Corporate Information

Board of Directors

Mr. Nikhil Gandhi, Chairman

Mr. Bhavesh Gandhi, Executive Vice Chairman

Mr. R. M. V. Raman, Nominee Director, EXIM Bank, Independent Director

Mr. S. Venkiteswaran, Independent Director

Mr. R. M. Premkumar, Independent Director

Mr. Ajai Vikram Singh, Independent Director

Mr. Samar Ballav Mohapatra, Independent Director

Board Committees

Audit Committee

Mr. R. M. Premkumar, Chairman

Mr. Bhavesh Gandhi, Member

Mr. R. M. V. Raman, Member

Mr. S. Venkiteswaran, Member

Mr. Samar Ballav Mohapatra, Member

Shareholders' and Investors' Grievances Committee

Mr. Nikhil Gandhi, Chairman

Mr. Bhavesh Gandhi, Member

Mr. S. Venkiteswaran, Member

Remuneration Committee

Mr. S. Venkiteswaran, Chairman

Mr. Nikhil Gandhi, Member

Mr. R. M. Premkumar, Member

Mr. Samar Ballav Mohapatra, Member

Company Secretary & Compliance Officer

Mr. Ajit Dabholkar

Registered Office

Pipavav Port, Post Ucchaiya, Via-Rajula,
District Amreli, PIN - 365 560, Gujarat.
Tel No. (02794) 661 000
Fax No. (02794) 661 100
Website: *www.pipavavshipyard.com*
Investor Grievance e-mail: *company.secretary@pipavavshipyard.com*

Corporate Office

SKIL House,
209 Bank Street Cross Lane,
Fort, Mumbai - 400 023.
Tel No. (022) 6619 9000
Fax No. (022) 2269 6022

SEZ Unit

Village Rampara - II, Taluka Rajula &
Village Lunsapur, Taluka Jafrabad,
District Amreli,
PIN - 365 560, Gujarat.

Registrar and Transfer Agent

Karvy Computershare Private Limited
17-24, Vitthalrao Nagar,
Madhapur, Hyderabad - 500 081.
Tel No. (040) 2342 0815 to 2342 0824
Fax No. (040) 2342 0814
E-mail ID: *einward.ris@karvy.com*
Contact Person: Mr. S. Krishnan

Statutory Auditor

M/s. Chaturvedi & Shah,
Chartered Accountants

Internal Auditor

M/s. M. A. Shah & Co.,
Chartered Accountants

From the Chairman's desk...

- View from the top

Dear Stakeholders,

Welcome to Pipavav Shipyard.

At the outset, I would like to thank every stakeholder for their overwhelming response to our IPO. Your support has put a lot of responsibility on us and I assure you, our team will invest unstinted efforts to deliver sustainable growth.

As all of you are already aware, the Hon'ble Prime Minister of India dedicated Pipavav Shipyard to the Nation on June 1, 2010. We have been motivated by the encouraging words of the Hon'ble Prime Minister during the Dedication Ceremony viz. "*........I am truly impressed by the commitment to innovation, farsighted vision, commitment to do things the best possible way, commitment to get away from the 'chalta hai' tradition which has often held our country back. So with these words I once again congratulate Pipavav Shipyard for a massive contribution to nation building activities of our Country...............". We are indebted to* the Hon'ble Prime Minister for these kind and inspiring words.

Let me share with you now as to why we are excited about the future.

Post a challenging 2008-09, there was a distinct turnaround in the global economic climate in 2009-10. While the developed economies in the west exhibited a slow and uncertain recovery, emerging economies like India and China have bounced back rather quickly. India, in particular, grew at a better than expected growth rate. Accelerating urbanisation, rising disposable incomes and increasing consumption is expected to give a significant impetus to the growth of the Indian economy in the coming years based on massive investment in defence, infrastructure, energy and offshore sectors.

Defence Opportunities

You are aware that the Indian Navy's requirements have so far been largely met through orders placed on public sector shipyards or through imports.

The available reports indicate that the Indian Navy has very huge acquisition plans. It would need more than 100 ships of different types including submarines in the next two decades. The Indian Coast Guard would also need about 160 ships over the next seven years. To meet these requirements, there is a need to create technologically advanced additional capacity in the country which opens up tremendous opportunities to private sector shipyards. To fill this large mismatch between the Defence requirements and the available capacities, Government of India is encouraging the participation of private sector shipyards, directly and through PPP mode.

Pipavav Shipyard, with most advanced facilities and India's largest dockyard, has become operational at the right time.

"We believe we are now a step closer to achieving our dream of placing India on the world map as a major shipbuilding nation. We have embarked upon our journey to make the Company one of the best in the world in every aspect with focus on Defence, Offshore and Heavy Engineering in the coming decade and to contribute humbly towards India becoming net exporter of warships, oil and gas assets."

It is to our credit that we have been declared as the successful bidder for construction of five Offshore Patrol Vessels for the Indian Navy with order value of approx. ₹ 2,900 Cr. This is a path breaking achievement and paves the way for future active participation in the defence acquisition programmes. And this is just the beginning. There are high value programmes in the pipeline and your Company is ready to take on these challenges. Pipavav Shipyard will remain in the forefront to participate in such programmes; given the size, the scale and modern infrastructure it has created especially to cater to strategic defence requirements.

Offshore Oil & Gas Opportunities

Crude prices in international market are presently hovering around US$ 70-75 per barrel. World economic growth is expected to be predominantly driven by the ever rising demand from Asia's continually growing economies, particularly India and China. Both Indian and Chinese oil companies, seek to establish themselves within the global hydrocarbon market by investing in E&P activities.

In India, the government is encouraging a greater number of foreign companies to enter operations in the country's E&P sector. Despite significant challenges, India will become a key oil and gas player over the coming decade. With India's present energy growth projected to increase at a rate of 8% CAGR till 2032, US$ 150 billion investment will be required in this sector. In India, two-thirds of sedimentary basins remain unexplored. The Krishna-Godavari basin, in the Bay of Bengal, covers more than 24,000 sq. kms. offshore oil and gas fields in water depths up to 2,000 mtrs.

With oil and gas demand expected to significantly outstrip supply in the years ahead, the National Oil Companies are working to ensure greater domestic production of oil and gas. The increased E&P spending has and will continue to lead to increased activity in the offshore oil and gas assets, construction, installation and support industry. As India meets just about 30% of its energy requirements and the balance is imported, huge infrastructure investment is required for setting up new platforms and for replacement of the ageing assets.

The Company is aiming to gain a substantial share of the offshore construction and oil & gas assets market in India and abroad. We have already laid the keel for all the 12 Offshore Supply Vessels we are constructing for ONGC, ahead of schedule.

Commercial Shipbuilding and Ship Repairs Opportunities

Currently, India accounts for only around 1.12% of the global commercial shipbuilding market. With factors like availability of low-cost skilled labour, progressive regulatory regime, proximity to key trade centres of the shipping world (Dubai and Singapore), large pool of qualified naval engineers, naval architects and high quality standards going

"We are working towards being a one-stop solution provider catering to various requirements of our customers in the maritime field."

in India's favour, this is all set to change in favour of the Indian Shipbuilding Industry.

The demand for new commercial ships has declined substantially over last two years primarily due to the global economic recession resulting in depressed freight market. The global commercial shipbuilding industry has begun a slow recovery. However, Indian growth story offers its own opportunities. In 2010, INSA (Indian National Ship-owners Association) has estimated that the domestic ship-owners are likely to invest about US$ 4 billion for acquisitions of new vessels over the next 4 years to renew their fleets. This includes publicly announced acquisition plans of Shipping Corporation of India amounting to US$ 2 billion.

Given the anticipated growth in this sector, Pipavav Shipyard will be targeting in the near future the Ship/Rig Repair market as well. The Indian ship repair market has tremendous potential valued at ₹ 2,790 Cr. per year including estimated earnings of ₹ 1,400 Cr. from repairs of foreign ships visiting India. This sector has potential of generating consistent and stable revenue over the years.

We are working towards being a one-stop solution provider catering to various requirements of our customers in the maritime field.

Heavy Engineering Opportunities

Heavy Engineering sector offers huge potential and your Company is gearing itself to cater to this segment. The Company is exploring to extend its product range to include high value added products by using its engineering infrastructure. In this connection, your Company is engaged in discussion with some reputed players for strategic tie-ups.

Outlook

As we look ahead at 2010-11 and beyond, we are confident about the future. We have a strong order book and we believe that our focus on the defence and offshore segments will help us grow our order book substantially in the near future. We are all set to deliver our first ship this year.

We believe we are now a step closer to achieving our dream of placing India on the world map as a major shipbuilding nation. We have embarked upon our journey to make the Company one of the best in the world in every aspect with focus on Defence, Offshore and Heavy Engineering in the coming decade and to contribute humbly towards India becoming net exporter of warships, oil and gas assets. We endeavour to combine the benefits of scale of operations with the India advantage and in the process create visibility and sustainable value for all our stakeholders.

I would like to take this opportunity to express my gratitude to all our stakeholders, who have reposed their trust in us and look forward to their continuous support.

Yours Sincerely,

Nikhil P. Gandhi
Chairman

Board of Directors

1 **Mr. Nikhil P. Gandhi,** aged 51, is the Non-Executive Chairman of the Company. Mr. Gandhi is a first generation entrepreneur with business interest in marine equipments, marine engineering and infrastructure. Mr. Gandhi is one of the first directors appointed pursuant to the Articles upon incorporation of the Company. Mr. Gandhi has approximately 27 years of experience as an entrepreneur of various infrastructure development projects. Under his leadership, the first private port in India was set up through Gujarat Pipavav Port Limited. Mr. Gandhi was nominated as a trustee of the Mumbai Port Trust on two occasions. In 1990, he received the 'Best Young Entrepreneur' award from the Ministry of Chemicals and Petrochemicals, Government of India and in 2001, he was conferred the "Great Son of Soil" award by the All India Conference of Intellectuals.

2 **Mr. Bhavesh P. Gandhi,** aged 44, is the Executive Vice Chairman of the Company. He has been a Director since December 30, 2005. Mr. Gandhi commenced his career by joining SKIL as a promoter and director responsible for the business development. Mr. Gandhi has approximately 26 years of experience as an entrepreneur. Mr. Gandhi has particular expertise in implementation of infrastructure projects.

3 **Mr. R. M. V. Raman,** aged 64, has been appointed as a nominee Director of EXIM Bank and as such qualified as an Independent Director of the Company. He holds a Master of Financial Management degree from the Jamnalal Bajaj Institute, University of Mumbai, a Master of Science degree in Physics and a Master of Arts degree in English Literature from Madurai College, Madurai Kamaraj University, Tamil Nadu. Mr. Raman has approximately 36 years of experience in international trade financing, development banking and central banking. He has undertaken project feasibility studies and monitoring assignments in many countries. Prior to joining EXIM Bank in 1982, he had worked in Reserve Bank of India for two years and in Industrial Development Bank of India for eight years.

4 **Mr. S. Venkiteswaran,** aged 69, a Senior Advocate, is a non-executive Independent Director of the Company. He has approximately 48 years of experience as a lawyer. He completed his LL.B. degree from the Bombay University. After practising before the trial courts for a few years, Mr. Venkiteswaran specialised in maritime and aviation related commercial disputes. He was designated as a Senior Advocate. He has also been involved in arbitrations in relation to shipping and has appeared as an expert witness on Indian law in foreign arbitrations and litigation proceedings. In addition, Mr. Venkiteswaran has been a member of the "Perspective Planning Ports at the Turn of the Century" constituted by the Planning Commission of India and a member of the group constituted for updating admiralty laws.

5 **Mr. R. M. Premkumar,** aged 64, is a non-executive Independent Director of the Company. Mr. Premkumar has a Master's degree in Arts (History) and a Bachelor's degree in Law from the Madras University. He joined the Indian Administrative Service in 1968 and has approximately 39 years of experience in the Indian Administrative Service. His prior work experience includes serving as the Additional Secretary to the Government of India for the Department of Atomic Energy, Chief Secretary to the Government of Maharashtra. Mr. Premkumar is currently the Chairman and Director of the State Industrial & Investment Corporation of Maharashtra Limited ("SICOM").

6 **Mr. Ajai Vikram Singh,** aged 65, is a non-executive Independent Director of the Company. He joined the Indian Administrative Service in 1967. He has been the Principal Secretary in the Government of Uttar Pradesh. He was the first Chief Secretary of Uttaranchal (now Uttarakhand). In the Government of India, he has held various posts, including that of Additional Secretary and Financial Advisor to the Ministry of Industry, Secretary Revenue, Secretary, Ministry of Non Conventional Energy Resources, Secretary, Ministry of Road Transport and Highways and Defence Secretary. He also has been a director on the boards of a number of companies including IFCI, Maruti Udyog limited, BHEL, HMT, Hindustan Aeronautics, Mazagon Docks, Goa Shipyard and Andrew Yule Limited.

7 **Mr. Samar Ballav Mohapatra,** aged 66, is a non-executive Independent Director of the Company. He has a Bachelor of Arts degree and a Master of Arts degree from the Delhi University. In 1967, Mr. Mohapatra joined the Indian Administrative Service and retired in 2004. Mr. Mohapatra held several key positions in the Government of India including Secretary, Ministry of Textiles; Special Secretary, Ministry of Home Affairs; Additional Secretary and Financial Advisor, Ministry of Commerce and Director General of Foreign Trade and Managing Director of Industrial Development Corporation, Orissa.

Company's Profile

Overview

Promoted and developed by the SKIL Group, a pioneer in the Indian infrastructure space since 1990, Pipavav Shipyard Limited (the Company) is engaged in Defence, Offshore, Marine and Engineering sectors.

The Company has two units, one SEZ Unit spread over around 95 hectares of Land and another EOU Unit spread over around 103.92 hectares of Land. The two units are connected by a dedicated road of approximately 4.50 kms. in length. The facilities are well equipped with world class, modern, technologically advanced, shipbuilding engineering infrastructure.

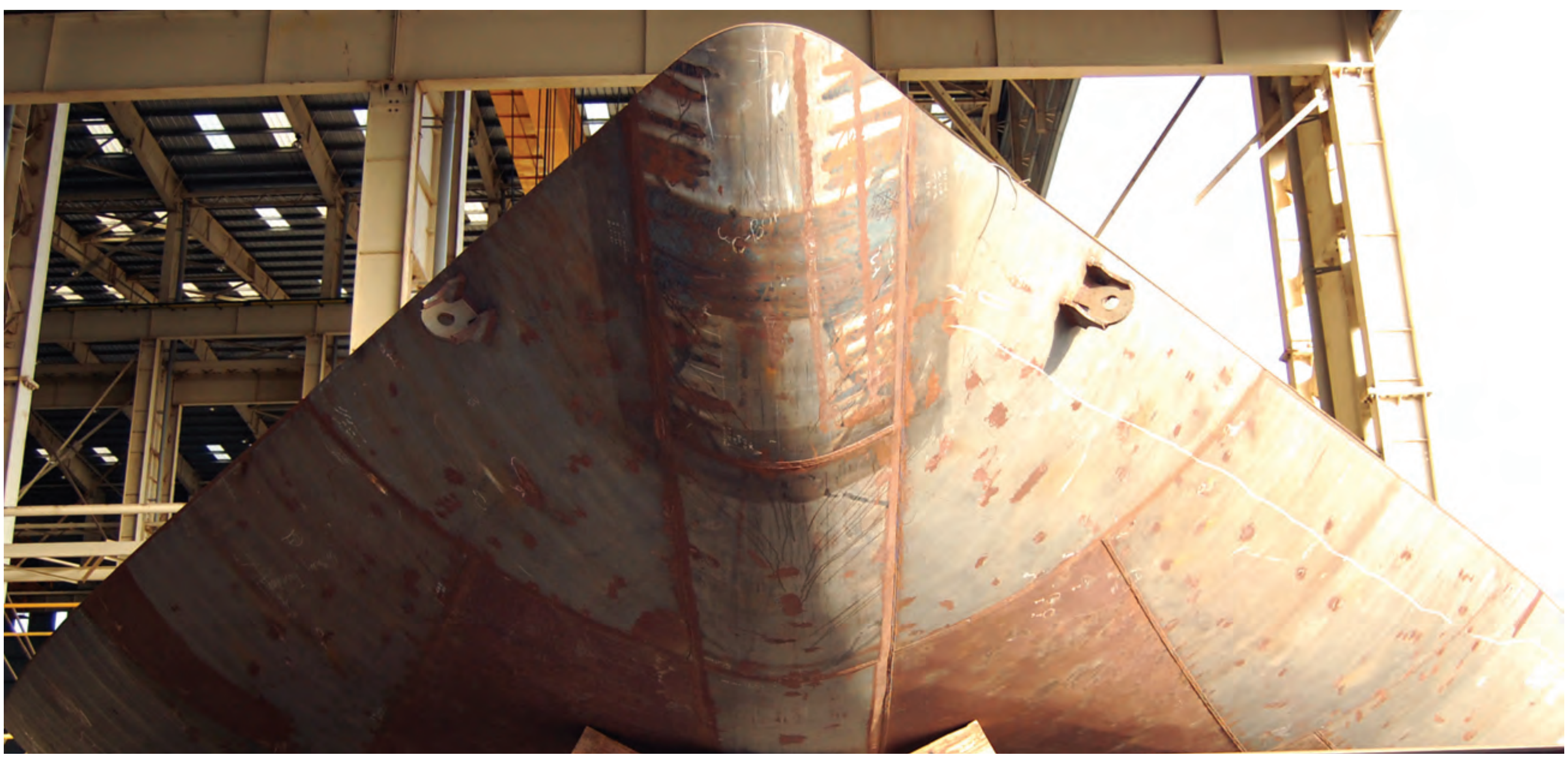
The Company has constructed the largest dry dock in the country and one of the largest in the world; admeasuring 662 mtrs. in length and 65 mtrs. in width capable of building/repairing vessels upto 400,000 Dead Weight Tonnage (DWT) in size, by adopting modular construction methodology. The dry dock is serviced by two Goliath cranes having 148 m. span/75 m. height with a lifting capacity of 600 tonnes each, and 1,200 tonnes when used in tandem.

Strategic Location

Pipavav Shipyard is situated on the west coast of India on the Dubai-Singapore sea route. It is approximately 150 nautical miles from Mumbai, one of the busiest international maritime ports in India that offers an immense opportunity for the ship repair business. It is also close to the offshore oil fields on the western coast of India as well as in the Middle East, thus suited to tap the offshore construction market. Proximity to the Pipavav Port enables the Company to benefit from the port's infrastructure facilities as well.

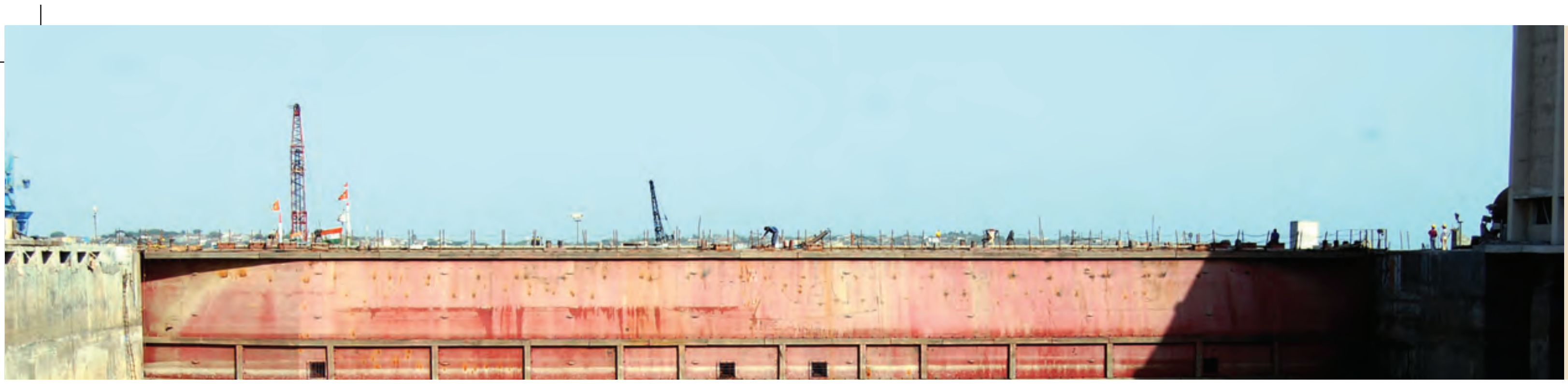
Vision

To make the Company one of the best in the world in every aspect with focus on Defence, Offshore and Heavy Engineering in the coming decade and to contribute humbly towards India becoming net exporter of warships, oil and gas assets.



Mission

To create visibility and value for all stakeholders on a sustainable basis by leveraging on most advanced capabilities to exploit global opportunities.



Highlights of the year

- Successful completion of the Initial Public Offer of the Company during September/October 2009 and subsequent listing of Equity Shares of the Company on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- The Company won the Essar-CNBC TV-18 'Infrastructure Excellence Award 2010' for the development of the Pipavav Shipyard.
- The Company was granted ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 Certificates by Det Norske Veritas, an ISO Certification agency of international repute.
- The Company has been declared as successful bidder for construction of five OPVs for Indian Navy with order value of approx ₹ 2,900 Cr.
- Commencement of commercial operations w.e.f. April 1, 2009.
- During May 2010, the Company raised ₹ 177.80 Cr. by preferential issue of 2.54 Cr. 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures.

Initial Public Offering

Pipavav Shipyard Limited made an Initial Public Offering (IPO) of 8,54,50,225 equity shares of ₹ 10/- each for cash at a price of ₹ 58/- per equity share (including a premium of ₹ 48/- per equity share) to investors other than anchor investors and ₹ 60/- per equity share to anchor investors, aggregating to ₹ 498.67 Cr. The equity shares were allotted on October 1, 2009 and were listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited on October 9, 2009. The market capitalisation of the Company as on March 31, 2010 was ₹ 4,687.22 Cr.

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via Rajula, Dist – Amreli, PIN – 365 560, Gujarat, India, on Wednesday, August 25, 2010 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date along with all Annexures thereto including the Reports of the Auditors and Directors thereon.

2. To appoint a Director in place of Mr. S. Venkiteswaran, who retires pursuant to Article 170 of the Articles of Association of the Company and being eligible offers himself for re-appointment.

3. To appoint Messrs. Chaturvedi & Shah, Chartered Accountants, having Regn. No. 101720W granted by the Institute of Chartered Accountants of India, as Statutory Auditors for the current year to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to determine their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution to be proposed as a Special Resolution:-

   "RESOLVED THAT the Company hereby ratifies, approves, acknowledges and takes on record the allotment of 2,54,00,000 (Two Crores Fifty-Four Lacs), 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures of the face value of ₹ 70/- (Rupees Seventy only) each ("CCDs") to Valiant Mauritius Partners FDI Limited, on all other terms and conditions as approved by the shareholders at the Extraordinary General Meeting held on May 5, 2010."

   "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all actions and do all such acts, deeds, matters, writings or things which may be deemed necessary or expedient in connection with such acknowledgement by the Company."

   "RESOLVED FURTHER THAT all actions taken by the Board of Directors of the Company including the Securities Allotment and Transfer Committee in connection with the allotment of CCDs be and are hereby ratified."

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution to be proposed as a Special Resolution:-

   "RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, Article 13A of the Articles of Association be hereby deleted and substituted by new Article 13A as reproduced below:-

   '13A Each 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debenture ("CCD") issued to Valiant Mauritius Partners FDI Limited shall be compulsorily convertible into one (1) fully paid-up Equity Share of ₹10/- each of the Company (as adjusted taking into account Adjustment Event that have occurred upto the date of conversion of the CCD) (such equity shares to be issued upon the conversion of the CCDs shall be referred to as the "CCD Shares"). For the purposes of this Article 13A, "Adjustment Event" shall mean any share split, bonus issue, stock dividend, rights issue, recapitalisation or recombination affecting equity securities of the Company and any other transaction having the effect of any of the foregoing.'

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all actions and do all such acts, deeds, matters or things which may be deemed necessary, usual or expedient to give effect to the amendment as aforesaid to the Articles of Association of the Company."

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution to be proposed as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if applicable, Mr. Bhavesh Gandhi, Executive Vice-Chairman be paid performance incentive of ₹1,50,00,000/- (Rupees One Crore Fifty Lacs only) for the financial year 2009-10 in addition to remuneration approved by the Shareholders vide Special Resolution passed at the Extraordinary General Meeting held on October 17, 2008."

"RESOLVED FURTHER THAT Mr. Bhavesh Gandhi, Executive Vice-Chairman of the Company shall be paid the aforesaid remuneration as minimum remuneration in excess of limits prescribed under Sections 198(1) and/or 309(3) of the Act."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorised to file the required forms with the Registrar of Companies, to give and/or publish the required notices in terms of Sections 302 and 640-B and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company."

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   Proxies in order to be valid must be received by the Company not later than 48 hours before the commencement of the Meeting. The relevant proxy form is attached herewith.

