



Bharati Defence & Infrastructure Limited

(Formerly Bharati Shipyard Limited)

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

Corporate Office :

OBEROI CHAMBERS II
646, NEW LINK ROAD, ANDHERI (W)
MUMBAI - 400 053, INDIA
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E-mail : info@bharatishipyard.com
Website: www.bharatishipyard.com

CIN : L61100MH1976PLC019092

Phone No. +91-22-4966 6500

Date: 13th August, 2016

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, 5th Floor
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051.

Sub: Unaudited Financial Results of the Company for the Quarter ended 30th June, 2016

Dear Sirs,

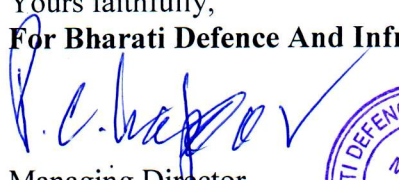
Please find enclosed herewith the Unaudited Financial Results along with Notes to Account of the Company for the Quarter ended 30th June, 2016 as per Regulation 33 of SEBI (LODR) Regulation 2015.

Kindly acknowledge the receipt and take it on your record.

Thanking you,

Yours faithfully,

For Bharati Defence And Infrastructure Limited


Managing Director

Encl: As above



SHIPYARDS:	DABHOL	MANGALORE	RATNAGIRI	GOA	KOLKATA	GHOD BUNDER
PHONE	+91-2358-248555	+91-824-2456326	+91-2352-232371	+91-832-2555090	+91-33-24551310	+91-22-28458933
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BHARATI DEFENCE AND INFRASTRUCTURE LTD
(Formerly known as BHARATI SHIPYARD LIMITED)

REGD. OFFICE : 302, WAKEFIELD HOUSE, SPROTT ROAD, BALLARD ESTATE, MUMBAI - 400 001, MAHARASHTRA
CIN No. : L61100MH1976PLC019092

PART - I
STATEMENT OF UNAUDITED STANDALONE RESULTS FOR THE QUARTER ENDED 30TH JUNE, 2016

Sr. No.	Particulars	Quarter Ended			Year Ended
		30.06.2016 Unaudited	31.03.2016 audited	30.06.2015 Unaudited	31.03.2016 Audited
1	Income from Operations				
	(a) Net Sales / Income from Operations	90.00	3,384.38	400.30	4,705.17
	(b) Other Operating Income	345.71	358.06	168.08	1,098.59
	Total Income from Operations (a+b)	435.71	3,742.44	568.38	5,803.76
2	Expenses:				
	(a) Cost of materials consumed	1,032.72	4,132.65	1,221.98	6,867.46
	(b) Employee benefit expense	715.90	1,311.36	1,052.41	4,337.93
	(c) Depreciation and amortization expense	1,497.82	1,513.13	1,498.73	6,094.00
	(d) Other expenses	2,104.98	1,421.65	2,885.50	6,348.09
	Total Expenses	5,351.42	8,378.80	6,658.62	23,647.48
3	Profit / (Loss) from operations before other Income, finance cost and exceptional items (1-2)	(4,915.71)	(4,636.36)	(6,090.24)	(17,843.72)
4	Other Income	123.16	68.59	59.43	993.83
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3+4)	(4,792.55)	(4,567.78)	(6,030.81)	(16,849.89)
6	Finance cost	3,055.48	3,909.14	4,470.77	31,941.01
7	Profit / (Loss) from ordinary activities after finance cost but before exceptional items (5-6)	(7,848.03)	(8,476.92)	(10,501.57)	(48,790.90)
8	Exceptional items (Refer Note No 13)	-	100,134.27	-	212,145.75
9	Profit / (Loss) from ordinary activities before tax (7-8)	(7,848.03)	(108,611.19)	(10,501.57)	(260,936.64)
10	Tax expense (Refer Note No 2)	101,135.65	(38,895.65)	(3,504.73)	(71,137.63)
11	Net Profit / (Loss) from ordinary activities after tax (9-10)	(108,983.68)	(69,715.54)	(6,996.84)	(189,799.01)

