501.73

Basis of Consolidation

1

Significant Accounting Policies and Notes to Accounts

2-36

Notes referred to above form an integral part of the Balance Sheet

as per our report attached

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

For and on behalf of Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place: Mumbai

Bharati Shipyard Limited

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31st MARCH, 2012

(Rs. in Lakhs)

Particulars	Refer Note No.	Year ended	Year ended
		March 31, 2012	March 31, 2011
I. Revenue From Operations			
Sale of products	20	141,887.05	139,747.06
Sale of services		85.38	21.96
Other operating revenues	20	30,471.18	21,347.70
II. Other Income	21	1,415.94	37.78
III. Total Revenue (I + II)		173,859.55	161,154.50
IV. Expenses:			
Cost of materials consumed	22	85,836.34	76,267.20
Employee benefits expense	23	17,236.50	18,386.73
Finance costs	24	51,659.97	29,663.90
Depreciation and amortization expense	10	6,206.83	2,342.50
Other expenses	25	19,758.04	18,730.52
Total expenses		180,697.68	145,390.84
V. Profit / (Loss) before exceptional and extraordinary items and tax (III-IV)		(6838.13)	15,763.66
VI. Exceptional items			
Add: Previous year provision for unearned revenue reversed	26	1,043.69	-
VII. Profit / (Loss) before extraordinary items and tax (V - VI)		(5794.43)	15,763.66
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		(5794.43)	15,763.66
X. Tax expense:			
(1) Current tax		24.46	4,655.95
(2) Deferred tax		(5160.40)	1,334.15
(3) Prior Period Tax Adjustment		53.03	641.78
XI. Profit / (Loss) for the period (XI + XIV) (before adjustment for Minority Interest)		(711.52)	9,131.78
Add: Share loss transfer to minority interest		(684.20)	(281.75)
Profit (Loss) for the period (after adjustment for Minority Interest)		(27.32)	8,850.03
XII Earnings per equity share:	33		
(1) Basic		(2.27)	32.68
(2) Diluted		(2.27)	32.14

Basis of Consolidation

1

Significant Accounting Policies and Notes to Accounts

2-36

Notes referred to above form an integral part of the Balance Sheet
As per our Report attached

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

For and on behalf of the Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place : Mumbai



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	(Rs. in Lakhs)	
	Year Ended March 31, 2012	Year Ended March 31, 2011
A. Cash flow from operating activities		
Net profit before tax	(5,794.48)	15,763.66
Adjustments for :		
Depreciation for the period	6,206.83	2,342.50
Preliminary Expenses Written off	-	97.85
Diminution /(Reversal of Diminution) in value of investments	54.88	13.82
Foreign exchange Gain /(Loss)	(1,068.92)	(1,513.56)
Interest and Finance Charges (Net)	50,591.05	31,177.46
Dividend/Gain from Investment	(4.72)	(21.00)
Operating profit before working capital changes	49,984.64	47,860.72
Increase in trade receivables	(49,856.02)	(47,060.48)
Increase in inventories	(26,979.29)	(82,029.04)
Increase in trade deposits and advances	(3,652.34)	(370.06)
Increase in trade payables & Others	71,771.24	22,252.49
Cash generated from Operations	41,268.24	(59,346.38)
Direct Taxes paid	(585.57)	(3,459.42)
Net Cash From Operating Activities	40,682.67	(62,805.80)
B. Cash flow from investment activities		
Goodwill	-	(11,094.16)
Purchase of Fixed Assets	(19,190.24)	(57,211.79)
Investment in Others (Net)	(80.65)	2,566.38
Increase in deposits and advances	(24,890.21)	(141.54)
Dividend/Gain from Investment	4.72	21.00
Net Cash From Investing Activities	(44,156.38)	(65,860.11)
C. Cash flow from financing activities		
(Repayment) / Proceeds from issue Equity Shares including Security Premium	137.85	10,198.47
Proceeds/ (conversion) from issue of Convertible Share Warrants	(137.85)	1,793.70
(Repayment) / Proceeds from Long Term borrowings	28,611.60	66,086.32
(Repayment) / Proceeds from Unsecured Loans	16,103.06	92,246.81
Miscellaneous Expenditure (Pre Operative Expenditure)	-	(77.04)
Interest paid	(50,591.05)	(31,177.46)
Dividend paid	-	(1,015.73)
Net Cash From Financing Activities	(5,876.39)	138,055.07
Net increase in Cash & Cash Equivalents (A+B+C)	(9,350.11)	9,389.17
Cash and Cash Equivalents at the beginning of the year	39,344.31	28,441.58
	29,994.21	37,830.75
Effect of exchange rate changes	1,068.92	1,513.56
Cash and Cash Equivalents at the end of the year	31,063.13	39,344.31

