

**FORM A****Covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Pipavav Defence and Offshore Engineering Company Limited
2.	Annual Consolidated financial statements for the year ended	March 31, 2014
3	Type of Audit Observation	<b>Un-qualified Emphasis of Matters:</b>  Following matter of emphasis in the Independent Auditors' Report on Consolidated Financial Statements for the year ended 31st March 2014 (Refer Page No. 78 of 2013-14 Annual Report)  Without qualifying our opinion attention is drawn to the:-  Note No. 26.1 regarding Managerial Remuneration, which is subject to the approval of Central Government. (For related note, Refer Page No. 99 of Annual Report 2013-14)
4	Frequency of observation	The approval of Central Government is pending for the financial year ended 31 <sup>st</sup> March, 2014 and therefore the above observation is given for the financial year 2013-14.

**For and on behalf of Board of Directors****Bhavesh P Gandhi**  
(Executive Vice Chairman)**Praveen Mohnot**  
(Chief Financial officer)**R.M Premkumar**  
(Audit Committee Chairman)

## AUDITORS

Refer our Auditor's Report dated May 30, 2014 on the Consolidated Financial statements of the Company.

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



**R Korla**  
Partner  
Membership No – 35629



**Place: Mumbai**

**Date:** 02/09/2014

**FORM A****Covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company	Pipavav Defence and Offshore Engineering Company Limited
2.	Annual Standalone financial statements for the year ended	March 31, 2014
3	Type of Audit Observation	<p><b>Un-qualified Matter of Emphasis :</b></p> <p>Following matter of emphasis in the Independent Auditors' Report on Standalone Financial Statements for the year ended 31<sup>st</sup> March 2014 (Refer Page No. 39 of 2013-14 Annual Report)</p> <p>Without qualifying our opinion attention is drawn to the:-</p> <p>Note No. 26.1 regarding Managerial Remuneration, which is subject to the approval of Central Government. (For related note, Refer Page No. 63 of Annual Report 2013-14).</p>
4	Frequency of observation	The approval of Central Government is pending for the financial year ended 31 <sup>st</sup> March, 2014 and therefore the above observation is given for the financial year 2013-14

**For and on behalf of Board of Directors**

**Bhavesh P Gandhi**  
(Executive Vice Chairman)



**Praveen Mohnot**  
(Chief Financial officer)



**R.M Premkumar**  
(Audit Committee Chairman)



## AUDITORS

Refer our Auditor's Report dated May 30, 2014 on the Standalone Financial statements of the Company.

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



**R Korla**  
Partner  
Membership No – 35629



Place: Mumbai

Date: 02/09/2014



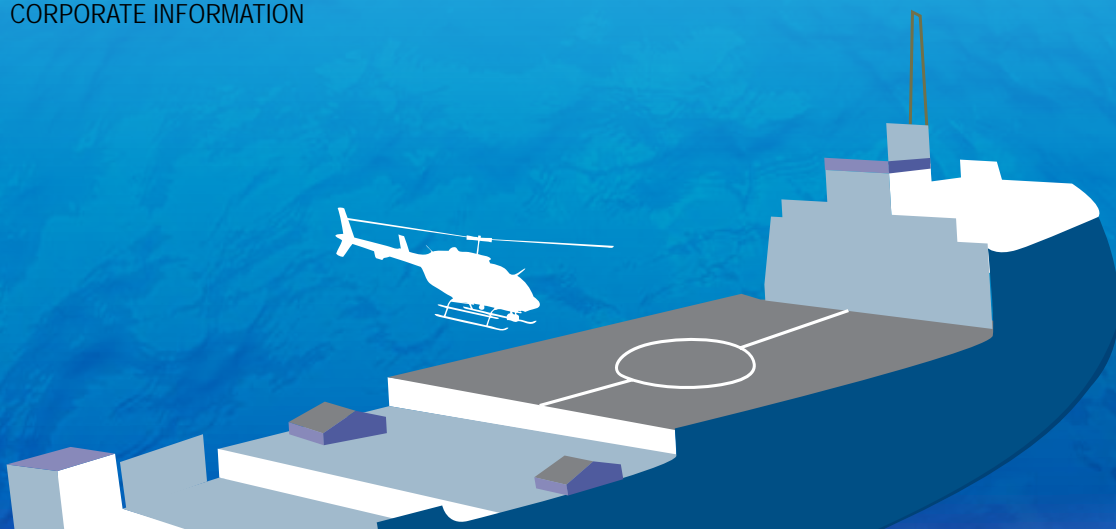
PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED



Annual Report 2013 - 2014



<b>01</b>	DEFENCE MATTERS	<b>17</b>	DIRECTORS' REPORT
<b>02</b>	PROJECTS ACCOMPLISHED	<b>24</b>	MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT
<b>04</b>	CHAIRMAN'S MESSAGE	<b>29</b>	REPORT ON CORPORATE GOVERNANCE
<b>06</b>	OPPORTUNITIES ABOUND IN DEFENCE	<b>39</b>	INDEPENDENT AUDITORS' REPORT
<b>08</b>	INDIAN NAVY FAST TRACKING MODERNISATION	<b>44</b>	STANDALONE FINANCIAL STATEMENTS
<b>10</b>	PDOC LEADS	<b>76</b>	STATEMENT PURSUANT TO SECTION 212
<b>12</b>	PROVEN TRACK RECORD	<b>78</b>	CONSOLIDATED AUDITORS' REPORT
<b>14</b>	STRONG FUTURE BECKONS US	<b>80</b>	CONSOLIDATED FINANCIAL STATEMENTS
<b>16</b>	CORPORATE INFORMATION		



# PROGRESS needs STABILITY needs SECURITY needs DEFENCE

For the past 67 years, India has been importing nearly 80 per cent of military hardware.

For the last 3 years, India has been the top arms buyer in the world as it strives to modernise its armed forces.

Modernisation of the armed forces is critical to enable them to play their role effectively for the defence of India's strategic interests.

On the floor of Parliament, significant and decisive announcements were made in July 2014:

- ★ Defence spending in the Union Budget 2014-15 was increased by 12 per cent
- ★ Military budget was increased to ₹ 2.29 trillion – ₹ 50 billion more than the previous year
- ★ Foreign Direct Investment in Defence was increased from 26 per cent to 49 per cent

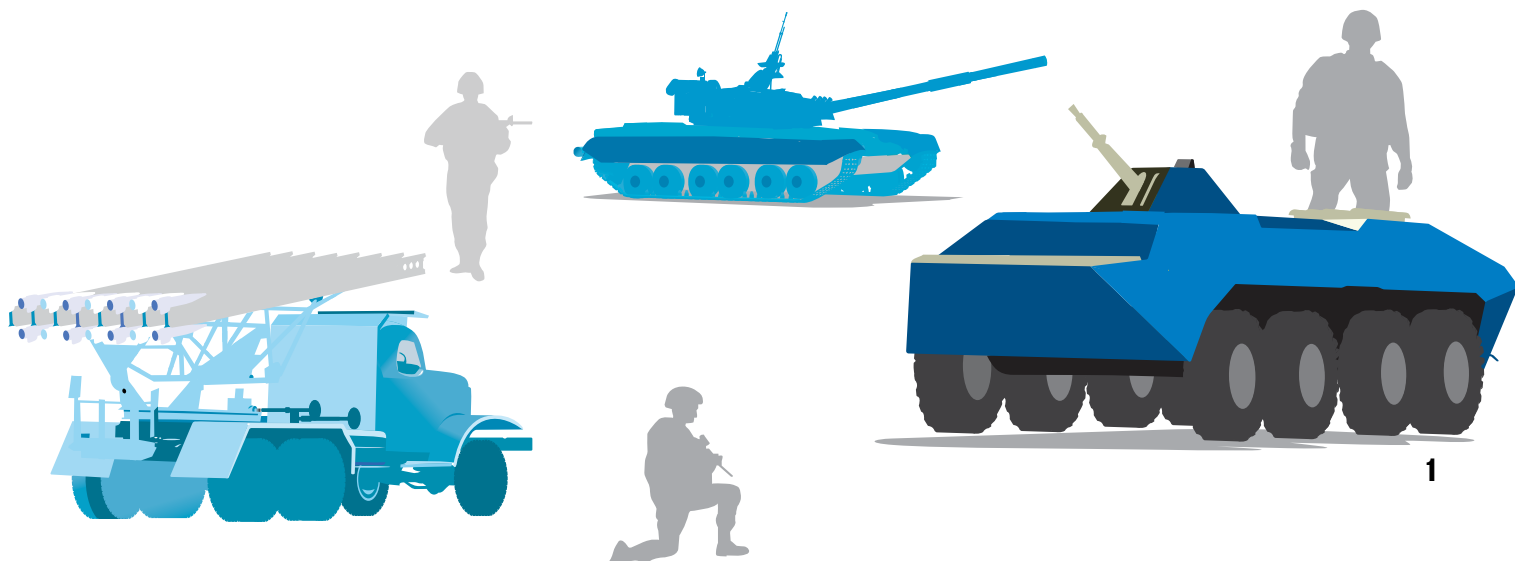
This has signalled a new direction and drive in the Indian Defence industry, opening up an unprecedented horizon of growth opportunities.

As India's first and only Integrated Defence Company, we have been building our capacities, capabilities and competencies well in advance, in anticipation of these developments.

At PDOC, we are working to build the India of tomorrow – prosperous, progressive and powerful and above all, proud of its defence capabilities.