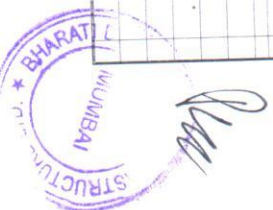


12	Extraordinary items	-	-	-	-
13	Net Profit / (Loss) for the period after Tax (11-12)	(108,983.68)	(69,715.54)	(6,996.84)	(189,799.01)
14	Paid - up Equity Share capital (Face value of Rs 10/- per share)	5,029.89	5,029.89	5,029.89	5,029.89
15	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year	N.A	(301,911.87)	N.A	(301,911.87)
16	Earning per share (before extraordinary items)	(216.67)	(138.60)	(13.91)	(377.34)
	Basic & Diluted Earnings per share of Rs.10/- each (Rs) (not annualised)	(216.67)	(138.60)	(13.91)	(377.34)
17	Earning per share (after extraordinary items)				
	Basic & Diluted Earnings per share of Rs.10/- each (Rs) (not annualised)				

PART -II

A SELECT INFORMATION FOR THE QUARTER ENDED 30TH JUNE 2016

1 PARTICULARS OF SHAREHOLDING					
1	Public Shareholding				
	- Number of Shares	17,360,969	17,360,969	17,360,969	17,360,969
	- Percentage of Shareholding	34.52%	34.52%	34.52%	34.52%
2	Promoters and Promoter Group Shareholding				
	(a.) Pledged / Encumbered	32,937,973	32,937,973	32,937,973	32,937,973
	Number of shares				
	Percentage of Shareholding(as a % of total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%
	Percentage of Shareholding(as a % of total share capital of the company)	65.48%	65.48%	65.48%	65.48%
	(b.) Non - Encumbered	-	-	-	-
	Number of shares	-	-	-	-
	Percentage of Shareholding(as a % of total shareholding of promoter and promoter group)	-	-	-	-
	Percentage of Shareholding(as a % of total share capital of the company)	-	-	-	-
B INVESTOR COMPLAINTS					
	Pending at the beginning of the quarter	NIL			
	Received during the quarter	8			
	Disposed off during the quarter	NIL			
	Remain Unresolved at the end of the quarter				



BHARATI DEFENCE AND INFRASTRUCTURE LIMITED (FORMERLY BHARATI SHIPYARD LIMITED)

NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2016

- 1 The above unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13th August 2016.
- 2 The Company has derecognised deferred tax asset of Rs.1,01,135.65 Lakhs recognised till 31st March, 2016 on carried forward accumulated losses (including unabsorbed depreciation), unpaid interest (including Funded Interest Term Loans), disallowances of expenses and employee benefits, as in the opinion of directors, there would not be sufficient future taxable profits against which such deferred tax assets can be realised. The deferred tax asset derecognised is disclosed under the head "Tax Expenses" in unaudited financial result for the quarter ended 30th June, 2016
- 3 The Company is constructing various vessels ordered from international as well as domestic customers including Government of India-Ministry of Defence. The company has issued refund bank guarantees to customers against various advance stage payments received by the Company. Several of these customers had cancelled the ship building contracts entered into with the Company and invoked the Bank Guarantees and Banks have made payment aggregating to Rs. 1,71,290.70 Lakhs on account of bank guarantee invoked by the customers, along with Interest of Rs.31,430.62 Lakhs and foreign exchange variation of Rs. 32,845.45 Lakhs upto 31st December, 2015 and has charged further interest of Rs.9,027 Lakhs on such invoked bank guarantee payments upto 31st December, 2015. Based on the prudent accounting norms, during the quarter ended 31st December, 2015, company had given effect for the above payments made by the Banks to the customers against invoked bank guarantees in books of accounts.