Notes :

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

As per our Report attached

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

CA. Ashwin Patel
[Partner]
Membership No. 127052

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

CA. Mitesh Kothari
[Partner]
Membership No. 110822

For and on behalf of Board

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place: Mumbai

Bharati Shipyard Limited

BASIS OF CONSOLIDATION

A. 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, 2012 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 Shipyards Limited	India	Subsidiary	53.79%
10.	Great Offshore Limited	India	Associate	49.73%
11.	Bengal Shipyard Limited	India	Joint Venture	45.01%

B. 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, 2012.
- 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.

C. 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 intra-group balances and intra-group transactions and unrealized 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 recognized 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.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.****2. SIGNIFICANT ACCOUNTING POLICIES****A. 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.

B. 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.

C. 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.

D. 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.

E. 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.

F. 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.

G. Revenue Recognition

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

H. 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.

I. 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.

J. 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 recognized in the financial statements as Goodwill.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.

K. 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.

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.

L. Government Subsidy

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

M. 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 amortized and recognized 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 recognized in the profit and loss account.

N. 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.

O. 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.

P. Provision and Contingent Liabilities

- i. The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.
- ii. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.

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.

Q. 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.

R. 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.

Note 3 : Disclosure pursuant to Note no. 6(A)(a,b & c) of Part I of Schedule VI to the Companies Act, 1956

Share Capital	As at March 31, 2012		As at March 31, 2011	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Authorised				
5,00,00,000 Equity Shares of Rs. 10 each	50,000,000	5,000.00	50,000,000	5,000.00
Issued, Subscribed and Paid up Capital				
Equity Shares of Rs. 10 each fully paid	316,877,640	3,168.78	30,309,300	3,030.93
Total	316,877,640	3,168.78	30,309,300	3,030.93

Note 3(i) Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Equity Shares			
	As at March 31, 2012		As at March 31, 2011	
	Number	Rs. in Lakhs	Number	Rs. in Lakhs
Shares outstanding at the beginning of the year	30,309,300	303,093,000	28,939,300	289,393,000
Shares Issued during the year	1,378,464	13,784,640	1,370,000	13,700,000
Shares bought back during the year	-	-	-	-
Any other movement (please specify)	-	-	-	-
Shares outstanding at the end of the year	31,687,764	316,877,640	30,309,300	303,093,000

Note 3(ii) Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Particulars	Equity Shares			
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Vijay Kumar	5,724,556	18.07	5,035,324	16.61
Prakash Chandra Kapoor	5,723,508	18.06	5,034,276	16.61
Bharati Shipping And Dredging Co. Pvt Ltd.	2,878,731	9.08	2,878,731	9.5
LIC of India Child Fortune Plus	2,633,216	8.31	44,000	0.15

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 4 : Disclosure pursuant to Note no. 6(B) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Reserves & Surplus	As at March 31, 2012	As at March 31, 2011
a. Securities Premium Account		
Opening Balance	32,114.71	31,155.71
Add : Securities premium credited on Share issue	2,619.08	959.00
Closing Balance	34,733.79	32,114.71
b. Debenture Redemption Reserve		
Opening Balance	1,250.00	-
(+) Current Year Transfer	-	1,250.00
(-) Written Back in Current Year	-	-
Closing Balance	1,250.00	1,250.00
c. Revaluation Reserve		
Opening Balance	390.81	452.92
(+) Current Year Transfer	-	-
(-) Written Back in Current Year	62.06	62.06
Closing Balance	328.75	390.86
d. General Reserve		
Opening Balance	7,010.53	5,876.01
(+) Current Year Transfer	-	1,134.52
(-) Written Back in Current Year	-	-
Closing Balance	7,010.53	7,010.53
e. Surplus		
Opening balance	48,282.06	42,876.75
(+) Net Profit/(Net Loss) For the Current Year	(27.32)	8,850.03
(-) Dividends short provision Previous Year	(48.22)	-
	48,206.52	51,726.77
Less : Appropriations :		
Transfer to Debenture Redemption Reserve	-	1,250.00
Transfer to General Reserve	-	1,134.52
Proposed Final Dividend	-	909.28
Dividend Tax thereon	-	151.02
Closing Balance	48,206.52	48,282.06
f. Share of Profit and Reserve From Associate		
For the Last year	11,659.76	10,071.88
Add: Share of Current Year	(1853.93)	1,587.88
Closing Balance	9,805.83	11,659.76
Total	101,335.41	100,707.91