2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Resolutions set out hereinabove is annexed hereto and forms part of this Notice. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Director seeking re-appointment at the forthcoming Annual General Meeting are also attached to this Notice.

3. Only registered members of the Company may attend and vote at the Annual General Meeting. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.

4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of Board Resolution on the letterhead of the Company, signed by one of the Directors or Company Secretary or any other authorised signatory, authorising their representatives to attend and vote on their behalf at the Meeting.

5. Members desiring any information on the accounts of the Company are requested to write to the

Company at least seven days before the date of the Meeting to enable the Company to keep the information ready at the Meeting.

6. No gifts/coupons will be distributed before or at the Annual General Meeting to the Members. Members shall make their own travel arrangements for attending the Annual General Meeting.

7. For the convenience of the Members, for proper conduct of the Meeting and as a measure of economy, Members are requested to bring their copy of Annual Report along with the Attendance Slip to the Meeting and hand over the Slip at the entrance duly signed by them. Duplicate Admission slips will not be provided at the meeting hall.

8. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Nos. and those who hold shares in physical form are requested to write their Folio No. in the Attendance Slip for attending the Meeting.

9. Documents referred to in this Notice and Explanatory Statement will be available for inspection by the Members of the Company, at the Registered Office of the Company, on any working day between 10:00 a.m. to 12.00 noon until the date of the Meeting.

10. For security reasons, no gadgets, mobile phones, cameras, article/baggage will be allowed at the venue of the Meeting. The Members/attendees are strictly requested not to bring any gadgets, mobile phones, cameras, article/baggage, etc. to the venue of the Meeting.

11. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, August 21, 2010 to Wednesday, August 25, 2010, (both days inclusive) for the purpose of the Annual General Meeting of the Company.

12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to our Registrar and Transfer Agent, Karvy Computershare Private Limited (Karvy), for consolidation into a single folio.

13. Trading in the Company's shares through stock exchanges is permitted only in dematerialised/ electronic form. The equity shares of the Company have been inducted in both NSDL as well as CDSL to enable shareholders to hold and trade the shares in dematerialised/electronic form. In view of the numerous advantages offered by the depository system, Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management.

14. Non-Resident Indian Members are requested to inform Karvy, immediately of:

    a) Change in their residential status on return to India for permanent settlement.

    b) Particulars of their Bank Account maintained in India with complete name, Branch, Account type, Account No. and address of the Bank with PIN Code, if not furnished earlier.

15. Members are requested to notify immediately any change in their addresses and/or the Bank Mandate details to Karvy for shares held in physical form and to their respective Depository Participants for shares held in electronic form. The said details will be automatically reflected in the Company's records. This will help the Company and Karvy to provide efficient and better service to the Members.

16. Members can avail of the nomination facility as provided under Section 109A of the Companies Act, 1956 by nominating, in Form 2B as prescribed under the Companies (Central Government's) General Rules and Forms, 1956, any person(s) to whom their shares shall vest on occurrence of events stated in the said Form. Form 2B is to be submitted in duplicate: (a) in the case of shares held in physical form, to Karvy, and (b) in the case of shares held in dematerialised form, directly to their respective Depository Participants.

17. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to Karvy.

By Order of the Board of Directors,

Place : Mumbai

Date : May 28, 2010

Ajit Dabholkar

Company Secretary

EXPLANATORY STATEMENT

Annexed to the Notice convening the Thirteenth Annual General Meeting of Pipavav Shipyard Limited to be held on August 25, 2010.

As required under Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 4-6 of the accompanying Notice dated May 28, 2010.

Item No. 4.

Vide a Special Resolution passed by the shareholders under Section 81(1A) of the Companies Act, 1956 at the Extraordinary General Meeting of the Company held on May 5, 2010 ("EGM Resolution"), the shareholders of the Company had approved the issuance of 2,54,00,000 (Two Crores Fifty Four Lacs), 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures ("CCDs") of the face value of ₹70/- (₹Seventy only) each.

Pursuant to a request received from Valiant Mauritius Partners Limited and Valiant Mauritius Partners Offshore Limited, the Securities Allotment and Transfer Committee of the Board of Directors of the Company had thereafter, on May 19, 2010, in exercise of the powers granted to it under the EGM Resolution and in accordance with the terms of the EGM Resolution, allotted the CCDs to their affiliate, Valiant Mauritius Partners FDI Limited (an entity having an identical voting ownership to that of Valiant Mauritius Partners Limited and Valiant Mauritius Partners Offshore Limited).

The Board commends the passing of this Resolution.

Memorandum of concern or interest:

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

Item No. 5.

Pursuant to the provisions of Section 31 of the Companies Act, 1956, approval of the shareholders by way of a special resolution passed at a general meeting of the company is required for the amendment of the existing Articles of Association. Accordingly, in the light of the allotment of CCDs to Valiant Mauritius Partners FDI Limited, the approval of the shareholders is being sought for replacing the existing Article 13A of the Articles of Association, in the manner as set out in Item No. 5 above, to reflect that the CCDs were allotted to Valiant Mauritius Partners FDI Limited.

Memorandum of concern or interest:

None of the Directors of the Company is, in any way, concerned or interested in this Resolution.

Item No. 6.

The Members at the Annual General Meeting of the Company held on July 15, 2008 decided that the Performance Incentive payable to Mr. Bhavesh Gandhi, Executive Vice-Chairman of the Company shall be determined annually considering the performance of the Company.

On the recommendation of the Remuneration Committee, the Board of Directors, approved payment of ₹1.50 Crores as Performance Incentive to Mr. Bhavesh Gandhi, for the financial year 2009-10.

During the financial year ended March 31, 2010, the Company achieved following milestones under the leadership of Mr. Bhavesh Gandhi :

- Successful completion of the Initial Public Offer of the Company during September/October 2009 and subsequent listing of Equity Shares of the Company on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- The Company won the Essar-CNBC TV-18 'Infra-structure Excellence Award 2010' in the Ports and Shipyards category for the development of the Pipavav Shipyard.
- The Company was granted ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 Certificates by Det Norske Veritas, an ISO Certification agency of international repute.
- Keel laying for 12 Offshore Supply Vessels ordered ("OSVs") by ONGC ahead of schedule.
- Commencement of commercial operations w.e.f. April 1, 2009.
- During May 2010, the Company raised ₹177.80 Crores by preferential issue of 2.54 Crores 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures.

In view of the progress achieved by the Company during the last financial year, it is proposed to pay to Mr. Bhavesh Gandhi, Performance Incentive of ₹1.50 Crore which is same as per the performance incentive approved for the immediately preceding financial year.

The Company had approved the following remuneration to Mr. Bhavesh Gandhi, Executive Vice-Chairman vide Special Resolution passed by the Shareholders at the Extraordinary General Meeting held on October 17, 2008:

Sr. No.	Description	Amount (In ₹)	
		Per Month	**Per Annum**
1.	Basic Salary	12,00,000/-	1,44,00,000/-
2.	House Rent Allowance	5,00,000/-	60,00,000/-
3.	Special Pay	3,00,000/-	36,00,000/-
4.	Club Membership and Car Expenses	35,000/-	4,20,000/-
5.	Provident Fund, Gratuity and Leave Travel Assistance	3,01,693/-	36,20,316/-
	Total Remuneration	**23,36,693/-**	**2,80,40,316/-**
	Proposed Performance Incentive	12,50,000/-	1,50,00,000/-
	Total	**35,86,693/-**	**4,30,40,316/-**

The proposed remuneration inclusive of Performance Incentive of ₹1,50,00,000 for the financial year 2009-10 is the same as remuneration to Mr. Bhavesh Gandhi for the financial year 2008-09.

The payment of performance incentive payable to Mr. Bhavesh Gandhi shall be subject to the approval of the Central Government. Please refer to the Annexure containing details, as required to be provided pursuant to Schedule XIII of the Companies Act, 1956.

Memorandum of concern or interest:

Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi are concerned or interested in this Resolution. No other Director is, in any way, directly or indirectly, concerned or interested in the said Resolution.

Annexure

Information required in terms of Schedule XIII of the Companies Act, 1956

I	**General Information**		
	1.	Nature of Industry	Ship Building, Ship Repairs and Offshore business
	2.	The Financial performance based on given indicators (Rs. In Lacs except EPS)	Company has commenced its commercial operation w.e.f. April 1, 2009. Based on the Audited Profit and Loss Account of the Company for the financial year ended March 31, 2010, the financial performance of the Company is as follows: a) Turnover (Rupees in Lacs): 62,938.26 b) Net Profit/(Loss) for the year (Rupees in Lacs): (4,882.05) c) EPS (Rupees): (0.82)
	3.	Export performance and net foreign exchange collaborations	As on date, the Company has firm orders aggregating to US$ 933.00 Million against which till date, the Company has received advance payment of around US$ 224.00 Million.
	4.	Foreign investments or collaborators, if any	Total foreign investment in the Company as on March 31, 2010 is ₹1,660.40 Lakhs representing 24.94% of its paid up Equity Capital.
II	Information about the Appointee		
	1.	Background details	Mr. Bhavesh Gandhi is the Executive Vice-Chairman of the Company. Mr. Gandhi has been a Director of the Company since December 30, 2005. Mr. Gandhi commenced his career by joining SKIL Infrastructure Ltd. as a director appointed by the Promoters of the Company responsible for the business development of the Company. Mr. Gandhi has approximately 26 years of experience as an entrepreneur. Mr. Gandhi has particular expertise in implementation of infrastructure projects. Mr. Bhavesh Gandhi has spearheaded the Project of the Company to ensure its present development and progress including arranging required financial and other resources.
	2.	Past Remuneration details	Please refer Exhibit - I
	3.	Recognition or awards	N. A.
	4.	Job profile and his suitability	Mr. Bhavesh Gandhi, Executive Vice-Chairman, is responsible for overall management of the Company subject to the superintendence, control and direction of the Board of Directors. Under the leadership of Mr. Bhavesh Gandhi, the Company has achieved progress on all fronts. The highlights of progress made by the Company during the financial year ended on March 31, 2010 are as follows: ➢ Successful completion of the Initial Public Offer of the Company during September/October 2009 and subsequent listing of Equity Shares of the Company on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. ➢ The Company won the Essar-CNBC-TV 18 'Infrastructure Excellence Award 2010' in the Ports and Ship-yards category for the development of the Pipavav Shipyard. ➢ The Company was granted ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 Certificates by Det Norske Veritas, an ISO Certification agency of international repute. ➢ Keel laying for 12 Offshore Supply Vessels ("OSVs") ordered by ONGC ahead of schedule, ➢ Commencement of commercial operations w.e.f. April 1, 2009. ➢ During May 2010, the Company raised INR 177.80 Crores by preferential issue of 2.54 Crores 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures. ➢ The Company has also been declared as lowest bidder in the tender invited by the Indian Navy for construction of 5 Offshore Patrol Vessels with order value of around ₹2,900/- Crores. The contract is being finalised.
	5.	Remuneration proposed	Performance Incentive of ₹1,50,00,000/- (Rupees One Crore Fifty Lacs only) in addition to the remuneration approved by the members at the Extraordinary General Meeting held on October 17, 2008. Please refer to Exhibit II

	6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	The remuneration proposed to be paid to the Executive Vice-Chairman is comparatively lower than that paid to his counterparts in similar sized companies in the same industry.
	7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Mr. Nikhil Gandhi, Chairman of the Company is the brother of Mr. Bhavesh Gandhi.
III.	**Other Information:**		
	1.	Reasons of loss or inadequate profits	The current year is the first year of its commercial operations.
	2.	Steps taken or proposed to be taken for improvement	Erection of Two Goliath Cranes, one ELL Crane and part of the Blast and Paint Cells was delayed as work permit visas for the Chinese workmen needed to hoist and commission these equipment were held up due to changes in visa policy formulated by the Government of India. This issue has since been resolved and the Company has explored options to get the said equipment commissioned.
	(3)	Expected increase in productivity and profits in measurable terms.	The Company has a dry dock facility of approximately 662 meters in length and 65 meters wide, with the capacity to accommodate vessels of up to 4,00,000 DWT and capable of handling merchant ships such as VLCCs and large naval vessels, such as aircraft carriers, together with assembly, onshore and offshore fabrication. The Company has firm orders of 21 Panamax bulk carriers of 74,500 DWT each and 12 offshore support vessels aggregating to approx. US$ 933 Mn. The Company has also been declared as lowest bidder in the tender invited by the Indian Navy for construction of 5 Offshore Patrol Vessels the aggregate value of which is approximately ₹2,900 Crores

Exhibit I

(Past Remuneration)

Remuneration			Amount
1.		Basic salary	₹12,00,000 per month
2.		House Rent Allowance ("HRA")	₹5,00,000 per month
3.		Special Pay	₹3,00,000 per month
4.		Perquisites	Amount
	(i)	Provident fund contribution	Membership of the provident fund to which the Company will contribute 12% of the basic salary.
	(ii)	Gratuity	Calculated on the basis of 15 days' basic salary for each year of completed service subject to completion of a minimum of five years of continuous service with the Company. For the purpose of the calculation, the average of the last three months' basic salary will be considered as basic salary.
	(iii)	Reimbursement of leave travel allowance for self and family members	One month's basic salary
	(iv)	Reimbursement of medical expenses	At actuals
	(v)	Club fees	Membership and annual fees of clubs shall be incurred by the Company subject to a maximum of 2 clubs
	(vi)	The Company will provide two cars for official and personal use.	At cost
	(vii)	Superannuation and/or annuity fund	As per the Company's rules

5. Performance Incentive for the Financial Year 2008-09 – ₹1,50,00,000/- (Rupees One Crore Fifty Lacs only)

Exhibit II

(Proposed Remuneration details)

Remuneration			Amount
1.	Basic salary		₹12,00,000 per month
2.	House Rent Allowance (“HRA”)		₹5,00,000 per month
3.	Special Pay		₹3,00,000 per month
4.	Perquisites		Amount
	(i)	Provident fund contribution	Membership of the provident fund to which the Company will contribute 12% of the basic salary.
	(ii)	Gratuity	Calculated on the basis of 15 days’ basic salary for each year of completed service subject to completion of a minimum of five years of continuous service with the Company. For the purpose of the calculation, the average of the last three months’ basic salary will be considered as basic salary.
	(iii)	Reimbursement of leave travel allowance for self and family members	One month’s basic salary
	(iv)	Reimbursement of medical expenses	At actuals
	(v)	Club fees	Membership and annual fees of clubs shall be incurred by the Company subject to a maximum of 2 clubs
	(vi)	The Company will provide two cars for official and personal use.	At cost
	(vii)	Superannuation and/or annuity fund	As per the Company’s rules

5. Performance Incentive for the financial year 2009-10 - ₹1,50,00,000/- (Rupees One Crore Fifty Lacs only)

The proposed remuneration inclusive of Performance Incentive of ₹1,50,00,000 for the financial year 2009-10 is the same as remuneration to Mr. Bhavesh Gandhi for the financial year 2008-09.

By Order of the Board of Directors,

Place : Mumbai
Date : May 28, 2010

Ajit Dabholkar
Company Secretary

Details of the Director seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Venkiteswaran Subramaniam
Date of Birth	January 22, 1941
Date of Appointment	September 18, 2007
Expertise in specific functional areas	After a few years stint in the trial Courts, both criminal and commercial, Mr. Venkiteswaran settled down to specialise exclusively in International Trade, Shipping and Aviation related commercial disputes. Mr. Venkiteswaran appeared practically in every High Court in India and the Supreme Court of India on several occasions. Mr. Venkiteswaran is also associated with shipping litigations and arbitrations all over the world and has also appeared as an expert witness on Indian law in Arbitrations and Court proceedings in London, the United States and Singapore.
Qualifications	B.Sc. with Physics and Mathematics – 1960, Bombay University. LL.B, Bombay University.
Directorships held on other companies	1. Dolphin Offshore Enterprises (India) Ltd. (also Vice Chairman of the company) 2. Dolphin Offshore Shipping Ltd. 3. Indian Register of Shipping 4. Mahagujarat Chamunda Cements Company Pvt. Ltd. 5. Mundra Port And Special Economic Zone Ltd. 6. National Securities Clearing Corporation Ltd. 7. The Clearing Corporation of India Limited. 8. Pandi Correspondents Pvt. Ltd.
Committee position held in other companies	Audit Committee 1. Dolphin Offshore Enterprises (India) Ltd. 2. Dolphin Offshore Shipping Ltd. 3. Mundra Port And Special Economic Zone Ltd. 4. National Securities Clearing Corporation Ltd. 5. The Clearing Corporation of India Limited.
No. of shares held:	NIL

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present this Thirteenth Directors' Report together with the audited Annual Accounts of your Company for the financial year ended March 31, 2010.

Financial Results

The financials for the year under review with comparative figures for the previous year are given below :

(Rs. in Lacs)

Particulars	**For the year ended March 31, 2010**	For the year ended March 31, 2009
Income	69,688.92	6,177.80
Profit/(Loss) before Taxation	(4,866.22)	959.38
Less : Provision for Taxation	15.83	467.00
Profit/(Loss) after Taxation	**(4,882.05)**	**492.38**
Previous Year Loss Adjustment	(207.35)	(50.01)
Balance of Profit/(Loss) carried to the Balance Sheet	**(5,064.57)**	**24.83**

Dividend

Considering that the financial year 2009-10 was the first year of commercial operations and taking into account the financial results, it is recommended that no dividend be paid on the Equity Shares for the year under review.

Initial Public Offering (IPO)

Your Company made an Initial Public Offering of Equity Shares ("the Issue") aggregating ₹498.67 Crores.

Consequent to the allotment of 8,54,50,225 Shares in the IPO, the paid-up capital of your Company has increased to ₹665.80 Crores divided into 66,57,98,388 Equity Shares of ₹10 each.

Your Company's equity shares were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited on October 9, 2009. The Board takes this opportunity to thank the investors for their overwhelming response to the Issue and the confidence reposed by them in the Company.

Share Capital/Debentures

SKIL Infrastructure Ltd., Promoters of the Company, and SKIL Shipyard Holdings Pvt. Ltd., a Promoter Group Company ("SKIL Group"), purchased 12,93,60,538 Equity Shares representing 19.43% of the paid-up share capital of the Company from Punj Lloyd Ltd. SKIL Group pursuant to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 made an open offer to the public shareholders of the Company to acquire upto 13,31,59,678 equity shares of the Company. On successful completion of the open offer Punj Lloyd Ltd. would cease to be the Co-Promoter of the Company.

On May 19, 2010, your Company issued for cash, 2,54,00,000, 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures ("CCD") to Valiant Mauritius Partners FDI Limited @ ₹70/- per Debenture, each CCD convertible into one fully paid Equity Share in the Company to finance potential acquisitions in the offshore segment. The management is evaluating various opportunities in this regard. The present debt equity ratio of 0.66:1 gives the Company necessary leveraging capability to fund such acquisition by a judicious mix of debt and equity, as and when required.

Depository System

Your Company's Equity Shares are available for dematerialisation through National Securities Depository Limited and Central Depository Services (India) Limited. As on March 31, 2010, 97.37% of the Equity Shares of the Company were held in demat form.

Management Discussion and Analysis

The Industry in which the Company operates can be broadly sub-classified in four segments viz. (A) Defence Shipbuilding (B) Offshore Oil and Gas Assets Construction (C) Commercial Shipbuilding and Repairs and (D) Heavy Engineering.

A. Defence Shipbuilding

Based on available reports, the Indian Navy has huge acquisition plans. It would need more than 100 ships of different types including submarines in the next two decades. The Indian Coast Guard would also need about 160 ships over next seven years. To meet these requirements, there is a need to create technologically advanced additional capacity in the country which opens up tremendous opportunities to private sector shipyards. To fill this large mismatch between the Defence requirements and the available capacities, the Government of India is encouraging the participation of private sector shipyards, directly and through Public Private Partnership.

There are high value defence acquisition programmes. Your Company will remain in the forefront to participate in such defence programmes, given the size, the scale and modern infrastructure it has created especially to cater to strategic defence requirements.

Your Company has been declared as the successful bidder for construction of five Offshore Patrol Vessels for Indian Navy with order value of approx. ₹2,900 Cr.

B. Offshore Oil and Gas Assets Construction

India has gained a strong foothold in the niche offshore construction segment. Crude oil prices across the world have faced huge fluctuations post global recession and are presently hovering around US$ 70-75 per barrel. As parts of the global economy recover from the recession, growth is expected to be predominately driven by the ever rising demand from Asia's growing economies, including India and China. Both Indian and Chinese oil companies, seek to establish themselves within the global hydrocarbon market by investing in Explorations and Production of oil and gas (E&P) activities.

The Government of India is encouraging a greater number of foreign companies to enter E&P. Despite significant challenges, India will become a key oil and gas player over the coming decade. With India's present energy growth projected to increase at a rate of 8% CAGR per year till 2032, US$150 billion investment will be required in this sector. In India, two-thirds of sedimentary basins remain unexplored. The Krishna-Godavari basin, in the Bay of Bengal covers more than 24,000 sq km offshore Oil and Gas field in water depths upto 2,000 mtrs.

With oil and gas demand expected to significantly outstrip supply in the years ahead, the National Oil Companies, are working to ensure greater domestic production of oil and gas. The increased E&P spending has and will continue to led to increased activity in the offshore oil and gas assets construction, installation and support industry. As India indigenously meets just about 30% of its energy requirements and the balance is imported, huge infrastructure investment is required for setting up new platforms and for replacement of the ageing assets.

As the proven oil and gas reserves are likely to meet the global energy requirements only till 2030, there will be increased E&P activities. This is expected to drive the demand for Offshore oil and gas assets / structures of both, floating and fixed type.

C. Commercial Shipbuilding and Repairs

The commercial shipbuilding industry is closely linked to the shipping industry. About 90% by volume and 70% by value of international trade is moved by the sea-routes. The demand for new commercial ships has declined over last two years primarily due to the global economic recession resulting in depressed freight market. The global commercial shipbuilding industry has begun a slow recovery. The continuation of the current recovery will depend upon the performance of the freight markets.

India is a large peninsula with a coastline of about 7,500 kms. The nation therefore requires a vibrant and strong commercial shipbuilding industry for economic as well as strategic reasons. Despite a long coastline, good potential and availability of favourable sites for shipbuilding, the Country's share in the overall shipbuilding tonnage in the world is a mere 1.12% approximately. India is destined to be a major trading nation of the world and therefore, shipping, ship building and management of ports assume great importance in the scheme of development planning. The tidal shift in shipbuilding activities from Europe to Asia has opened up huge opportunities for Indian shipyards. With factors like availability of low-cost labour, progressive regulatory regime, proximity to key trade centres of the shipping world viz. Dubai and Singapore, large pool of qualified naval engineers, naval architects, high quality standards going in India's favour, India's share in the global shipbuilding market is set to change. Indian growth story offers its own opportunities. In 2010, INSA (Indian National Ship-owners Association) has estimated that the domestic ship-owners are likely to invest about US$ 4 billion for acquisition of new vessels over the next 4 years to renew their fleets, which includes publicly announced acquisition plans of Shipping Corporation of India amounting to US$ 2 billion. Some recent initiatives on the policy front are also encouraging. The Ministry of Shipping is considering granting first right of refusal for moving import cargo of state owned companies to Indian built ships. In 2009 the Government had approved a disbursal of about ₹5,100 Cr as shipbuilding subsidy to domestic shipyards for orders secured till August 15, 2007. The subsidy will be disbursed, in the case of private shipyards, when the shipyard concerned delivers the ships to its customers. The SAI has urged the Government of India to continue the shipbuilding subsidy scheme beyond August 15, 2007 and the same is currently under consideration.

Given the anticipated growth in this sector, your Company will be targeting in the near future the ship/rig repair market as well.

Ship Repairs is also a labour intensive industry. We can leverage India's inherent labour-cost, and trained workforce advantage. Vessel conversion is a high potential segment within overall ship repair market. The Indian ship repair market has tremendous potential valued at ₹2,790 Cr per year including estimated earnings of ₹1,400 Cr from repairs of foreign ships visiting India.

Ship Repair business has potential of generating consistent and stable revenue over the years.

Your Company is working towards being a one-stop solution provider catering to various requirements of its customers in the marine field.

D. Heavy Engineering

Heavy Engineering sector offers huge potential and your Company is gearing itself to cater to this segment. The Company is exploring to extend its product range to include high value added products by using its engineering infrastructure. In this connection, your Company is engaged in discussion with some reputed players for strategic tie-ups.

Outlook

Your Company has a strong order book and the management believe that the focus on the defence and offshore segments will help your Company to grow its order book substantially in the near future. Your Company is set to deliver its first ship this year.

Risks, Concerns and Threats

Industry Risks: The Company is exposed to normal industry risk factors like competition, economic cycle, credit, forex and liquidity risks. The Company manages these risks by maintaining conservative financial profile and by following prudent business and risk management practices.

Oil Prices: Oil prices indirectly affect the business of your company. A rise in oil prices leads to enhancement in oil exploration activities and also pushes demand for offshore supply vessels, tankers, offshore infrastructures. Substantial decline in the oil prices may adversely affect our business.