However, the Company continue to believe that the payments under the invoked bank guarantees made by the banks are without following due process of law and even in cases wherein the legal proceedings were pending before various jurisdictional tribunals / courts. Accordingly, the Company will continue with a suit before the Hon'ble City Civil Court Mumbai against such banks, which is pending for disposal.
- 4 Trade receivable includes outstanding subsidy receivable from Government of India of Rs. 42, 238.11 Lakhs as on 30th June 2016. The said subsidy have been recognised by the Company on the basis of erstwhile Shipbuilding Subsidy scheme of the Government of India and recomputed in financial year 2015-16 after taking effect of revised Financial Assistance Policy for Indian Shipbuilders. The Company has been complying with the terms of the said scheme and has already received part of the Subsidy in earlier years on vessels delivered by the Company. Further, in respect of vessels delivered, the Government of India has retained a part of the subsidy amount to be released at a future date subject to certain compliances. Upon completion of the various vessels under construction, the Government of India will release the subsidy amount as well as the retention amounts upon completion of compliances. 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. 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.



BHARATI DEFENCE AND INFRASTRUCTURE LIMITED (FORMERLY BHARATI SHIPYARD LIMITED)

NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2016

5 The Company has incurred Net Loss of Rs. 10,89,83.68 Lakhs for the quarter 30th June 2016 after taking effect of derecognition of deferred tax assets (net) of Rs. 1,01,135.65 Lakhs. As of this date, the Company's total liabilities exceed its total assets by Rs. 4,05,661.03 Lakhs and its net-worth has been fully eroded. As on 30th June 2016, 18 winding up petitions are filed by various creditors against the Company including LIC of India, one of the secured creditors out of which settlement terms are signed by the company for 3 creditors.

The Company is also implementing various long-term measures to improve its cash flow and revival of the operations of the Company. As on 30th June 2016, 18 secured lenders including Lead Bank "State Bank of India" have assigned their debts to Edelweiss Asset Reconstruction Company (EARC). Further, EARC has helped company to raise finance worth of Rs.3,000 Lakhs from ECL Finance Limited (ECL) out of which ECL have already disbursed Rs.2,875 Lakhs which are used for the operation of the Company.

Further, the Company has made reference to BIFR for restructuring of the Company and the same has been registered with BIFR. The reference registered with BIFR was last heard on 11th July, 2016. As of date, the Company has not received any intimation of further hearing. The Company with the help of Lead lender EARC is in process of drafting restructuring package to be submitted with BIFR. This restructuring package will help the Company to bring current debt at sustainable level so that the Company will be able to service its secured and unsecured creditors. EARC is also proposing to come 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. 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.

In addition to that, the Government of India has included shipyards undertaking shipbuilding and ship-repair under the Harmonized list of Infrastructure Sectors. With this inclusion, the financial stress which the stand alone shipyards are experiencing will be eased substantially. Shipyards will be able to avail flexible structuring of long term project loans, long term funding from Infrastructure Funds at lower rates of interest and longer tenure equivalent to the economic life of their assets, relaxed ECB norms, issuance of infrastructure bonds for meeting working capital requirements as well as benefits under Income Tax Act, 1961. Further, the Government of India has also announced various measures to promote ship building in India which inter alia includes:

- a. Financial assistance of 20% of the contract value or fair price of the vessel whichever is lower for the ships built by the Indian shipyards,
- b. Right of First Refusal on the ships procured by the Government agencies and
- c. Exemption of duties and taxes on all the inputs used for shipbuilding whether procured within India or imported.

Further, Government of India has directed the Defence Public Sector Unit (DPSU) engaged in ship building exclusively for Indian Navy, to outsource activities to private shipyards. The Government of India has also announced Indian Naval Indigenization Plan (INIP) which aims at indigenizing many of the components that are currently imported. This will give a huge opportunity to Indian shipyards to collaborate with partners abroad for manufacturing these components in India for the Defence requirements. With these measures, the ship building activity in India is likely to grow manifold in the near future.

In view of the foregoing, the Company's financial statements have been prepared on a going concern basis whereby the realization of assets and discharge of liabilities are expected to occur in the normal course of business.