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 5 : Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI to the Companies Act, 1956 (Rs. in Lakhs)

Long Term Borrowings	As at March 31, 2012	As at March 31, 2011
Secured		
(a) Bonds/debentures		
Life Insurance Corporation of India	7,000.00	7,000.00
General Insurance Corporation of India	2,000.00	2,000.00
(b) Term loans		
from banks	152,950.12	143,708.44
from other parties	6,540.16	6,750.00
	168,490.28	159,458.44
Unsecured		
(a) Term loans		
from banks	127,645.69	110,534.15
from other parties	15,070.65	12,576.71
(b) Loans and advances from related parties	31.28	57.00
	142,747.62	123,167.86
Total	311,237.90	282,626.30

Bharati Shipyard Limited

*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, Thannirbhavi- 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.

Tebma Shipyards Limited

The secured lenders (Banks) of the Company had implemented a restructuring package under Corporate Debt Restructuring mechanism vide CDR Cell's approval dt. 22nd oct 2010.

The above said credit facilities from banks are secured by:

- i) Paripassu first charge on fixed assets (excluding lands situated at Malpe, the beneficial owner being the company, in respect of which registration formalities are pending with the book value of Rs 9.40 lakhs) and second charge on the Current assets;
- ii) Corporate Guarantee of Nirupam Energy Projects Private Ltd, the promoter company
- iii) Personal guarantee of Whole time Chairman of the Company
- iv) Pledge of 26% of share holding (out of total holding of 53.79%) of M/s.Nirupam Energy Projects P Ltd and 25% of share holding (out of total holding of 44.27%) of M/s. India advantage fund - VI together constituting 51% of the total share capital of the Company.

Repayment Terms as per Corporate Debt Restructuring

- i) Term Loan and Working Capital Term Loan are scheduled to be repaid on quarterly basis commencing from June 2012 quarter till the year June 2020 quarter. Financing Interest Term Loan is scheduled from June 2012 till the year 2017.
- iii) The installment dues of the ensuing financial year 2012-13 are recorded as Current Maturities of Long Term Loan grouped under "Other Current Liabilities"

Note 6 : Disclosure pursuant to Note no. 6(E) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Long Term Provisions	As at March 31, 2012	As at March 31, 2011
Provision for employee benefits		
Gratuity	2.21	1.45
Leave Encashment (unfunded)	162.00	74.00
Total	164.21	75.45

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 7 : Disclosure pursuant to Note no. 6(F) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Short Term Borrowings	As at March 31, 2012	As at March 31, 2011
Secured		
(a) Loans repayable on demand		
Cash Credit	103,418.93	53,670.97
Buyers' Credit	10,312.03	1,775.95
	113,731.0	55,446.92
Unsecured		
(a) Loans repayable on demand		
from banks	460.39	460.39
from other parties	-	1,795.47
(b) Loans and advances from related parties	6,507.52	1,025.47
(c) Other loans and advances	-	260.4
	6,967.9	3,541.7
Total	120,698.9	58,988.6

Note 8 : Disclosure pursuant to Note no. 6(G) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Other Current Liabilities	As at March 31, 2012	As at March 31, 2011
(a) Current maturities of long-term debt	3,473.19	-
(b) Interest accrued but not due on borrowings	262.05	25.35
(c) Interest accrued and due on borrowings	-	12.20
(d) Unpaid dividends	22.63	6.02
(e) Application money received for allotment of securities and due for refund	6.62	8.38
(f) Advances Received from Customers	144,779.22	87,480.58
(g) Un-Realised Gain/loss Forex	1.69	1.69
(h) Security Deposits Received	466.54	412.52
(i) Other Current Liabilities	5,083.04	6,241.61
(j) Service Tax Payable	7.78	-
(k) TDS Payable	197.44	920.00
(l) Provision for Expenses	2,549.78	47,606.39
Total	156,849.99	142,714.73