It is time.

## DEFENCE MATTERS



# PROJECTS ACCOMPLISHED

SINCE APRIL 2013, WE HAVE COMPLETED 14 MAJOR PROJECTS

## NEW BUILDS

- ✦ 3 PANAMAX BULK CARRIERS
- ✦ 2 DECK CARGO BARGES
- ✦ 2 OFFSHORE SUPPLY VESSELS
- ✦ 1 STATOR FRAME AND COOLER HOUSING

## REFURBISHMENT & REPAIRS

- ✦ 1 PIPE LAYING BARGE
- ✦ 1 ANCHOR HANDLING TUG
- ✦ 4 JACK-UP RIGS



## PROJECTS IN PROGRESS

**5 Naval Offshore Patrol Vessels**

**2 ONGC Rigs**

**14 Fast Patrol Vessels for Indian Coast Guard**

**1 Cadet Training Vessel for Indian Coast Guard  
Fabrication Orders**

## OTHER HIGHLIGHTS

- ✦ Selection of IFS Applications™ as ERP system for the Company.
- ✦ A consortium of Larsen and Toubro Ltd. (L&T) and the Company won US\$ 170 million contract for conversion of Sagar Pragati, a Mobile Offshore Drilling Unit ('MODU') to Mobile Offshore Production Unit ('MOPU') for Oil and Natural Gas Corp. Ltd (ONGC).
- ✦ Declared as the lowest bidder for design, manufacture and supply of 14 Fast Patrol Vessels (FPV) for the Indian Coast Guard worth ₹ 920 Crore.
- ✦ Declared as the lowest bidder for design, construction and supply of one Cadet Training Ship for the Indian Coast Guard worth ₹ 221 Crore.
- ✦ Indian Coast Guard created Coast Guard Station at Pipavav.
- ✦ Secured Contract for dry-docking and maintenance of critical oil rigs from two of the largest global oil and gas conglomerates – Transocean and Noble.
- ✦ Commenced construction of warships for the Indian Navy of five NOPVs worth ₹ 2,975 Crore.
- ✦ SAAB AB, a Swedish defence major, enters into a strategic alliance with the Company and also makes equity investment of ₹ 201 Crore.







# FINANCIAL HIGHLIGHTS

(in Lac)

TOTAL REVENUES

₹ **2,31,907.63**

EBIDTA

₹ **61,475.38**

PBT

₹ **2,792.48**

NET WORTH

₹ **2,33,687.88**

TOTAL ASSETS

₹ **9,59,745.11**

# CHAIRMAN'S MESSAGE



Dear Shareholders,

It gives me great pleasure to share with you the fact that we have firmly established our credentials as India's largest defence-focused ship building company and are rapidly emerging as a leading global integrated defence, heavy engineering and hydrocarbon EPC company. All this would not have been possible without your support and belief in the fortunes of the Company. Following a series of accelerated initiatives undertaken in the financial year 2013-14, we are poised to capitalise on several new opportunities opening up across each of our business segments.

Except for certain countries in Europe, the global economy is indicating positive signs of recovery. Recent projections suggest close to 3 per cent potential growth in global GDP during 2014, and further acceleration to about 3.5 per cent over each of the

next two years. These are encouraging signs that may in turn lead to faster expansion of demand, production, trade, investments and other such indicators that have a positive influence on the prospects for our business, both in India and globally.

The Indian economy has delivered a lacklustre GDP growth of 4.5 per cent and 4.7 per cent over the last two years, considered the worst slowdown in approximately 25 years. However, there is now a growing confidence in the ability of the newly elected Government to take necessary actions that position the Indian economy for long-term growth in line with the country's intrinsic potential.

A positive start was made with the Union Budget 2014-15 that increased allocations across every major sector vital to our national objectives, including defence. In fact, the recently announced Union Budget for 2014-15 allocated an additional capital of ₹ 5,000 Crore towards defence expenditure as compared to the interim budget.

The Hon'ble Prime Minister of India announced a vision of "Come and Make in India", which will help the industrial growth of India. The Prime Minister called upon to unleash entrepreneurial spirit and work towards manufacturing in India various items that add to the nation's import bill and emphasised that let "Made in India" become synonym of excellence. This reflects the priority assigned to indigenous manufacturing by the Government of India. At present, India is the largest importer of defence equipment in the world and the Government is taking vital steps to promote indigenous production of defence equipment, including a recently announced policy initiative to increase the composite cap on FDI in defence to 49 per cent from 26 per cent. This is bound to attract more global majors to partner with Indian companies.

In addition, the Defence Procurement Procedure (DPP), which was introduced in June 2013, has also been simplified, providing a greater impetus to indigenisation of defence procurement, development and manufacturing.

We believe that the Indian Navy will expand the process of Public-Private Partnerships to accelerate its fleet procurement which places PDOC favourably to capitalise on the substantial opportunity within the defence shipbuilding and repair sectors. Further, the implementation of offset clauses built into defence equipment import agreements creates a sizable upside for the Company.

India is the fourth biggest consumer of energy in the world after China, the US and Russia. At present, the country imports over 35 per cent of its energy requirements in the backdrop of rising demand, volatile prices and uncertain supplies. As a result, greater self-sufficiency and energy security are high on the agenda and Indian oil companies have focused on buying stakes in overseas oil and gas assets. In addition, there is a push towards exploration to meet our growing energy requirements driven by the New Exploration Licensing Policy. These developments provide significant opportunities for us both in India and overseas markets for rig construction, repairs, modifications and conversions. We believe that the Company is well positioned to benefit from rising patterns of demand and capital investments within this sector.

Against the back-drop of a challenging macro-environment in FY 2013-14, PDOC delivered higher shipbuilding revenues driven by order execution activity. The Company also reported improved margins. We delivered on both commercial and hydrocarbon EPC orders including the delivery / launch of three Panamax Bulk Carriers, three Offshore Supply Vessels and two Deck Cargo Barges. We have also carried out heavy engineering & fabrication and completed significant repair work on hydrocarbon assets such Jack-up rigs, India's biggest pipe laying barge and a floating crane.

The Company is in the process of constructing Naval Offshore Patrol Vessels for the Indian Navy. We are also focusing on executing major projects along with building offshore supply vessels for ONGC. Our order book will very soon include 14 Fast Patrol Vessels, a Cadet Training Ship

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## WE ARE ALL SET TO PARTICIPATE IN SOME OF THE BIGGEST AND MOST AMBITIOUS DEFENCE PROJECTS IN THE COUNTRY. THE BEST, WE BELIEVE, IS JUST ROUND THE CORNER!

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where we have already been declared L1 and a few Hydrocarbon EPC Projects and these expected to provide good revenue and margin visibility.

Based on the Indian Navy's huge requirement of carriers, sophisticated and strategic assets, our long term objective is to ingrain into these substantial opportunities. We believe that we are positioned favourably to support the Indian Navy and the Coast Guard in achieving India's defence objectives. The Company has been recently selected by the petroleum ministry of Government of India as one of the three shipyards in India for building, the first four indigenous LNG carriers, each of approximately 180,000 Cu. Mtrs. This is a revolutionary step for development of LNG vessel technology in India.

Another key development during the year was the establishment of a facility in Greater Noida, India for the development of Combat Management System, Integrated Platform Management System, Integrated Bridge System and System Engineering & Integration for naval ships and combat land vehicles, which will extend to even fighter aircrafts, in technical collaboration with strategic partner, SAAB. The Company has been qualified by Indian Navy for providing CMS for warships. This is an extremely significant milestone and the first step towards backward integration of warship construction. This technology

will also support indigenous upgrades of existing defence platforms.

On the infrastructure side, we are also developing the second dry dock at Pipavav. After completion, it will be able to service even the biggest aircraft carriers in the world.

In conclusion, PDOC today is fully equipped to make its humble contribution to the country's defence and energy security. We are aware of both the opportunities and challenges that lie ahead. We are also confident of delivering long-term value for all stakeholders, create more jobs and fulfill our obligations towards society.

On behalf of the Board of Directors of the Company, I thank our shareholders, Government agencies, employees, bankers, partners and vendors - all vital stakeholders - in the long journey ahead of us. With your support and confidence, we look forward to partake in more exciting opportunities and transform our vision into reality.

We welcome you all to the 17th Annual General Meeting of the Company.

Yours Sincerely,

**Nikhil Gandhi**

Chairman



# OPPORTUNITIES ABOUND IN DEFENCE

**12** per cent increase  
in budget

**49** per cent FDI



Why defence is critical to India's sustained progress?

AT THE HEART OF PROGRESS OF ANY COUNTRY IS STABILITY AND SECURITY. IT IS ONLY ON A FERTILE SOIL OF SAFETY, NURTURED BY A CLIMATE OF PROTECTION AND WELL-BEING THAT SEEDS OF PROSPERITY GERMINATE AND DEVELOP INTO LUSH GREEN HARVESTS OF DEVELOPMENT AND ADVANCEMENT.





In addition to becoming self-reliant in its defence requirements, India is now aiming to become a net exporter of defence equipments in the next decade.