Freight Rates: Demand for commercial ships is related to freight rates which are cyclical in nature.

Termination: Termination of any substantial shipbuilding contract for any reason whatsoever either by the Company or its customer could adversely impact our operations and financial results.

In addition to the above mentioned risks and concerns the management perceives following threats which are inclusive and not exhaustive:

- Price fluctuation, import embargo of raw material like steel and other critical equipments.
- Trade embargo with any jurisdiction in which any of the customer of the Company is situated.

Organising for Growth

Your Company engaged reputed consultants, Bain & Co., to carry out an organisational development initiative aimed at building the organisation for growth. Based on the comprehensive exercise carried out and interactions with all key managers of the Company, new organisation structure with roles and responsibilities defined for various levels was implemented. Cross functional processes have been identified and implemented.

Award

Your Company won Essar-CNBC TV 18 'Infrastructure Excellence Award 2010'.

Certificates

Your Company, during the year under review, has received ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certificates from Det Norske Veritas.

This achievement reinforces the Company's quality drive.

Corporate Governance

Your Company is committed to maintain the highest standard of Corporate Governance. To comply with the provisions of Clause 49 of the Listing Agreement with the Stock Exchanges relating to Corporate Governance, the Report on Corporate Governance is included in the Annual Report. The Auditors have certified the Company's compliance of the requirements of corporate governance and the same is annexed to the Report on Corporate Governance.

Your Company also has in place a Whistle Blower Policy and a Code of Conduct for Directors and Senior Management. All Board members and designated senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Executive Vice-Chairman to this effect is enclosed in this Report.

Your Company also follows well-established and detailed risk assessment and minimisation procedures.

Insider Trading

In compliance with the SEBI regulation on prevention of insider trading, your Company has instituted a comprehensive code which lays down guidelines and advises the Directors and employees of the Company on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

Security

Your Company engaged international security consultants Olive Group to carry out a comprehensive security risk assessment. A Security Assessment Report, submitted by Olive Group, forms the fulcrum of security initiatives being taken by your Company to further enhance the quality and effectiveness of overall security.

Human Resources

The management and the talent pool of your Company is being continuously strengthened by attracting the best talent available in domestic and international markets that can cater to the exacting demands of customers. Your Company has a strong management team comprising of experienced leaders who have managed similar facilities in India and abroad.

Industrial relations during the year under review were cordial and harmonious in the Company.

Particulars of Employees

A Statement containing prescribed details of the employees, as required to be provided pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Members who are interested in obtaining such particulars may write to the Company at the Corporate Office.

Health and Safety

At Pipavav Shipyard, Occupational Health and Safety of employees are of prime importance. The OHSAS 18001:2007 certificate issued to your Company confirms the world class standard in the field of Occupational Health, Safety and Environment practised by the Company.

Internal Control Systems and their Adequacy

The Company has an adequate system of internal control, supported by a modest Enterprise Resource Planning (‘ERP’) platform for its main business processes, to safeguard and protect from loss, unauthorised use or disposition of its assets. All transactions are properly authorised, recorded and reported to the Management. The Company has independent Internal Auditors appointed to review various critical areas of operations. The Audit Reports are reviewed periodically by the management and the Audit Committee of the Board and appropriate measures are taken to improve the processes.

Corporate Social Responsibility ('CSR')

As a part of the social obligation towards the society, your Company has initiated various developmental activities in the surrounding villages in the vicinity of the project site of the Company with the mission of:

"Being a socially responsible corporate entity with thrust on improving quality of school level education especially girl child education, health care and sustainable community development"

Your Company has also initiated the following activities with the objective of accomplishing its CSR mission:

Education

The Company has constructed a Girls' hostel at Village Rampara-II, supported development/ improvement of Vrindavan High School at Village Rampara, renovated a primary school at Rampara Village, provided Computers to the schools of surrounding villages and initiated a Project with the objective of providing quality education and holistic development of the students at school level including development of soft skills.

I. T. I. Training

Your Company has adopted two Industrial Training Institutes (I.T.I.s) situated at Rajula and Mahua, in the vicinity of the Company's Shipyard and has provided training opportunities to 13 lady ex-students of these Institutes out of which 8 ladies have been retained as employees of the Company. This initiative of the Company is well received by the local communities.

Drinking Water Management

Your Company has provided a water supply line at Village Rampara-II, rendered financial support for water supply scheme of village Bherai, felicitated the villages for safe drinking water drive, renovated dams, farm ponds etc. in collaboration of DRDA, Amreli.

Environment

Environment protection at Pipavav Shipyard is of utmost important and to achieve this, regular monitoring of air, water and noise pollution levels is carried out. With plantation of more than 14,000 trees of various types which can survive in marine climate, the shipyard is destined to be lush green. Mangrove plantation has been done to enrich the environment.

Foreign Exchange Earnings and Outgo

During the year under review, the Company imported Raw Materials, Components and Stores and Spares on CIF basis of ₹6,857.08 Lacs (Previous year ₹22,011.70 Lacs). Similarly, the Company imported on CIF basis Capital Goods worth ₹860.67 Lacs (Previous year ₹23,298.31 Lacs).

Energy Conservation and Technology Absorption

The particulars relating to energy conservation and technology absorption, as required to be disclosed under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

Investor Relations

Investor relations have been cordial during the year. As a part of compliance, your Company has constituted a Shareholders' and Investors Grievances Committee to redress issues relating to the investors, the details of which are provided in the Report of Corporate Governance forming part of this Annual Report.

Your Company has designated an exclusive email ID viz.company.secretary@pipavavshipyard.com which would enable the investors to post their grievances and the Company to monitor its redressal. Any member having any grievance can post the same to the said email address for quick redressal of the grievances, if any.

Public Deposits

Your Company has not accepted any public deposits within the meaning of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, and as such no amount on account of principal or interest on public deposits is outstanding on the date of the Balance Sheet.

Subsidiary Company

The Consolidated Financial Statements presented by the Company include financial results of the subsidiary, E Complex Private Limited.

Audit Committee

The Audit Committee of the Board comprises of Mr. R.M. Premkumar (Chairman of the Audit Committee), Mr. Bhavesh Gandhi, Executive Director, Mr. R. M. V. Raman, Nominee Director, Mr. S. Venkiteswaran and Mr. Samar Ballav Mohapatra, Independent Directors. The Audit Committee has reviewed the Annual Accounts for the year ended March 31, 2010 enclosed with this Report.

Auditors

Messrs. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, will be retiring at the ensuing Annual General Meeting and are eligible for re-appointment. Messrs. Chaturvedi & Shah have communicated their willingness to accept the office of Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the next Annual General Meeting, if re-appointed. The Company has also received a certificate from them to the effect that their re-appointment, if made, would be within the limits specified in Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Audit Committee in its Meeting held on May 28, 2010 has recommended the re-appointment of Messrs. Chaturvedi & Shah as statutory auditors of the Company.

The Notes forming part of the Accounts are self-explanatory and, therefore, do not call for any further explanation under Section 217(3) of the Companies Act, 1956.

Directors

Since the last Annual General Meeting, Mr. Atul Punj, Co-Chairman of the Company, Mr. V. K. Kaushik, Mr. Mahesh Gandhi and Mr. Sunil Chawla resigned from the office of Director of the Company. Mr. Luv Chhabra and Mr. Michael Pinto joined and resigned from the Board. The Directors wish to place on record their warm appreciation and gratitude for the valuable services rendered by the said Directors during their tenure of office.

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. Venkiteswaran retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Board commends Mr. S. Venkiteswaran's re-appointment.

Demat Suspense Account

Pursuant to the Initial Public Offer of Equity Shares, the Company had, in respect of certain shares allotted therein, in view of mismatch in particulars of those allottees, parked such shares in a Demat

Suspense Account, as required in terms of Clause 5A of the Listing Agreement entered into by the Company with the Stock Exchanges. The details of shares in the said Suspense Account are as follows:

Particulars	No. of Investors	No. of Shares
On Allotment i.e. as on October 1, 2010	615	2,16,865
Requests received by the Company for transfer of shares from the Suspense Account	576	2,08,339
Shares transferred by the Company to claimants' demat accounts during the year	571	2,07,789
Status as on March 31, 2010	44	9,076

The voting rights in respect of the shares lying in the Suspense Account shall remain frozen till the rightful owners claim the shares.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, on the basis of information and explanations provided by the executive management and certification by the Chief Financial Officer to the Audit Committee/Board of Directors, confirm that:

(i) in the preparation of the Annual Accounts for the financial year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments/estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year under review;

(iii) the Directors have taken proper and sufficient care 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; and

(iv) the Directors have prepared the Annual Accounts for the financial year ended March 31, 2010 on a going concern basis.

Acknowledgements

The Board of Directors takes this opportunity to express its appreciation for the co-operation and assistance received from various agencies of the Central Government and the Government of Gujarat and thanks the customers, employees, bankers and suppliers of the Company for their continued support. The Directors would also like to express their gratitude to the institutional investors and other shareholders for their trust and support.

On behalf of the Board of Directors,

Nikhil Gandhi
Chairman

Place : Mumbai
Date : May 28, 2010

Annexure to the Directors' Report

A. Conservation of Energy

(a)&(b) Energy Conservation/reduction of consumption of energy measures taken:-

- Usage of capacitors to reduce energy consumption.
- Lights/fans discipline for usage.
- Timely maintenance of machinery to reduce starting and running load.
- Usage of central air conditioning at office space.

(c) Impact of measures taken for reduction of energy consumption:-

The financial year 2009-10 being the first year of commercial operations, the impact of measures taken for reduction of energy consumption and consequent impact on cost of production is not ascertainable.

(d) Form A of the Annexure to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the Company as the industry to which it belongs, viz ship-building, is not included in the Schedule thereto.

B. Technology Absorption

Enterprise Resource Planning ('ERP'):

During the year, the Company has successfully implemented ERP with the following modules :

- Finance
- Stores & Warehouse
- Purchase
- Sales
- Planning Budget Control
- Delegation of Financial Authority

The ERP would help the Company for improving its internal control on various processes including inventory control.

Other Information and Technology ('IT') initiatives include IT security, effective back up and disaster management, introduction of software packages for regulatory and project management, enhancement of corporate intranet, 3D Modelling of Block Making Site, acquisition of design software.

Form B

Form for disclosure of particulars with respect to Technology absorption

Research and Development (R&D)

- The Company took optimisation of hull form and appendages for Offshore Supply Vessels through extensive modern testing in sophisticated laboratory in Vienna and also computerized fluid dynamic analysis for higher product performance.

- The Company also took up finite analysis of bulk carrier hull structure for reduction of steel consumption.

- The Company carried out extensive work study of all element of work for bulk carrier construction and standardised quantification of all production activities in terms of standard man minutes.

1. Technology Absorption

Every effort is made by the Company to update the technological skills of its technical staff in order to ensure that they possess adequate skills. The Company has adopted technology such as block fabrication with 100% Pre-Outfitting, equipment modules and nesting.

2. Benefits derived as a result of Technology Absorption

Block Making with 100% Pre-Outfitting

- This technology is only used in most modern shipyards in the world.

- Outfitting is done at the block fabrication stage which gives better access & position for fitting. It reduces cost of production.

Equipment Modules

- Equipment Modules are the arrangement of outfitting assembly (mainly Engine Room Decks) to be assembled in-house independent of hull structure.

- It enhances safety & reduces both required man-hours and duration which would otherwise be allocated to outfitting on-board

Nesting

- In the Company, nesting is done using very sophisticated software viz. CADWIN. It maximizes the material usage ratio resulting in minimum scrap generation.

On behalf of the Board of Directors,

Nikhil Gandhi
Chairman

Place : Mumbai
Date : May 28, 2010

REPORT ON CORPORATE GOVERNANCE

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

Concept of Corporate Governance

Corporate governance is the set of processes, customs, policies laws and institutions affecting the way a Company is directed, administered or controlled. Corporate Governance also includes the relationships among stakeholders and the goals for which the Company is governed. The principal stakeholders are the shareholders, the Board of Directors and the management. Other stakeholders include employees, customers, creditors, suppliers, regulators and the community at large.

Pipavav Shipyard Limited's Philosophy

The governance framework of Pipavav Shipyard Limited is to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporation and society.

Board of Directors

Pipavav Shipyard Limited has always maintained a transparent Board policy. The Board consists of esteemed personalities from various fields. The Executive Vice-Chairman and the Chief Executive Officer look after the day-to-day activities of the Company, while the Non-Executive Independent Directors, with their rich and varied experience provide a wider perspective for the scheme of things and brings in independence in decision making.

The Chairman of the Company is a Non-Executive Director and the number of Independent Directors on the Board is more than one-half of the total number of Directors. As on March 31, 2010, the Company has 8 Directors on its Board, of which 6 Directors are independent. The number of Non-Executive Directors is more than 50% of the total number of Directors. The Company is in compliance with Clause 49 of the Listing Agreement pertaining to composition of directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee position have been made by the Directors.

The Board met 4 (Four) times during the year under review. The dates of the meetings are June 30, 2009; September 29, 2009; December 18, 2009 and January 29, 2010.

On October 9, 2009, the equity shares of the Company were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited. Since then, the Company is governed by the provisions of the Listing Agreement.

A detailed chart of the attendance of the directors in such meetings and their attendance in the last Annual General Meeting, the details of their directorships and all other relevant details are provided hereunder:

Sr. No.	Name of Directors	Category	Directorship in other Public Companies		Chairmanship / Membership in Committees** of Board of other Public Companies		No. of Board Meetings attended during the year 2009-10	Attendance at last AGM
			Chairman	Member	Chairman	Member		
1.	Mr. Nikhil Gandhi	Non-Executive Chairman Non-Independent Director	3	8	–	–	3	No
2.	Mr. Bhavesh Gandhi	Executive Vice-Chairman and Whole-Time Director Non- Independent Director	1	5	–	1	4	No
3.	*Mr. Atul Punj	Co-Chairman, Non- Independent Director	1	8	4	5	–	No
4.	*Mr. Vimal Kishore Kaushik	Non-Independent, Non-Executive	–	10	1	4	–	No
5.	*Mr. Luv Chhabra	Non-Independent, Non-Executive Director	–	7	–	3	–	No
6.	*Mr. Mahesh Gandhi	Non-Executive Director Non-Independent Director	–	4	–	–	2	No
7.	*Mr. Sunil Chawla	Non-Executive Director Non-Independent Director	–	1	–	–	3	No
8.	Mr. Ramaswamy Muthu Venkataraman (Director not liable to retire by rotation)	Nominee Director - EXIM Bank, Non-Executive Independent Director,	–	–	–	–	4	No
9.	Mr. Ramunni Menon Premkumar (Director liable to retire by rotation)	Non-Executive Independent Director	2	3	–	–	4	Yes
10.	Mr. Venkiteswaran Subramaniam(Director liable to retire by rotation)	Non-Executive Independent Director	1	6	–	5	3	No
11.	Mr. Ajai Vikram Singh (Director liable to retire by rotation)	Non-Executive Independent Director	–	1	–	–	1	No
12.	Mr. Samar Ballav Mohapatra (Director liable to retire by rotation)	Non-Executive Independent Director	–	2	–	–	4	No
13.	#Mr. Michael P. Pinto (Director liable to retire by rotation)	Non-Executive Independent Director	1	7	–	–	2	No

*Mr. Atul Punj, Mr. Vimal Kishore Kaushik, Mr. Luv Chhabra, Mr. Mahesh Manilal Gandhi, Mr. Sunil Chawla resigned from directorships during the year.

#Mr. Michael Pinto resigned from his directorship in the Financial Year 2010-11

**Represents Chairmanship/Membership only in Audit Committee and Investor Grievance Committee.

Procedure adopted by the Board

As per the Listing Agreement the Board meets at least 4 times during the year. The Company Secretary along with the Management decides the Agenda of the Meeting and sends the same to all the Directors of the Company well in advance. Post listing of shares of the Company on the Stock Exchanges the Board meets at least once every quarter to review the quarterly results of the Company along with its subsidiary. The Board also has the privilege to call special invitees to attend and contribute to the meeting. Apart from the mandatory requirements, additional meetings are also held whenever necessary.

The information as required under Annexure I A to Clause 49 of the Listing Agreement is placed before the Board.

Audit Committee

Terms of Reference

The Company has constituted an Audit Committee in terms with clause 49(II)(A) of the Listing Agreement and Section 292A of the Companies Act, 1956. The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain, monitor and improve integrity and quality of financial reporting.

The role, terms of reference, authority and powers of Audit Committee are governed by applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement and other applicable statutory provisions.

Composition, Name of Members and Chairperson

The Audit Committee is comprised of six directors and the Chairman of the Audit Committee is an Independent Director. The details of composition of the Audit Committee and the attendance of the Members of the Committee are as follows :

Sr. No.	Name of the member	Designation	No. of Meetings Attended
1.	Mr. R.M. Premkumar	Chairman	2
2.	Mr. Atul Punj*	Member	—
3.	Mr. Bhavesh Gandhi	Member	2
4.	Mr. R.M.V. Raman	Member	2
5.	Mr. S. Venkiteswaran	Member	2
6.	Samar Ballav Mohapatra#	Member	1

* Mr. Atul Punj ceased to be a Director of the Company w.e.f. March 27, 2010, and hence ceased to be a Member of the Audit Committee.

Mr. Samar Ballav Mohapatra was appointed as Member of the Audit Committee w.e.f. July 18, 2009.

The Audit Committee met two times during the year under review on June 30, 2009 and January 29, 2010.

The Company Secretary acts as a Secretary to this Committee. The Minutes of the Audit Committee are noted and approved by the Board in their subsequent meeting.

Remuneration Committee

Terms of Reference

The brief terms of reference of this Committee includes consideration and approval of remuneration of Executive Directors, sitting fees payable to Non-Executive Directors, determination of Employees Stock Option Policy, determination of the employees' eligibility for participation in the Employees Stock Option Plans, determination of number of options/shares to be granted to each eligible employee, etc.

Remuneration Committee of the Company is comprised of five Directors of the Company during the year under review. The details of composition of Committee and attendance at Meetings of the Remuneration Committee are as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings Attended
1.	Mr. S. Venkiteswaran	Chairman	1
2.	Mr. Nikhil Gandhi	Member	1
3.	Mr. Atul Punj*	Member	—
4.	Mr. R.M. Premkumar	Member	1
5.	Mr. Samar Ballav Mohapatra#	Member	1

* Mr. Atul Punj ceased to be a Director of the Company w.e.f. March 27, 2010, and hence ceased to be a Member of the Remuneration Committee.

Mr. Samar Ballav Mohapatra was appointed as Member of the Remuneration Committee w.e.f. June 30, 2009.

The Committee met once on June 30, 2009.

Remuneration Policy

The Remuneration of the Executive Director is recommended to the Board of Directors and approved by the Shareholders of the Company.

Details of Remuneration to all Directors

As per Listing Agreement, the Non-Executive Directors of the Company receive only sitting fees for the meetings attended by them.

The details of remuneration paid to all the Directors are as follows:

Sr. No	Name of the Director	Category	Remuneration	Nature of Remuneration
1.	Mr. Nikhil Gandhi	Non-Executive Chairman	90,000/-	Sitting Fees
2.	Mr. Bhavesh Gandhi	Executive Vice-Chairman	2,72,19,600/-	Salary and Perquisites
3.	Mr. Atul Punj	Co-Chairman	—	Sitting Fees
4.	Mr. Vimal Kishore Kaushik	Director	—	Sitting Fees
5.	Mr. Luv Chhabra	Director	—	Sitting Fees
6.	Mr. R. M. V. Raman*	Nominee Director, EXIM Bank	60,000/-	Sitting Fees
7.	Mr. Mahesh Gandhi	Director	30,000/-	Sitting Fees
8.	Mr. Sunil Chawla	Director	30,000/-	Sitting Fees
9.	Mr. S. Venkiteswaran	Independent Director	60,000/-	Sitting Fees
10.	Mr. R. M. Premkumar	Independent Director	70,000/-	Sitting Fees
11.	Mr. Ajai Vikram Singh	Independent Director	10,000/-	Sitting Fees
12.	Mr. Samar Ballav Mohapatra	Independent Director	60,000/-	Sitting Fees
13.	Mr. Michael Pinto	Independent Director	20,000/-	Sitting Fees

* The sitting fees are paid to EXIM Bank.

Shareholders' and Investors' Grievances Committee:

Terms of Reference:

The Shareholders and Investor Grievance's Committee has, *inter alia,* the following duties.

- Issuance of duplicate share certificate as and when required;
- To redress Shareholders' grievances and related issues regarding non-receipt of Dividend-Interim and Final, non-receipt of Balance Sheet/Annual Report;

The Shareholders' and Investors' Grievances Committee met once during the year under review on March 25, 2010.

The composition of Committee and details of attendance of Committee Meetings are as follows:

Sr. No.	Name of the Member	Designation	No. of Meetings Attended
1.	Mr. Nikhil Gandhi	Chairman	1
2.	Mr. Bhavesh Gandhi	Member	1
3.	Mr. S. Venkiteswaran	Member	—
4.	Mr. Vimal Kishore Kaushik*	Member	—
5.	Mr. Luv Chhabra**	Member	—

* Mr. Vimal Kishore Kaushik ceased to be a Director of the Company w.e.f. December 18, 2009 and hence ceased to be a Member of the Shareholders' and Investors' Grievances Committee.

** Mr. Luv Chhabra was appointed as Member of the Shareholders' and Investors' Grievances Committee w.e.f. December 18, 2009 and resigned from the Board of Directors w.e.f. March 27, 2010 a and hence ceased to be a Member of the Shareholders' and Investors' Grievances Committee.

Name and Designation of the Compliance Officer

Mr. Ajit Dabholkar is the Company Secretary and Compliance Officer of the Company. The email ID of the Company Secretary is company.secretary@pipavavship-yard.com and the investors can contact the Company Secretary for the purpose of registering complaints and other follow-up actions.

Number of Shareholders' complaints received

The Company received 465 complaints during the financial year and all the complaints were duly resolved to the satisfaction of the shareholders. No complaints were pending at the end of the year.

General Body Meeting

Location and time of the last 3 Annual General Meetings

Financial Year	Venue	Day and Date	Time	No. of Special Resolutions
2008-09	Pipavav Port, Post Ucchaiya,Via - Rajula, Dist. Amreli, Gujarat - 365 560	Tuesday, August 11, 2009	12.30 P.M.	1
2007-08	Pipavav Port, Post Ucchaiya, Via - Rajula, Dist. Amreli, Gujarat - 365 560	Tuesday, July 15, 2008	11.30 A.M.	4
2006-07	Pipavav Port, Post Ucchaiya, Via - Rajula, Dist. Amreli, Gujarat - 365 560	Friday, July 13, 2007	2.30 P.M.	3

Whether any Special Resolution was passed in the last 3 AGMs

— Yes —

Details of Special Resolutions passed in the previous three AGM's

Date of AGM	Particulars of Special Resolution passed thereat
August 11, 2009	1. Performance Incentive payable to Executive Vice Chairman
July 15, 2008	1. Performance Incentive payable to Executive Vice Chairman
	2. Increase in number of Directors
	3. Alteration of Articles of Association of Company
	4. Allotment of Equity Shares on preferential basis
July 13, 2007	1. Increase in Authorised Capital
	2. Alteration of Articles of Association of the Company
	3. Contribution to Charitable and other trusts.

Whether any Special Resolution was passed last year through postal ballot

— No —

Name of the person who conducted postal ballot

— N.A. —

Whether any Special Resolution is proposed to be conducted through postal ballot

— No —

Procedures adopted for postal ballot

— N.A. —

Disclosures

Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company

Materially significant transactions are those transactions of the Company, which are of the nature, with its promoters, directors, or the management, their subsidiaries or relatives, that may have potential conflict with the interest of the Company.

There are no transactions which have potential conflict with the interests of the Company

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority in the past 3 Years.

There were no penalties or any strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authorities in any matter related to capital markets during the last three years.

Code of Conduct

Your Company adheres to the high standards of ethics and governance. The Company has laid down a Code of Conduct for the Board of Directors and Senior Management of the Company. The same is posted on the website of the Company www.pipavavshipyard.com

All the Directors and Senior Managers have affirmed compliance of Code of Conduct laid down. The declaration to that effect is forming part of EVC and CFO certification given at the end of this Corporate Governance Report.

Policy for Prohibition of Insider Trading:

SEBI (Prohibition of Insider Trading) Regulations, 1992 strictly forbids the trading in Company's securities, by Directors and specified employees of the Company, on the basis of unpublished price sensitive information regarding the affairs of the Company. The Company's policy is to preserve the confidentiality and prevent misuse of unpublished price sensitive information.

All disclosures, as required by these Regulations, have been made from time to time and the Company has complied with the requirements of these Regulations and has not violated any of the Rules specified therein.

Means of Communication

Newspapers wherein results normally published

The Financial Results of the Company were published in "The Economic Times" and "Gujarat Samachar".