Note 9 : Disclosure pursuant to Note no. 6(H) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Short Term Provisions	As at March 31, 2012	As at March 31, 2011
(a) Provision for employee benefits		
Gratuity (Funded)	180.84	203.76
Leave Encashment (funded)	21.03	58.66
(b) Others (Specify nature)		
Provision for Income Tax	11,534.56	12,247.73
Proposed Dividend & Tax	-	1,060.30
Provision for Wealth Tax (Net)	11.85	11.85
Warranty	206.72	107.42
Total	11,955.00	13,689.71



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 10 : Disclosure pursuant to Note no. I (i), (ii), (iii); Note no. J (i),(ii); Note no. J and Note no. L of Part I of Schedule VI to the Companies Act, 1956

Fixed Assets	GROSS BLOCK						ACCUMULATED DEPRECIATION				NET BLOCK	
	Balance as at 1 April 2011	Additions/ (Disposals)	Acquired through business	Revaluations/ (Impairments)	Balance as at 31st March 2012	Balance as at 1 April 2011	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st March 2012	Balance as at 1 April 2011	Balance as at 31st March 2012
a												
Tangible Assets (Not Under Lease)												
Land	7,364.55	-	-	-	7,364.55	-	-	-	-	-	7,364.55	7,364.55
Buildings	12,890.42	661.07	-	-	13,551.49	1,854.52	17.78	-	-	2,662.85	11,035.90	10,888.64
Slipway	3,642.91	-	-	-	3,642.91	679.52	5.10	-	-	922.38	2,963.39	2,720.53
Plant and Equipment	67,025.87	8,830.53	-	-	75,856.40	6,953.88	82.52	-	-	11,142.61	60,071.99	64,713.79
Dredger	184.13	-	-	-	184.13	64.45	-	-	-	82.86	119.67	101.26
Two Line Handling Boat	1,294.91	-	-	-	1,294.91	6.46	-	-	-	97.10	1,288.45	1,197.80
Furniture and Fixtures	3,124.90	73.39	-	-	3,198.29	623.29	1.06	-	-	842.68	2,501.61	2,355.61
Vehicles	1,372.53	6.92	-	-	1,379.44	303.97	0.08	-	-	427.61	1,068.55	951.83
Office equipment	649.89	31.39	-	-	681.28	146.94	0.32	-	-	193.51	502.95	487.78
Computers	621.39	32.91	-	-	654.31	346.46	0.25	-	-	426.29	274.93	228.01
Wind Mill	8,677.70	-	-	-	8,677.70	2,296.20	-	-	-	2,754.38	6,381.50	5,923.31
Total	106,849.19	9,636.21	-	-	116,485.41	13,275.69	107.10	-	-	19,552.29	93,573.50	96,933.12
a												
Tangible Assets (Under Lease)												
Land	378.13	16.51	-	-	394.64	20.79	0.10	-	-	26.90	357.34	367.73
Total	378.13	16.51	-	-	394.64	20.79	0.10	-	-	26.90	357.34	367.73
b												
Intangible Assets												
Computer software	325.00	3,516.98	-	-	3,841.98	258.03	0.22	-	-	290.26	66.97	3,551.72
Total	325.00	3,516.98	-	-	3,841.98	258.03	0.22	-	-	290.26	66.97	3,551.72
c												
Capital work-in-progress	70,662.20	6,066.59	-	-	76,728.79	-	-	-	-	8.34	70,662.20	76,720.45
Total	70,662.20	6,066.59	-	-	76,728.79	-	-	-	-	8.34	70,662.20	76,720.45
d												
Intangible assets under Development	3,508.3	(3508.3)	-	-	-	-	-	-	-	-	3,508.34	-
Total	3,508.3	(3508.3)	-	-	-	-	-	-	-	-	3,508.34	-

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 11 : Disclosure pursuant to Note no. K (i) of Part I of Schedule VI to the Companies Act, 1956 (Rs. in Lakhs)

Non-current investments	As at March 31, 2012	As at March 31, 2011
A Trade Investments		
Total (A)	-	-
B Other Investments (Refer B below)		
(a) Investment Properties	-	-
(b) Investment in Equity instruments of associate	97,093.0	99,368.4
Total (B)	97,093.0	99,368.4
Grand Total (A + B)	97,093.0	99,368.4

Note 12 : Disclosure pursuant to Note no. L (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956 (Rs. in Lakhs)