## RECENT DEVELOPMENTS IN DEFENCE

India is heavily dependent on imports to meet its defence equipments. With the 'BUY & MAKE INDIAN' reform under the Defence Procurement Procedure (DPP), the Government has been encouraging domestic industry to participate in manufacturing defence equipments with a view to reduce dependence on imports. In the DPP of 2013, the Government unveiled big-ticket reforms whereby Indian companies would be preferred

for defence orders, and import would be considered only if there were no capabilities in India. Further, policy and guidelines for Joint Ventures (JVs) between Defence Public Sector Units (DPSUs) and Private Sector companies to facilitate synergistic fulfilment of existing and future defence requirements were approved. An offset limit was also created whereby foreign companies have to source at least 30 per cent of the order value from local vendors.

The Union Budget presented by the newly elected Government in the month of July 2014 was a directional budget in many ways. Recognising the fact that the Indian defence needs to be rapidly modernised and brought at par with other developed countries, the Government announced path-breaking measures that will have a huge impact on the defence sector, and in many ways will provide a new impetus to growth and technological advancement.

According to a research finding, defence budget is expected to grow at a CAGR of 8 per cent. The defence policy's offset requirements mandate foreign contractors to source from local vendors at least 30 per cent of the total value of orders. A huge opportunity will be available over the next decade for the domestic defence industry.

## DEFENCE IS NOW EMERGING AS ONE OF THE SUNRISE INDUSTRY FOR THE NEXT DECADE.



# INDIAN NAVY FAST TRACKING MODERNISATION



WITH A COAST-LINE OF OVER 7500 KMS., NEARLY 1200 ISLANDS AND ALMOST 200 MAJOR, INTERMEDIARY AND MINOR PORTS, THE INDIAN NAVY PLAYS A VITAL ROLE IN DEFENDING INDIAN WATERS.

As India takes giant economic strides, the role of the Indian Navy is becoming more significant than ever before, as it needs to keep safe-guarding the crucial East-West trade route, a strategically important trade and energy pipeline.

Given its large island assets and India's strategic emergence as a security provider in the Indian Ocean, the Indian Navy has a huge responsibility to modernise its amphibious assets and sea-lifting capacity. The Indian Navy has undertaken a rapid modernisation drive. Naval expenditure of almost US\$ 50 billion has already been approved by the Government.

Under the Maritime Capabilities Perspective Plan 2022's indigenous construction component, the Indian Navy will acquire two Cadet Training Ships, five more Offshore Patrol Vessels (OPV) to add to the already ordered, three LPDs, seven Project 17A FFGs, six SSKs, eight guided-missile corvettes, eight GRP-hulled MCMVs and another integrated aircraft carrier.

The Indian Navy has ambitious plans under its NEW BUILD programme.



## COMBAT MANAGEMENT SYSTEM (CMS)

CMS IS A VERY SOPHISTICATED, FLEXIBLE AND INTEGRATED NAVAL WEAPON SYSTEMS USED BY MOST MODERN NAVIES IN THE WORLD. CMS LEVERAGES POWERFUL COMPUTER AND RADAR TECHNOLOGY BRINGING TOGETHER ADVANCED COMMAND AND WEAPON CONTROL SYSTEM TO TRACK, GUIDE AND DESTROY ENEMY TARGETS.

CMS OPTIMISES THE USE OF ORGANIC RESOURCES AND ADDRESSES COMMAND, CONTROL AND COMMUNICATIONS IN A HOLISTIC METHOD. IT OFFERS EFFECTIVE TASK GROUP COMMAND AND EFFICIENT MULTI-TASKING.

**THE INDIAN NAVY HAS ALREADY SHORTLISTED PDOC AS A VENDOR WHO HAS THE CAPABILITIES TO PROVIDE CMS.**



## LANDING PLATFORM DOCK (LPD)

LPD acts as a Command Centre for the operations at sea. LPD is a versatile amphibious warfare ship with capabilities to embark combined armed forces for prolonged durations, capabilities for landing troops and full range of combat cargo with a combination of Landing Crafts, Landing Catamarans and Helicopters. LPDs have self defence systems against sea skimming missiles, submarine-launched

torpedoes and asymmetric threats. LPDs also have comprehensive medical facilities for treatment and management of onboard casualties in combat and disaster relief operations.

India has one LPD – INS Jalashwa. The Indian Navy plans to add four more LPDs to boost its capabilities. The Indian Navy floated a domestic tender in December 2013.

**THIS IS THE FIRST TIME THAT INDIA WILL CONSTRUCT 20,000 TONNE LPDS.**



# PDOC LEADS

INDIAN DEFENCE HAS SHIFTED GEARS TO MOVE INTO A HIGHER ORBIT OF MODERNISATION AND GROWTH WITH AN AIM TO BECOME SELF-RELIANT BY FOCUSING ON “BUY AND MAKE INDIAN”.

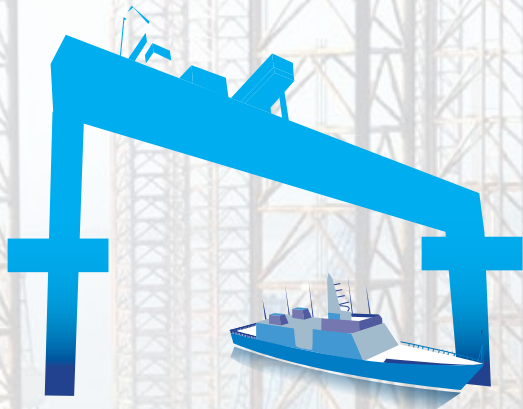
TO REALISE AND ACHIEVE THIS PARAMOUNT GOAL OF BECOMING A SELF-RELIANT NATION IN DEFENCE WILL REQUIRE A WORLD-CLASS INFRASTRUCTURE AND MASSIVE CAPACITIES, LATEST TECHNOLOGIES AND KNOW-HOW AND EXCEPTIONAL EXECUTION PROWESS.

Pipavav Defence (PDOC) is promoted by SKIL Infrastructure Ltd. (SKIL), the flagship company of SKIL Group, which has pioneered path-breaking infrastructure projects both in India and abroad since 1990. PDOC has the largest maritime infrastructure in India and one of the largest in the world. Spread over 491.62 acres of project land, it is conceptualised with a vision to be one of the best defence companies in the world for building strategic defence assets, offshore assets and heavy engineering. With its state-of-the-art advanced infrastructure and modular shipbuilding technology, it is the only private sector defence yard in India, with a capacity to build fully fabricated and outfitted blocks. The modern fabrication facility is spread over 3 million sq. ft., inclusive of a dedicated offshore E&P assets fabrication yard. The Infrastructure has the second largest dry dock in the world, measuring 662 meters in length & 65 meters in width. The second dry dock measuring 750 meters in length and 105 meters in width is currently under development. The infrastructure includes has unique capability of pre-erection berth of 980 meters long and 40 meters wide and two Goliath cranes with combined lifting capacity of 1,200 tonnes.



# ADVANTAGE PDOC

PDOC IS ONE OF THE FEW COMPANIES IN PRIVATE SECTOR IN INDIA TO HAVE GREAT INFRASTRUCTURE, PROVEN COMPETENCY AND VALUABLE EXPERIENCE TO PARTNER IN THE NEXT PHASE OF GROWTH IN DEFENCE.



## UNIQUE COMPETITIVE ADVANTAGE OF PDOC

PDOC is India's first world-class Defence, Ship Building, Hydrocarbon E&P Infrastructure Company.

PDOC is India's first private sector company post independence to get License and Contract to build warships for the Indian Navy.

PDOC is the first company in the country to have been approved as a partner of choice by Mazagon Docks Ltd. to build surface warships.

PDOC has the country's first and only Modular Shipbuilding Infrastructure with the largest Dry Dock.

PDOC has the country's only facility capable of accommodating the largest Aircraft Carriers and other strategic vessels for docking, maintenance, refurbishment and repair.

PDOC has an undisputed upper hand in terms of Infrastructure, Team on the ground and critical Technology & Strategic tie-ups.

- ✦ At least 7- 8 years lead in developing Infrastructure, security clearance and permission, and strategic tie-ups
- ✦ Strategic Partnerships to multiply capabilities and add-on latest technologies
- ✦ Integrated Infrastructure
  - One of the largest infrastructures in the world
  - Dry Dock1 – 662m x 65m, India's largest and world's 2nd largest dock
  - Dry Dock2 – under construction. When completed, it will be the largest in the world
  - 2 Goliath Cranes with combined lifting capacity of 1,200 tonnes, one of the largest in the world. Similar Goliath Cranes will be installed for Dry Dock 2
  - Off shore Yard
  - Modular Shipbuilding
  - Heavy Engineering Infrastructure

## CAPABILITIES OF PDOC

- Integrated Defence Programmes
- Naval Shipbuilding
- Hydrocarbon E&P Assets Construction
- Commercial Shipbuilding
- Repairs & Upgrades
- Heavy Engineering
- ✦ Strategic Alliances and Partnerships
- ✦ Won many awards and recognitions

# PROVEN TRACK RECORD

Over the last four years, PDOC has been consistently executing and delivering key projects for its clients. Projects executed and delivered include spectrum of commercial carriers, dry docking, refurbishment of critical Hydrocarbon E&P assets for domestic as well as international clients. Here are some of the notable projects PDOC has delivered till date.

## COMMERCIAL SHIPBUILDING

PDOC has successfully delivered six Panamax bulk carriers (Ice Class 74,500 DWT), four Offshore Support Vessels and two Barges.


## REPAIRS & UPGRADES

PDOC entered into the refit and conversion market with refurbishment of jack-up rigs and semi-submersibles. PDOC is regularly catering to the ship repairs requirements of military and commercial vessels.