Any website where displayed

The results and all other official news releases are displayed on the websites of the Stock Exchanges: www.bseindia.com and www.nseindia.com and also on the website of the Company, viz. www.pipavavshipyard.com

Financial Calendar for the year 2010-11

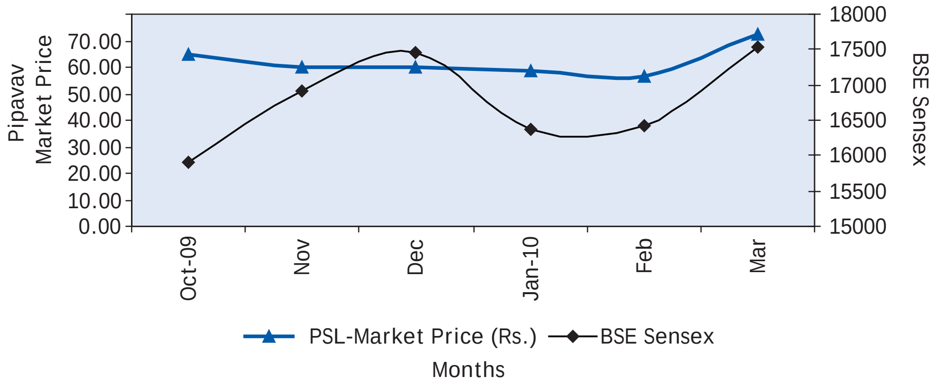
Events	Date
Declaration of Annual Results	May 2011
First quarter result	August 13, 2010
Annual General Meeting	August/September 2011
Second quarter result	With 45 days from the end of the Quarter
Third quarter result	With 45 days from the end of the Quarter

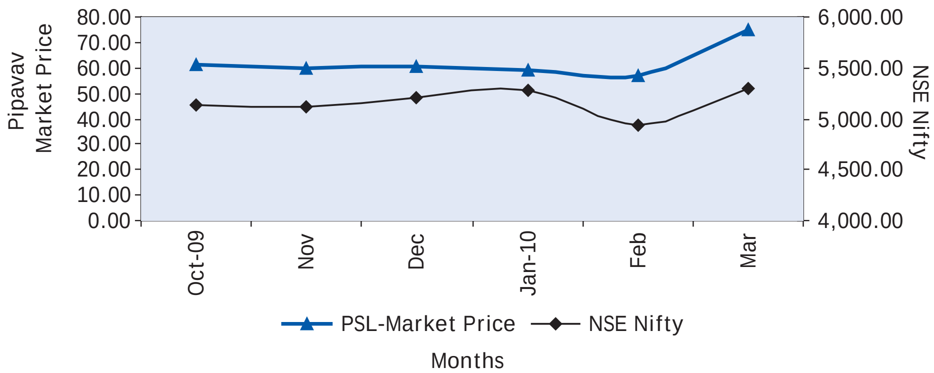
General Shareholder Information

Date, Time of AGM	:	August 25, 2010 at 12 noon.
Venue of AGM	:	Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, Gujarat - 365 560
Financial Year		2009 - 10
Date of Book Closure	:	August 21, 2010 - August 25, 2010
Listing of Equity Shares	:	Bombay Stock Exchange Limited (BSE)
-Scrip Code	:	BSE: 533107
		National Stock Exchange of India Limited (NSE)
-Scrip ID	:	NSE: PIPAVAVYD

Market Price Data: High, Low during each month during the last financial year

Month	BSE			NSE		
	High	Low	Sensex	High	Low	Nifty
October 09	64.70	47.65	15,896.28	61.10	51.95	5,142.15
November 09	59.85	50.10	16,926.22	59.80	50.10	5,108.15
December 09	60.25	52.05	17,464.81	60.50	52.10	5,201.05
January 10	58.40	52.90	16,357.96	58.80	52.90	5,281.80
February 10	56.75	51.85	16,429.55	56.70	51.85	4,931.85
March 10	72.60	54.10	17,527.77	74.95	54.35	5,302.85





Registrar and Transfer Agents

Karvy Computershare Private Limited,
17-24, Vittalrao Nagar,
Madhapur, Hyderabad – 500 081
Telephone No. (040) 23420815 – 24
Fax: (040) 23420814
Email ID : einward.ris@karvy.com
Contact Person : Mr. S Krishnan

Share Transfer System

The Company has delegated its powers to effect the transfer of shares to the Registrar and Transfer Agents of the Company viz. Karvy Computershare Pvt. Ltd.

Distribution of shareholding as on 31st March, 2010

Shares	No. of Share Holders	(%) of Share Holdings	Total Shares held	(%) of Shareholding
1 - 5,000	44,670	81.85%	74,33,890	1.12%
5,001 - 10,000	7,401	13.56%	50,04,086	0.75%
10,001 - 20,000	985	1.80%	15,56,751	0.23%
20,001 - 30,000	284	0.52%	7,42,155	0.11%
30,001 - 40,000	167	0.31%	6,06,636	0.09%
40,001 - 50,000	229	0.42%	11,10,952	0.17%
50,001 - 1,00,000	316	0.58%	24,76,310	0.37%
1,00,001 and above	526	0.96%	64,68,67,608	97.16%
TOTAL	**54,578**	**100.00%**	**66,57,98,388**	**100.00%**

Shareholding Pattern as on March 31, 2010

	Category of Shareholder	No. of Shareholder	Total No. of shares	% of total number of shares
A	**Promoter Shareholding**			
1.	Indian Promoters			
	Bodies Corporate	4	26,33,61,533	39.56
	Total Promoter Shareholding (A)	**4**	**26,33,61,533**	**39.56**
B	**Public shareholding**			
	MF/Financial Institution /Banks	15	6,31,55,009	9.49
	Insurance Company - LIC of India	1	1,01,72,300	1.53
	Foreign Institutional Investors	25	4,54,33,611	6.82
	Foreign Venture Capital/Foreign Companies/Foreign Nationals/NRI's	513	12,06,10,600	18.12
	Bodies Corporate/Trusts	891	12,58,51,316	18.90
	Individuals	52,578	3,47,81,709	5.22
	Others	551	24,32,310	0.36
	Total Public Shareholding (B)	**54,574**	**40,24,36,855**	**60.44**
	GRAND TOTAL (A)+(B)	**54,578**	**66,57,98,388**	**100.00**

Dematerialisation of Shares

The Equity Shares of the Company are traded in electronic form. As on March 31, 2010, 64,82,90,627 Equity Shares or 97.37% of the total paid up Equity Capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). All the demat requests were processed and confirmed within 7 days of receipt thereof.

Demat ISIN in NSDL and CDSL for equity shares -

INE542F01012

Outstanding Convertible Instruments

As on March 31, 2010, there were no outstanding convertible instruments of the Company.

Address for Correspondence

Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, PIN 365 560, Gujarat.

Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, Secretarial Audits have been carried out, by a Practising Company Secretary to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors. The audit, *inter alia*, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

Non-Mandatory Requirements under Clause 49 of the Listing Agreement

The details of adoption of Non-mandatory requirements of Clause 49 are provided below:

i. The Board:

The Chairman of the Company is a non-executive Chairman. The Company maintains the office of the Chairman. All the independent directors are eminent and qualified professionals contributing effectively to the Company. The tenure of the Independent Directors is not fixed by the Company.

ii. Remuneration Committee:

The Board of Directors has constituted a Remuneration Committee, the details of which are provided as part of this Report. The Minutes of the Committee are periodically placed before the Board for approval.

iii. Shareholders' Rights:

The Company publishes the financial results in the newspapers in English and Gujarati, where its Registered Office is situated and uploads the same on its web-site as well (www.pipavavshipyard.com). The Annual Report is also sent individually to all the shareholders of the Company. The Company does not follow the practice of sending the half yearly performance and summary of significant events to each shareholder.

iv. Audit Qualifications:

The Company always strives to present an unqualified financial statement.

v. Whistle-Blower Policy:

The Company is committed to developing a culture where it is safe for all employees to raise concerns about any unacceptable practice and any event of misconduct.

The Company has formulated a Whistle-Blower Policy to provide a framework to promote responsible and secure whistle blowing. It protects the employees raising concern about irregularities within the Company.

The purpose of the policy is also to provide a framework to employees, customers and vendors to raise concerns, communicate to the senior management without any fear whatsoever in line with the commitment of the Company to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication.

DECLARATION UNDER CLAUSE 49(I)(D) OF THE LISTING AGREEMENT FOR COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has laid down a Code of Conduct for its Board of Directors and Senior Management.

I, Bhavesh Gandhi, Executive Vice-Chairman of the Company confirm the compliance of this Code of Conduct by myself and other members of the Board of Directors and Senior Managerial personnel as affirmed by them individually.

For PIPAVAV SHIPYARD LIMITED
Bhavesh Gandhi
Executive Vice-Chairman

Place : Mumbai
Date : May 28, 2010

CERTIFICATE BY EXECUTIVE VICE-CHAIRMAN & CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT

We, Bhavesh Gandhi, Executive Vice-Chairman, and Hasmukh Daftary, Chief Financial Officer of Pipavav Shipyard Limited, to the best of our knowledge and belief, certify to the Board that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended on March 31, 2010 and to the best of our knowledge and belief :

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;

d. i There have not been any significant changes in internal control over financial reporting during the year;

   ii There have not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   iii We are not aware of any instances of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Bhavesh Gandhi
Executive Vice-Chairman

Hasmukh Daftary
Chief Financial Officer

Place : Mumbai
Date : May 28, 2010

Auditor’s Certificate on Corporate Governance

To the Members,

Pipavav Shipyard Limited

We have examined the compliance of conditions of Corporate Governance by Pipavav Shipyard Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance as stipulated in the said Clause. 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, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Chaturvedi & Shah
Firm Regn. No. 101720W
Chartered Accountants

R. Koria
Partner
Membership No. 35629

Place: Mumbai
Date: May 28, 2010

AUDITOR'S REPORT

To
The Members of
Pipavav Shipyard Limited

1. We have audited the attached Balance Sheet of PIPAVAV SHIPYARD LIMITED, as at 31st March, 2010, and also the Profit and Loss Account and Cash Flow Statement of the Company 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in 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 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.

4. Further to our Comments in the Annexure referred to in Para 3 above, we report that:

   a) 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;

   b) 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 such books;

   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of the written representations received from the directors as on 31st March, 2010, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant Accounting Policies & notes there on, in particular Note No. 10 of Schedule 23 regarding payment of managerial remuneration which is subject to the approval of Central Government, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;

      (ii) in the case of Profit and Loss Account, of the loss of the Company for the year ended on that date; and

      (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Chaturvedi & Shah
Firm Regn. No. – 101720W
Chartered Accountants

R. Koria
Partner
Membership No. – 35629

Place : Mumbai
Date : 28.05.2010

ANNEXURE TO AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate, we further report that:-

i. In respect of its fixed assets:

a. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.

b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company. No material discrepancies were noticed on such physical verification.

c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

ii. In respect of its inventories:

a. As explained to us, inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.

b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on the physical verification of inventory as compared to the book records.

iii. In respect of Loans, secured or unsecured, granted or taken by the company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

a. The Company has granted unsecured loan to a wholly-owned subsidiary company of it. The maximum amount outstanding at any time during the year was Rs. 10,669.93 Lacs and the year end balance was Rs. 3,869.40 Lacs.

b. In our opinion and according to the information and explanations given to us, the aforesaid loan is interest free and other terms and conditions, are not prima facie prejudicial to the interest of the company.

c. The said loan is repayable on demand and there is no repayment schedule.

d. As the said loan is repayable on demand, the question of overdue amount does not arise.

e. The company has not taken any loans during the year from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the provisions of sub clauses (f) and (g) of paragraph 4 of the order are not applicable.

iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:

a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. The transactions, made in pursuance of the contracts or arrangements, entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. Five lacs or more in respect of each party, have been made at prices, which are reasonable. The Company has not made any similar transactions with any other party.

vi. According to information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable for the year under audit.

vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.

viii. The Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of Ship Building activities carried out by the company.

ix. According to the information and explanations given to us in respect of statutory dues:

a. The company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year except in few cases.

b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.

c. The disputed statutory dues aggregating to Rs. 19.33 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. In Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2004 - 05	19.33	C.I.T. (A)
Total			**19.33**	

x. The Company has accumulated loss as on 31st March 2010, which is not more than fifty percent of its net worth as on that date. The Company has incurred cash loss during the current financial year but had not incurred cash loss in the immediately preceding year.

xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to banks and financial Institutions except incase of a financial institution where Rs. 815.65 Lacs were outstanding as on 31st March, 2010 which has since been paid.

xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

xiv. The company has maintained proper records of transactions and contracts in respect of shares and other securities and timely entries have been made therein. The investments are held by the Company in its own name.

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

xvi. The Company has raised new term loans during the year. To the best of our knowledge and according to information and explanation given to us the term loans outstanding at the beginning of the year and those raised during the year were prima facie been either used for the purposes for which they were raised or pending utilization been temporarily kept with the bank.

xvii. On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the Company as at 31st March, 2010, related information's as made available to us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis have not been utilized for long term purposes.

xviii The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

xix. The Company has not issued any debentures, hence the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

xx. We have verified the end use of money raised by Initial Public Offer and the same is disclosed by the management in the Note No. 4 of Schedule 23 to the accounts.

xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.

For **Chaturvedi & Shah**
Firm Reg. No. – 101720W
Chartered Accountants

R Koria
Partner
Membership No. – 35629

Place : Mumbai
Date : 28th May, 2010

Balance Sheet As At March 31, 2010

(Rs in lacs)

	Schedule	As at March 31, 2010		As at March 31, 2009	
SOURCES OF FUNDS					
Share Holders' Funds					
Share Capital	1	66,579.84		58,034.82	
Reserves and Surplus	2	103,650.01		67,472.85	
			170,229.85		125,507.67
Loan Funds					
Secured Loans	3	113,107.59		77,458.99	
Unsecured Loans	4	19,883.95		37,901.43	
			132,991.54		115,360.42
Total			**303,221.39**		**240,868.09**
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	109,238.82		4,957.09	
Less :- Depreciation		4,410.68		758.23	
Net Block		104,828.14		4,198.86	
Capital Work in Progress		138,838.21		215,601.91	
			243,666.35		**219,800.77**
Investments	6		2,675.69		6,655.06
Current Assets, Loans and Advances					
Inventories	7	13,302.32		31,829.30	
Sundry Debtors	8	701.80		—	
Cash and Bank Balances	9	64,009.08		66,180.00	
Other Current Assets	10	34,843.50		—	
Loans and Advances	11	29,716.83		25,509.26	
		142,573.53		**123,518.56**	
Less : Current Liabilities and Provisions	12				
Liabilities		75,898.37		107,891.14	
Provisions		14,860.38		1,215.16	
		90,758.75		**109,106.30**	
Net Current Assets			51,814.78		14,412.26
Miscellaneous Expenditure	13		—		—
(to the extent not written off or adjusted)					
Profit and Loss			5,064.57		—
Total			**303,221.39**		**240,868.09**
Significant Accounting Policies	22				
Notes to Accounts	23				

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

Dated: May 28, 2010
Mumbai

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Profit & Loss Account for the year ended March 31, 2010

(Rs in lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
Income			
Income from Operations	14	62,938.26	—
Other Income	15	6,750.66	6,177.80
Increase / (Decrease) in Inventories	16	(11,294.30)	—
Total		**58,394.62**	**6,177.80**
Expenditure			
Purchase of Traded Goods		9,477.15	—
Raw Materials Consumed	17	16,931.91	—
Manufacturing Expenses	18	16,346.19	—
Payments to and Provisions for Employees	19	2,162.85	767.69
Administrative, Selling and Other Expenses	20	7,388.09	3,139.67
Interest and Financial Charges	**21**	**7,299.92**	**1,295.80**
Depreciation		3,654.73	15.25
Total		**63,260.84**	**5,218.41**
Profit / (Loss) Before Taxes		(4,866.22)	959.39
Provision For Tax - Current Tax		—	412.00
- Fringe Benefit Tax		—	55.00
- Income Tax for Earlier Years		15.83	—
Profit / (Loss) after Tax		(4,882.05)	492.39
Prior Period Items (Net)		**(207.35)**	**(50.01)**
Balance brought forward		24.83	(417.55)
Amount Available for Appropriation		(5,064.57)	24.83
Appropriations		—	—
Balance carried to Balance sheet		**(5,064.57)**	**24.83**
Earnings per Equity share of ₹10/- each			
- Basic and Diluted (In Rupees)		(0.82)	0.08
(Refer note no. 16 of Schedule 23)			
Significant Accounting Policies	22		
Notes to Accounts	**23**		

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

Dated: May 28, 2010
Mumbai

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Schedules forming part of the Balance Sheet

Rs in Lacs

Particulars	As at March 31st 2010		As at March 31st 2009	
Schedule - 1				
SHARE CAPITAL				
Authorised				
800,000,000 (Previous Year: 800,000,000) Equity shares of ₹10/- Each		80,000.00		80,000.00
		80,000.00		80,000.00
Issued, Subscribed and Paid Up				
665,798,388 (Previous Year: 580,348,163) Equity Shares of ₹10/- Each fully paid up		66,579.84		58,034.82
Total		66,579.84		58,034.82
Schedule - 2				
RESERVES AND SURPLUS				
Securities Premium Account				
Balance as per Last Balance Sheet	67,448.02		67,494.47	
Add :- On Issue of Shares	41,321.57		458.34	
Less :- Preliminary and Issue Expenses Written Off	5,119.58		504.79	
		103,650.01		67,448.02
Profit and Loss Account		—		24.83
Total		103,650.01		67,472.85
Schedule - 3				
SECURED LOANS				
Term Loans				
- from Banks	57,035.09		36,136.00	
- from Financial Institutions	40,782.25		41,254.25	
		97,817.34		77,390.25
Short Term Loans				
- from Banks	9,500.00		—	
- from Financial Institutions	5,500.00		—	
		15,000.00		—
Vehicle Loans		47.85		68.74
Interest Accrued and Due		242.40		—
Total		113,107.59		77,458.99

1) The term loan from Banks and Financial Institutions referred above are secured by way of first charge and mortgage of all the Company's immovable properties, both present and future and hypothecation of all movable properties, both present and future, except book debts and stocks which are subject to the prior charge to secure working capital requirements.

2) Short Term Loan from Banks and Financial Institutions referred above includes:
a) ₹4,500 lacs secured by way of first charge on moveable properties of the company both present and future except book debts and stock. b) ₹5,500 lacs secured by way of first charge on moveable properties of the company both present and future except book debts and stock and further secured by pledge of entire share holding of the company in E-Complex Private Limited and first charge of all right title and interest on Land admeasuring 29.1289 hectares at village Rampara 2 , hypothecation of moveable assets E-Complex Private Limited, a wholly owned subsidiary company. c) ₹5,000 lacs secured by subservient charge on moveable fixed assets of the company and d) All short term loans are guaranteed by a promoter group company.

3) All the above loans are guaranteed by some of the directors in their personal capacity.

4) Vehicle Loans are secured by Hypothecation of the specific vehicles financed.

Schedules forming part of the Balance Sheet

Particulars	As at March 31st 2010		As at March 31st 2009	
Schedule - 4				
UNSECURED LOANS				
Short Term :-				
From Banks		*19,883.95		*34,926.99
Inter Corporate Deposits		—		2,974.44
Total		19,883.95		37,901.43

* Includes ₹1,032.15 lacs (Previous Year: ₹16,513.28 lacs) relating to discounting of letter of credits / buyers credit for the project. and ₹8,851.80 lacs (Previous Year: 18,413.71 lacs) for operations. ₹10,000 lacs are guaranteed by some of the directors in their personal capacity.

Schedules forming part of the Balance Sheet

Schedule - 5

FIXED ASSETS

Rs in Lacs

Particulars	Gross Block				Depriciation				Net Block	
	As on 01.04.2009	Additions during the year	Deductions/ Adjustments	As on 31.03.2010	Upto 31.03.2009	Additions during the year	Deductions / Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
A) Tangible Assets										
Leasehold Land	—	22,271.45		22,271.45	—	1,139.86		1,139.86	21,131.59	—
Buildings	1,259.29	41,823.45	—	43,082.74	0.44	840.07	—	840.51	42,242.23	1,258.85
Plant and Machinery	2,905.77	39,941.91	(8.15)	42,839.53	550.51	1,532.73	(2.28)	2,080.96	40,758.57	2,355.26
Furniture and Fixtures	314.19	80.01		394.20	136.30	64.57		200.87	193.33	177.89
Vehicles	405.51	12.56		418.07	59.03	37.94		96.97	321.10	346.48
B) Intangible Assets										
Softwares*	72.33	160.50		232.83	11.95	39.56		51.51	181.32	60.38
Total	**4,957.09**	**104,289.88**	**(8.15)**	**109,238.82**	**758.23**	**3,654.73**	**(2.28)**	**4,410.68**	**104,828.14**	**4,198.86**
Previous Year	1,824.09	3,138.26	(5.26)	4,957.09	464.21	294.76	(0.74)	758.23	4,198.86	
Capital Work In Progress									138,838.21	215,601.91

* Other than Internally Generated

Notes:

1) The Leasehold land represents the lease premium if any paid and the cost incurred for reclaiming and development of the Land.

	As at 31st Mar 10	As at 31st Mar 09
2) Capital Work in Progress includes		
- Advances on Capital Account	581.69	867.60
- Material at site	1,246.26	204.31
- Buildings under construction	1,113.79	30,573.39
- Plant and Machinery under installation	97,579.98	128,699.74
- Pre-operative Expenses	38,316.49	55,256.87
	138,838.21	**215,601.91**

3) Buildings and Plant & machineries are constructed /installed on leasehold land.

Schedules forming part of the Balance Sheet

Rs in Lacs

Particulars	Numbers 31-Mar-10	Numbers 31-Mar-09	Face Value (Rs.)	As at March 31st, 2010	As at March 31st 2009
Schedule - 6					
INVESTMENTS					
Long Term Investments, (Unquoted)					
Government and Other Securities (Other than Trade)					
6 years National Savings Certificate (Deposited with Sales Tax Department)	—	—	—	0.05	0.05
				0.05	0.05
In Equity shares of Subsidiary Company					
- Fully Paid up					
E Complex Pvt.Ltd.	21,709,327	21,709,327	10.00	1,896.73	1,896.73
				1,896.73	1,896.73
Current Investments (Other than Trade, Unquoted)					
In Units of Mutual Funds					
Kotak Floater Long Term Growth	5,469,316.83	5,469,316.83	10.00	778.91	756.31
LIC MF Liquid Fund Plus - Daily Dividend Plan	—	40,019,731.72	10.00	—	4,001.97
				778.91	4,758.28
Total				**2,675.69**	**6,655.06**
Note:					

1) Investments Purchased and Sold During the Year

Mutual Funds	Face Value (Rs.)	Units (Nos)	Cost (Rs in Lacs)
ICICI Prudential Inst LP-Super Inst Growth Option	100.00	37,716,031	7,121.02
Reliance Liquidity Fund - Growth Option	10.00	55,171,805	7,500.00
Reliance Liquidity Fund – Daily Dividend- Reinvestment Option	10.00	18,658,237	1,866.40
LIC MF Liquid Plus Fund - Dividend Plan	10.00	10,019,659	1,001.97
Reliance Money Manager Fund -Institutional Option-Daily Dividend	1,000.00	420,017	4,204.94
UTI Money Market Fund	1,000.00	528,744	5,350.00
HDFC Liquid Fund-Premium Plus Plan -Growth	10.00	41,370,637	7,500.00
LIC MF Liquid Fund	10.00	91,444,045	15,135.00
Sundaram BNP Paribas Money Fund	10.00	21,017,676	4,000.00
Birla Sun Life Cash Plus - I. P. - Growth Fund	10.00	51,945,533	7,500.00
SBI Magnum Insta Cash Fund	10.00	37,325,318	7,500.00
Kotak Liquid Institutional Premium - Growth Plan	10.00	30,702,138	5,645.13
ICICI Prudential Flexible Income Plan Premium - Growth	10.00	28,651,987	4,800.61
ICICI Prudential Flexible Income Plan Premium - Growth	100.00	2,865,204	4,814.88
HDFC Cash management Fund-Treasury Advtage plan-Wholesale-Growth	10.00	37,982,335	7,500.83
KOTAK Floater Long Term-Growth	10.00	27,931,688	4,000.46
Reliance Money Manager Fund-Instl Option-Growth plan	1,000.00	611,069	7,500.94
UTI Floating Rate Fund-Short Term Plan-instl Growth Plan	1,000.00	1,450,761	14,738.43
Birla Sun Life Savings Fund instl.-Growth	10.00	43,867,075	7,500.83
SBI-SHF-Ultra Short Term Fund-Instl Plan-Growth	10.00	63,850,177	7,500.67
Sundaram BNP paribas Ultra ST Fund Super Instl.Growth	10.00	32,913,472	4,000.34
LICMF Floating Rate Fund - Short Term Plan - Growth Plan	10.00	33,787,383	5,000.63
UTI Treasury Advantage Fund - Inst. Plan - Growth Option	1,000.00	826,628.57	10,050.98
Templeton India TMA Super IP Growth	1,000.00	293,305.98	3,953.35
Birla Sun Life Cash Plus -Inst. - Growth	10.00	19,379,765.89	4,750.00
HDFC Floating Rate Inc, Fund-ST Plan-Wholesale Option-Growth	10.00	48,886,018.05	7,532.85
LIC MF Savings Plus Fund - Growth Plan	10.00	17,402,447.36	2,500.33
ICICI Prudential Ultra Short Term Plan Super Premium Growth	10.00	20,726,411.37	2,100.00
Templeton India Ultra Short Fund Institutional Plan - Growth	10.00	21,565,395.46	2,500.27
HDFC Cash Management Fund - Savings Plan - Growth	10.00	2,052,178.79	389.76

2) Investment in equity shares of E-Complex Private Limited and investment in Mutual Funds of Kotak Floater Long Term Growth have been pledged with a Financial Institution for financial facilities availed from them.