Long Term Loans and Advances	As at March 31, 2012	As at March 31, 2011
a. Security Deposits		
Secured, considered good		
Unsecured, considered good	847.62	815.35
	847.62	815.35
b. Loans and advances to related parties		
Unsecured, considered good	11,654.58	2,420.54
	11,654.58	2,420.54
c. Other loans and advances		
Secured, considered good	-	-
Unsecured, considered good	7,128.80	312.31
Balance with government authorities	426.05	181.62
Advance Tax and Tax Deducted at Source	1,047.30	1,197.39
Other	0.87	0.87
	8,603.02	1,692.19
Total	21,105.21	4,928.08

Note 13 : Disclosure pursuant to Note no.M (i), (ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956 (Rs. in Lakhs)

Other Non-current Assets	As at March 31, 2012	As at March 31, 2011
a. Long term trade receivables		
(including trade receivables on deferred credit terms)		
Secured, considered good	-	-
Unsecured, considered good	9,307.1	1,820.26
	9,307.11	1,820.26
b. Unamortised expenses		
Preliminary Expenses	1.58	-
c. Debts due by related parties		
Secured, considered good	-	-
Unsecured, considered good	1,224.65	-
	1,224.65	-
Total	10,533.34	1,820.26



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 14 : Disclosure pursuant to Note no. N (i) and (ii) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Current Investments	As at March 31, 2012	As at March 31, 2011
a) Investment in Equity instruments	0.12	0.12
(b) Investments in Mutual Funds	519.67	1,102.00
(c) Other non-current investments	0.10	0.10
	519.89	1,102.22
Less : Provision for diminution in the value of Investments	54.88	13.82
Total	465.02	1,088.40

Note 15 : Disclosure pursuant to Note no. O (i), (ii) and (ii) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Inventories	As at March 31, 2012	As at March 31, 2011
a. Raw Materials and components	85,268.13	97,891.76
b. Work-in-progress	149,204.64	109,153.26
c. Others (Specify nature)		
<i>Manufactured Components</i>		
Internally Manufactured	-	-
Other than internally manufactured	-	407.00
Semi Finished Goods	-	-
Less: Provision for non-moving item	(2188.03)	(2146.57)
Total	232,284.74	205,305.45

Note 16 : Disclosure pursuant to Note no. P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Non-current investments	As at March 31, 2012	As at March 31, 2011
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	83,029.99	39,976.52
	83,029.99	39,976.52
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	49,628.07	42,825.52
	49,628.07	42,825.52
Total	132,658.06	82,802.05

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 17 : Disclosure pursuant to Note no.Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Cash and cash equivalents	As at March 31, 2012	As at March 31, 2011
a. Balances with banks	30,948.34	39,185.29
This includes:	-	-
Earmarked Balances (unpaid dividend accounts)	22.95	6.37
Margin money	18,291.02	15,119.33
Security against borrowings	9,499.21	15,788.54
Guarantees	-	-
Current Accounts	2,525.10	2,659.18
Bank deposits with more than 12 months maturity	610.06	1,012.79
b. Cheques, drafts on hand	-	-
c. Cash on hand	114.20	82.16
d. Bank deposits with less than 12 months maturity	0.59	76.87
Total	31,063.13	39,344.31

Note 18 : Disclosure pursuant to Note no. R (i), (ii)and (iii) of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)

Short-term loans and advances	As at March 31, 2012	As at March 31, 2011
a. Loans and advances to related parties (refer note 2)		
Secured, considered good	-	-
Unsecured, considered good	104.18	-
Doubtful	-	-
Less: Provision for doubtful loans and advances	-	-
	104.18	-
b. Others (specify nature)		
Secured, considered good	-	-
Unsecured, considered good	3,544.74	5,371.48
Advance to Suppliers	38,342.33	30,357.42
Advance to Staff	166.51	186.48
Prepaid Expenses	1,307.32	1,641.38
VAT Receivable	1,680.80	3,018.32
Service Tax Receivable	-	24.52
Income tax payment	0.05	-
	45,041.75	40,599.60
Total	45,145.93	40,599.60



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 19 : Disclosure pursuant to Note no. 5 of Part I of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)		
Other Current Assets	As at March 31, 2012	As at March 31, 2011
b. Security Deposits		
Secured, considered good	-	
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
	-	-
Other loans and advances		
Unsecured, considered good	783.14	468.20
Advance to Suppliers	-	
Advance to Employees	-	
	783.14	468.20
Total	783.14	468.20

Note 20 : As per Point No. 2 of General Instructions for Preparation of Statement of Profit and Loss