## HEAVY ENGINEERING

- 600T capacity Gantry Crane with 148m span was fabricated in house. Steel weight of structure was approx 2700T.
- Class II Pressure Vessels for ONGC.
- Fabrication & Supply of 660 MW Turbine components Stator Frame & Cooler Housing Frame for BHEL-Haridwar.
- Other heavy engineering and fabrication, including three large Ship-To-Shore Cranes ('STS') which have been built for the first time in India. Nine more STS are presently under construction.





WHILE PDOC HAS PROVEN ITS EXECUTION CAPABILITIES BY DELIVERING SEVERAL PROJECTS, WORK IS IN FULL SWING ON THE FOLLOWING PROJECTS :

- ✦ 5 Naval Offshore Patrol Vessels
- ✦ 2 ONGC rigs
- ✦ 14 Fast Patrol Vessels for ICG
- ✦ 1 Cadet Training Vessel FOR ICG

**AT PDOC, NOT ONLY DO WE HAVE ONE OF THE LARGEST AND MOST COMPREHENSIVE INFRASTRUCTURES IN THE WORLD, OUR EXECUTION AND DELIVERIES ARE ALSO AMONG THE FASTEST!**

# STRONG FUTURE BECKONS US

AS THE INDIAN DEFENCE GEARS UP TO UNLEASH ITS NEXT PHASE OF GROWTH AND MODERNISATION AND OPENS UP HUGE OPPORTUNITIES, AT PDOC, WE ARE POISED, PREPARED AND PRIMED TO LEVERAGE THIS OPPORTUNITY AND EMERGE AS INDIA'S LEADING INTEGRATED DEFENCE COMPANY.





## CONSIDER THIS :

### Landing Platform Dock ('LPD')

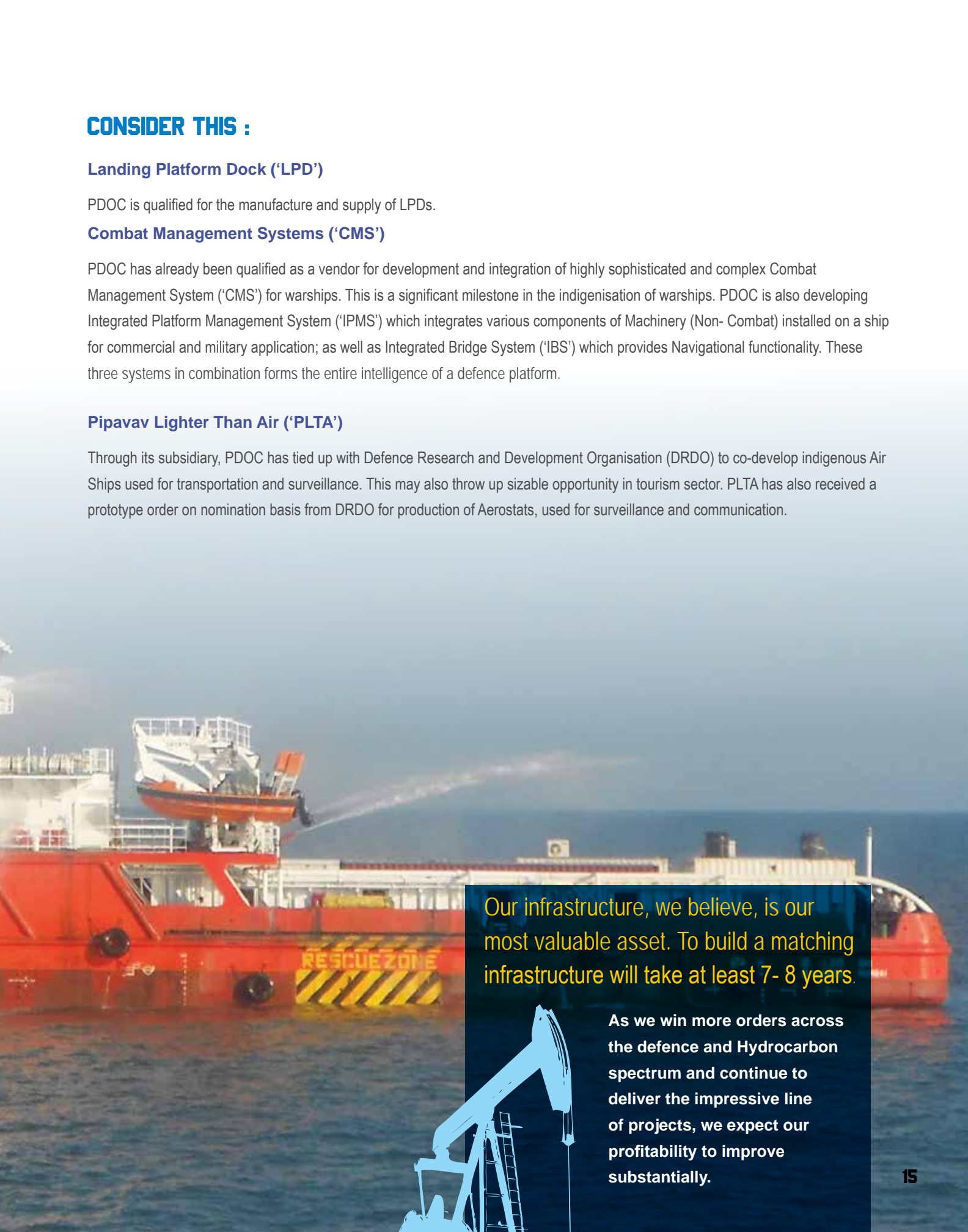
PDOC is qualified for the manufacture and supply of LPDs.

### Combat Management Systems ('CMS')

PDOC has already been qualified as a vendor for development and integration of highly sophisticated and complex Combat Management System ('CMS') for warships. This is a significant milestone in the indigenisation of warships. PDOC is also developing Integrated Platform Management System ('IPMS') which integrates various components of Machinery (Non- Combat) installed on a ship for commercial and military application; as well as Integrated Bridge System ('IBS') which provides Navigational functionality. These three systems in combination forms the entire intelligence of a defence platform.

### Pipavav Lighter Than Air ('PLTA')

Through its subsidiary, PDOC has tied up with Defence Research and Development Organisation (DRDO) to co-develop indigenous Air Ships used for transportation and surveillance. This may also throw up sizable opportunity in tourism sector. PLTA has also received a prototype order on nomination basis from DRDO for production of Aerostats, used for surveillance and communication.



Our infrastructure, we believe, is our most valuable asset. To build a matching infrastructure will take at least 7- 8 years.

As we win more orders across the defence and Hydrocarbon spectrum and continue to deliver the impressive line of projects, we expect our profitability to improve substantially.



# Corporate Information



## BOARD OF DIRECTORS

Mr. Nikhil Gandhi	: Chairman
Mr. Bhavesh Gandhi	: Executive Vice-Chairman
Mr. Ajai Vikram Singh	: Independent Director
Mr. Ashok Katra	: Nominee Director, IDBI Bank Ltd.
Mr. Ashok Kumar Sahoo	: Nominee Director, LIC of India
Mr. David Rasquinha	: Nominee Director, EXIM Bank
Mr. Nils Peter Sandehed	: Director (Nominee of SAAB AB Publ.)
Mr. R. M. Premkumar	: Independent Director
Mr. Samar Ballav Mohapatra	: Independent Director
Mr. Lars Olov Rikard Lindgren	: Alternate Director to Mr. Nils Peter Sandehed (w.e.f. August 14, 2013)

## BOARD COMMITTEES

Audit Committee	
Mr. R. M. Premkumar	: Chairman
Mr. Ajai Vikram Singh	: Member
Mr. Bhavesh Gandhi	: Member
Mr. David Rasquinha	: Member
Mr. Samar Ballav Mohapatra	: Member

## CHIEF FINANCIAL OFFICER

Mr. Praveen Chand Mohnot

## CORPORATE COUNSEL & COMPANY SECRETARY

Mr. Ajit Dabholkar

## Registered Office & EOU Unit

Pipavav Port, Post Uchhaiya, Via-Rajula,  
District Amreli – 365 560, Gujarat.  
Tel No. (02794) 661 000  
Fax No. (02794) 661 100  
Website: [www.pipavavdoc.com](http://www.pipavavdoc.com)  
Investor Grievance e-mail:  
[company.secretary@pipavavdoc.com](mailto:company.secretary@pipavavdoc.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 – 365 560, Gujarat.

## REGISTRAR AND TRANSFER AGENT

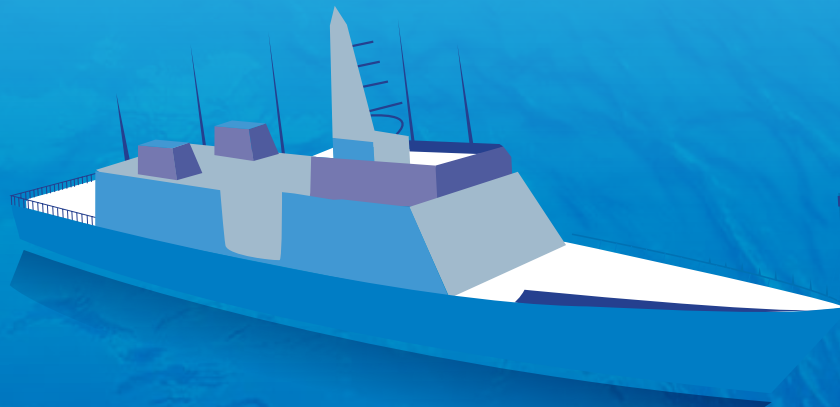
Karvy Computershare Private Limited  
17-24, Vittalrao Nagar,  
Madhapur, Hyderabad – 500 081.  
Tel No.(040) 2342 0818  
Fax No. (040) 2342 0814  
E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Contact Person: Mr. S. Krishnan

## STATUTORY AUDITOR

M/s. Chaturvedi & Shah, Chartered Accountants

## INTERNAL AUDITOR

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





# DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the 17<sup>th</sup> Annual Report of your Company together with audited financial statements for the year ended March 31, 2014.

