



# Bharati Shipyard Limited

**Corporate Office :** Oberoi Chambers II, 646, New Link Rd, Andheri (W), Mumbai - 400 053.

**Registered Office :**

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Sprott Road, Ballard Estate,  
Mumbai - 400 001. INDIA.  
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Fax : + 91 22 3028 9222  
E-mail : info@bharatishipyard.com  
Website : www.bharatishipyard.com



Date: 20<sup>th</sup> February, 2015

The Dy. General Manager  
Department of Corporate Relations  
The Bombay Stock Exchange Ltd.  
P.J. Towers  
Dalal Street  
Mumbai – 400 023

The Manager  
Listing Department  
National Stock Exchange of India  
Exchange Plaza, 5<sup>th</sup> Floor  
Bandra Kurla Complex  
Bandra (E)  
Mumbai – 400 051.

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## Sub: Unaudited Financial Results for the Quarter ended 30<sup>th</sup> September, 2014

Dear Sirs,

Please find enclosed herewith the Unaudited Financial Results for the Quarter ended 30<sup>th</sup> September, 2014 along with Limited Review Report as per Clause 41 of the Listing Agreement.

Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,  
**For Bharati Shipyard Limited**

**Company Secretary**

Encl: As above

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**PART - I**  
**STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER ENDED 30th SEPTEMBER, 2014**

| Sr. No.   | Particulars                                                                                           | Quarter Ended          |                         |                        | Six Month Ended        |                        | (Rs. in Lakhs)        |            |
|-----------|-------------------------------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|-----------------------|------------|
|           |                                                                                                       | 30.9.2014<br>Unaudited | 30.06.2014<br>Unaudited | 30.9.2013<br>Unaudited | 30.9.2014<br>Unaudited | 30.9.2013<br>Unaudited | 31.03.2014<br>Audited | Year Ended |
| <b>1</b>  | <b>Income from Operations</b>                                                                         |                        |                         |                        |                        |                        |                       |            |
|           | (a) Net Sales / Income from Operations                                                                | 540.46                 | 1,000.86                | 2,002.50               | 1,541.32               | 16,086.46              | 17,856.47             |            |
|           | (b) Other Operating Income                                                                            | 118.45                 | 701.78                  | 44.87                  | 820.23                 | 63.25                  | 858.36                |            |
|           | <b>Total Income from Operations (a+b)</b>                                                             | <b>658.91</b>          | <b>1,702.64</b>         | <b>2,047.37</b>        | <b>2,361.55</b>        | <b>16,149.71</b>       | <b>18,714.83</b>      |            |
| <b>2</b>  | <b>Expenses:</b>                                                                                      |                        |                         |                        |                        |                        |                       |            |
|           | (a) Cost of materials consumed                                                                        | 153.51                 | 1,801.40                | 3,078.38               | 1,954.91               | 15,632.64              | 16,599.16             |            |
|           | (b) Employee benefit expense                                                                          | 1,044.98               | 1,470.97                | 4,306.01               | 2,515.95               | 6,741.75               | 9,551.76              |            |
|           | (c) Depreciation and amortization expense                                                             | 1,562.80               | 1,446.65                | 1,190.40               | 3,009.45               | 2,488.05               | 4,939.92              |            |
|           | (d) Other expenses                                                                                    | 1,031.50               | 874.46                  | 4,184.18               | 1,905.96               | 5,892.48               | 11,482.66             |            |
|           | <b>Total Expenses</b>                                                                                 | <b>3,792.79</b>        | <b>5,593.48</b>         | <b>12,758.97</b>       | <b>9,386.27</b>        | <b>30,754.92</b>       | <b>42,573.50</b>      |            |
| <b>3</b>  | <b>Profit / (Loss) from operations before other Income, finance cost and exceptional items (1-2)</b>  | <b>(3,133.88)</b>      | <b>(3,890.84)</b>       | <b>(10,711.60)</b>     | <b>(7,024.72)</b>      | <b>(14,605.21)</b>     | <b>(23,858.67)</b>    |            |
| <b>4</b>  | <b>Other Income *</b>                                                                                 | (293.72)               | 487.34                  | 0.03                   | 193.62                 | 0.03                   | 1,586.09              |            |
| <b>5</b>  | <b>Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)</b>       | <b>(3,427.60)</b>      | <b>(3,403.50)</b>       | <b>(10,711.57)</b>     | <b>(6,831.10)</b>      | <b>(14,605.18)</b>     | <b>(22,272.58)</b>    |            |
| <b>6</b>  | <b>Finance cost</b>                                                                                   | 1,550.28               | 14,643.35               | 15,274.48              | 16,193.63              | 27,256.02              | 51,184.26             |            |
| <b>7</b>  | <b>Profit / (Loss) from ordinary activities after finance cost but before exceptional items (5-6)</b> | <b>(4,977.88)</b>      | <b>(18,046.85)</b>      | <b>(25,986.05)</b>     | <b>(23,024.73)</b>     | <b>(41,861.20)</b>     | <b>(73,456.84)</b>    |            |
| <b>8</b>  | <b>Exceptional items (Profit on sale of Windmill - Refer Note 13)</b>                                 | 481.54                 | -                       | -                      | 481.54                 | -                      | 29,127.30             |            |
| <b>9</b>  | <b>Profit / (Loss) from ordinary activities before tax (7-8)</b>                                      | <b>(4,496.34)</b>      | <b>(18,046.85)</b>      | <b>(25,986.05)</b>     | <b>(22,543.19)</b>     | <b>(41,861.20)</b>     | <b>(102,584.14)</b>   |            |
| <b>10</b> | <b>Tax expense</b>                                                                                    | -                      | -                       | (4,686.20)             | -                      | (6,156.00)             | (18,310.71)           |            |
| <b>11</b> | <b>Net Profit / (Loss) from ordinary activities after tax (9-10)</b>                                  | <b>(4,496.34)</b>      | <b>(18,046.85)</b>      | <b>(21,299.85)</b>     | <b>(22,543.19)</b>     | <b>(35,705.20)</b>     | <b>(84,273.43)</b>    |            |