(Rs. in Lakhs)		
A. Revenue from Operation	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Sale of Products	59,236.97	58,612.64
Increase in WIP	81,621.40	80,156.12
Subsidy Income	-	-
Wind Mill Income	1,028.68	978.30
Total	141,887.05	139,747.06
B. Other Operating Revenue	For the Year Ended	For the Year Ended
Subsidy Income	29,870.38	21,131.46
Scarp Sales	600.80	216.24
Total	30,471.18	21,347.70

Note 21 : Disclosure pursuant to Note no. 4 of Part II of Schedule VI to the Companies Act, 1956

(Rs. in Lakhs)		
Other Income	For the Year Ended	For the Year Ended
	March 31, 2012	March 31, 2011
Dividend Income	4.48	9.78
Net gain/loss on sale of investments	0.24	11.22
Other non-operating income	1,411.22	16.78
Total	1,415.94	37.78

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 22 : Disclosures pursuant to point no. 5 of Part II of the Revised Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Cost of Materials Consumed	As at March 31, 2012	As at March 31, 2011
Inventory at the beginning of the year	87,989.96	71,292.78
Add: Purchases	64,590.17	92,964.38
	152,580.13	164,257.16
Less: Inventory at the end of the year	71,772.00	87,989.96
Less: Abnormal Losses during the year	-	-
Cost of raw material consumed	80,808.14	76,267.20
Packing Material (if considered as part of Raw Material)	-	-
Other materials (purchased intermediates and components)	5,028.20	-
Total	85,836.34	76,267.20

Note 23 : Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Employee Benefits Expense	As at March 31, 2012	As at March 31, 2011
(a) Salaries and incentives (Including Labour Charges)	16,130.67	17,318.92
(b) Contributions to :-		
(i) Provident and other fund	473.78	430.00
(ii) Superannuation scheme	-	-
(c) Gratuity fund contributions	98.37	176.01
(d) Social security and other benefit plans for overseas employees	-	-
(e) Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	-	-
(d) Staff welfare expenses	533.68	461.80
Total	17,236.50	18,386.73

Note 24 : Disclosure pursuant to Note no. 3 of Part II of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Finance Cost	As at March 31, 2012	As at March 31, 2011
Interest expense	48,552.0	27,858.9
Bank Charges	-	-
Other borrowing costs	4,812.3	4,965.75
Applicable net gain/loss on foreign currency transactions and translation	1,068.9	(1513.6)
Less: Interest Income	2,773.2	1,647.18
Total	51,660.0	29,663.90



SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS...CONTD.

Note 25 : Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956

	(Rs. in Lakhs)	
Other Expenses	As at March 31, 2012	As at March 31, 2011
Equipment Hiring Charges	3,713.65	4,681.82
Design Consultancy	2,713.16	1,748.90
Reny	1,537.31	633.69
Clearing & Forwarding	1,363.70	1,477.74
Net Gain/(loss) on foreign currency translation and Transaction (other than Considered as finance cost)	1,283.85	-
Other Expenses	9,146.37	10,188.37
Total	19,758.04	18,730.52

Note 26 : Exceptional items:

In the Case of Tebma Shipyards Limited, a provision was created for unearned revenue in the earlier years. However the same vessel is presently under sea trial and the management has anticipated the sale to be concluded in the first quarter of the financial year 2011-12. A sum of Rs. 1,373.77 Lakhs has been received as advance and the same has been retained under as escrow account. Consequently the provision Rs 1,046.97 Lakhs for unearned revenue, has been reversed. Revenue is now recognized under the percentage completion method as per Accounting Standard 7 which is regularly followed by the company.

Note 27 : Provisions and Contingent Liabilities

	(Rs. in Lakhs)	
Particulars	F.Y. 2011- 2012	F.Y. 2010- 2011
a) Claims made against company not acknowledged as debts.	1,279.41	931.83
b) Tax / Duties that may arise in respect of which appeals are pending.	1,647.13	1,464.71
c) Corporate Guarantee Given to Bank	-	1,106.28
d) Letter of Credit outstanding	49,449.57	24,135.51
e) Liabilities arising out of unexpected Contract (net of advances)	84,099.79	85,402.50
f) Bank Guarantee	7,51,560.68	2,19,912.93
Total	8,88,036.58	3,32,953.76

Note 28 : 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, 2012 together with interest paid/payable as required under the Act, have not been given.

Bharati Shipyard Limited

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.