Schedules forming part of the Balance Sheet

Rs in Lacs

Particulars	As at March 31st 2010	As at March 31st 2009
Schedule - 7		
INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials and Components	10,123.40	17,753.86
Work in Progress	2,559.16	*14,056.83
Stores, Spares and Consumables	397.78	—
Scrap	221.98	*18.61
Total	13,302.32	31,829.30
* During Trial Run		
Schedule - 8		
SUNDRY DEBTORS		
(Unsecured & considered good)		
- Due for a period exceeding 6 months	—	—
- Others	701.80	—
Total	701.80	—
Schedule - 9		
CASH AND BANK BALANCES		
Cash on Hand	9.53	4.02
Balances with Scheduled Banks		
- In Current Accounts	13,052.59	2,809.16
- In Fixed Deposit Accounts	50,946.96	63,366.82
(Pledged with banks as Margin for Bank Guarantees		
and Letter of Credits)		
Total	64,009.08	66,180.00
Schedule - 10		
OTHER CURRENT ASSETS		
(Unsecured & considered good)		
Shipbuilding Contracts Receivables	26,028.59	—
Subsidy Receivable	8,814.91	—
Total	34,843.50	—
Schedule - 11		
LOANS AND ADVANCES		
(Unsecured & considered good)		
To Subsidiary *	3,869.40	9,087.01
Advance recoverable in cash or in kind or	15,243.36	12,695.92
for the value to be received **		
Deposits #	8,453.26	1,669.81
Advance Taxes (including Fringe Benefit Tax) (Net)	2,150.81	2,056.52
Total	29,716.83	25,509.26
* Maximum Balance During the year ₹10,669.93 lacs (Previous Year: ₹14,423.58 lacs)		
** Subject to Confirmation		
# includes ₹7,030 lacs (Previous Year: ₹ 500 lacs) with Subsidiary		

Schedules forming part of the Balance Sheet

Particulars	As at March 31st 2010	As at March 31st 2009
Schedule - 12		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(Subject to Confirmations)		
Acceptances	193.08	4,512.54
Sundry Creditors		
- Dues to Micro Small and Medium Enterprises	61.54	85.39
(Refer note no. 12 of Schedule 23)		
- Dues to Others	15,576.13	19,901.53
Advance from Customers	58,012.31	82,152.65
Unclaimed Share Application Money *	18.36	-
Other Liabilities	1,345.91	712.34
Interest Accrued but not due on Loans	691.04	526.69
Total	75,898.37	107,891.14
PROVISIONS		
For Income Tax	—	412.00
For Fringe Benefit Tax	—	55.00
For Wealth Tax	2.50	2.63
For Gratuity / Leave Encashment	163.72	155.03
Other Provisions **	14,694.16	—
For Mark to Market Losses on Forward Contracts	—	590.50
Total	14,860.38	1,215.16
Total	90,758.75	109,106.30

* Does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.

** The company has recognised liabilities based on substantial degree of estimation for provision for estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised. Actual outflow is expected in the subsequent financial years.

Rs in Lacs

Particulars	**As at March 31st 2010**		**As at March 31st 2009**	
Schedule - 13				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Preliminary and Issue Expenses				
Balance as per last Balance Sheet	—		377.07	
Add :- Incurred During the year	5,119.58		127.72	
		5,119.58		504.79
Less :- Transferred to Security Premium account		5,119.58		504.79
Total		—		—

Schedules forming part of the Profit and Loss Account

Rs in Lacs

Particulars	For the year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 14		
INCOME FROM OPERATIONS		
Shipbuilding	44,529.58	—
Trade Sales	9,593.77	—
Subsidy on shipbuilding	8,814.91	—
(Refer note no. 07 of Schedule 23)		
Total	62,938.26	—
Schedule - 15		
OTHER INCOME		
Interest Received	3,779.78	6,177.80
{Tax Deducted at Source ₹455.27 lacs		
(Previous Year: ₹1,508.75 lacs)}		
Profit on Sale of Current Investments (Net)	392.80	—
Foreign Exchange difference (Net)	2,531.62	—
Dividend on Current Investments	8.31	—
Miscellaneous Income	38.15	—
Total	6,750.66	6,177.80
Schedule - 16		
INCREASE AND (DECREASE) IN INVENTORIES		
Closing Balance		
Scrap	221.98	—
Work in progress	2,559.16	—
	2,781.14	—
Less :- Opening Balance		
Scrap	18.61	—
Work in progress	14,056.83	—
	14,075.44	—
Increase / (Decrease) in Inventories	(11,294.30)	—
Schedule - 17		
RAW MATERIALS CONSUMED		
Opening Stock of Raw Materials	17,753.86	—
Add :- Purchases	9,301.45	—
Less :- Closing Stock of Raw Materials	10,123.40	—
Total	16,931.91	—

Schedules forming part of the Profit and Loss Account

Rs in Lacs

Particulars	For the year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 18		
MANUFACTURING EXPENSES		
Stores, Spares and Consumables	1,166.29	—
Site Rent	212.22	—
Power Fuel and Water	894.64	—
Labour Charges	1,545.96	—
Design and Drawing Fees	76.99	—
Insurance	19.05	—
Repairs and Maintenance - Plant and Machinery	180.00	—
Equipment Hire Charges	285.28	—
Infrastructure Facility Charges	470.00	—
Other Manufacturing Expenses	94.98	—
Cost Estimated for Revenue Recognised	11,400.78	—
(Refer note no. 18 of Schedule 23)		
Total	16,346.19	—
Schedule - 19		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
(Including Managerial Remuneration)		
Salaries Wages and Allowances	1,800.93	712.93
Contribution to PF and Other Fund	242.39	11.23
Welfare and Other Amenities	119.53	43.53
Total	2,162.85	767.69
Schedule - 20		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
ADMINISTRATIVE EXPENSES		
Rent	287.81	106.97
Rates and Taxes	1.16	1.82
Electricity Expenses	49.02	-
Insurance Premium	27.65	8.75
Printing and Stationery	33.43	7.98
Communication Expenses	62.78	18.29
Travelling, Conveyance and Vehicle Hire Charges	690.69	246.78
Repairs and Maintenance - Building	33.88	—
Repairs and Maintenance - Others	77.50	5.51
Legal and Professional Charges	1,944.24	259.28
Directors Sitting Fees	4.30	4.70
Payment to Auditors	40.95	36.13

Schedules forming part of the Profit and Loss Account

Rs in Lacs

Particulars	For the year ended March 31st, 2010	For the year ended March 31st, 2009
Miscellaneous Expenses	236.44	73.40
SELLING EXPENSES		
Advertising / Publicity Expenses	341.00	33.47
Brokerage and Commission	4.21	142.47
Business Promotion Expenses	218.89	82.27
OTHER EXPENSES		
Provision for estimated cost over contract revenue	3,293.38	—
Foreign Exchange Difference (Net)	—	2,093.77
Loss on Sale of Fixed Assets (Net)	4.78	3.03
Donations	33.48	12.43
Wealth Tax	2.50	2.63
Total	7,388.09	3,139.67
Schedule - 21		
INTEREST AND FINANCIAL CHARGES		
Interest		
- On Fixed Loans	4,003.67	4.28
- On Others	1,418.63	80.11
Loan Processing and Other Financial charges	1,877.62	1,211.41
Total	7,299.92	1,295.80

Schedules forming part of the Balance Sheet & Profit and Loss Account

SCHEDULE 22

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2. USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

3. FIXED ASSETS:

i. Fixed Assets are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production attributable to the fixed assets are capitalised.

ii. Expenses incurred relating to project, net of income earned during project development stage prior to commencement of commercial operation, are considered as project development expenditure and disclosed under Capital Work-in-Progress.

4. INTANGIBLE ASSETS:

Intangible Assets are stated at cost of acquisition less accumulated amortization. Software, which is not an integral part of the related hardware, is classified as an intangible asset and is amortized over the useful life of five years. Amortization is done on straight line basis.

5. DEPRECIATION:

Depreciation on Fixed Assets is provided on the Straight Line Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of additions/extensions forming an integral part of existing assets depreciation has been provided over residual life of the respective fixed assets. The assets constructed on the leasehold land is depreciated during the lease period of the land or at the rates prescribed in Schedule XIV, whichever is higher.

6. INVESTMENTS:

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

7. BORROWING COSTS:

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

8. INVENTORY:

The inventories i.e. Raw Materials, Stores and Spares, Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprise of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. The cost of Raw Materials and Stores & Spares is determined at Weighted Average Method. The cost of Work-in-progress and Finished Stock is determined on absorption costing method. Scrap is valued at net realisable value.

9. REVENUE RECOGNITION:

i. Revenue for shipbuilding contracts are recognized using the percentage of completion method as under:

a. In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. revenue is recognized on the basis of percentage of actual cost incurred thereon as against the total estimated cost of the shipbuilding contract under execution.

b. In respect of other vessels, including offshore support vessels, revenue is recognized in proportion to the stage of completion. The stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by technical experts. As soon as the outcome of the construction contract can be estimated reliably, contract revenue and expenses are recognized in the profit and loss account in proportion to the degree of completion of the contract.

The estimates of cost are revised periodically by the management. The effect of such changes to estimates is recognized in the period in which such changes are determined. The estimated cost of each contract is determined based on the management's estimate of the cost to be incurred till the final completion of the vessel and includes cost of materials, services, finance cost and other related overheads. Any projected losses on contracts under execution are recognized in full when identified. Recognition of revenue relating to agreements entered in to with the buyers, which are subject to fulfillment of obligations/conditions imposed by statutory authorities is postponed till such obligations are discharged.

ii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.

10. GOVERNMENT SUBSIDY:

Government subsidy related to shipbuilding contracts are recognized, on the basis of percentage completion of the respective ships, on compliance with the relevant conditions and such grants are recognized in the Profit and Loss Account and presented under Income from Operations.

11. FOREIGN CURRENCY TRANSACTIONS:

i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.

iii. Non monetary foreign currency items are carried at cost.

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account.

12. FINANCIAL DERIVATES:

In respect of Derivative Contracts, premium paid provision for losses on restatement and gains on settlement are recognised in the Profit and Loss Account.

13. EMPLOYEE BENEFITS:

i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account/project development expenditure of the year in which the related service is rendered.

ii. Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account/ project development expenditure for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account/project development expenditure.

14. PROVISION FOR CURRENT AND DEFERRED TAX:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

15. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

16. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

17. PRELIMINARY AND ISSUE EXPENSES:

Preliminary and Expenses related to issue of equity and equity related instruments are adjusted against the securities premium account.

Schedule 23: Notes to Accounts

(Rs. In Lacs)

		31.03.2010	31.03.2009
1.	**Contingent Liabilities:**	**31.03.2010**	**31.03.2009**
	a) Guarantees given by Company's Bankers		
	i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	**48,400.26**	50,642.13
	ii) Other Bank Guarantees(Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)	**7,597.99**	1,035.62
	b) Demands not acknowledged as Debts		
	i) Income Tax (The Company has deposited ₹21.17 Lacs out of total demand and no further cash outflow is expected in the near future)	**40.49**	1.84
	ii) Other Claims (Mainly related to Geology and Mining Charges, No Cash Outflow is expected in the near future)	**94.01**	85.36
	c) Letters of Credit opened in favour of suppliers (Cash Flow is expected on receipt of materials from Suppliers)	**1,891.67**	9,321.04
2.	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on Progressive basis)	**11,630.89**	15,624.76

3. The Company is constructing its integrated shipyard projects comprising two units, viz., Special Economic Zone (SEZ) and Export Oriented Unit (EOU), situated at Amreli in Gujarat. During the year certain facilities at the above mentioned units commenced and others are still under construction. The Project Development Expenditure (included under Capital Work-in-Progress) is as under:

(Rs. In Lacs)

Particulars of Expenses	2009 - 2010	2008 - 2009
Opening Balance	**55,256.87**	35,404.29
Add:		
Opening Work In Progress (Trial Run)	-	1,944.88
Raw Material Consumed	-	8,205.18
Stores & Spares Consumed	-	323.87
Other Manufacturing Expenses	-	3,430.23
Power & Fuel	-	152.68
Rent	**150.55**	257.83
Salaries Wages and Allowances	**983.46**	2,360.75
Contribution to PF and Other Fund	**34.29**	52.48
Welfare and Other Amenities	**54.54**	85.59
Legal, Professional and Consultancy Charges	**1,107.80**	2,426.57
Conveyance, Travelling and Vehicle Expenses	**237.42**	1,350.95
Rates and Taxes	**876.34**	86.43
Insurance	**60.31**	137.79
Communication Expenses	**30.31**	65.92
Repairs & Maintenance - Building	-	81.95
Repairs & Maintenance - Plant & Machinery	-	53.28
Repairs & Maintenance - Others	**79.96**	36.74
Miscellaneous Expenditure	**184.13**	704.75
Loss on Sale on Long - Term Investments	-	192.95
Interest on Fixed Loans	**7,416.52**	5,893.08

(Rs. In Lacs)

Particulars of Expenses	2009 - 2010	2008 - 2009
Interest Others	**1,168.76**	1,690.52
Bank and Financial Charges	**697.46**	512.30
Foreign Exchange Difference (Net)	—	4,526.93
Depreciation	—	277.26
Sub Total -	**68,338.72**	70,255.20
Less :		
Closing Work In Progress (Trial Run)	—	14,056.83
Dividend on Current Investments	—	153.77
Profit on sale of Current Investments	—	138.34
Interest on FD (Previous Year TDS ₹159.64 Lacs)]	—	640.63
Miscellaneous Income	**1.81**	8.76
Provisions Written Back	**52.68**	—
CST Recoverable transferred during the year	**56.77**	—
Sub Total -	**111.26**	14,998.33
Less:		
Allocated to Fixed Assets	**29,910.97**	—
Closing Balance	**38,316.49**	**55,256.87**

4. During the year, the Company had raised ₹ 49,866.58 Lacs through its Initial Public Offer (IPO) and allotted 85,450,225 Equity Shares of ₹10 each on 1st October, 2009. The above proceeds have been fully utilized as – ₹17,926.68 Lacs for Construction of Facilities for Shipbuilding, Ship Repairs and the Offshore Business; ₹24,403.81 Lacs for Working Capital; ₹2,416.51 Lacs for General Corporate Purpose and ₹5,119.58 Lacs for Share Issue Expenses.

5. The Company has issued, a Bond-cum-Legal Undertaking for ₹24,400 Lacs in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, and a General Bond in favour of the President of India for a sum of ₹15,300 Lacs as a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

6. In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realized in the ordinary course of business.

7. As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on 25th March 2009, the Company is eligible for subsidy at the rate of 30% of the contract price, suitably adjusted for any unintended benefits by the SEZ unit in respect of the export order received for vessels for which the contracts with the customers were signed on or before 14th August 2007. Accordingly Government Subsidy of ₹8,814.91 Lacs for the year has been recognised as revenue in respect of Ships under construction on proportionate completion basis. This includes ₹4,422.85 Lacs (including ₹3,724.02 Lacs of customs duty), being the indirect tax benefits availed by the SEZ unit. The company is of the view that the above tax benefits would in any case be available for export of ships irrespective of whether the ships are built in SEZ or otherwise and do not include any unintended benefits and hence need not be netted against the subsidy so recognised.

8. Advances recoverable in cash or in kind or for the value to be received in Schedule 11 includes ₹ 4,309.18 Lacs (Previous Year ₹3,848.57 Lacs), being

the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost of the project.

9. The company has received two show cause notices in its 100% EOU from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to availment of Cenvat/Customs Duty/Service Tax Credit availed on inputs/services used for Construction of Dry Dock and Goliath Cranes and Non-submission of original evidences/documents. The company does not forsee any losses on this account and duty reversal, if any, will be added back to the cost of project.

10. Managerial Remuneration:

a) Remuneration to Executive Vice Chairman

(Rs. In Lacs)

Particulars	**2009 - 2010**	**2008 - 2009**
Salaries	264.60**	594.00*
Contribution to Provident Fund	7.20	7.20
Perquisites and other allowances	0.40	96.00
Total	272.20	697.20

** Includes Performance Linked Incentives for the Financial year 2009 – 10

*Includes Performance Linked Incentives for the Financial Year 2007 – 2008 and 2008 – 2009

i) The above managerial remuneration is subject to approval of Central Government in terms of Sec. 269 of the Companies Act 1956, for which the Company has filed the application.

ii) Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and therefore not included above.

b) The computation of net profit for the purpose of directors remuneration under section 349 of the Companies Act 1956 have not been enumerated since no commission has been paid to any of the directors. Fixed Managerial Remuneration has been paid to the whole time director.

11. Auditors Remuneration:

(Rs. In Lacs)

Particulars	**2009 - 2010**	**2008 - 2009**
Audit Fees	30.00	30.00
Tax Audit Fee	5.00	4.25
Certification Charges and Other Matters	50.95*	8.58*
Total	85.95	42.83

*Includes ₹45 Lacs (Previous Year ₹6.70 Lacs) adjusted against Securities Premium

12. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

(Rs. In Lacs)

Sr. No.	Particulars	As at March 31st 2010	As at March 31st 2009
a.	Principal amount remaining unpaid	61.54	85.39
b.	Interest due thereon	-	-
c.	Interest paid by the Company in term of Section 16	-	-
d.	Interest due and payable for the period of delay in payment	-	-
e.	Interest accrued and remaining unpaid.	-	-
f.	Interest remaining due and payable even in succeeding years.	-	-

13. Employee Benefits:

As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Employers Contribution to Provident Fund	54.25	43.92
Employers Contribution to Pension Fund	18.62	15.73
Total	72.87	59.65

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan is managed by the trust maintained with Life Insurance Corporation of India (LIC).

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009 - 2010	2008 - 2009
Defined Benefit Obligation at beginning of the year	46.85	18.81
Current & Past Service Cost	96.79	16.25
Current Interest Cost	3.00	2.43
Actuarial (Gain) / Loss	(43.63)	9.37
Benefits paid	18.55	—
Defined Benefit Obligation at end of the year	84.46	46.85

b) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009 - 2010	2008 - 2009
Fair Value of Plan Assets at the beginning of the year	63.66	40.37
Expected Return on Plan Assets	4.35	3.03
Actuarial Gain / (Loss)	(4.35)	0.82
Contributions	—	19.45
Benefits Paid	18.55	—
Fair Value of the Assets at the end of the year	45.11	63.66

c) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	2008-09
Fair Value of Plan Assets at the end of the year	45.11	63.66
Present Value of Defined Benefit Obligation at end of the year	84.46	46.85
Liabilities / (Assets) recognised in the Balance Sheet	39.35	(16.81)

d) Expenses recognised during the year

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	2008-09
Current & Past Service Cost	96.79	16.25
Interest Cost	3.00	2.43
Expected Return on Plan Assets	(4.35)	(3.03)
Actuarial (Gain) / Loss	39.28	8.55
Effect of the limit in Para 59(b)	—	(0.42)
Net Cost Recognised in Profit and Loss Account	56.16	23.78

e) Assumptions used to determine the defined benefit obligations

Particulars	Gratuity Funded	
	2009-10	2008-09
Mortality Table (LIC)	(1994 – 96 ultimate)	
Discount Rate (p.a.)	8.00%	7.05%
Estimated Rate of Return on Plan Asset	8.00%	7.50%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

f) Amounts for the Current and previous periods for Gratuity Funded are as follows:

(Rs. In Lacs)

Particulars	2009-10	2008-09	2007-08
Defined Benefit Obligation	84.46	46.85	18.81
Plan Assets	45.11	63.66	40.37
Surplus/(Deficit)	(39.35)	16.81	21.56
Experience adjustment on plan assets (Gain)/Loss	*	*	*
Experience adjustment on plan Liabilities Gain/ (Loss)	*	*	*

* - Details are not readily available in the valuation report taken by the Company and hence are not furnished.

Note: In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

14. Segment Reporting

The Company's activities predominantly revolve around the shipbuilding activity. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

15. Related Party Disclosures

a) List of Related parties

1. Subsidiary Company

E Complex Private Limited

2. Associates

SKIL Infrastructure Limited

Punj Lloyd Limited

3. Key Managerial Personnel

Mr. Nikhil P. Gandhi

Mr. Bhavesh P. Gandhi

Mr. Ray Stewart (upto 31-01-2009)

Mr. J P Rai (w.e.f 02-02-2009)

4. Enterprises in which key managerial personnel or their relatives are able to exercise significant influence (Other Related Parties)

Awaita Properties Private Limited

b) Transactions with related parties for the year ended 31.03.2010

(Rs. In Lacs)

Nature of Transactions	Subsidiary	Associates	Key Managerial Personnel				Other Related Parties	**Total**
	E-Complex Pvt. Ltd.	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr Raymond Stewart (CEO)	Mr. J P Rai (CEO)	Awaita Properties Pvt. Ltd.	
Expenditure								
Lease Rent	251.50 (1.00)	— (—)	— (—)	— (—)	— (—)	— (—)	281.71 (154.80)	**533.21** **(155.80)**
Infrastructure Facility Charges	470.00 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**470.00** **(-)**
Project Development Fees	— (—)	473.00 (-)	— (—)	— (—)	— (—)	— (—)	— (—)	**473.00** **(-)**
Directors Sitting fees	— (—)	— (—)	0.90 (0.90)	— (—)	— (—)	— (—)	— (—)	**0.90** **(0.90)**
Remuneration	— (—)	— (—)	— (—)	272.20 (697.20)	— (191.79)	123.48 (20.49)	— (—)	**228.48** **(909.48)**
Reimbursem-ents of ExpensesGiven	208.69 (5,681.84)	56.67 (246.02)	— (—)	— (—)	— (—)	0.15 (—)	45.58 (45.09)	**311.09** **(5,972.95)**
Reimbursem-ents of ExpensesReceived	359.98 (348.26)	0.79 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**360.77** **(348.26)**
Lease Depositsas on 31.03.2010	7,030.00 (500.00)	— (—)	— (—)	— (—)	— (—)	— (—)	200.00 (200.00)	**7,230.00** **(700.00)**
Loans and Advances								
Balance as at 01.04.2009	9,087.01 (3,098.28)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**9,087.01** **(3,098.28)**
Given during the year	2,341.10 (7,100.23)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**2,341.10** **(7,100.23)**
Returned duringthe year	7,558.71 (1,111.50)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**7,558.71** **(1,111.50)**
Balance as at 31.03.2010	3,869.40 (9,087.01)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**3,869.40** **(9,087.01)**
Sundry Creditors	— (—)	193.38 (64.96)	— (—)	— (—)	— (—)	— (—)	50.73 (22.43)	**244.11** **(87.39)**

Note: Figures in brackets pertain to previous years

16. Earnings per share (basic and diluted)

(Rs. In Lacs)

Particulars		**2009 - 2010**	**2008 - 2009**
Net Profit (Loss) after Tax		(4,882.05)	492.39
Less: Prior period Items		207.35	50.01
Amount available for calculation of Basic and Diluted EPS	(A)	(5,089.40)	442.38
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(B)	622,956,220	580,211,400
Basic and Diluted Earnings per share of ₹10/- each (in Rs.)	(A)/(B)	(0.82)	0.08

17. Deferred Tax Liability / (Asset)

As required by Accounting Standard 22 on "Accounting for Taxes on Income" Deferred Tax comprises of the following items:

(Rs. In Lacs)

Particulars	**2009 - 2010**	**2008 - 2009**
Deferred Tax LiabilitiesRelated to Fixed Assets	3,771.02	—
Total	3,771.02	—
Deferred Tax AssetsUnabsorbed Depreciation	6,001.56	18.11
Disallowance under Income Tax	55.66	52.69
Total	6,057.22	70.80
Net Deferred Tax Liability / (Assets)	(2,286.20)	(70.80)

As at March 31st 2010, the Company has Net Deferred Tax Assets of ₹2,286.20 Lacs (Previous Year ₹70.80 Lacs). In the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Assets can be realized, the same has not been recognised in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

18. In respect of Offshore Vessels (OSVs), the Company has accounted for contract revenue and expenses based on the proportion of completion of contracts as certified by technical experts. With an aim to allocate the profit on the said contracts to whole of the contract a provision of ₹11,400.78 Lacs being the proportionate cost to be incurred has been made in the books of accounts.