BHARATI DEFENCE AND INFRASTRUCTURE LIMITED (FORMERLY BHARATI SHIPYARD LIMITED)

NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2016

- 6 a) The Company had given loans and advances of Rs. 91,048.18 Lakhs to its subsidiaries for investment in GOL Offshore Ltd (GOL). The net receivable from GOL on account trade and other receivables is Rs. 3,523.41 Lakhs. GOL has been incurring cash losses and its cash flows are under stress. Further there are continuing defaults in repayment of loans including invocation of some of the corporate guarantees and in some cases recovery / winding up proceedings have been initiated. The lenders of GOL have, through Joint Lenders Forum (JLF) initiated a proposal to invoke Strategic Debt Restructuring (SDR). 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 next couple of years. Being investment in GOL is strategic and long term in nature and hence loans and advances given and trade and other receivables are fully recoverable and hence no provisioning for the same is considered necessary.
- b) The Company had given loans and advances of Rs. 8,497.86 Lakhs to its subsidiary for investment in Tebma Shipyards Limited (TSL). The net receivable from TSL on account trade and other receivables is Rs. 92.89 Lakhs. TSL has been incurring cash losses and its net worth is fully eroded and its cash flows are under stress. TSL is also undergoing Corporate Debt Restructuring. Accordingly Company has made provision for non recoverability of loans and advances from its subsidiary Rs. 3,498.23 Lakhs and non recoverability of trade and other receivables Rs. 86.22 Lakhs from TSL during quarter ended 31st March, 2016, based on the impairment in value of investment in TSL. Being investment made in TSL is strategic and long term and in value chain of core business of the Company and hence loans and advances given (net of provisions) and trade and other receivables (net of provisions) are fully recoverable and no further provisioning for the same is considered necessary.
- 7 The Company has requested all lenders/banks/EARC (Edelweiss Asset Reconstruction Company) for the balance confirmations. However, due to non service of interest, instalments and other dues, some of the lenders/banks and EARC have not provided balance confirmations as on 30th June, 2016 and the accounts are finalised based on latest available bank/loan statements. Accordingly, interest and other dues have not been provided on outstanding secured loans and other debt facility if any (funded as well as non funded) assigned to EARC in absence of terms of assignment/ term sheet. Similarly company has not provided for interest and other dues on secured loans for which company has received any recall notice, in respect of which interest has not been charged in the statement by banks and NPA accounts for which it has not received any statement from banks or in respect of which interest has not been charged in the statement by banks. In respect of other bank loans, interest and other dues have been accounted for as per statements received from lenders.
- 8 Company is in the process of strengthening its policies, procedures and controls in order to provide proper evidences regarding recoverability of receivables, valuation of work in progress and accounting for direct and indirect taxes including other statutory compliances and timely and proper recording of the revenue and expenses transaction. However due to deep financial problems including continuous losses and global meltdown in ship building business since last few quarters as experienced by the company, the same is standstill. However in view of ongoing developments, company views this as temporary phenomenon only. Further delay if any, in accounting for the revenue or expenses or other transactions or statutory compliances does not have any material impact on the unaudited financial result.



BHARATI DEFENCE AND INFRASTRUCTURE LIMITED (FORMERLY BHARATI SHIPYARD LIMITED)**NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2016**