## 1. Financial Results

The financial performance of the Company, on standalone basis, for the year ended March 31, 2014 is summarized below:

(₹ in Crore)

Particulars	2013-14	2012-13
(a) Total Revenue	2,319.08	2,613.03
(b) Profit from Operations	614.75	534.97
(c) Depreciation	161.70	122.70
(d) Interest	465.21	397.46
(e) Profit before Tax	27.93	41.37
(f) Profit after Tax	8.36	28.72

## 2. Dividend

Considering the expansion and capex plans of the Company, your Directors have not recommended dividend for the year under review.

## 3. Operations

During the year under review, your Company has recorded total revenue of ₹ 2,319.08 Crore as compared to the total revenue of ₹ 2,613.03 Crore during the previous financial year. The Company has earned operating profit i.e. Profit before Depreciation, Interest and Tax of ₹ 614.75 Crore for the year against ₹ 534.97 Crore for the previous year.

The detailed information on all business activities of the Company is provided in the Management Discussion and Analysis Report, annexed hereto.

## 4. Subsidiary Companies

Details of the subsidiaries of your Company as on March 31, 2014 are as follows:

### E Complex Pvt. Ltd. (ECPL)

ECPL, wholly-owned subsidiary of your Company, is engaged in the business of development of Special Economic Zones (SEZs). ECPL has developed a sector specific SEZ for engineering goods/ sector at Village Rampara II, District Amreli, in the State of Gujarat.

During the FY 2013-14, ECPL recorded total income of ₹ 292.31 Crore and net loss of ₹ 5.74 Crore.

### PDOC Pte. Ltd.

PDOC Pte. Ltd. was incorporated in Singapore as a wholly-owned subsidiary of your Company, to explore business opportunities available for construction of offshore/ onshore Hydrocarbon EPC segment. PDOC Pte. Ltd has not commenced its commercial operations till now.

During the FY 2013-14 PDOC Pte. Ltd. recorded net loss of Singapore \$2,087.

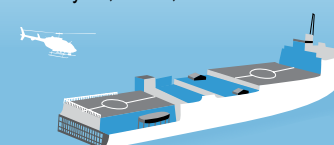
### Pipavav Marine and Offshore Limited (PMOL)

During the FY 2013-14 PMOL has recorded net loss of ₹ 0.89 Lacs.

### Pipavav Lighter than Air Systems Private Limited (PLTA)

On March 18, 2014, your Company acquired 100% stake in Pipavav Lighter than Air Systems Private Limited, making it a wholly-owned subsidiary of the Company. PLTA was incorporated on November 25, 2013 to undertake activities of designing, manufacturing all types of Aerostats, Airships and Lighter than Air systems including their sensor suite, mechanical Tether system and cables. PLTA has not commenced its commercial operations till now.

**General Exemption:** In accordance with general exemption granted by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 ("the Act") vide General Circular No. 2/ 2011 dated February 8, 2011, the Balance Sheet,





Statement of Profit & Loss, Notes to Financial Statements, Directors' Report and Auditors' Report of its subsidiary companies are not being attached to the Annual Report.

Consolidated Financial Statements presented by the Company include the financial information of its subsidiary companies. A statement showing key financials of the subsidiary companies forms part of the Annual Report in compliance with the said circular.

The Annual Accounts of the subsidiary companies will be made available at the Company's website and will also be kept open for inspection during business hours at the Registered Office of the Company and that of its Indian subsidiaries. Annual Accounts of subsidiary companies of your Company shall be made available upon written request by any Member of the Company.

## 5. Consolidated Financial Statements

Pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges ("Listing Agreement"), Consolidated Financial Statements prepared in accordance with 'Accounting Standard 21 on Consolidated Financial Statements', 'Accounting Standard 23 on Accounting for Investment in Associates' form integral part of the Annual Report.

## 6. Directors

In terms of provisions of the Act and the Articles of Association of the Company, Mr. Nikhil Gandhi (DIN 00030560) will be retiring by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

Mr. Ajai Vikram Singh (DIN 02184840), Mr. R. M. Premkumar (DIN 00328942) and Mr. Samar Ballav Mohapatra (DIN 00327410) were appointed as Non-Executive Independent Directors of the Company liable to retire by rotation in accordance with the provisions of erstwhile Companies Act, 1956 and the Articles of Association of the Company. In view of provisions of the Companies Act, 2013, relating to appointment of Independent Directors, Mr. Ajai Vikram Singh and Mr. Samar Ballav Mohapatra have demitted their offices as Independent Directors w.e.f. September 30, 2014. The term of appointment of Mr. R. M. Premkumar will expire at the ensuing Annual General Meeting.

The Company has received notices in writing from members proposing Mr. Ajai Vikram Singh, Ms. Comal Ramachandran Gayathri, Dr. Alexander John Joseph, Mr. R. M. Premkumar and Mr. Samar Ballav Mohapatra for appointment as Non-Executive Independent Directors for a fixed term of five years, commencing from October 1, 2014 and expiring on September 30, 2019. The Company has also received declarations from Mr. Ajai Vikram Singh, Ms. Comal Ramachandran Gayathri, Dr. Alexander John Joseph, Mr. R. M. Premkumar and Mr. Samar Ballav Mohapatra proposed Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement with the Stock Exchanges. The Company has also received notice from a member proposing candidature of Mr. Nikhil Gandhi as a Director liable to retire by rotation.

Board of your Company commends the re-appointment Mr. Nikhil Gandhi, as a Director liable to retire by rotation and appointment of Non-Executive Independent Directors.

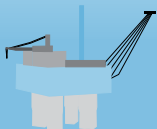
During the year IDBI Bank has nominated Mr. Ashok Katra (DIN 00059091) as its nominee Director on the Board of Directors of the Company, not liable to retire by rotation, w.e.f. September 06, 2013 and Life Insurance Corporation of India has nominated Mr. Ashok Kumar Sahoo (DIN 01489592) as its nominee Director on the Board of Directors of the Company, not liable to retire by rotation w.e.f. January 23, 2014.

During the year Mr. Lars Olov Rikard Lindgren (DIN 06415640) was appointed as an Alternate Director to Mr. Nils Peter Sandehed w.e.f. August 14, 2013.

## 7. Directors' Responsibility Statement

In accordance with provisions of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a







true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts on a going concern basis.

## 8. Auditors & Auditors' Report

The Notes to Financial Statements read with the Auditors' Report are self-explanatory and therefore, do not call for any further explanations under Section 217(3) of the Act.

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. The Board of Directors' of your Company on recommendation of the Audit Committee has proposed to appoint M/s GPS & Associates, Chartered Accountants, Mumbai (Firm Registration No. 121344W) as Statutory Auditors of the Company, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s GPS & Associates have, under Section 139(1) of the Companies Act, 2013 and the Rules framed there under, furnished a certificate of their eligibility, peer review certificate and consent for appointment. Members are requested to consider appointment of M/s. GPS & Associates, Chartered Accountants as Statutory Auditors of the Company.

## 9. Health, Safety and Environmental Protection

### (a) Environment Management

Your Company is committed to sustainable development and environment protection. Various initiatives such as greenbelt development at project sites, waste management etc. were undertaken by your Company to promote preservation of clean environment.

Your Company signed a Memorandum of Understanding (MoU) with the Gujarat Ecological Commission, Government of Gujarat, for carrying out mangrove plantation on Public Private Partnership basis.

### (b) Safety Management

A strong Occupational Health & Safety Management System based on OHSAS-18001:2007, ISO-14001:2004 and ISO-9001:2008 is in place to ensure safety of employees, contractors' manpower as well as equipment and machinery at project sites.

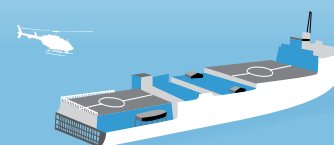
Occupational health and safety of employees and contractors' manpower are given utmost importance in the Company.

To keep the safety system agile and updated, extensive trainings on rescue, fire fighting, material handling etc. were conducted for the employees and contractors' workmen. Multi-level forums such as Workers' safety & welfare committee, Apex safety committee, Zonal Safety Council have been formed and meetings of these forums are conducted on monthly basis to ensure active participation of employees and contractors' workers. Regular drills were conducted to check the emergency preparedness. Fire tender and rescue vans are available at the project site in addition to round-the-clock fire and rescue watch performed by a squad of qualified employees to ensure foolproof safety.

### (c) Health & Hygiene

Your Company accords utmost priority to health and hygiene of its employees and contractors' workforce. Necessary trainings are imparted to enhance their awareness towards first-aid and other health related matters. National Safety Week and Fire Service Week are also observed with an objective to give emphasis to health & hygiene.

Your Company has set-up Occupational Health Centers (OHCs) at the project sites. The OHCs are well-equipped to provide emergency as well preventive and curative health services to employees, their families and contractor's workmen.