19. Disclosure pursuant to Accounting Standard – 7 (AS – 7 "Accounting for Construction Contracts") as notified by Companies Accounting Standards Rules, 2006:

(Rs. in Lacs)

	Particulars	**2009 - 2010**	**2008 - 2009**
a.	The contract revenue recognized in the year	44,529.58	—
b.	The aggregate amount of cost incurred and recognized profits (less recognized losses) upto the end of Financial Year for all contracts in progress	50,037.08	—
c.	Amount of advance received from the customers for contracts in progress	76,345.43	82,153.05
d.	The retention amount due from customers for contracts in progress as at the end of Financial Year	—	—

20. Lenders in respect of secured / unsecured loans aggregating to ₹97,179.75 Lacs have right to convert them at their option into fully paid up equity shares of the company if the company is in default for a period more than what is specified in respective loan agreements.

21. In accordance with the Accounting Standard (AS – 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the year ended 31.03.2010.

22. Financial and Other Derivative Instruments:

a) Derivative contracts entered into by the Company and outstanding as on 31st March 2010.

For Hedging Currency related risks

(Rs. In Lacs)

Particulars	As at March 31st 2010	As at March 31st 2009
Forward Contract	—	10,190.00

b) All derivative and financial instruments acquired by the company are for hedging purpose only.

c) Foreign currency exposures that are not hedged by derivative instruments or forward contracts as at 31st March 2010, are:

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Receivables	8,108.64	7,534.46
Payables	84,802.76	120,249.90

23. Expenditure in Foreign Currency

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Legal and Professional Charges	1,260.53	818.29
Travelling Expenses	201.00	99.78
Fabrication and Manpower Charges	401.90	637.16
Interest and Bank Charges	630.01	409.33
Design and Drawing Fees	18.71	1,362.78
Technical Fees	117.24	—
Brokerage and Commission	173.84	148.08
Others	2.95	43.38
Total	2,806.18	3,518.80

24. Value of Imports calculated on CIF Basis:

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Raw Material and Components	6,601.92	22,011.70
Stores and Spares	255.16	—
Capital Goods	860.67	23,298.31

25. Particulars in respect of Licensed Capacity, Installed Capacity and Actual Production:

Particulars	2009 - 2010	2008 - 2009
A) Licensed Capacity - Commercial Ships	Not Applicable	Not Applicable
B) Installed Capacity - Commercial Ships (As Certified by the Management and relied upon by the auditors, this being a technical matter)	Not Ascertainable	Not Ascertainable
C) Actual production- Commercial Ships	—	—
Total	—	—

26. Quantitative Information in respect of Purchase of Traded Goods and Consumption of Raw Materials (as certified by the Management):

	Particulars	2009 - 2010		2008- 2009	
		MT	Value (Rs. In Lacs)	MT	Value (Rs. In Lacs)
A)	**Sales**				
	- Steel	14,876.45	9,593.77	—	—
	- Shipbuilding Contracts (percentage completion basis)	—	44,529.58	—	—
	Subsidy	—	8,814.91	—	—
	Total	—	62,938.26	—	—
B)	**Purchases of traded goods**				
	- Steel	14,876.45	9,477.15	—	—
C)	**Raw Material Consumption**				
	- Steel Plates	21,525.87	11,489.08	22,301	8,002.97
	- Steel Profiles	3,176.95	1,657.30	437	202.21
	- Equipment and Components	—	3,785.53	—	—
	Total	—	16,931.91	—	8,205.18

27. Value of Raw Materials and Stores Consumed including Spares and Components

Particulars	2009 - 2010		2008- 2009	
	Percentage	Value (Rs. In Lacs)	Percentage	Value (Rs. In Lacs)
i) Raw Materials				
Indigenous	6.36%	1,077.52	—	—
Imported	93.64%	15,854.40	100%	8,205.18
	100.00%	16,931.91	100%	8,205.18
ii) Stores & Components				
Indigenous	74.27%	866.18	100%	323.87
Imported	25.73%	300.11	—	—
	100%	1,166.29	100%	323.87

28. Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year.

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

Dated: May 28, 2010
Mumbai

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Cash Flow Statement for the year ended March 31, 2010

Rs in Lacs

Sr. No.	Particulars	2009-2010	2008-2009
A	Cash Flow from Operating Activities		
	Net Profit / (Loss) before Tax and Extraordinary items	(4,866.22)	959.39
	Adjustments for :-		
	Depreciation and amortization	3,654.73	15.25
	Interest Income	(3,779.78)	(6,177.80)
	Dividend Income	(8.31)	-
	Profit on Sale of Current Investment	(392.80)	-
	Loss on Sale of Asset	4.78	3.03
	Interest Expense	7,299.92	1,295.80
	Provision for Wealth Tax	2.50	2.63
	Provision for estimated cost over contract revenue	3,293.38	-
	Cost Estimated for Revenue Recognised	11,400.78	-
	Foreign Exchange Difference	(504.80)	590.50
	Operating profit before working capital changes	16,104.18	(3,311.20)
	Adjusted for		
	Inventories	18,526.97	(26,115.55)
	Trade and other receivables	(41,409.09)	(4,520.12)
	Trade Payables	(44,955.17)	33,977.52
	Cash Generated from Operations	(51,733.11)	30.65
	Net Prior Period Adjustments	(20.70)	(50.01)
	Direct Taxes Paid / Refund	(579.75)	(1,717.60)
	Net Cash Flow from Operating Activities	(52,333.56)	(1,736.96)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work in Progress	(6,050.47)	(97,589.36)
	Sale of Fixed Assets	1.09	0.94
	Advance to Subsidiary	1,857.05	(5,988.73)
	Purchase of Investment	(176,239.53)	(52,724.86)
	Sale of Investment	180,611.71	65,420.87
	Dividend Income Received	8.31	153.77
	Interest Received	3,673.26	7,354.19
	Fixed Deposits held for more than three month placed	(50,938.22)	(61,643.72)
	Fixed Deposits held for more than three month Matured	61,643.72	-
	Net Cash Flow from Investing Activities	14,566.92	(145,016.90)
C	Cash Flow from Financing Activities		
	Proceeds from issue of Share Capital	49,866.59	523.82
	Issue Expenses	(5,119.58)	(127.72)
	Proceeds from Long Term Borrowings	22,099.09	49,237.09
	Repayment of Long Term Borrowings	(1,692.89)	(1,208.81)
	Short Term Loans (Net)	(2,676.08)	28,080.63
	Interest Paid	(16,175.91)	(9,038.05)
	Net Cash Flow from Financing Activities	46,301.22	67,466.96
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	8,534.58	(79,286.90)
	Cash & Cash Equivalents - Opening balance	4,536.28	83,823.18

Cash Flow Statement for the year ended March 31, 2010

Sr. No.	Particulars	2009-2010	2008-2009
	Cash & Cash Equivalents - Closing balance	13,070.86	4,536.28
	Add: Fixed Deposits held for more than three months	50,938.22	61,643.72
	Closing Cash and Bank Balance as per Schedule 9	64,009.08	66,180.00

Notes:

(1) The above cash flow statement has been prepared under the “indirect method” as set out in Accounting Standard 3 - Cash flow Statement.

(2) Figures in ( ) indicate outflow.

(3) Cash and Cash equivalent at the end of the period include deposit with banks aggregating to ₹50,946.96 Lacs. (P Y: 63,366.82 Lacs) which are pledged with Banks as margin for bank guarantee and letter of credits.

(4) Previous Years figures have been regrouped / rearranged / recasted wherever necessary to make them comparable withthose of current year.

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

Dated: May 28, 2010
Mumbai

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration no	04-33193	State Code	04

II Capital raised during the year (Amount Rs. in lacs)

Public Issue	8545.02	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of funds (Amount Rs. in lacs)

Total Liabilities	303221.39	Total Assets	303221.39
Sources of Funds			
Paid-Up Capital	66579.84	Reserves and Surplus	103650.01
Secured Loans	113107.59	Unsecured Loans	19883.95
Application of Funds			
Net Fixed Assets & CWIP	243666.35	Investments	2675.69
Net Current Assets	51814.78	Miscellaneous Expenditure	NIL
Accumulated Losses	5064.57		

IV Performance of the Company (Amount Rs. in lacs)

Turnover	62938.26	Total Expenditure	63260.84
Profit before Tax	-4866.22	Profit after Tax	-4882.05
Earnings per Share in Rs.	-0.82	Dividend Rate % age	NIL

V Generic Names of Three Principal Products / Serviecs of the Company

(As per monetary terms)

Item Code No (ITC Code)		Product Description	
Item Code No (ITC Code)		Product Description	
Item Code No (ITC Code)		Product Description	

Auditor's Report on Consolidated Financial Statements

To The Board of Directors
Pipavav Shipyard Limited

1. We have audited the attached Consolidated Balance Sheet of Pipavav Shipyard Limited (the Company) and its Subsidiary (collectively referred to as "the Group") as at March 31, 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These 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 regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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 Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit financial statement of the subsidiary, whose Financial Statement reflects total assets of Rs. 13902.71 lacs as at March 31, 2010, total revenue of Rs 728.92 lacs and cash flows amounting to Rs 6.02 lacs for the year ended on that date as considered in consolidated Financial Statement. This Financial Statement and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on their report.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006.

5. Based on our audit as aforesaid, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2010;

   (ii) in the case of the Consolidated Profit and Loss Account, of the Loss of the Group for the year ended on that date; and

   (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **Chaturvedi & Shah**
Firm Regn. No. – 101720W
Chartered Accountants

R Koria
Partner
Membership No.35629

Place : Mumbai
Date : 28.05.2010

Consolidated Balance Sheet As At March 31, 2010

(Rs in lacs)

	Schedule	As at March 31, 2010		As at March 31, 2009	
Sources of Funds					
Share Holders' Funds					
Share Capital	1	66,579.84		58,034.82	
Reserves and Surplus	2	103,650.01		67,448.02	
			170,229.85		125,482.84
Loan Funds					
Secured Loans	3	113,107.59		77,458.99	
Unsecured Loans	4	19,883.95		37,901.43	
			132,991.54		115,360.42
DEFERRED TAX LIABILITY (NET)			**146.70**		—
(Refer note No 19 of schedule 22)					
TOTAL			**303,368.09**		**240,843.26**
Application of Funds					
Fixed Assets					
Gross Block	5	118,730.49		7,177.24	
Less :- Depreciation		4,589.08		818.77	
Net Block		114,141.41		6,358.47	
Capital Work in Progress		144,161.72		227,369.10	
			258,303.13		**233,727.57**
Investments (Other than Associates)			778.96		4,845.09
Current Assets, Loans and Advances					
Inventories	6	13,302.32		31,829.30	
Sundry Debtors	7	701.80		1.00	
Cash and Bank Balances	8	64,018.45		66,183.35	
Other Current Assets	9	34,843.50		—	
Loans and Advances	10	19,023.45		16,047.39	
		131,889.52		**114,061.04**	
Less : Current Liabilities and Provisions	11				
Liabilities		77,570.90		110,586.02	
Provisions		14,860.38		1,215.16	
		92,431.28		**111,801.58**	
Net Current Assets			39,458.24		2,259.46
Miscellaneous Expenditure	12		—		—
(to the extent not written off or adjusted)					
Profit and Loss			4,827.76		11.14
TOTAL			**303,368.09**		**240,843.26**
Significant Accounting Policies	21				
Notes to Accounts	22				

As per our report of even date

For Chaturvedi and Shah
Chartered Accountants

R Koria
Partner

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Dated: May 28, 2010
Mumbai

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Consolidated Profit & Loss Account for the year ended March 31, 2010

(Rs in lacs)

	Schedule	As at March 31, 2010	As at March 31, 2009
Income			
Income from Operations	13	62,938.26	—
Other Income	14	6,754.80	6,177.83
Increase / (Decrease) in Inventories	15	(11,294.30)	—
Total		**58,398.76**	**6,177.83**
Expenditure			
Purchase of Traded Goods		9,477.15	—
Raw Materials Consumed	16	16,931.91	—
Manufacturing Expenses	17	15,692.19	—
Payments to and Provisions for Employees	18	2,197.76	767.69
Administrative, Selling and Other Expenses	19	7,470.21	3,157.99
Interest and Financial Charges	**20**	**7,300.02**	**1,295.80**
Depreciation		3,773.61	16.33
Total		**62,842.85**	**5,237.81**
Profit / (Loss) Before Taxes		(4,444.09)	940.02
Provision For Tax - Current Tax		—	412.00
- Fringe Benefit Tax		—	55.40
- Income Tax for Earlier Years		15.83	—
- Deferred Tax		146.70	—
Profit / (Loss) after Tax		(4,606.62)	472.62
Prior Period Items (Net)		**(210.00)**	**(50.01)**
Balance brought forward		(11.14)	(433.75)
Amount Available for Appropriation		(4,827.76)	(11.14)
Appropriations		—	—
Balance carried to Balance sheet		**(4,827.76)**	**(11.14)**
Earnings per Equity share of ₹10/- each			
- Basic and Diluted (In Rupees)		(0.77)	0.07
(Refer note no. 18 of Schedule 22)			
Significant Accounting Policies	21		
Notes to Accounts	**22**		

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Dated: May 28, 2010
Mumbai

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	As at March 31st 2010		As at March 31st 2009	
Schedule - 1				
SHARE CAPITAL				
Authorised				
800,000,000 (Previous Year: 800,000,000) Equity shares of ₹10/- Each		80,000.00		80,000.00
		80,000.00		80,000.00
Issued, Subscribed and Paid Up				
665,798,388 (Previous Year: 580,348,163) Equity Shares of ₹10/- Each fully paid up		66,579.84		58,034.82
Total		66,579.84		58,034.82
Schedule - 2				
RESERVES AND SURPLUS				
Securities Premium Account				
Balance as per Last Balance Sheet	67,448.02		67,494.47	
Add :- On Issue of Shares	41,321.57		458.34	
Less :- Preliminary and Issue Expenses Written Off	5,119.58		504.79	
		103,650.01		67,448.02
Total		103,650.01		67,448.02
Schedule - 3				
SECURED LOANS				
Term Loans				
- from Banks	57,035.09		36,136.00	
- from Financial Institutions	40,782.25		41,254.25	
		97,817.34		77,390.25
Short Term Loans				
- from Banks	9,500.00		—	
- from Financial Institutions	5,500.00		—	
		15,000.00		—
Vehicle Loans		47.85		68.74
Interest Accrued and Due		242.40		—
Total		113,107.59		77,458.99

1) The term loan from Banks and Financial Institutions referred above are secured by way of first charge and mortgage of all the Company's immovable properties, both present and future and hypothecation of all movable properties, both present and future, except book debts and stocks which are subject to the prior charge to secure working capital requirements.
2) Short Term Loan from Banks and Financial Institutions referred above includes:
   a) ₹4,500 lacs secured by way of first charge on moveable properties of the company both present and future except book debts and stock. b) ₹5,500 lacs secured by way of first charge on moveable properties of the company both present and future except book debts and stock and further secured by pledge of entire share holding of the company in E-Complex Private Limited and first charge of all right title and interest on Land admeasuring 29.1289 hectares at village Rampara 2, hypothecation of moveable assets of SEZ Developer c) ₹ 5,000 lacs secured by subservient charge on moveable fixed assets of the company and d) All short term loans are guaranteed by a promoter group company.
3) All the above loans are guaranteed by some of the directors in their personal capacity.
4) Vehicle Loans are secured by Hypothecation of the specific vehicles financed.

Schedules forming part of the Consolidated Balance Sheet

Particulars	As at March 31st 2010		As at March 31st 2009	
Schedule - 4				
UNSECURED LOANS				
Short Term :-				
From Banks		*19,883.95		*34,926.99
Inter Corporate Deposits		—		2,974.44
Total		19,883.95		37,901.43

* Includes ₹1,032.15 lacs (Previous Year: ₹16,513.28 lacs) relating to discounting of letter of credits / buyers credit for the project. and ₹8,851.80 lacs (Previous Year: 18,413.71 lacs) for operations. ₹10,000 lacs are guaranteed by some of the directors in their personal capacity.

Schedule - 5

FIXED ASSETS

Rs in Lacs

Particulars	Gross Block				Depriciation				Net Block	
	As on 01.04.2009	Additions during the year	Deductions/ Adjustments	As on 31.03.2010	Upto 31.03.2009	Additions during the year	Deductions / Adjustments	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
A) Tangible Assets										
Leasehold Land	880.92	24,508.11	(64.90)	25,324.13	—	1,139.86	—	1,139.86	24,184.27	880.92
Buildings	1,500.03	43,281.59	(4.88)	44,776.74	30.28	855.53	1.02	884.79	43,891.95	1,469.75
Plant and Machinery	2,931.62	43,570.04	(8.15)	46,493.51	561.97	1,629.75	2.28	2,189.44	44,304.07	2,369.65
Furniture and Fixtures	368.86	98.38		467.24	155.54	70.97	—	226.51	240.73	213.32
Vehicles	405.51	12.56		418.07	59.03	37.94	—	96.97	321.10	346.48
B) Intangible Assets										
Softwares*	72.34	160.50		232.84	11.95	39.56	—	51.51	181.33	60.39
Goodwill on Consolidation	1,017.96	—	—	1,017.96	—	—	—	—	1,017.96	1,017.96
Total	**7,177.24**	**111,631.18**	**(77.93)**	**118,730.49**	**818.77**	**3,773.61**	**3.30**	**4,589.08**	**114,141.41**	**6,358.47**
Previous Year	3,863.34	3,319.16	(5.26)	7,177.24	513.26	306.25	0.74	818.77	6,358.47	
Capital Work In Progress									144,161.72	227,369.10

* Other than Internally Generated

Notes:

1) The Leasehold land represents the lease premium if any paid and the cost incurred for reclaiming and development of the Land.

	As at 31st Mar 10	As at 31st Mar 09
2) Capital Work in Progress includes		
- Advances on Capital Account	656.87	1,022.93
- Material at site	1,246.26	204.31
- Buildings under construction	1,903.34	31,681.79
- Plant and Machinery under installation	102,045.58	138,946.83
- Pre-operative Expenses	38,309.67	55,513.24
	144,161.72	**227,369.10**

3) Out of the above Buildings and Plant & machineries aggregating of ₹30393.67 Lacs are constructed /installed on leasehold land.

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	As at March 31st 2010	As at March 31st 2009
Schedule - 6		
INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials and Components	10,123.40	17,753.86
Work in Progress	2,559.16	*14,056.83
Stores, Spares and Consumables	397.78	—
Scrap	221.98	*18.61
Total	13,302.32	31,829.30
* During Trial Run		
Schedule - 7		
SUNDRY DEBTORS		
(Unsecured & considered good)		
- Due for a period exceeding 6 months	—	—
- Others	701.80	1.00
Total	701.80	1.00
Schedule - 8		
CASH AND BANK BALANCES		
Cash on Hand	10.13	4.10
Balances with Scheduled Banks		
- In Current Accounts	13,061.36	2,812.43
- In Fixed Deposit Accounts	50,946.96	63,366.82
(Pledged with banks as Margin for Bank Guarantees and Letter of Credits)		
Total	64,018.45	66,183.35
Schedule - 9		
OTHER CURRENT ASSETS		
(Unsecured & considered good)		
Shipbuilding Contracts Receivables	26,028.59	—
Subsidy Receivable	8,814.91	—
Total	34,843.50	—
Schedule - 10		
LOANS AND ADVANCES		
(Unsecured & considered good)		
Advance recoverable in cash or in kind or	15,447.75	12,813.93
for the value to be received **		
Deposits	1,424.89	1,176.94
Advances Taxes (including Frige Benefit Tax) (Net)	2,150.81	2,056.52
Total	19,023.45	16,047.39

** Subject to confirmation

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	As at March 31st 2010	As at March 31st 2009
Schedule - 11		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(Subject to Confirmations)		
Acceptances	193.08	4,512.54
Sundry Creditors		
- Dues to Micro Small and Medium Enterprises	61.54	85.39
(Refer note no. 14 of Schedule 22)		
- Dues to Others	16,723.68	22,038.07
Advance from Customers	58,012.31	82,152.65
Unclaimed Share Application Money *	18.36	—
Other Liabilities	1,870.89	1,270.68
Interest Accrued but not due on Loans	691.04	526.69
Total	77,570.90	110,586.02
PROVISIONS		
For Income Tax	—	412.00
For Fringe Benefit Tax	—	55.40
For Wealth Tax	2.50	2.63
For Gratuity / Leave Encashment	163.72	155.03
Other Provisions **	14,694.16	—
For Mark to Market Losses on Forward Contracts	—	590.50
Total	14,860.38	1,215.16
Total	92,431.28	111,801.58

* Does not include any amount due and outstanding to be credited to Investor Education & Protection Fund.

** The company has recognised liabilities based on substantial degree of estimation for provision for estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised. Actual outflow is expected in the subsequent financial years.

Schedules forming part of the Consolidated Balance Sheet

Rs in Lacs

Particulars	**As at March 31st 2010**		**As at March 31st 2009**	
Schedule - 12				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Preliminary and Issue Expenses				
Balance as per last Balance Sheet	—		377.07	
Add :- Incurred During the year	5,119.58		127.72	
		5,119.58		504.79
Less :- Transferred to Security Premium account		5,119.58		504.79
Total		-		-

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars	For the year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 13		
INCOME FROM OPERATIONS		
Shipbuilding	44,529.58	—
Trade Sales	9,593.77	—
Subsidy on shipbuilding	8,814.91	—
(Refer note no. 09 of Schedule 22)		
Total	62,938.26	—
Schedule - 14		
OTHER INCOME		
Interest Received	3,779.78	6,177.80
{Tax Deducted at Source ₹455.27 lacs		
(Previous Year: ₹1,508.75 lacs)}		
Profit on Sale of Current Investments (Net)	392.80	—
Foreign Exchange difference (Net)	2,531.62	—
Dividend on Current Investments	11.23	—
Miscellaneous Income	39.37	0.03
Total	6,754.80	6,177.83
Schedule - 15		
INCREASE AND (DECREASE) IN INVENTORIES		
Closing Balance		
Scrap	221.98	—
Work in progress	2,559.16	—
	2,781.14	—
Less :- Opening Balance		
Scrap	18.61	—
Work in progress	14,056.83	—
	14,075.44	—
Increase / (Decrease) in Inventories	(11,294.30)	—
Schedule - 16		
RAW MATERIALS CONSUMED		
Opening Stock of Raw Materials	17,753.86	—
Add :- Purchases	9,301.45	—
Less :- Closing Stock of Raw Materials	10,123.40	—
Total	16,931.91	—

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars	For the year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 17		
MANUFACTURING EXPENSES		
Stores, Spares and Consumables	1,166.29	—
Site Rent	28.22	—
Power Fuel and Water	894.64	—
Labour Charges	1,545.96	—
Design and Drawing Fees	76.99	—
Insurance	19.05	—
Repairs and Maintenance - Plant and Machinery	180.00	—
Equipment Hire Charges	285.28	—
Other Manufacturing Expenses	94.98	—
Cost Estimated for Revenue Recognised	11,400.78	—
(Refer note no. 20 of Schedule 22)		
Total	15,692.19	—
Schedule - 18		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
(Including Managerial Remuneration)		
Salaries Wages and Allowances	1,830.85	712.93
Contribution to PF and Other Fund	243.38	11.23
Welfare and Other Amenities	123.53	43.53
Total	2,197.76	767.69

Schedules forming part of the Consolidated Profit and Loss Account

Rs in Lacs

Particulars	For the year ended March 31st, 2010	For the year ended March 31st, 2009
Schedule - 19		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
ADMINISTRATIVE EXPENSES		
Rent	289.81	106.97
Rates and Taxes	21.06	2.32
Electricity Expenses	60.47	0.73
Insurance Premium	27.65	8.75
Printing and Stationery	33.43	7.98
Communication Expenses	62.78	18.29
Travelling, Conveyance and Vehicle Hire Charges	694.20	246.80
Repairs and Maintenance - Building	33.88	—
Repairs and Maintenance - Others	93.53	5.51
Legal and Professional Charges	1,959.12	260.11
Directors Sitting Fees	4.30	4.70
Payment to Auditors	45.95	38.78
Preliminary Expenses Wirtten Off	—	13.04
Miscellaneous Expenses	239.93	73.94
SELLING EXPENSES		
Advertising / Publicity Expenses	341.00	33.47
Brokerage and Commission	4.21	142.47
Business Promotion Expenses	228.04	82.27
OTHER EXPENSES		
Provision for estimated cost over contract revenue	3,293.38	—
Foreign Exchange Difference (Net)	—	2,093.77
Loss on Sale of Fixed Assets (Net)	1.49	3.03
Donations	33.48	12.43
Wealth Tax	2.50	2.63
Total	7,470.21	3,157.99
Schedule - 21		
INTEREST AND FINANCIAL CHARGES		
Interest		
- On Fixed Loans	4,003.67	4.28
- On Others	1,418.73	80.11
Loan Processing and Other Financial charges	1,877.62	1,211.41
Total	7,300.02	1,295.80

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation :

The consolidated financial statements relate to the Pipavav Shipyard Limited ('the Company') and its subsidiary company. The consolidated financial statements have been prepared on the following basis:

a. The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".

b. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, in the same manner as the Company's separate financial statements.

c. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill.