|    |                                                                                                                              |            |             |             |             |             |             |  |  |
|----|------------------------------------------------------------------------------------------------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|--|--|
| 12 | Extraordinary items                                                                                                          |            |             |             |             |             |             |  |  |
| 13 | Net Profit / (Loss) for the period after Tax (11-12)                                                                         | (4,496.34) | (18,046.85) | (21,299.85) | (22,543.19) | (35,705.20) | (84,273.43) |  |  |
| 14 | Paid - up Equity Share capital (Face value of Rs 10/- per share)                                                             | 5,029.89   | 5,029.89    | 5,029.89    | 5,029.89    | 5,029.89    | 5,029.89    |  |  |
| 15 | Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year                                     | -          | -           | -           | -           | -           | (25,453.75) |  |  |
| 16 | Earning per share ( before extraordinary items )<br>Basic & Diluted Earnings per share of Rs.10/- each (Rs) (not annualised) | (8.94)     | (35.88)     | (54.30)     | (44.82)     | (91.93)     | (189.15)    |  |  |
| 17 | Earning per share ( after extraordinary items )<br>Basic & Diluted Earnings per share of Rs.10/- each (Rs) (not annualised)  | (8.94)     | (35.88)     | (54.30)     | (44.82)     | (91.93)     | (189.15)    |  |  |

\* Other Income for the quarter ended 30th September 2014 is net of foreign exchange loss of Rs 309.40 lakhs and whereas other income for six month ended 30th September 2014 includes foreign exchange gain of Rs 140. 36 lakhs.