Note 29 : Segment Reporting

a. Primary Segments (Business Segments)

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

	(Rs. in Lakhs)		
Segments/ Particulars	Ship Manufacturing	Windmill Power	Total
Revenue			
Turnover	1,41,544.55	1,028.68	142,487.85
Subsidy Income	29,870.38	-	29,870.38
Other Income	2,746.20	-	2,746.20
Total income	1,74,161.13	1,028.68	1,75,189.81
Segment Results before depreciation, Interest and Tax	51,609.75	748.91	52,358.66
Less: Interest (Net)	52,989.96	-	52,989.96
Less: Depreciation	5,748.65	458.18	6,206.83
Profit/(loss) before Tax	(7,128.86)	290.73	(6,838.13)
Less: Exceptional Item	1,043.69	-	1,043.69
Less: Tax Expenses	5,082.92	-	5,082.92
Net profit/ (Loss) after tax	(1,002.25)	290.73	(711.52)
Other Information			
Segment Assets	7,55,670.95	6,557.98	7,62,228.94
Total Assets	7,55,670.95	6,557.98	7,62,228.94
Segment Liabilities	6,46,419.64	347.91	6,46,767.55
Total Liabilities	6,46,419.64	347.91	6,46,767.55

b. Secondary Segments (Geographical Segments)

SEGMENTS	DOMESTIC	OVERSEAS	TOTAL
REVENUE			
Ship Manufacturing	1,21,612.32	52,548.81	1,74,161.13
Windmill Power	1,028.68	-	1,028.68
Total	1,22,641.00	52,548.81	1,75,189.81
Segment Assets	7,55,670.95	6,557.98	7,62,228.94

Note 30 : Disclosure of Goodwill

	(Rs. in Lakhs)	
Particulars	F.Y. 2011-2012	F.Y. 2010-2011
Opening Balance	11,125.35	31.19
Add: Goodwill on acquisition of Tebma Shipyards Limited	774.36	11,094.16
Closing Balance	11,899.71	11,125.35



BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.

Note 31 : 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	(Rs. in Lakhs)
	Great Offshore Limited
Ownership Interest	49.73%
Opening Value of Investment	99,363.79
Les: Share of Post Acquisition Loss	(1853.93)
Less: Dividend received	(462.86)
Carrying Amount of Investments	97,047.00

Note 32 : 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	<ol style="list-style-type: none"> 1. P. C. Kapoor 2. Vijay Kumar 3. Mr P K Balasubramanian 4. Mr N Ramanathan 5. Mr. E .O. Mendes 6. Mr. Madan Nevrekar
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 Infrastructure 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. 12. Chami Vadhyar Memorial Trust

Bharati Shipyard Limited

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	Associate	Relatives of Key Management Personnel	Total
1 Transactions during the year					
a Remuneration	-	150.00	-	-	150.00
b Legal and Professional Charges	-	-	-	7.50	7.50
c Hiring Charges	1,568.40	-	68.65	-	1,637.05
d Launching & Delivery Charges	-	-	7.28	-	7.28
e Loans & Advances Given	3.40	-	13,781.72	-	13,785.12
f Repayment of Loans & Advances Received	-	240.15	-	-	240.15
g Interest Income	-	-	176.72	-	176.72
h Loans & Advances Received	6,588.56	-	-	-	6,588.56
i Repayment of Loans & Advances Given	58.69	-	13,761.00	-	13,819.69
j Advance received from Customers	-	-	11,868.31	-	11,868.31
k Reimbursement of Expenses	-	-	15.00	-	15.00
l Preferential Allotment of Shares	-	137.85	-	-	137.85
m Premium on Preferential Allotment of Shares	-	2,619.08	-	-	2,619.08
2 Outstanding Balances as on 31st March, 2012					
a Loans and Advances Given	109.04	-	179.77	-	3,745.45
b Loans and Advances Taken	6,537.85	-	-	-	6,537.85
c Trade Receivables	-	-	71.93	-	71.93
d Other Current Liabilities	-	-	97,819.26	-	97,819.26

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

(Rs. in Lakhs)

Particulars	F.Y. 2011-2012	F.Y. 2010-2011
(a) Remuneration include:		
Mr. P C Kapoor	75.00	252.40
Mr. Vijay Kumar	75.00	252.39
	150.00	504.79
(b) Legal and Professional fees :		
Sukruti V Kumar	7.50	-
	7.50	-
(c) Equipment Hire Charges Include :		
Bharati Maritime Service Private Limited	1,172.40	1,740.00
Harsha Infrastructure Private Limited	396.00	660.00
Great Offshore Ltd.	68.65	-
	1,637.05	2,400.00



BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.