2. Other significant accounting policies :

These are set out under "Significant Accounting Policies" as given in the Standalone Financial Statements of Pipavav Shipyard Limited.

SCHEDULE 22: NOTES TO ACCOUNTS

1.	**Following subsidiary company is considered in the consolidated financial statements :**		
	Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
	E Complex Private Limited	India	100%

			(Rs. In Lacs)
2.	**Contingent Liabilities:**	**31.03.2010**	**31.03.2009**
	a) Guarantees given by Company's Bankers		
	i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)		
	ii) Other Bank Guarantees (Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)	48,400.26	50,642.13
	b) Demands not acknowledged as Debts	7,597.99	1,035.62
	i) Income Tax (The Company has deposited ₹21.17 Lacs out of total demand and no further cash outflow is expected in the near future)	40.49	1.84
	ii) Other Claims (Mainly related to Geology and Mining Charges, No Cash Outflow is expected in the near future)	94.01	85.36
	c) Letters of Credit opened in favour of suppliers (Cash Flow is expected on receipt of materials from Suppliers)	1,891.67	9,321.04
3.	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances)(Cash flow is expected on execution of such Capital Contracts on Progressive basis)	11,791.55	17,604.55

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

4. The Company has developed its sector specific Special Economic Zone (SEZ) for engineering goods at Amreli in Gujarat and is constructing its integrated shipyard projects comprising two units, viz., Special Economic Zone (SEZ) and Export Oriented Unit (EOU), situated at Amreli in Gujarat. During the year certain facilities at the above mentioned units commenced and others are still under construction. The Project Development Expenditure (included in Capital Work-in-Progress) is as under:

(Rs. In Lacs)

Particulars of Expenses	**2009 - 2010**	**2008 - 2009**
Opening Balance	**55,513.24**	**35,548.49**
Add:		
Opening Work in Progress (Trial Run)	—	1,944.88
Raw Material Consumed	—	8,205.18
Stores & Spares Consumed	—	323.87
Other Manufacturing Expenses	—	3,430.23
Power & Fuel	—	152.68
Rent	83.05	269.33
Salaries Wages and Allowances	983.46	2,365.88
Contribution to PF and Other Fund	34.29	52.49
Welfare and Other Amenities	54.54	85.59
Legal, Professional and Consultancy Charges	1,107.80	2,436.35
Conveyance, Travelling and Vehicle Expenses	237.42	1,364.09
Rates and Taxes	876.34	92.73
Insurance	60.31	150.50
Communication Expenses	30.31	66.08
Repairs & Maintenance - Building	—	81.95
Repairs & Maintenance - Plant & Machinery	—	53.28
Repairs & Maintenance - Others	79.96	38.37
Miscellaneous Expenditure	184.12	768.76
Loss on Sale on Long - Term Investments	—	192.95
Interest on Fixed Loans	7,416.52	5,893.08
Interest Others	1,168.76	1,692.60
Bank and Financial Charges	697.46	514.03
Foreign Exchange Difference (Net)	—	4,526.93
Depreciation	—	287.65
Sub Total -	68,527.58	70,537.95
Less :	—	
Closing Work In Progress (Trial Run)	—	14,056.83
Dividend on Current Investments	—	159.25
Profit on sale of Current Investments	—	138.34
Interest on FD [(Previous Year TDS ₹161.14 lacs)]	—	647.82
Miscellaneous Income	1.81	22.47
Provisions Written Back	61.65	—
CST/VAT Recoverable transferred during the year	153.62	—
Sub Total -	217.08	15,024.72
Less:		
Allocated to Fixed Assets	30,000.83	-
Closing Balance	**38,309.67**	**55,513.24**

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

5. Investments (Other than Associates) are as under:

(Rs in Lacs)

Particulars	Numbers		Face Value (Rs.)	As at March 31st, 2010	As at March 31st, 2009
	31-Mar-10	31-Mar-09			
Long Term Investments, (Unquoted)					
Government and Other Securities (Other than Trade)					
6 years National Savings Certificate (Deposited with Sales Tax Department)	—	—	—	0.05	0.05
	0.05	0.05			
Current Investments (Other than Trade, Unquoted)					
Kotak Floater Long Term Growth*	5,469,316.83	5,469,316.83	10.00	778.91	756.30
LIC MF Liquid Fund Plus - Daily Dividend Plan	—	40,019,731.72	10.00	—	4,001.98
HDFC Cash Management Fund	—	815.767.15	10.00	—	86.76
				778.91	4,845.04
Total				**778.96**	**4,845.09**

** - Pledged with a financial institution for financial facilities availed from them.*

6. During the year, the Company had raised ₹ 49,866.58 Lacs through its Initial Public Offer (IPO) and allotted 85,450,225 Equity Shares of ₹10 each on 1st October, 2009. The above proceeds have been fully utilized as - ₹17,926.68 Lacs for Construction of Facilities for Shipbuilding, Ship Repairs and the Offshore Business; ₹24,403.81 Lacs for Working Capital; ₹2,416.51 Lacs for General Corporate Purpose and ₹5,119.58 Lacs for Share Issue Expenses

7. The Company has issued Bond-cum-Legal Undertakings for ₹33,400 Lacs in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, and a General Bond in favour of the President of India for a sum of ₹15,300 Lacs as a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

8. In the Opinion of the Management, the Current Assets, loans and Advances are approximately of the value stated, if realized in the ordinary course of business.

9. As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on 25th March 2009, the Company is eligible for subsidy at the rate of 30% of the contract price, suitably adjusted for any unintended benefits by the SEZ unit in respect of the export order received for vessels for which the contracts with the customers were signed on or before 14th August 2007. Accordingly Government Subsidy of ₹8,814.91 Lacs for the year has been recognised as revenue in respect of Ships under construction on proportionate completion basis. This includes ₹4,422.85 Lacs (including ₹ 3,724.02 Lacs of customs duty), being the indirect tax benefits availed by the SEZ unit. The company is of the view that the above tax benefits would in any case be available for export of ships irrespective of whether the ships are built in SEZ or otherwise and do not include any unintended benefits and hence need not be netted against the subsidy so recognised.

10. Advances recoverable in cash or in kind or for the value to be received in Schedule 10 includes ₹ 4,435.00 Lacs (Previous Year ₹3,871.47 Lacs),

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

being the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost of the project.

11. The company has received two show cause notices in its 100% EOU from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to availment of Cenvat/Customs Duty/Service Tax Credit availed on inputs/services used for Construction of Dry Dock and Goliath Cranes and Non-submission of original evidences/documents. The company does not forsee any losses on this account and duty reversal, if any, will be added back to the cost of project.

12. Managerial Remuneration:

a) Remuneration to Executive Vice-Chairman

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Salaries	264.60**	594.00*
Contribution to Provident Fund	7.20	7.20
Perquisites and other allowances	0.40	96.00
Total	**272.20**	**697.20**

*** Includes Performance Linked Incentives for the Financial Year 2009 - 10*

**Includes Performance Linked Incentives for the Financial Year 2007 – 2008 and 2008 – 2009*

i) The above managerial remuneration is subject to approval of Central Government in terms of Sec. 269 of the Companies Act 1956, for which the Company has filed the application.

ii) Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and therefore not included above.

b) The computation of net profit for the purpose of directors remuneration under section 349 of the Companies Act 1956 have not been enumerated since no commission has been paid to any of the directors. Fixed Managerial Remuneration has been paid to the whole time director.

13. Auditors Remuneration

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Audit Fees	33.50	32.50
Tax Audit Fee	6.50	4.25
Certification Charges and Other Matters	50.95*	8.73*
Total	**90.95**	**45.48**

**Includes ₹45 Lacs (Previous Year ₹6.70 Lacs) adjusted against Securities Premium*

14. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

(Rs. In Lacs)

Sr. No.	Particulars	As at March 31st 2010	As at March 31st 2009
a.	Principal amount remaining unpaid	61.54	85.39
b.	Interest due thereon	—	—
c.	Interest paid by the Company in term of Section 16	—	—
d.	Interest due and payable for the period of delay in payment	—	—
e.	Interest accrued and remaining unpaid.	—	—
f.	Interest remaining due and payable even in succeeding years.	—	—

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

15. Employee Benefits:

As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Employers Contribution to Provident Fund	54.71	43.92
Employers Contribution to Pension Fund	18.96	15.73
Total	**73.67**	**59.65**

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan is managed by the trust maintained with Life Insurance Corporation of India (LIC).

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009 - 2010	2009 - 2010
Defined Benefit Obligation at beginning of the year	46.85	18.81
Current & Past Service Cost	98.25	16.25
Current Interest Cost	3.08	2.43
Actuarial (Gain) / Loss	(43.42)	9.37
Benefits paid	18.55	—
Defined Benefit Obligation at end of the year	86.21	46.85

b) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009 - 2010	2008 - 2009
Fair Value of Plan Assets at the beginning of the year	63.66	40.37
Expected Return on Plan Assets	4.35	3.03
Actuarial Gain / (Loss)	(4.35)	0.82
Contributions	—	19.45
Benefits Paid	18.55	—
Fair Value of the Assets at the end of the year	45.11	63.66

c) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	2008-09
Fair Value of Plan Assets at the end of the year	45.11	63.66
Present Value of Defined Benefit Obligation at end of the year	86.21	46.85
Liabilities / (Assets) recognised in the Balance Sheet	41.10	(16.81)

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

d) Expenses recognised during the year

(Rs. In Lacs)

Particulars	Gratuity Funded	
	2009-10	**2008-09**
Current and Past Service Cost	98.25	16.25
Interest Cost	3.08	2.43
Expected Return on Plan Assets	(4.35)	(3.03)
Actuarial (Gain) / Loss	39.07	8.55
Effect of the limit in Para 59(b)	–	(0.42)
Net Cost Recognised in Profit and Loss Account	57.91	23.78

e) Assumptions used to determine the defined benefit obligations

Particulars	Gratuity Funded	
	2009-10	**2008-09**
Mortality Table (LIC)	(1994 – 96 ultimate)	
Discount Rate (p.a.)	8.00%	7.05%
Estimated Rate of Return on Plan Asset	8.00%	7.50%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary considered in actuarial valuation, taking into account, inflation, seniority, promotion, attrition and other relevant factors including supply and demand in the employment market. The above information is certified by Actuary.

f) Amounts for the Current and previous periods for Gratuity Funded are as follows:

(Rs. In Lacs)

Particulars	2009-10	2008-09	2007-08
Defined Benefit Obligation	86.21	46.85	18.81
Plan Assets	45.11	63.66	40.37
Surplus/(Deficit)	(41.10)	16.81	21.56

Particulars	2009-10	2008-09	2007-08
Experience adjustment on plan assets (Gain)/Loss	*	*	*
Experience adjustment on plan Liabilities Gain/ (Loss)	*	*	*

** - Details are not readily available in the valuation report taken by the Company and hence are not furnished.*

Note: In the absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage and amount for each category of the fair value of plan assets has not been disclosed.

16. Segment Reporting

The Company's activities predominantly revolve around the shipbuilding activity. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

17. Related Party Disclosures

a. List of Related parties

1. **Associates**

   SKIL Infrastructure Limited

   Punj Lloyd Limited

2. **Key Managerial Personnel**

   Mr. Nikhil P Gandhi

   Mr. Bhavesh Gandhi

   Mr. Ray Stewart (upto 31-01-2009)

   Mr. J P Rai. (w.e.f : 02-02-2009)

3. **Enterprises in which key managerial persons and their relative are able to exercise significant influence (Other Related Parties)**

   Awaita Properties Private Limited

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

b. Transactions with related parties for the year ended 31.03.2010

(Rs. in Lacs)

Nature of Transactions	Associates	Key Managerial Personnel				Other Related Parties	Total
	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr Raymond Stewart (CEO)	Mr. J P Rai (CEO)	Awaita Properties Pvt. Ltd.	
Expenditure							
Rent Expenses	— (—)	— (—)	— (—)	— (—)	— (—)	281.71 (154.80)	**281.71 (154.80)**
Project Development Fees	473.00 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**473.00 (—)**
Directors Sitting fees	— (—)	0.90 (0.90)	— (—)	— (—)	— (—)	— (—)	**0.90 (0.90)**
Remuneration	— (—)	— (—)	272.20 (697.20)	- (191.79)	123.48 (20.49)	— (—)	**395.68 (909.48)**
Reimbursements of Expenses Given	56.67 (246.02)	— (—)	— (—)	— (—)	0.15 (-)	45.58 (45.09)	**102.40 (291.11)**
Reimbursements of Expenses Received	0.79 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	**0.79 (—)**
Lease Deposits as on 31.03.2010	— (—)	— (—)	— (—)	— (—)	— (—)	200.00 (200.00)	**200.00 (200.00)**

Note: *Figures in brackets pertain to previous years*

18. Earnings per share (Basic and Diluted)

(Rs. In Lacs)

Particulars		2009 - 2010	2008 - 2009
Net Profit (Loss) after Tax		(4,606.62)	472.62
Less: Prior period Items		210.00	50.01
Amount available for calculation of Basic EPS and Diluted EPS	(A)	(4,816.62)	422.61
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(B)	622,956,220	580,211,400
Basic and Diluted Earnings per share of ₹10/- each (in Rs.)	(A)/(B)	(0.77)	0.07

19. Deferred Tax Liability / (Asset)

As required by Accounting Standard 22 on “Accounting for Taxes on Income”, Deferred Tax is comprising of the following items

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Deferred Tax Liabilities		
Related to Fixed Assets	4,075.48	—
Total	**4,075.48**	—
Deferred Tax Assets		
Unabsorbed Depreciation	6,158.28	28.91
Disallowance under Income Tax	56.70	57.12
Total	**6,214.98**	**86.03**
Net Deferred Tax Liability / (Assets)	**(2,139.50)**	**(86.03)**

The above net Deferred Tax Assets include Deferred Tax Liability of ₹146.70 Lacs pertaining to E Complex Private Limited, which has been accounted for and Deferred Tax Assets of ₹2,286.20 Lacs pertaining to Pipavav Shipyard Limited which, in the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax

SCHEDULES TO THE CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010 AND TO THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON MARCH 31, 2010

Assets can be realized, has not been recognised in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

20. In respect of Offshore Vessels (OSVs), the Company has accounted for contract revenue and expenses based on the proportion of completion of contracts as certified by technical experts. With an aim to allocate the profit on the said contracts to whole of the contract a provision of ₹11,400.78 Lacs being the proportionate cost to be incurred has been made in the books of accounts.

21. Disclosure pursuant to Accounting Standard - 7 (AS - 7 "Accounting for Construction Contracts") as notified by Companies Accounting Standards Rules, 2006:

(Rs. in Lacs)

Particulars		2009 - 2010	2008 - 2009
a.	The contract revenue recognized in the year	44,529.58	—
b.	The aggregate amount of cost incurred and recognized profits (less recognized losses) upto the end of Financial Year for all contracts in progress	50,037.08	—
c.	Amount of advance received from the customers for contracts in progress	76,345.43	82,153.05
d.	The retention amount due from customers for contracts in progress as at the end of Financial Year	—	—

22. In accordance with the Accounting Standard (AS - 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the year ended 31.03.2010.

23. Financial and Other Derivative Instruments:

a) Derivative contracts entered into by the Company and outstanding as on 31st March 2010.

For Hedging currency and interest rate related risks

(Rs. In Lacs)

Particulars	As at March 31st 2010	As At March 31st 2009
Forward Contract	—	10,190.00

b) All derivative and financial instruments acquired by the company are for hedging purpose only.

c) Foreign currency exposures that are not hedged by derivative instruments or forward contracts as at 31st March 2010, are:

(Rs. In Lacs)

Particulars	2009 - 2010	2008 - 2009
Receivables	8,108.64	7,534.46
Payables	84,802.76	120,249.90

24. Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year.

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Dated: May 28, 2010
Mumbai

Hasmukh Daftary
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2010

Rs in Lacs

Sr. No.	Particulars	2009-2010	2008-2009
A	**Cash Flow from Operating Activities**		
	Net Profit / (Loss) before Tax and Extraordinary items	**(4,444.09)**	940.02
	Adjustments for :-		
	Depreciation and amortization	**3,773.61**	16.33
	Interest Income	**(3,779.78)**	(6,177.83)
	Dividend Income	**(11.23)**	-
	Profit on Sale of Current Investment	**(392.80)**	-
	Loss on Sale of Asset	**1.49**	3.03
	Interest Expense	**7,300.02**	1,295.80
	Provision for Wealth Tax	**2.50**	2.63
	Provision for estimated cost over contract revenue	**3,293.38**	-
	Cost Estimated for Revenue Recognised	**11,400.78**	-
	Preliminary Expenses written Off	**-**	13.04
	Foreign Exchange Difference	**(504.80)**	590.50
	Operating profit before working capital changes	**16,639.08**	(3,316.48)
	Adjusted for		
	Inventories	**18,526.97**	(26,115.55)
	Trade and other receivables	**(38,319.55)**	(4,105.66)
	Trade Payables	**(47,122.29)**	32,408.62
	Cash Generated from Operations	**(50,275.79)**	(1,129.07)
	Net Prior Period Adjustments	**(23.35)**	(50.01)
	Direct Taxes Paid / Refund	**(580.15)**	(1,718.72)
	Net Cash Flow from Operating Activities	**(50,879.29)**	(2,897.80)
B	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets and Capital Work in Progress	**(5,803.32)**	(103,087.36)
	Sale of Fixed Assets	**73.14**	0.94
	Purchase of Investment	**(176,239.53)**	(52,811.60)
	Sale of Investment	**180,698.48**	65,502.16
	Dividend Income Received	**11.23**	159.25
	Interest Received	**3,673.26**	7,361.41
	Fixed Deposits held for more than three month placed	**(50,938.22)**	(61,643.72)
	Fixed Deposits held for more than three month Matured	**61,643.72**	-
	Net Cash Flow from Investing Activities	**13,118.76**	(144,518.92)
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of Share Capital	**49,866.58**	523.82
	Issue Expenses	**(5,119.58)**	(127.72)
	Proceeds from Long Term Borrowings	**22,099.10**	49,237.09
	Repayment of Long Term Borrowings	**(1,692.89)**	(1,208.81)
	Short Term Loans (Net)	**(2,676.07)**	28,080.62
	Interest Paid	**(16,176.01)**	(9,041.85)
	Net Cash Flow from Financing Activities	**46,301.13**	67,463.15
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**8,540.60**	(79,953.57)
	Cash & Cash Equivalents - Opening balance	**4,539.63**	84,493.20
	Cash & Cash Equivalents - Closing balance	**13,080.23**	4,539.63
	Add: Fixed Deposits held for more than three months	**50,938.22**	61,643.72
	Closing Cash and Bank Balance	**64,018.45**	66,183.35

Notes:

(1) The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash flow Statement.

(2) Figures in ( ) indicate outflow.

(3) Cash and Cash equivalent at the end of the period include deposit with banks aggregating to Rs. 50,946.96 Lacs. (P Y: 63,366.82 Lacs) which are pledged with Banks as margin for bank guarantee and letter of credits.

(4) Previous Years figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.

As per our report of even date
For Chaturvedi and Shah
Chartered Accountants
R Koria
Partner

Dated: May 28, 2010
Mumbai

For and on behalf of the Board of Directors

Nikhil P. Gandhi — Chairman
Bhavesh P. Gandhi — Executive Vice Chairman
Jai Prakash Rai — Chief Executive Officer

Hasmukh Daftary — Chief Financial Officer
Ajit Dabholkar — Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present this Fifteenth Directors' Report together with the Audited Annual Accounts for the financial year ended March 31, 2010.

Financial Results

The working results for the year under review are as follows:

Particulars	For the year ended March 31, 2010 Rs. (in Lacs)	For the year ended March 31, 2009 Rs. (in Lacs)
Total Income	**728.92**	1.03
Total Expenditure	**239.28**	19.41
Profit/(Loss) before Taxation	**489.64**	(18.38)
Less : Provision for Taxation	**146.70**	0.40
Profit/(Loss) after Taxation	**342.94**	(18.78)
Previous Year Adjustment	**(2.65)**	–
Balance brought forward from previous year	**(1,327.14)**	(1,308.37)
Balance of Profit/(Loss) carried to the Balance Sheet	**(986.85)**	(1,327.14)

As regards observation of the Auditors in the Auditors' Report, the relevant notes on the Accounts are self-explanatory.

Dividend

With the objective of future growth, it is recommended that no dividend be paid on the equity shares for the year under review.

Personnel

During the year under review, your Company had no employees whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956.

Audit Committee

The Audit Committee of the Board comprises of Mr. Bhavesh Gandhi, Mr. P. Krishnamurthy and Mr. J. P. Rai, Directors. The Audit Committee has reviewed the Annual Accounts for the year ended March 31, 2010 enclosed with this Report.

Directors

Since the last Annual General Meeting, Mr. N. Ravichandran resigned from the office of Director of the Company with effect from September 23, 2009. The Board of Directors places on record its appreciation of the valuable services rendered by Mr. N. Ravichandran during his tenure as Director of the Company.

On September 23, 2009, the Board appointed Mr. P. Krishnamurthy as an Additional Director. The Board believes that the Company will benefit from his immense experience, valued guidance and quality inputs.

In accordance with the provisions of the Companies Act, 1956, Mr. J. P. Rai, Director, retires by rotation in the ensuing Annual General Meeting and is eligible for re-appointment.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

(i) In the preparation of the Annual Accounts for the financial year ended March 31, 2010, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements/estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the Annual Accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

Foreign Exchange Earnings and Outgo

The Company did not earn any income nor incur any expenses in foreign exchange.

Conservation of Energy, Technology Absorption

As the Company is not a manufacturing company, there is nothing to disclose under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 pertaining to Conservation of Energy and Technology Absorption.

Auditors

Messrs. GPS & Associates, Chartered Accountants, Statutory Auditors of the Company, will be retiring at the ensuing Annual General Meeting and are eligible for re-appointment. Messrs. GPS & Associates, Chartered Accountants, have communicated their willingness to accept the office of Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the next Annual General Meeting, if re-appointed. The Company has also received a certificate from them to the effect that their re-appointment, if made, would be within the limits specified in Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The Audit Committee at its Meeting held on May 28, 2010, has recommended the re-appointment of Messrs. GPS & Associates, Chartered Accountants as Statutory Auditors of the Company.

Acknowledgements

The Board of Directors takes this opportunity to express its appreciation for the co-operation and assistance received from various agencies of the Central Government and the Government of Gujarat and thanks the Company's shareholders and employees for their continued support.

For and on behalf of the Board of Directors,

Bhavesh Gandhi	**J. P. Rai**
Director	**Director**

Place : Mumbai
Date : May 28, 2010

AUDITORS' REPORT

TO THE MEMBERS OF E – COMPLEX PRIVATE LIMITED:

1. We have audited the attached Balance Sheet of E – Complex Private Limited as at 31st March, 2010 and also the Profit & Loss account and the 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 have 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

3. As per the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order,2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (The 'Act') and on the basis of such checks as we considered appropriate under the circumstances and on the basis of information and explanations given to us in the course of audit, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable to the company for the year.

4. Further to our comments in the Annexure referred to in paragraph (1) 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 purpose of our audit;

    ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

    iv. In our opinion, the financial statements, subject to and read with the Notes to Accounts, comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

    v. On the basis of written representations received from directors as on 31st March, 2010, and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

    vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies in Schedule – 13, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

        a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;

        b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and

        c) In the case of the Cash Flow Statement, of the Cash flows for the year ended on that date.