**PART -II**

**A SELECT INFORMATION FOR THE QUARTER ENDED 30TH SEPTEMBER 2014**

**PARTICULARS OF SHAREHOLDING**

**1 Public Shareholding**

|                              |            |            |            |            |            |            |
|------------------------------|------------|------------|------------|------------|------------|------------|
| - Number of Shares           | 17,360,969 | 17,360,969 | 17,360,969 | 17,360,969 | 17,360,969 | 17,360,969 |
| - Percentage of Shareholding | 34.52%     | 34.52%     | 34.52%     | 34.52%     | 34.52%     | 34.52%     |

**2 Promoters and Promoter Group Shareholding**

|                                                                                          |            |            |            |            |            |            |
|------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|
| (a.) Pledged / Encumbered                                                                | 32,937,973 | 32,937,973 | 14,326,795 | 32,937,973 | 14,326,795 | 14,326,795 |
| Number of shares                                                                         |            |            |            |            |            |            |
| Percentage of Shareholding( as a % of total shareholding of promoter and promoter group) | 100.00%    | 100.00%    | 43.50%     | 100.00%    | 43.50%     | 43.50%     |
| Percentage of Shareholding( as a % of total share capital of the company)                | 65.48%     | 65.48%     | 28.48%     | 65.48%     | 28.48%     | 28.48%     |
| (b.) Non - Encumbered                                                                    | -          | -          | 18,611,178 | -          | 18,611,178 | 18,611,178 |
| Number of shares                                                                         |            |            |            |            |            |            |
| Percentage of Shareholding( as a % of total shareholding of promoter and promoter group) | 100.00%    | -          | 56.50%     | 0.00%      | 56.50%     | 56.50%     |
| Percentage of Shareholding( as a % of total share capital of the company)                | 0.00%      | -          | 37.00%     | 0.00%      | 37.00%     | 37.00%     |

**B INVESTOR COMPLAINTS**

|                                             |     |
|---------------------------------------------|-----|
| Pending at the beginning of the quarter     | NIL |
| Received during the quarter                 | 3   |
| Disposed off during the quarter             | 3   |
| Remain Unresolved at the end of the quarter | NIL |

**BHARATI SHIPYARD LIMITED**  
**SEGMENT WISE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2014.**

| Sr. No. | Particulars                                                                                              | Quarter Ended          |                         |                        | Six Month Ended        |                        | (Rs. in Lakhs)<br>Year ended |
|---------|----------------------------------------------------------------------------------------------------------|------------------------|-------------------------|------------------------|------------------------|------------------------|------------------------------|
|         |                                                                                                          | 30.9.2014<br>Unaudited | 30.06.2014<br>Unaudited | 30.9.2013<br>Unaudited | 30.9.2014<br>Unaudited | 30.9.2013<br>Unaudited | 31.03.2014<br>Audited        |
| 1       | <b>Segment Revenue</b>                                                                                   |                        |                         |                        |                        |                        |                              |
|         | <b>Net Sales / Operating Income</b>                                                                      |                        |                         |                        |                        |                        |                              |
|         | (a) Ship Manufacturing                                                                                   | 565.80                 | 1,381.45                | 1,459.96               | 1,947.25               | 15,124.24              | 17,544.47                    |
|         | (b) Wind Power                                                                                           | 93.12                  | 321.19                  | 587.41                 | 414.31                 | 1,025.46               | 1,170.36                     |
|         | <b>Total Net Sales / income from Operations</b>                                                          | <b>658.92</b>          | <b>1,702.64</b>         | <b>2,047.37</b>        | <b>2,361.56</b>        | <b>16,149.70</b>       | <b>18,714.83</b>             |