	(Rs. in Lakhs)	
Particulars	F.Y. 2011-2012	F.Y. 2010-2011
(d) Launching & Delivery Charges Include :		
Great Offshore Ltd.	7.28	-
	7.28	-
(e) Advance Given Include :		
Great Offshore Ltd.	13,781.72	29,102.85
	13,781.72	35,220.58
(f) Repayment of Loans Received Include :		
Mr. P.C.Kapoor	215.00	-
Mr.Vijay Kumar	25.15	-
	240.15	-
(g) Interest Income Include :		
Great Offshore Ltd.	176.72	460.76
	176.72	460.76
(h) Loans Received include:		
Bharati Maritime Services Pvt. Ltd.	985.00	-
Bharati Infratech Projects Pvt. Ltd.	5,573.00	-
Bharati Shipping and Dredging Pvt Ltd.	30.56	-
	6588.56	-
(i) Repayment of Loans & Advance Given Include:		
Bharati Shipping and Dredging Pvt Ltd.	55.44	-
Bharati Marin Construction and Engineering Pvt. Ltd.	2.75	-
Great Offshore Ltd.	13,761.00	-
	13,819.69	-
(j) Advance received from Customers Include:		
Great Offshore Ltd.	11,868.31	-
	11,868.31	-
(k) Reimbursement of Expenses Include:		
Great Offshore Ltd.	15.00	-
	15.00	-
(l) Preferential Allotment of Shares Include:		
Mr. P. C. Kapoor	68.92	68.50
Mr. Vijay Kumar	68.92	68.50
	137.85	137.00
(m) Premium on Preferential Allotment of Shares:		
Mr. P. C. Kapoor	1,309.54	479.50
Mr. Vijay Kumar	1,309.54	479.50
	2,619.08	959.00

Bharati Shipyard Limited

BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ...CONTD.

Note 33 : Earning Per Share

Basic Earnings per share are calculated by dividing the Net Profit for the year attributable to Equity Shareholders by the weighted average number of Equity shares outstanding during the year. For the purpose of calculating Diluted 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	2011-2012	2010-2011
(a) (i)	Profit after tax	Rs. in lakhs	(711.52)	9,594.64
	Less/Add: Prior Period Tax Adjustment	Rs. in lakhs	-	641.78
(ii)	Profit before Prior Period Tax Adjustment	Rs. in lakhs	(711.52)	10236.41
(b)	The weighted average number of Ordinary Shares for Basic EPS	Nos	31,345,031	29,363,437
(c)	The nominal value per Ordinary Share Rupees	Rupees	10.00	10.00
(d) (i)	Earnings Per Share (Basic) Rupees	Rupees	(2.27)	32.68
(ii)	Earnings Per Share (Basic) before Prior Period Tax adjustment	Rupees	(2.27)	34.86
(e)	The weighted average number of Ordinary Shares for Diluted EPS			
	For Basic earnings per share	Nos	29,363,436	29,363,436
	Add: Dilutive Warrants	Nos	491,394	491,394
	For Diluted earnings per share	Nos	31,345,031	29,854,831
(f) (i)	Earnings Per Share (Diluted)	Rupees	(2.27)	32.14
(ii)	Earnings Per Share (Diluted) before Prior Period Tax adjustment	Rupees	(2.27)	34.29

Note 34 : Balance of Sundry Debtors, Creditors, Loans and Advances and Personal Accounts are subject to confirmation.

Note 35 : 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.

Note 36 : The figures for the previous year have been arranged/rearranged/regrouped wherever considered necessary.

Signatures to Notes to Consolidated Financial Statements 1 to 36

For M/s.DPH & Co.
Chartered Accountants
Firm Reg. No. 128862W

For M/s. Bhuta Shah & Co.
Chartered Accountants
Firm Reg. No. 101474W

For and on behalf of Board

CA. Ashwin Patel
[Partner]
Membership No. 127052

CA. Mitesh Kothari
[Partner]
Membership No. 110822

P. C. Kapoor
[Managing Director]

Vijay Kumar
[Managing Director]

Date: 28th May, 2012
Place : Mumbai

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Bharati Shipyard Limited

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 **35th ANNUAL GENERAL MEETING** of the Company to be held on Wednesday, 26th September, 2012. At 11.30 am 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

35th ANNUAL GENERAL MEETING to be held on 26th September, 2012. At 11.30 am 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.....2012.

Affix
Re.1/-
revenue
stamp

Signature of Member

- Note: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office 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.