For GPS & Associates
Chartered Accountants

Place: Mumbai
Date: 28th May 2010

H. Y. Gurjar
(Partner)
M. No.: 32485
Firm Reg. No.: 121344W

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

As required by the Companies (Auditors Report)Order, 2003 as amended by Companies (Auditors Report) (Amendment)Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we further report that:

i) As regards Fixed Assets:

a. The company has maintained proper records showing full particulars including quantitative details and the situation of the fixed assets.

b. As explained to us all the fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the company. No material discrepancies have been noticed on such physical verification.

c. In our opinion, the company has not disposed off a substantial part of fixed assets, which affect the going concern status of the company.

ii) The company does not own any inventory. Therefore, clause 4(ii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

iii) In respect of the Loans, secured or unsecured, granted or taken by the company to/from Companies, firms and other parties covered under the register maintained under section 301 of the Companies Act, 1956:

a. The company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Act. Consequently, the provisions of sub clauses (b), (c) and (d) of clause (iii) under paragraph 4 of the order are not
applicable to the company.

e. According to the information and explanations given to us, the company has taken unsecured loan from its 100% Holding Company; covered in the register maintained under section 301 of the Companies Act, 1956. During the year the maximum amount outstanding was Rs 10,669.93 Lacs and yearend balance was Rs. 3,869.40 Lacs.

f. In our opinion and according to the information and explanations given to us, the aforesaid loan is interest free and other terms and conditions, are not prima facie prejudicial to the interest of the company.

g. As per the information & explanations given to us the above loan is repayable on demand.

iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets. During the course of audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems.

v) In respect of the contracts and arrangements referred to in 301 of the Companies Act, 1956:

a. According to the information and explanation given to us,we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi) The company has not accepted deposits from the public. Hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the Company. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vii) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of the business.

viii) We are informed that the Central Government has not prescribed maintenance of cost records under section 209 (i) (d) of the Companies Act, 1956 for the industry to which the Company pertains.

ix) As regards to the Statutory Dues:

a. According to the information and explanations given to us and according to the books and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.

b. According to the information and explanations given to us and the records of the Company examined by us, there are no disputed statutory dues pending as on 31st March 2010.

x) As on 31st March 2010 the accumulated losses of the company is less than 50% of its net worth. The company has not incurred cash losses during the financial year covered by audit and incurred a cash loss of Rs.17.67 lacs in the preceding financial year.

xi) The company has not borrowed any funds from financial institution and banks during the financial year under audit. Therefore, clause 4(xi) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) In our opinion, the Company is not a chit fund/nidhi/mutual benefit fund/societies. Therefore, clause 4(xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

xiv) According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Therefore, clause 4(xiv) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions, except a charge on its Fixed Assets as a collateral security for short term loan of Rs. 55 Crores granted by a financial institution to its 100% Holding Company.

xvi) According to the information & explanations given to us, the company has not taken any term loan during the year. Therefore, clause 4(xvi) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

xvii) According to the Cash Flow Statement and other records examined by us, and according to the information and explanations given to us and on an overall basis, in our opinion there are no funds raised on short term basis.

xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures during the period covered under audit; therefore, clause 4(xix) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

xx) The Company has not raised any money by public issues during the year; therefore, clause 4(xx) of the Companies (Auditor's Report) Order 2003 is not applicable to the Company.

xxi) To the best of our knowledge and belief and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year that causes the financial statements to be materially misstated.

For GPS & Associates
Chartered Accountants

Place: Mumbai
Date: 28th May 2010

H. Y. Gurjar
(Partner)
M. No.: 32485
Firm Reg. No.: 121344W

Balance Sheet As At March 31, 2010

Rs in Lacs

Particulars	Schedule	As At 31st March 2010		As At 31st March 2009	
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	1		2,170.93		2,170.93
Loan Funds					
Unsecured Loans	2		3,869.40		9,087.01
Deferred Tax Liability (Net)			146.70		—
TOTAL			**6,187.03**		**11,257.94**
APPLICATION OF FUNDS					
Fixed Assets	3				
Gross Block		8,473.71		1,202.18	
Less : Depreciation		178.41		60.53	
Net Block		8,295.30		1,141.65	
Capital Work in Progress		5,392.01		11,768.19	
			13,687.31		12,909.84
INVESTMENTS	4		—		86.76
Current Assets, Loans and Advances					
Sundry Debtors	5	—		1.00	
Cash and Bank Balances	6	9.37		3.35	
Loans and Advances	7	206.03		125.13	
		215.40		129.48	
LESS : Current Liabilities and Provisions	8				
Current Liabilities		8,702.53		3,194.88	
Provision		—		0.40	
		8,702.53		3,195.28	
NET CURRENT ASSETS			(8,487.13)		(3,065.80)
Profit & Loss Account			986.85		1,327.14
TOTAL			**6,187.03**		**11,257.94**
Significant Accounting Policies	13				
Notes to Accounts	14				

As per our report of even date
For GPS and Associates
Chartered Accountants

H Y Gurjar
Partner
Member No. 32485

Place: Mumbai
Dated: May 28, 2010

For and on behalf of the Board of Directors

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Derick P. Pinto
Company Secretary

Profit and Loss Account for the year ended March 31,2010

Rs in Lacs

Particulars	Schedule	For year ended March 31,2010	For year ended March 31,2009
INCOME			
Income from Operations	9	721.50	1.00
Other Income	10	7.42	0.03
Total		**728.92**	**1.03**
EXPENDITURE			
Payments to and Provisions for Employees	11	34.90	—
Administrative, Selling and Other Expenses	12	85.48	18.32
Depreciation		118.90	1.09
Total		239.28	19.41
PROFIT BEFORE TAXES		**489.64**	**(18.38)**
PROVISION FOR TAXES			
Income Tax		—	—
Deferred Tax expenses/(benefit)		146.70	—
Fringe Benefit Tax		—	0.40
PROFIT AFTER TAX		342.94	(18.77)
Prior Period Item		(2.65)	—
Balance brought forward from previous year		(1,327.14)	(1,308.37)
AMOUNT AVAILABLE FOR APPROPRIATION		(986.85)	(1,327.14)
APPROPRIATIONS			
General Reserve		—	—
Balance carried to Balance Sheet		**(986.85)**	**(1,327.14)**
Earning per share - Basic and diluted (Rs.)		1.57	(0.09)
Weighted average number of shares		21,709,327	21,709,327

As per our report of even date
For GPS and Associates
Chartered Accountants

H Y Gurjar
Partner
Member No. 32485

Place: Mumbai
Dated: May 28, 2010

For and on behalf of the Board of Directors

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Derick P. Pinto
Company Secretary

Schedules attached to and forming part of the Balance Sheet

Rs in Lacs

Particulars	Schedule	As At 31st March 2010	As At 31st March 2009
Schedule - 1			
SHARE CAPITAL			
Authorised			
60,000,000 (PY 60,000,000) Equity Shares of Rs. 10/- each		**6,000.00**	**6,000.00**
Issued, Subscribed and paid up			
2,17,09,327 (PY 2,17,09,327) Equity Shares of Rs.10/- each		2,170.93	2,170.93
fully paid up (Out of which 2,17,09,327 shares held by			
the holding Company, Pipavav Shipyard Limited)			
Total		**2,170.93**	**2,170.93**
Schedule - 2			
UNSECURED LOAN			
Demand Loan from Holding Company		3,869.40	9,087.01
Total		**3,869.40**	**9,087.01**

Schedules attached to and forming part of the Balance Sheet

SCHEDULE - 3
FIXED ASSETS

Rs in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 1-Apr-09	Additions during the period	Deductions/ Adjustments	As at 31-Mar-10	up to 31-Mar-2009	For The Year	Deductions / Adjustments	up to 31-Mar-2010	As on 31-Mar-10	As on 31-Mar-09
A) Tangible Assets*										
Land and Site Development	880.92	2,236.66	(64.90)	3,052.68	—	—	—	—	3,052.68	880.92
Buildings	240.74	1,458.14	(4.88)	1,694.00	29.83	15.48	(1.02)	44.29	1,649.71	210.91
Plant and Machinery	25.85	3,628.14	—	3,653.99	11.46	97.02	—	108.48	3,545.51	14.39
Furnitures and Fixtures	54.67	18.37	—	73.04	19.24	6.40	—	25.64	47.40	35.43
TOTAL	**1,202.18**	**7,341.31**	**(69.78)**	**8,473.71**	**60.53**	**118.90**	**(1.02)**	**178.41**	**8,295.30**	**1,141.65**
Previous Year	1,021.29	180.89	—	1,202.18	49.04	11.49	—	60.53	1,141.65	972.25
Capital Work-In-Progress									5,392.01	11,768.19

*Refer Note Number 12

	As at 31st March, 2010	As at 31st March, 2009
1) Capital Work in Progress includes		
- Advances on Capital Account	75.19	155.32
- Land Site and Road Development	—	4,524.82
- Buildings Works	789.55	1,108.40
- Plant and Machinery	4,465.59	5,722.28
- Pre-operative Expenses	61.68	257.37
	5,392.01	**11,768.19**

Schedules attached to and forming part of the Balance Sheet

Rs in Lacs

Particulars	Schedule	As At 31st March 2010	As At 31st March 2009
Schedule - 4			
INVESTMENTS			
Investments in Mutual Fund			
HDFC- Cash management fund		—	86.76
Total		**—**	**86.76**
Schedule - 5			
Sundry Debtors			
Lease Rent Receivable		**—**	**1.00**
Total		**—**	**1.00**
Schedule - 6			
CASH AND BANK BALANCES			
Cash on Hand		0.60	0.08
With Scheduled Banks			
in Current Accounts		8.77	3.27
Total		**9.37**	**3.35**
Schedule - 7			
LOANS AND ADVANCES			
(Unsecured and Considered good)			
Advances recoverable in cash or in kind for			
value to be received		204.39	118.00
Deposits with Government Agencies		0.12	5.73
Other Deposits		1.52	1.40
Total		**206.03**	**125.13**
Schedule - 8			
CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities			
Sundry Creditors for Expenses and Projects		1,147.55	2,136.54
Earnest Money Deposit and other Deposits		500.00	527.62
Long term deposit from Holding Company		7,030.00	500.00
Statutory and other Liabilities		24.98	30.72
Total		**8,702.53**	**3,194.88**
b) Provisions			
Provision for Fringe Benefit Tax		—	0.40
Total		**—**	**0.40**
Total		**8,702.53**	**3,195.28**

Schedules attached to and forming part of the Profit and Loss account

Rs in Lacs

Particulars	Schedule	For year ended March 31,2010	For year ended March 31,2009
Schedule 9			
Income from Operations			
Lease Rental Income		251.50	1.00
Infrastructure facility Fees		470.00	—
Total		**721.50**	**1.00**
Schedule 10			
Other Income			
Dividend Income		2.92	—
Profit/Loss on Sale of Assets		3.28	—
Miscellaneous Income		1.22	0.03
Total		**7.42**	**0.03**
Schedule 11			
Payments to and Provisions for Employees			
Salaries Wages and Allowances		29.91	—
Contribution to PF and Other Fund		0.99	—
Welfare and Other Amenities.		4.00	—
Total		**34.90**	**—**
Schedule 12			
Administrative, Selling and Other Expenses			
Audit Fees		5.00	2.65
Bank Charges & Interest		0.09	—
Business Promotion		9.15	—
Consultancy & Professional Charges		14.76	0.76
Electricity & Power & Water Expenses		11.45	0.73
Lease Rent on Land		2.00	—
Miscellaneous Expenses		3.48	0.56
Rent Rates & Taxes		19.90	0.49
Registration and Filing Fees		0.11	0.06
Repair & Maintenance		16.03	—
Preliminary Expenses W.Off		—	13.04
Travelling & Conveyance Expenses		3.51	0.02
Total		**85.48**	**18.31**

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

SCHEDULE 13

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2. USE OF ESTIMATES:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

3. FIXED ASSETS:

i. Fixed Assets are stated at cost net of value added tax as applicable, less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production attributable to the fixed assets are capitalized.

ii. Expenses incurred relating to project, net of income earned during project development stage prior to commencement of commercial operation, are considered as pre-operative expenditure and shown under Capital Work-in-Progress.

4. DEPRECIATION:

Depreciation on Fixed Assets is provided on the Straight Line Method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of additions arising on additions/extensions forming an integral part of existing assets depreciation has been provided over residual life of the respective fixed assets.

5. INVESTMENTS:

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

6. BORROWING COSTS:

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

7. REVENUE RECOGNITION:

i. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured; having regard to the nature of business of the company as SEZ Developer and corresponding technical guide on accounting for Special Economic Zone development activities issued by Institute Of Chartered Accountants Of India.

Schedules attached to and forming part of the Balance Sheet

ii. Interest income is recognized on a time proportion basis. Dividend is considered when the right to receive is established.

8. EMPLOYEE BENEFITS:

i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii. Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

9. PROVISION FOR CURRENT AND DEFERRED TAX:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing differences” between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

10. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

11. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

Schedule 14: Notes to Accounts

(Rs. In Lacs)

		31.03.2010	31.03.2009
1.	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on Progressive basis)	160.66	1,979.79

2. The Company has developed a sector specific special economic zone for engineering at village Rampara II, Taluka Rajula and village Lunsapur, Taluka Jafarabad, District Amreli in the state of Gujarat. Notification dated 2nd January 2008 has been issued by Government of India, Ministry of Commerce and Industry in this

Schedules attached to and forming part of the Balance Sheet

respect. The expenditure incurred during the construction period is classified as "Project Development Expenditure". During the year an amount of Rs.89.86 Lacs has been capitalized with the assets value and the pending amount for capitalization will be apportioned to the remaining assets under Capital WIP on completion. The necessary details as per Part II of Schedule VI to the Companies Act, 1956 have been stated below :

Project Development Expenditure (included under Capital Work-in-Progress)

(Rs. In lacs)

Particulars of Expenses	2009 - 2010	2008 - 2009
Opening Balance	257.37	144.20
Add:		
Rent	—	12.50
Salaries Wages and Allowances	—	5.13
Legal and Consultancy Charges	—	9.77
Conveyance, Traveling and Vehicle Expenses	—	13.15
Rates and Taxes	—	6.30
Insurance	—	12.71
Communication Expenses	—	0.16
Repairs & Maintenance - Others	—	1.63
Miscellaneous Expenditure	—	64.01
Interest Others	—	2.08
Bank and Financial Charges	—	1.72
Depreciation	—	10.39
Sub-Total -	**257.37**	**283.75**
Less:		
Dividend on Current Investments	—	5.47
Interest Income FD [PY TDS Rs. 1.49 Lacs]	—	7.19
Miscellaneous Income	—	13.72
VAT Recoverable transferred during the year	96.85	—
Provisions written back	8.98	—
Sub-Total -	**105.83**	**26.38**
Less:		
Allocated to Fixed Assets	89.86	—
Closing Balance	**61.68**	**257.37**

3. In the opinion of the management, Current Assets, Loans and Advances are of the value stated, if realized in the ordinary course of business.

4. The Company has issued a Bond-cum-Legal Undertaking for Rs. 9,000 Lacs in favor of President of India acting through Development Commissioner of Kandla Special Economic Zone as a security for compliance of applicable provisions of the SEZ Act 2005 and SEZ Rules 2006.

Schedules attached to and forming part of the Balance Sheet

5. Related Party Disclosures

a) List of Related Parties:

Holding Company

Pipavav Shipyard Limited

b) Transactions with related parties for the year ended on 31.03.2010

(Rs. In Lacs)

Nature of Transactions	Holding CompanyPipavav Shipyard Limited
Income:	
Lease Rent	251.50 (1.00)
Infrastructure facility Fees	470.0 (0.00)
Reimbursements of Goods/Expenses Received	208.69 (5,681.84)
Reimbursements of Goods/Expenses Paid	359.98 (348.26)
Lease Deposits As on 31.03.2010	7030.00 (500.00)
Unsecured Loans:	
Balance as at 01.04.2009	9,087.01 (3,098.28)
Received during the year	2,341.10 (7,100.23)
Returned during the year	7,558.71 (1,111.50)
Balance as at 31.03.2010	3,869.40 (9,087.01)

Note: *Figures in brackets pertain to previous year*

6. **Deferred Tax Liability / (Asset)**

As required by Accounting Standard 22 on "Accounting for Taxes on Income" Deferred Tax comprises of the following items:

(Rs. In Lacs)

Particulars	2009-2010	2008 - 2009
Deferred Tax Liabilities		
Related to Fixed Assets	304.46	—
Total	304.46	—
Deferred Tax Assets		
Unabsorbed Depreciation	156.72	10.79
Disallowance under Income Tax	1.04	4.43
Total	157.76	15.22
Net Deferred Tax Liability / (Assets)	**146.70**	**(15.22)**

Schedules attached to and forming part of the Balance Sheet

7. **Earnings per share (basic and diluted)**

(Rs. In Lacs)

Particulars		**2009 - 2010**	**2008 - 2009**
Net Profit after Tax		342.94	(18.76)
Less: Prior period Items		(2.65)	—
Amount available for calculation of Basic and Diluted EPS	(A)	340.29	(18.76)
No. of Equity Shares outstanding for Basic and Diluted EPS	(B)	21,709,327	21,709,327
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(A)/(B)	1.57	(0.09)

8. **Auditors Remuneration:**

(Rs. in Lacs)

Particulars		**2009 - 2010**	**2008 - 2009**
Audit Fees		3.50	2.50
Certification Charges		—	0.15
Tax Audit Fees		1.50	—
Total		**5.00**	**2.65**

9. Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosures are given below:

(Rs. in Lacs)

Particulars	**As at 31st March 2010**	**As at 31st March 2009**
Principal amount remaining unpaid	—	—
Interest due thereon	—	—
Interest paid by the company in terms of section 16	—	—
Interest due and payable for the period of delay in payment	—	—
Interest accrued and remaining unpaid	—	—
Interest remaining due and payable even in succeeding	—	—

10. **Segment Reporting**

Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical)in accordance with the requirements of Accounting Standard 17-"Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

11. Advances recoverable in cash or in kind or for the value to be received in Schedule 7 includes Rs. 125.82 Lacs, being the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost.

12. To secure the Short Term Loan Facility of Rs.5,500 Lacs availed by Pipavav Shipyard Limited, 100% Holding Company, From IL&FS Financial Services Limited; a charge is created in favour of IL&FS Trust Company Limited, on the following assets of the Company for providing collateral security;

Schedules attached to and forming part of the Balance Sheet

i. Charge by way of mortgage on all right title and interest of the Land of E Complex Private Limited admeasuring 29.1289 Hectares at Village Rampara 2 of Rajula Taluka and Village Lunsapur of Jafarabad Taluka both in the Registration Sub-District Rajula and Registration Sub-District Amreli.

ii. Charge by way hypothecation on movables, stock, Goodwill and book and other debts of the Company.

13. Employee Benefits:

As per Accounting Standard 15 "Employee Benefits" the disclosure of employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

(Rs. In Lacs)

Particulars	**2009 - 2010**	**2008 - 2009**
Employers Contribution to Provident Fund	0.46	—
Employers Contribution to Pension Fund	0.34	—
Total	**0.80**	**—**

Defined Benefit Plan

The present value of the obligation is determined based on actuarial valuation using Projected Units Credit Method, which recognizes each period of service as giving rise to additional units of employees benefit entitlement and measures each unit separately to buildup the final obligation.

a) Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

(Rs. In Lacs)

Particulars	**Gratuity funded**	
	2009 - 2010	**2008 - 2009**
Defined Benefit Obligation at beginning of the year	—	—
Current and Past Service Cost	1.46	—
Current Interest Cost	0.08	—
Actuarial (Gain) / Loss	0.21	—
Benefits paid	—	—
Defined Benefits Obligation at the end of the year	1.75	—

b) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

(Rs. in Lacs)

Particulars	**Gratuity Funded**	
	2009 - 2010	**2008 - 2009**
Fair Value of Plan Assets at the beginning of the year	—	—
Expected Return on Plan Assets	—	—
Actuarial Gain / (Loss)	—	—
Contributions	—	—
Benefits Paid	—	—
Fair Value of the Assets at the end of the year	—	—

Schedules attached to and forming part of the Balance Sheet

c) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

(Rs. In Lacs)

Particulars	**Gratuity funded**	
	2009 - 2010	**2008 - 2009**
Fair Value of Plan Assets at the end of the year	—	—
Present Value of Defined Benefit Obligation at the end of the year	1.75	—
Liabilities / (Assets) recognized in the Balance Sheet	1.75	—

d) Expenses recognized during the year

(Rs. In Lacs)

Particulars	**Gratuity funded**	
	2009 - 2010	**2008 - 2009**
Current and Past Service Cost	1.46	—
Interest Cost	0.08	—
Expected Return on Plan Assets	—	—
Actuarial (Gain) / Loss	0.21	—
Effect of the limit in Para 59(b)	—	—
Net Cost recognized in Profit and Loss Account	1.75	—

e) Assumptions used to determine the defined benefit obligations

Particulars	**Gratuity funded**	
	2009 - 2010	**2008 - 2009**
Mortality Table (LIC)	(1994-96 ultimate)	
Discount Rate (p.a.)	8.00%	—
Estimated Rate of Return on Plan Asset	—	—
Expected Rate of increase in Salary (p.a.)	7.00%	—

14. Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year.

As per our report of even date
For GPS and Associates
Chartered Accountants

H Y Gurjar
Partner
Member No. 32485

Place: Mumbai
Dated: May 28, 2010

For and on behalf of the Board of Directors

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Derick P. Pinto
Company Secretary

Cash flow statement for the year ended March 31, 2010

Rs in Lacs

Sr. No.	Particulars	2009-10	2008-09
A.	Cash Flow from Operating Activities		
	Net Profit after Tax	342.94	(18.37)
	Adjustments for:		
	Prior Period item	(2.65)	—
	Deferred Tax expenses	146.70	—
	Depreciation	118.90	1.09
	Preliminary Expenses written Off	—	13.04
	(Profit)/Loss on sales of Fixed assets	(3.28)	—
	Operating Profit before Working Capital changes	**602.61**	**(4.24)**
	Adjustments for:		
	(Increase)/Decrease in Current Assets, Loans & Advances	(79.90)	(85.54)
	Increase/(Decrease) in Current Liabilities & provisions	5,507.25	(1,245.29)
	Net Cash Flow from Operating Activities	**6,029.96**	**(1,335.07)**
B.	Cash Flow from Investing Activities		
	Purchase of Fixed Assets	(7,341.31)	(180.89)
	Sale of Fixed Assets	72.04	—
	(Increase)/Decrease in current investment	86.76	(5.47)
	(Increase)/Decrease in Capital Work In Progress	6,376.18	(5,133.95)
	Net Cash Flow from Investing Activities	**(806.33)**	**(5,320.31)**
C.	Cash Flow from Financing Activities		
	Receipt of Secured Loans	—	—
	Repayment of Secured Loans	—	—
	Proceeds from Unsecured Loans	(5,217.61)	5,988.72
	Net Cash Flow from Financing Activities	**(5,217.61)**	**5,988.72**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**6.02**	**(666.66)**
	Cash & Cash Equivalents- Opening Balance	3.35	670.01
	Cash & Cash Equivalents- Closing Balance	9.37	3.35

As per our report of even date
For GPS and Associates
Chartered Accountants

H Y Gurjar
Partner
Member No. 32485

Place: Mumbai
Dated: May 28, 2010

For and on behalf of the Board of Directors

Bhavesh P. Gandhi
Executive Vice Chairman

Jai Prakash Rai
Chief Executive Officer

Derick P. Pinto
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration no: 04-26113

State Code: 04

Balance Sheet Date: 31 (Date) 03 (Month) 10 (Year)

II Capital raised during the year (Amount Rs. in lacs)

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III Position of Mobilisation and Deployment of funds (Amount Rs. in lacs)

Total Liabilities	6187.03
Total Assets	6187.03

Sources of Funds

Paid-Up Capital	2170.93
Reserves and Surplus	NIL
Secured Loans	NIL
Unsecured Loans	3869.40
Deferred Tax Liability	146.70

Application of Funds

Net Fixed Assets & CWIP	13687.31
Investments	NIL
Net Current Assets	(-) 8487.13
Miscellaneous Expenditure	NIL
Accumulated Losses	986.85

IV Performance of the Company (Amount Rs. in lacs)

Turnover	728.92
Total Expenditure	239.28
Profit before Tax	489.64
Profit after Tax	342.94

(Please tick Appropriate box + for profit, - for loss)

Earning per share in Rs. (weighted Average): 1.57

Dividend Rate % age: -

V Generic Names of Three Principal Products / Services of the Company

Item Code No. (ITC Code): NA

Product Description

Item Code No. (ITC Code): NA

Product Description

Item Code No. (ITC Code): NA

Product Description

ATTENDANCE SLIP

I hereby state that I am a registered shareholder/Proxy for a registered shareholder of the Company.

I hereby record my presence at the **Annual General Meeting** of the Company at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, via Rajula, District Amreli, PIN – 365 560, Gujarat, on Wednesday August 25, 2010 at 12.00 Noon.

Folio No.	
Client ID No.	
DP ID No.	
No. of Shares	

Full Name of the Member in BLOCK letters : ____________________

Member's Signature : ____________________

Name of the Proxy in BLOCK letters : ____________________

Proxy's Signature : ____________________

Note: Please fill this attendance slip and hand it over at the entrance of the Meeting Hall.

- -

FORM OF PROXY

[Please refer to Section 176(6) of the Companies Act, 1956 and Article 110 of the Articles of Association of the Company]

I/We ____________________ of ____________________ in the district of ____________________ being a Member/Members of **PIPAVAV SHIPYARD LIMITED** hereby appoint ____________________ of ____________________ in the district of ____________________ or failing him ____________________ of ____________________ in the district of ____________________ or failing him ____________________ of ____________________ in the district of ____________________ or failing him ____________________ of ____________________ in the district of ____________________ as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 25th day of August, 2010 and at any adjournment thereof.

Signed this ____________________ day of __________, 2010

Folio No.: ____________________ / DP ID No.* ____________________ and Client ID No.* ____________________

*Applicable for members holding shares in electronic form.

No. of Shares: ____________________

Signature ____________ | Affix 30 paise Revenue Stamp | ____________