| 2       | <b>Segment Results</b>                                                                                   |                        |                         |                        |                        |                        |                              |
|         | Profit / (Loss) after depreciation and before Finance Cost, Exceptional Item, unallocable income and Tax |                        |                         |                        |                        |                        |                              |
|         | (a) Ship Manufacturing                                                                                   | (3,227.00)             | (4,146.49)              | (11,121.81)            | (7,373.49)             | (15,281.14)            | (24,304.27)                  |
|         | (b) Wind Power                                                                                           | 93.12                  | 255.65                  | 410.19                 | 348.77                 | 675.96                 | 445.61                       |
|         | <b>Total</b>                                                                                             | <b>(3,133.88)</b>      | <b>(3,890.84)</b>       | <b>(10,711.61)</b>     | <b>(7,024.72)</b>      | <b>(14,605.18)</b>     | <b>(23,858.66)</b>           |
|         | Less: (i) Finance Cost                                                                                   | 1,550.28               | 14,643.35               | 15,274.48              | 16,193.63              | 27,256.02              | 51,184.26                    |
|         | (ii) Exceptional Items (Refer Note No 13)                                                                | (481.54)               | -                       | -                      | (481.54)               | -                      | 29,127.30                    |
|         | Add: Unallocated Income                                                                                  | (293.72)               | 487.34                  | 0.03                   | 193.62                 | 0.03                   | 1,586.09                     |
|         | <b>Profit / (Loss) for the period before tax</b>                                                         | <b>(4,496.34)</b>      | <b>(18,046.85)</b>      | <b>(25,986.06)</b>     | <b>(22,543.19)</b>     | <b>(41,861.17)</b>     | <b>(102,584.13)</b>          |
|         | Less: Tax Expenses                                                                                       | -                      | -                       | (4,686.20)             | -                      | (6,156.00)             | (18,310.71)                  |
|         | <b>Profit / (Loss) for the period after tax</b>                                                          | <b>(4,496.34)</b>      | <b>(18,046.85)</b>      | <b>(21,299.86)</b>     | <b>(22,543.19)</b>     | <b>(35,705.17)</b>     | <b>(84,273.42)</b>           |
| 3       | <b>Capital Employed</b>                                                                                  |                        |                         |                        |                        |                        |                              |
|         | (Segment assets – Segment Liabilities)                                                                   |                        |                         |                        |                        |                        |                              |
|         | (a) Ship Manufacturing *                                                                                 | (32,394.34)            | (30,398.05)             | 35,166.28              | (32,394.34)            | 35,166.28              | (34,770.67)                  |
|         | (b) Wind Power                                                                                           | -                      | 2,501.91                | 6,477.27               | -                      | 6,477.27               | 6,309.73                     |
|         | (c) Unallocated                                                                                          | (6,579.28)             | (6,581.14)              | (10,218.76)            | (6,579.28)             | (10,218.76)            | 12,436.03                    |
|         | <b>Total</b>                                                                                             | <b>(38,973.62)</b>     | <b>(34,477.28)</b>      | <b>31,424.79</b>       | <b>(38,973.62)</b>     | <b>31,424.79</b>       | <b>(16,024.91)</b>           |