**(d) HSEQ Audits**

Team of trained internal auditors regularly conducts Health, Safety, Environment & Quality (HSEQ) audits with special emphasis on health & hygiene, safety, environment and quality. External audits are carried out by reputed agencies like Det Norske Veritas (DNV). During the year, DNV carried out Surveillance Audit of project sites at Pipavav, without any major non-compliance.

**10. Corporate Social Responsibility (CSR)**

Your Company conducts its business in a sustainable and socially responsible manner. A snapshot of the Company's CSR activities with the mission of sustainable community development is as follows:

**Education**

- Your Company lays special emphasis on education and vocational training of local community for their economic empowerment. In order to achieve this objective, your Company continues to support six Industrial Training Institutes (ITIs) in the vicinity of its projects sites.

**Infrastructure Development**

- Your Company participates in several infrastructure development initiatives for improvement of rural infrastructure including construction of training centre, orphanage for destitute girl children etc.

**Safe Drinking Water**

- Your Company is committed to the initiatives for providing drinking water to neighbouring villages.

**11. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo**

Your Company continues to strive to make the project sites as energy efficient as possible and takes various measures for conservation of energy. The information in terms of 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, is set out in Annexure "A" and forms part hereof.

Information required to be furnished in Form A is not applicable to the Company.

**12. Management Discussion and Analysis Report**

The Management Discussion and Analysis Report for the financial year 2013-14, as stipulated under Clause 49 of the Listing Agreement, is provided at Annexure "B" forming part of this Directors' Report.

**13. Corporate Governance Report**

Corporate Governance Report along with the Auditors' Certificate confirming compliance with the conditions of Corporate Governance as required in Clause 49 of the Listing Agreement is enclosed as Annexure "C" and forms part of this Report.

**14. Investor Relations**

Your Company continues to provide prompt investor service through quick resolution of investor grievances. Your Company has designated an exclusive e-mail ID viz. company.secretary@pipavavdoc.com, to enable the investors to post their grievance and the Company to monitor its redressal.

The securities of your Company are listed at National Stock Exchange of India Limited and BSE Limited. The Company has paid annual listing fees to these Stock Exchanges for the financial year 2014-15.

The members are requested to refer to general shareholders' information given in Corporate Governance Report appended to this report.

**15. Fixed Deposits**

Your Company has not accepted any public deposits within the meaning of the provisions of Section 58A of Companies Act, 1956 read with Companies (Acceptance of Deposit) Rule, 1975 or such other applicable provisions. Therefore, no amount of principal or interest on public deposits was outstanding as on March 31, 2014.





## 16. Employees

Information in accordance with Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, forms part of this Report. However, considering provisions of Section 219(1)(b)(iv) of the Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such information may write to the Company Secretary.

## 17. Demat Suspense Account

Pursuant to Clause 5A of the Listing Agreement, details of equity shares held in the demat suspense account are as follows:

Particulars	No. of Shareholders	No. of Shares
Opening Balance as at April 1, 2013	14	3577
Request received for transfer of shares from Suspense Account	0	0
Shares transferred to Claimants' Demat Accounts during the year	0	0
Closing Balance as at March 31, 2014	14	3577

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

Further, there are no shares issued in physical mode which remain unclaimed.

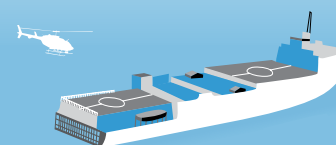
## 18. Acknowledgements

Your Directors wish to place on record their sincere appreciation of the consistent support and co-operation received from the various Departments of Government of India, State Governments, business partners/ associates, financial institutions, bankers, employees, vendors and shareholders. Your Directors also wish to take on record their deep sense of appreciation for the hard work and commitment of each and every employee of the Company.

On behalf of the Board of Directors

Place : Mumbai  
Date : August 14, 2014

sd/-  
Nikhil Gandhi  
Chairman





## Annexure “A” to the Directors’ Report

Information 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 and forming part of the Directors’ Report for the year ended March 31, 2014.

### A. Conservation of Energy

#### (a) Energy Conservation measures:

- Continued maintenance of the power factor to 0.999 to ensure optimized utilization of power.
- Power distribution is having AMF (Automatic Power Factor) correction; transformers and transmission lines are synchronized.
- Analysis of Electrical contract demand and reduction from 9MVA to 7MVA.
- Improvement in efficiency of compressed air generation by conducting ultrasonic leak detection survey.
- Use of after cooler in air compressor to increase the efficiency of compressed air generation.

#### (b) Additional investment and proposals being implemental for reduction of Consumption of Energy:

- Replacement HPSV (400W) with LED lights at A, B, D, E sheds.
- Providing of VFDs at Air compressors.
- Replacement of low efficiency lights with CFL lights. having lower electricity consumption.
- Street lights and HI-Mast lights are controlled through automatic timers and can be adjusted to summer and winter.

#### (c) Impact of the measures at (a) and (b) above for the reduction of energy consumption and consequent impact on the cost of production of goods:

The energy conservation measures mentioned above resulted in savings in power consumption and reduction in cost of production of goods.

#### (d) Total Energy Consumption and Energy Consumption per unit of production as per Form ‘A’:

Form ‘A’ of the Annexure to the above said rules is not applicable to the Company as the industry to which it belongs viz. shipbuilding, is not included in the Schedule thereto.

### B. Technology Absorption

Efforts made for technology absorption are furnished below in prescribed Form B.

#### Research and Development (R&D):

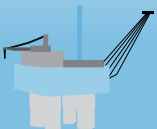
##### Specific Areas in which R&D carried out by the Company:

The Company already has world class shipbuilding and engineering infrastructure and capabilities. Additional concrete steps have been initiated towards moving into niche areas of heavy engineering.

R & D is being carried out in field of welding technology & Process Engineering. The Company has signed MoU with Welding Research Institute (WRI), BHEL-Trichy towards welding process excellence. New welding procedure for higher strength exotic material grade & high thickness plates developed in following area:

- Pressure vessels fabrication under ASME rules for BHEL-Trichy.
- Turbine & Generator fabrication under BHEL & Lloyds rules for BHEL Haridwar.
- Aluminum fabrication for Naval ships.
- Cu-Ni & stainless steel fabrication for Naval ships.
- High strength steel fabrication for Rigs & offshore structures.

Advance pulsed MIG & TIG welding procedure is developed for fabrication of Aluminum superstructure of NOPV. Various training modules are also developed for distortion control & welding of low thickness plates for Hull & superstructure. R & D is also carried out on fabrication processes for DMR steels, Stainless steel, Cu-Ni & Titanium piping for defence & commercial ship building.





### Technology Absorption, Adaptation and Innovation

**a) Efforts in brief, made towards technology absorption, adaptation and innovation.**

- Welding procedures were developed for very high strength material for Spudcans, Leg & chords of drilling rigs. All the welding procedures are designed with highest quality requirements & optimum productivity. Salient features of these welding procedures are weld sequence, pre-heating, temperature control, pWHT & NDT. All procedures are approved by classification societies.

**b) Benefits derived as a result of the above efforts**

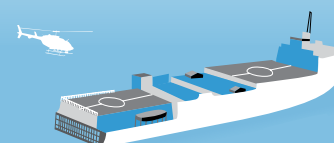
- Quality improvement, product development and lesser reliance on imported products leading to cost reduction.

### C. Foreign Exchange Earnings and Outgo

(₹ in lacs)

Particulars	2013-14	2012-13
Foreign Exchange earned	35,534.70	53,844.18
Foreign Exchange used	8,048.83	14,939.00

During the year under review, the Company imported Raw Materials & Components and Stores & Spares on CIF basis of ₹ 18,177.52 lacs (Previous Year ₹ 18,520.56 lacs). Similarly, the Company imported Capital Goods worth ₹ 1,555.01 lacs (Previous Year ₹ 2,212.32 lacs).





# MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

## Annexure "B" to Directors' Report

Management of the Company is pleased to present below its analysis on the performance of the Company for the financial year 2013-14 and its outlook for the future.

### I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company operates in various business segments that are sub-classified into (i) Defence Shipbuilding and Repairs; (ii) Hydrocarbon EPC; (iii) Commercial Shipbuilding and Repairs; (iv) Defence Hardware & Services; and (v) Heavy Engineering.

#### i. Defence Shipbuilding and Repairs

During the last year, Indian defence industry continued to grow and open up opportunities for private players. There were notable developments on the policy and budgetary fronts which augur well for the defence industry in general and naval shipbuilding and defence systems in particular.

The Union Budget for 2014-15 has allocated ₹ 2,29,000 Crore for defence, an increase of 12.43% over the previous year and representing a significant proportion (12.76%) of the Government's expenditure during 2014-15. Within this budget, ₹ 94,588 Crore has been assigned towards capital expenditure across the armed forces, which is higher by ₹ 5,000 Crore as compared to the interim budget presented in February. ₹ 12,576 Crore will be spent towards the development of the country's naval fleet in 2014-15. This focus on new capital expenditure points to a larger focus on modernization initiatives of the existing fleet of the Indian Navy and the Indian Coast Guard as the Indian Ocean continues to gain strategic importance, both from a military and a global trade perspective.

Government has expanded the room for foreign partnerships in the Defence sector by raising the cap on Foreign Direct Investment (FDI). The Union Cabinet has approved FDI upto 49%, from an earlier limit of 26%, through Government route. FDI beyond 49% will be permissible where investments are bundled with access to state of the art technology. We expect that these changes will improve the ability of Indian companies to enter into Technology led alliances with leading Foreign Defence companies resulting in increased self-reliance and local employment.