- 9 Company is in the process of reconciliation of accounts at reasonable intervals and obtaining balance confirmation as at quarter end with respect to its Trade Receivables, Loan and Advances, Trade Payables and other liabilities. The carrying amount of Trade receivables, Loans and Advances, Trade Payable and other liabilities are approximately of the value as stated, if realised/ paid in the ordinary course of business.
- 10 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 on proportionate basis. The promoters have made further part payment of Rs. 4,194.31 Lakhs against the balance allotment of share warrant but not exercised their option to convert their balance share warrant into Equity shares on or before the last date appointed to exercise the option on proportionate basis. Against such unappropriated amount of share warrant application money of Rs. 4,194.31 Lakhs, the company has allotted 26,05,325 equity shares to applicants at issue price of Rs. 79.12 per equity share vide resolution dated 30th July, 2016 amounting to Rs. 2,061.33 Lakhs. The company is in the process of obtaining expert opinion for legal position with respect to said allotment of equity shares and balance amount of unappropriated share warrant application money of Rs. 2,132.98 Lakhs and its disclosure and accounting treatment.
- 11 Ministry of corporate affairs vide notification dated 29th August, 2014 has amended schedule II to the Companies Act, 2013 requiring mandatory componentisation of assets for financial statements in respect of financial year commencing on or after 1st April, 2015. The company is in process of technical evaluation of componentisation of fixed assets and useful life thereof and identifying significant part of assets qualifying for component accounting.
- 12 Company has initiated the process for appointment of Internal Auditor as required under provisions of section 138 of Companies Act, 2013. However considering the present operational and financial position of the company, company is finding very hard to appoint internal auditor in cost effective manner.



BHARATI DEFENCE AND INFRASTRUCTURE LIMITED (FORMERLY BHARATI SHIPYARD LIMITED)

NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2016

(Rs. In Lakhs)

13 Exceptional Items Includes:	(Rs. In Lakhs)			
	Quarter Ended		Year Ended	
	30.06.2016 Unaudited	31.03.2016 (Refer Note 19)	30.06.2015 Unaudited	31.03.2016 Audited
Work in progress written off (Based on valuation report)	-	64,174.54	-	64,174.54
Differential charged off on reconciliation of secured loans	-	0.57	-	29,170.46
Interest and Foreign Exchange Variation on invoked bank guarantee	-	132.02	-	73,435.09
Ship Building subsidy receivable written off	-	13,016.14	-	22,554.66
Impairment of Capital Work in Progress	-	6,397.39	-	6,397.39
Bad Debts	-	5,930.66	-	5,930.66
Provision for diminution in value of investments and loans and advances	-	10,482.94	-	10,482.94
	-	100,134.26	-	212,145.75

14 The company has allotted 26,47,313 Convertible Warrant by way of a preferential allotment to the Edelweiss Finance & Investments Ltd (EFIL), carrying the right to subscribe to one Equity shares of Rs. 10/- each at a price of Rs. 22/- including premium of Rs. 12/- Per equity shares in terms of board resolution dated 7th January, 2016, in-principle approvals from Bombay Stock Exchange Ltd (BSE) and National Stock Exchange Ltd (NSE) on 21st December, 2015 and 24th December, 2015 respectively and receipt of the requisite share warrant application money amounting to Rs 145.60 Lakhs on 4th January 2016. EFIL is having an option to exercise the right for conversion of these warrants not later than 18 months from the date of allotment.

15 The Company is contesting 15 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 as on date.



BHARATI DEFENCE AND INFRASTRUCTURE LIMITED (FORMERLY BHARATI SHIPYARD LIMITED)

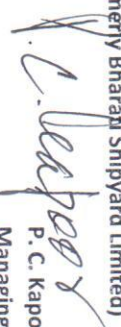
NOTES ON UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE 2016

- 16 Current Assets and Loans and Advances have the value at which they are stated in the books of accounts as on 30th June 2016, 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.
- 17 The company is operating in single segment of activity namely Manufacturing of Ships, Non Propelled Vessels, Cranes, Rigs, off shore structures, ship repairing and related activities and hence there is no separate reportable segment within the criteria defined under Accounting Standard 17 - Segment Reporting.
- 18 The Auditors have carried out a "Limited Review" of the financial results for the quarter ended 30th June 2016.
- 19 The figures for the last quarter of year ended 31st March, 2016 are the balancing figures between audited figures of the full financial year and the published year to date figures upto the third quarter of that financial year.
- 20 The comparatives figures of the previous period/ year have been regrouped and reclassified where ever considered necessary to meet the current quarters classification.

Place: Mumbai
Date: 13th August, 2016



For Bharati Defence And Infrastructure Limited
(Formerly Bharati Shipyards Limited)


P. C. Kapoor
Managing
Director