\* including Capital Work-in Progress



Place: Mumbai  
Date: 19th February, 2015

**Bharati Shipyard Limited****STATEMENT OF ASSETS AND LIABILITIES****(Rs. in Lakhs)**

| <b>Sr.No</b> | <b>Particulars</b>                           | <b>As at 30th Sept,<br/>2014</b> | <b>As at 31st<br/>March, 2014</b> |
|--------------|----------------------------------------------|----------------------------------|-----------------------------------|
| <b>A</b>     | <b>EQUITY AND LIABILITIES</b>                |                                  |                                   |
| 1            | <b>Shareholders Fund</b>                     |                                  |                                   |
|              | a) Share Capital                             | 5,029.89                         | 5,029.89                          |
|              | b) Reserves and Surplus                      | (44,003.51)                      | (25,249.12)                       |
|              | c) Money received against share warrants     | -                                | 4,194.31                          |
|              | <b>Sub - Total Shareholders Fund</b>         | <b>(38,973.62)</b>               | <b>(16,024.92)</b>                |
| 2            | <b>Non - Current Liabilities</b>             |                                  |                                   |
|              | a) Long Term Borrowings                      | 6,396.29                         | 308,536.37                        |
|              | b) Long Term Provisions                      | 295.15                           | 255.76                            |
|              | <b>Sub - Total Non - Current Liabilities</b> | <b>6,691.44</b>                  | <b>308,792.13</b>                 |
| 3            | <b>Current Liabilities</b>                   |                                  |                                   |
|              | a) Short Term Borrowings                     | 159,854.46                       | 128,294.60                        |
|              | b) Trade Payables                            | 21,480.80                        | 20,733.66                         |
|              | c) Other Current Liabilities (Refer Note 12) | 622,229.67                       | 322,254.44                        |
|              | d) Short Term Provisions                     | 3,170.78                         | 4,313.44                          |
|              | <b>Sub - Total - Current Liabilities</b>     | <b>806,735.71</b>                | <b>475,596.14</b>                 |
|              | <b>TOTAL EQUITY AND LIABILITIES</b>          | <b>774,453.53</b>                | <b>768,363.35</b>                 |
| <b>B</b>     | <b>ASSETS</b>                                |                                  |                                   |
| 1            | <b>Non - Current Assets</b>                  |                                  |                                   |
|              | a) Fixed Assets                              |                                  |                                   |
|              | i) Tangible and Intangible Assets            | 87,640.32                        | 90,981.83                         |
|              | ii) Capital Work-in-progress                 | 24,040.02                        | 24,017.80                         |
|              | b) Non Current Investments                   | 174.76                           | 174.76                            |
|              | c) Deferred Tax Assets                       | 16,280.81                        | 16,280.80                         |
|              | d) Long Term Loan and Advances               | 103,727.95                       | 103,732.92                        |
|              | <b>Sub-Total - Non - Current Assets</b>      | <b>231,863.86</b>                | <b>235,188.11</b>                 |
| 2            | <b>Current Assets</b>                        |                                  |                                   |
|              | a) Current Investments                       | 0.12                             | 0.12                              |
|              | b) Inventories                               | 423,013.04                       | 424,186.90                        |
|              | c) Trade Receivables                         | 75,708.76                        | 75,640.65                         |
|              | d) Cash and Bank Balances                    | 25,993.87                        | 9,955.82                          |
|              | e) Short Term Loans and Advances             | 17,873.87                        | 18,363.46                         |
|              | f) Other Current Assets                      | -                                | 5,028.29                          |
|              | <b>Sub-Total - Current Assets</b>            | <b>542,589.67</b>                | <b>533,175.24</b>                 |
|              | <b>Total Assets</b>                          | <b>774,453.53</b>                | <b>768,363.35</b>                 |



**NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2014**

- 1 The above results for the current quarter and six months ended 30th September, 2014 have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 19th February 2015.
- 2 The Company has stated the Work in Progress ("WIP") in the financial statements at Rs. 3,63,407 lakhs as on 30th September 2014. As explained in note 31 of the audited financial statements for the year ended 31st March 2014, the Work-in-Progress as on Balance Sheet date has been valued at Rs.3,63,049 lakhs by the Independent Valuer which is lower than the book value by Rs. 36,607 lakhs. The Management of the Company believes that the value of Work-in-Progress as reflected in the financial statements is fair and reasonable considering the nature of the business and improving market conditions. The Management is confident that upon completion of the vessels under construction, the above mentioned assumption of the Independent Valuer of perceived reduction in revenue and increased cost would be recovered on account of increased market price of the vessels. Hence in the opinion of the management, no provision for the excess WIP is considered necessary.
- 3 During the current quarter and six months ended 30th September 2014, the Company has not provided for any Deferred Tax Asset (Net). However Company has continued with recognition of the Deferred Tax Asset (Net) of Rs. 16,281 lakhs as at 30th September 2014, recognised till 31st March 2014. The Management of the Company is confident of financial restructuring and reviving the operations to achieve optimum utilization of its infrastructure. Accordingly, the Management believes that there would be sufficient future taxable profits against which the accumulated losses would be set off and therefore the above Deferred tax asset (Net) has been continue to be recognised by the Company.
- 4 The banks have made payments aggregating to Rs. 87, 927 lakhs on account of bank guarantees invoked by the Customers along with interest of Rs. 28,591 lakhs and foreign exchange variation of Rs.32,843 lakhs upto six months ended on 30th September 2014. The banks have charged interest of Rs. 13,211 lakhs on the aforementioned payments against invoked bank guarantees upto six months ended on 30th September 2014. The Management is of the opinion that the payments under the invoked bank guarantees are made by the banks without following due process of law and even in cases wherein the legal proceedings were pending before various jurisdictional tribunals / courts. Accordingly, the Company has filed a case before the City Civil Court Mumbai against such banks which is pending for disposal. Pending the legal proceedings in the above matter, the Company has not given effect to the above payments made by the Banks to the customers against invoked bank guarantees. The Company continues to reflect advances received from customers under the said contracts even in cases wherein the payments have been made by the Banks against invoked bank guarantees.