On June 2013, the Ministry of Defence (MoD), published significant amendments to the Defence Procurement Procedure (DPP), 2013 providing greater impetus to indigenization of defence procurement, development and manufacturing. The simplified 'Buy & Make (Indian)' initiative, for instance, extends unambiguous support to the increasing emphasis of Govt on indigenization initiatives.

Given the strong order book of various PSU defence companies, higher indigenization initiatives provide a big opportunity for private sector companies to garner a larger share of the Indian defence pie.

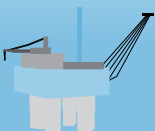
Mr. Arun Jaitley, Defence Minister has decisively encouraged Indian Private Sector participation in Defence Ministry. In his first meeting at the Defence Acquisition Council, Mr. Jaitley approved contract for five fleet support ships for the Indian Navy among others. The Company is among the few private sector companies to have developed capabilities to tap this opportunity. Recently, the Company has been declared the lowest bidder for Fast Patrol Vessels and a Cadet Training Ship from the Indian Coast Guard.

#### ii. Hydrocarbon EPC

India is significantly dependent on imports for its energy requirements with over 35% of the consumption imported from other countries due to limited domestic production and availability. In the last year, there were numerous outbound investments by National oil companies in South America, Africa and the Caspian Sea region, aimed at expanding their reserves and production capabilities. For example, Oil India increased its presence in Africa's burgeoning offshore sector, purchasing a stake in the highly promising Rovuma Area 1 Offshore Block in Mozambique from Videocon Mauritius Energy, and ONGC Videsh completed the acquisition of an additional 12% stake in a Brazilian oil field from Petrobras.

Additionally, India having recognized the need to increase exploration activity to meet the demands of the growing economy, offered a total of 33 exploration blocks under the New Exploration Licensing Policy (NELP)-IX, of which Production Sharing Contracts (PSCs) for 19 blocks have since been signed. NELP-X, introduced at PetroTech 2014, further announced auction of at least 46 oil and gas blocks for bidding. Also, there has been a shift to deeper waters and therefore more foreign companies are looking to strategize vendor partnerships with offshore service providers to ensure uninterrupted availability of drilling and support assets. The Company expects to receive substantial business in this segment owing to its strategic location and state-of-the-art infrastructure.

Presently, India's offshore infrastructure comprises 60 process platforms, 180 well head platforms and 7,000 kilometers of sub-marine pipelines. Bearing in mind the present energy requirements and capital expenditure incurred by domestic Hydrocarbon E&P companies, there is likely to be near term demand for 75 Process Platforms, 210 Well Head Platforms and 8,000 kilometers of sub-marine pipelines.







The Company stands to benefit from increasing capital investments in the hydrocarbon EPC sector, spurred by rising demand for production/process platforms, deep water rigs, subsea hydrocarbon production facilities, and demand for replacement of assets in this sector which have reached their economic life and require replacement, significant modification or refurbishment.

The above developments augur well for the hydrocarbon EPC industry and open up large opportunities in the areas of rig construction, repairs, modifications and conversions for the Company.

### iii. Commercial Shipbuilding and Repairs

Commercial shipbuilding industry has seen a significant slowdown over the last few years. In 2013, the global merchant fleet stood in excess of 87,000 vessels. During the last four years, annual fleet growth globally has been in the range of 4-5% indicating absorption of overcapacity that was built till 2011. Surplus ships are being absorbed slowly as we see global trade recovering.

The Baltic Dry Index, a strong indicator of trade and consequential global supply and demand for commercial vessels, has consolidated at the lower end of its longer term range indicating that there may not be further downside to the world's trade growth trajectory. Additionally, the global bulk carrier order book as a percentage of the existing fleet has stabilized at 20% after several years of decline from a level of 80% before the crisis, potentially indicating improved absorption of existing overcapacity going forward and stronger demand for technologically advanced vessels.

### iv. Defence Hardware & Services

Gol's spending on defence hardware and services has grown significantly from ₹ 79,800 Crore in FY 2011 to ₹ 1,10,000 Crore during FY 2013-14. Further, the Revised DPP 2013 Guidelines require Foreign OEMs to identify Indian offset partners to fulfill their offset obligations (minimum 30% indigenous content) for procurements with contract value over ₹ 300 Crore. The revised guidelines have provided an impetus to the indigenization of defence products, development and manufacturing. Substantial offset opportunities for Indian vendors have already opened up to the tune of ₹ 25,000 Crore across the armed forces.

### v. Heavy Engineering

India has seen significant expenditure towards infrastructure, both from the Government and the private sector. In 2014-15, the Government of India enhanced its allocation to infrastructure by 8.4% to ₹ 1,81,134 Crore across power, roads, civil aviation, ports and railways, re-emphasizing the focus on this sector. It is estimated that the infrastructure sector will require a total investment of ₹ 40 trillion in the 12th five year plan.

The Company's heavy engineering business stands to benefit from increasing capital investment in the infrastructure sector.

## II. BUSINESS HIGHLIGHTS

During FY 2013-14, the Company delivered total revenue of ₹ 2,319.08 Crore driven by execution of orders across business segments. The Company delivered Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) of ₹ 614.75 Crore, 14.91% higher than ₹ 534.97 Crore in 2012-13, reflecting an improvement in EBITDA margin from 21.0% to 28.0%. However, higher interest costs and provision for taxes lead to a decrease in profit after tax to ₹ 8.36 Crore.

FY 2013-14 witnessed improvement in operational performance on the back of faster order execution and deliveries. The Company maintained specific focus on defence and Hydrocarbon EPC sectors, which was reflected in its expanding order book. The Company has built a strong operating platform and the momentum is expected to reach a point of inflection, as the Company has started execution of large orders and is also receiving new orders from large domestic and international players. Segment wise performance, order execution status, order intake and other developments are as follows:

### Defence

Defence shipbuilding is one of the key business segments for PDOC. The Company accomplished a major milestone in FY 2013-14 by initiating construction of Naval Offshore Patrol Vessels (NOPVs) for the Indian Navy. The key order wins from the defence segment would include the design and construction of 14 Fast Patrol Vessels and one Cadet Training Ship for the Indian Coast Guard. The Company is placed favorably to build & repair warships/submarines given its state-of-the-art infrastructure, design capabilities, technology partnerships with international majors and strong execution capabilities.

### Offshore

In the Offshore sector, in collaboration with Larsen and Toubro Limited, the Company won a US \$ 170 million order from ONGC for conversion of a Mobile Offshore Drilling Unit (MODU) to Mobile Offshore Production Unit (MOPU). In addition to the projects from ONGC, major repair and refurbishment work was also carried out for well-known international offshore majors including Shelf Drilling, Nobel and Transocean. The Company is steadily gaining global recognition as a large and specialized player in the rig repair and refurbishment segment.

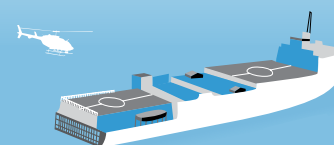
### Commercial

Having delivered six Panamax Vessels to International Customers, the Company is regarded as a key player in the large and specialized maritime Cargo segment.

### Order Deliveries:

During FY 2013-14, the Company completed several projects including:

1. Three Panamax bulk carriers to its international customers
2. Two offshore supply vessels to ONGC
3. Two deck cargo barges to National Petroleum Construction Company





4. Completion of repairs to floating crane for Transhipper
5. Completion of repairs to a semi-submersible rig
6. Completion of refurbishment/repairs to four jack-up rigs
7. Completion of repairs of India's biggest pipe laying barge
8. Other heavy Engineering & Fabrication projects.

Additionally, the Company has made substantial progress on construction of two Naval Offshore Patrol Vessels (NOPV's) for the Indian Navy. During 2013-14, the Company successfully accomplished the keel laying of the first NOPV and steel cutting of the second. The Indian Navy appreciated the sea keeping, maneuvering and stability characteristics of these NOPV's at the Vienna Test Basin.

#### Order Book:

Driving significant traction, the Company has built a strong order book with a specific focus on defence shipbuilding and hydrocarbon EPC. The key order wins during FY2013-14 were:

1. Design and construction of 14 Fast Patrol Vessels for the Indian Coast Guard (the Company has been declared L1 bidder and is expected to sign the contract shortly)
2. Design and construction of 1 Cadet Training Ship for the Indian Coast Guard (the Company has been declared L1 bidder and is expected to sign the contract shortly)
3. Extensive repair and complete overhauling of ship machinery and equipment for the Indian Coast Guard Vessel.
4. Conversion of MODU to MOPU for ONGC.
5. Extensive repair refurbishment projects of Mobile Offshore Drilling Units for ONGC & Major International Offshore Drilling Companies.
6. Fabrication of 660 MW power plant ducts from BHEL, Trichy.
7. Other Heavy engineering & Fabrication.

#### Other developments:

The Company, in collaboration with SAAB, has established a facility in Greater Noida, India focused on the development of Combat Management System for warships of Indian Navy. Based on an extensive technical qualification process, the Indian Navy has approved the Company as a qualified vendor for providing Combat Management System. This is a very significant milestone and the first step towards backward integration of warship construction and upgrading of existing fleet.