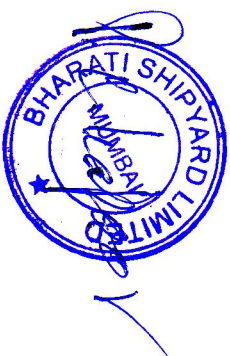


5 The Company has recognised for subsidy of Rs 84,178 lakhs under Ship Building Subsidy Scheme in earlier years and has already received Rs 19,385 lakhs upto six months ended 30th September 2014 and the balance Subsidy receivable from Government of India as on 30th September 2014 is Rs 64,793 lakhs. The said subsidy have been recognised by the Company on the basis of Shipbuilding Subsidy scheme of the Government of India. The Company has been complying with the terms of the said scheme and has already received part of the Subsidy on vessels delivered by the Company. The Shipyards Association of India, of which the Company is a member, has also held several discussions with the Ministry of Shipping on the subject and the association has been assured by the Ministry of the commitment of the Government on the Shipbuilding Subsidy scheme as announced by the Government. Further, as detailed in note 8 of the statement of unaudited financial results, the Company is confident of financial restructuring and reviving the operations and completing the vessels under construction in respect of which the aforementioned Subsidy is receivable.

6 The Company has requested all lenders/banks/EARC (Edelweiss Asset Reconstruction Company) for the balance confirmations. However, due to non service of interest and instalment due, some of the lenders/banks/EARC have not provided balance confirmations as on 30th September 2014 and the accounts are finalised based on latest available bank/loan statements. EARC is proposing to come up with various stage wise restructuring plans for debts to curtail the financial burden of the business cash flows. Accordingly, interest have not been provided on outstanding loans assigned to EARC and secured bank loans for which company has received call notices. In respect of other bank loans, interest have been provided on estimate rates on simple interest method on outstanding loans. Further, due to unavailability of the confirmations, the Company has not accounted for the interest income on the Margin Money Deposits with Banks.

7 a) The Company had made loans and advances of Rs. 91,048 lakhs to its subsidiaries for investment in GOL Offshore Ltd (GOL). As per the latest audited financial statements of GOL as on 31st March 2014 and quarterly results for the period ended 31st December 2014, there are continuing defaults in repayment of loans including invocation of some of the corporate guarantees and cash flows of GOL are under financial stress. However GOL is making all efforts for early settlement of dues by taking various corrective initiatives and continuous negotiation with bankers for restructuring of its debts. In the opinion of the management, the diminution in value of investment and loan and advances, if any, is temporary in nature as such no provision for the same is considered necessary.

b) The Company had made loans and advances of Rs. 8,499 lakhs to its subsidiary for investment in Tebma Shipyard Limited(TSL). As per the latest audited financial statements as on 31st March 2014, TSL is incurring cash losses, its net worth is eroded and its cash flows are under stress. The management is of the opinion that investment made in TSL is strategic and in value chain of core business of the Company and the diminution in value of investment and loan and advances is temporary in nature, if any and as such no provision for the same is considered necessary.



c) The Company has made investments including loans and advances aggregating to Rs 3,185 lakhs in Bengal Shipyard Limited (Bengal). As per the latest audited statements as on 31st March 2014, Bengal is yet to start its business operations and is in process of acquisition of lands and construction of assets. Even though there is delay in commencement of business operations and management is confident of cash flows of the business and hence management is of the opinion that investment made in Bengal is strategic and long term in nature and no provision for the same is considered necessary for depletion, if any, in the value of investments and loans and advances given by the company.

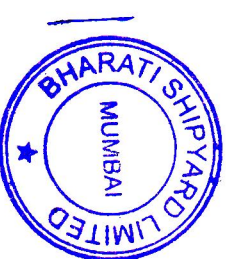
8 The Company's operating results are materially affected due to factors such as global meltdown in Shipbuilding Industry, huge finance costs and part implementation of Restructuring Scheme. The Company has incurred Net Loss of Rs. 4,496 lakhs for the current quarter and Rs. 22,543 lakhs for the six month ended 30th September 2014. As of this date, the Company's total liabilities exceed its total assets by Rs 38,974 lakhs and its network has been fully eroded. The company is also contesting various winding up petitions including petition filed by LIC of India one of the secured creditors. The Company is implementing various long-term measures to improve its cash flow and revival of the operations of the Company. The Company is exploring various options of financial restructuring and is in discussions with lenders and other institutions to raise finance for revival of its operations. Upon revival, the Company will be able to make optimum utilisation of its green field facilities, renegotiate its contracts and complete the under construction vessels to generate future cash flows. The Company believes that these measures will not only generate cash flows for revival but will also result in future orders and consequently sustainable cash flows. The Promoters also continue to be committed to providing the required operational and financial support to Company in the foreseeable future. Further that up to 30th September, 2014, majority of the lenders in value have assigned their debts to Edelweiss Asset Reconstruction Company (EARC). EARC is also coming up with various stage wise restructuring plans for debts to curtail the financial burden of the business cash flows in addition to business operation and management strategy. In view of the foregoing scenarios as referred above, the Company's financial statements have been prepared on a going concern assumption which is considered appropriate.

9 The Company had allotted 3,20,00,000 Optionally Convertible Warrant in the year 2012-2013 by way of a preferential allotment to the promoters on the conversion terms of one Equity shares of Rs. 10/- each at a premium of Rs. 69.12 Per equity shares. The said issue was in compliance with SEBI ICDR Guidelines for preferential issue. As per the said guidelines, the option to exercise the right for conversion was available to the holders not later than 18 months from the date of allotment. Out of the above, 1,86,11,178 Optionally convertible warrant were converted into equity shares @ total issue price of Rs. 79.12 per warrant till financial year 2013-2014 against receipt of total consideration from the holders. The promoters have not exercised their option to convert their balance warrant into Equity shares on or before the last date appointed to exercise the option and accordingly the amount already paid off Rs. 4,194 lakhs has been forfeited and credited to Capital Reserve Account.

10 The Company is contesting 13 winding up petitions under section 433 and 434 of the Companies Act 1956 before the Honourable High Court of Mumbai and this includes petition filed by LIC of India, one of the secured creditors. All above winding up petitions are pending for disposal of date.



|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 11 | Pursuant to the Companies Act, 2013 ("the Act") becoming effective from 01st April, 2014, the Company has reworked the depreciation charge in a manner prescribed in Schedule II of the Act. As a result, the charge for depreciation is higher by Rs 1,011 Lakhs for the six months ended 30th September 2014. In respect of assets where life is already exhausted, carrying value as at 01st April 2014 of Rs 201 Lakhs has been adjusted to General Reserves.                                                                                                                   |
| 12 | The loans assigned to EARC and NPA Accounts with respect to which Company has received call notices, being payable on demand, have been classified as Current Liabilities. Compulsory Convertible Debentures issued as a part of CDR scheme is classified as Current liabilities upon subsequent revocation of CDR scheme by State Bank of India being monetary institution vide its letter dated 14th June 2014. Other loans have been classified as Current or Non Current based on the classification criteria as prescribed in general instructions to schedule III of the Act. |
| 13 | During the current quarter ending 30th September 2014 the Company has concluded sale of Wind Turbines having total capacity of 15 MW as a part of restructuring process. The said sale transaction resulted in net gain of Rs. 482 lacs to the Company and the same is reflected as exceptional item in the unaudited financial results for the current quarter and six months ending 30th September 2014.                                                                                                                                                                          |
| 14 | In the opinion of the Management, Current Assets and Loans and Advances have the value at which they are stated in the financial statement as on 30th September 2014, if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.                                                                                                                                                                                                                                                     |
| 15 | The auditors have carried out a "Limited Review" of the financial results for the current quarter and six months ended 30th September 2014                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 16 | The comparatives figures are regrouped and reclassified to meet the current quarter's classification.                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



For Bharati Shipyard Limited  
  
P. C. Kapoor  
Managing Director

Place: Mumbai  
Date: 19th February, 2015.