The Company is continuously undertaking various initiatives to strengthen its organization, systems and processes. Some recent initiatives:

1. Implementation of a comprehensive ERP system encompassing all major functions.
2. Management team strengthened with the addition of senior professionals. The Company is also in the process of creating a focused team to manage its Hydrocarbon EPC business segment.

3. Optimization of organizational cost base through, to deliver high productivity and optimal utilization of available resources.

Overall, the Company is gearing up for the future by strengthening its project execution capacities, improving management capabilities, catering to segments that require advance execution capabilities and technology. The Company has developed the necessary building blocks to establish its name as a leading global integrated defence, heavy engineering and Hydrocarbon EPC Company, with the largest world class modern infrastructure facility in India.

#### Future Outlook

The global economy is showing positive signs of improvement and is expected to grow at 3.9% in 2015, higher than the levels of 2013 and 2014 with faster growth expected in the US, Japan and Emerging Markets. This strengthens the outlook for the shipbuilding, offshore and defence industries.

The Company is positioned to address the requirements of domestic and international clients in both defence and Hydrocarbon EPC segments. The Company has won multiple orders from the Ministry of Defence (MoD), leveraging its competences and infrastructure. The Company also expects the offshore segment to pick up further and expect major orders from large global player in the oil and gas space as the world energy requirements increases and it becomes necessary to replace old Hydrocarbon E&P assets with new ones.

Following the transformation into a defence and Hydrocarbon EPC focused Company, The Company expects accelerated production in FY 2014-15. Having received orders from the MoD and global offshore giants, the Company is gaining recognition as a global leader in manufacturing of defence and Hydrocarbon E&P assets and expects to see stronger visibility going forward.

Capitalizing on defence opportunities, the Company is bidding for projects such as Landing Platform Docks, Antisubmarine Warfare Shallow Water Crafts, Fleet Support Vessels, Diving Support Vessels etc., for the Indian Navy. The Company is also a frontrunner in building LNG Carriers and looks forward to other such opportunities in the Hydrocarbon EPC sector.

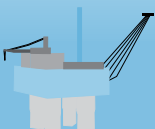
### III. OPPORTUNITIES AND THREATS

#### Opportunities

##### Defence Ship Building and Repairs

Strong expansion plans of the Indian Navy and the Coast Guard supported by greater focus on indigenization and private participation continue to present substantial growth opportunities to the Company.

The Indian Navy and Coast Guard, have approved a 15 year ship building program, projecting 165 warships and 400 aerial assets by 2022 and has approved new builds of over ₹ 90,000 Crore. The identified build pipeline of the Navy includes one Aircraft Carrier, four Conventional Submarines, sixteen Anti-Submarine Warfare Corvettes, four Landing Platform Docks and six Guided Missile Corvettes.







The Company is optimistic about the long term opportunity available in naval ship building. Over the next 5-6 years, we expect to bid for more than 90 vessels of the Indian Navy and the Indian Coast Guard including aircraft carriers, anti-submarine warfare corvettes, conventional submarines, etc.

With its focus on the Navy and the Coast Guard, infrastructure built with the long term vision of tapping large defence ship building opportunities and strategic alliances with several leading international players, the Company is very well placed to capitalize on increasing defence spends, domestic procurement and private sector participation.

The Indian Navy and the Indian Coast Guard, in their endeavor to keep their ageing fleets fully operational, are in the process of undertaking their front line and support ships and submarines for refit. Considering their own overloaded dockyards/repair yards, many vessels are being off-loaded to Private Shipyards for refit. We see tremendous opportunity across short refits, normal refits, medium refits, conversion, modernization, mid-life refits etc. for warships and submarines.

#### Ship Repairs: Commercial

The Indian ship repair industry (commercial and defence) is worth ₹ 3,600 - 4,200 Crore. Almost 41% of our country's fleet is at least 20 years old. The ageing fleet holds tremendous potential for growth of the shipbuilding and ship repair industry, with opportunities of more than ₹ 20,000 Crore over the next 5-7 years.

The Company expects ship repair business opportunity of ₹ 2,000 Crore over the next 5-6 years.

#### Defence Systems

The Company has been actively pursuing the following opportunities for the upcoming hardware and service projects:

- (a) **Combat Management Systems (CMS):** The Company, in collaboration with SAAB, has made significant progress in developing indigenous capability of manufacturing CMS. The Company conducted a successful capability demonstration of its CMS capabilities to the Indian Navy and now is declared as eligible to bid for CMS projects. Across new builds and replacements, the CMS business has the potential to tap more than 100 vessels over the next 8-10 years. With its state-of-the-art facility constructed in partnership with SAAB, the Company is favorably placed to win a significant number of these orders and orders for Integrated Platform Management Systems; Integrated Bridge Systems and Systems Engineering & Integration.
- (b) **Missile System:** The Company, along with its partner SAAB, has identified opportunities for manufacturing 15 mobile missile coastal batteries, approximately 200 medium range anti-ship missiles for the Indian Navy and approximately 38 anti-ship missiles for medium-range maritime reconnaissance aircraft for an aggregate value exceeding ₹ 15,000 Crore. For this purpose, the Company

is looking to establish a missile manufacture and integration facility with Transfer of Technology from SAAB Dynamic Systems, Sweden to supply the RBS 15 missiles to the Indian Armed Forces and is working actively to establish the infrastructure requirements & integration facility for the said purpose.

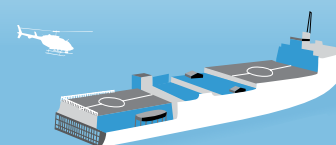
- (c) **Airborne Multi-Sensor Optronics:** The Company has partnered with Sagem, France for developing Optronics Systems for naval, land and airborne platforms for the Indian armed forces. There is an identified business potential for approximately ₹ 16,000 Crore in the Optronics domain.
- (d) **Infrared Search & Track (IRST) Systems:** The Company, along with its partner Sagem, has been discussing with the Indian Navy the advantages of inducting an IRST system on all their naval assets. The Company has identified business potential of ₹ 1,000 Crore in this domain.
- (e) **Heavy Weight Torpedoes (HWTs):** The Company has signed an MOU with Atlas Elektronik for manufacturing HWTs for the Indian defence market. This project is expected to help develop capabilities that will enable the Company to tap market potential of over ₹ 1,400 Crore.
- (f) **Naval Guns:** The Company has signed an MOU with Rafael, Israel for manufacturing the Typhoon 30mm naval gun and the Mini Typhoon 12.7 mm naval remotely-controlled gun.

#### Hydrocarbon EPC

With substantial capital expenditure planned in the Hydrocarbon Exploration & Production (E&P) sector both in India and globally, the Company is gearing up for robust near term opportunities both from domestic companies such as ONGC and global companies.

India's primary energy consumption, currently at 546 MTOE (million tonnes of oil equivalent energy), is expected to grow at a CAGR of 6% till FY 2032 with 43% being accounted by oil & gas. There is an increasing focus on indigenous exploration and development of hydrocarbon assets in India to reduce dependence on imports, currently at 35% of total consumption. To achieve this, Indian oil & gas focused companies are expected to invest up to ₹ 450,000 Crore between 2011 and 2017, driving opportunities for hydrocarbon EPC players such as the Company. In addition to the orders already in hand, the Company is targeting opportunities worth ₹ 14,000 Crore over the next 4-5 years. Given the Company's substantial infrastructure and the 10% price preference Indian Companies receive over foreign companies for contracts awarded by Indian PSUs, the Company is in a strong position to bag a significant share of these orders.

In addition, the Company has been selected as one of the three Shipyards in India for building indigenous LNG Carriers. The Government is likely to charter 11 LNG Carriers with 4 to be built in India resulting in an opportunity of more than ₹ 6,000 Crore for the Company.





#### Threats, Risks and Concerns:

##### Commercial Ships:

- The international commercial shipping business is cyclical in nature and accordingly affects global trade of new-building.
- The new-building business is presently influenced by oversupply and competition from China.

The Management has taken the decision to shift focus to defence production (ships and systems) as well as Hydrocarbon sector, which is not adversely affected by above mentioned perceived threats.

##### Hydrocarbon EPC:

- The majority of Hydrocarbon EPC green field (new construction) projects are being initiated by the PSU majors. In case any project is shelved, the opportunity may then be downsized.
- The opportunity in the new construction will depend on the government sanction of NELP blocks. Inordinate delay in these sanctions may have adverse effect.

However, the above threats can be compensated by focus on opportunities in the upgrades, refurbishment of old E & P Assets which are long overdue.

##### Defence:

- The accelerator to the planned growth in defence production is based on the Defence Procurement Policy, 2013 ('DPP 2013').

Any adverse changes or reversal in/or the Defence Procurement Policy, 2013 may adversely affect opportunities in Defence production.

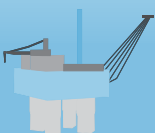
The Company's risk management processes and frameworks enable it to effectively manage the above risks by reviewing, strategizing, monitoring, identifying, assessing and mitigating risks. The Company's risk management framework ensures compliance with the requirement of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

## IV. INDUSTRY RELATIONS AND HUMAN RESOURCES

The Company is committed to the development and wellbeing of its employees. The Company focuses on continually reviewing Human Resources policies, including remuneration, creating a safe and healthy working environment and, employee welfare plans, Professional training etc., which are key parameters laid down by our management for our workforce. The management and employees relations are cordial and industrial relations have not been subject to any unresolved industrial disputes.

## V. INTERNAL CONTROL SYSTEMS

The Company has put in place to appropriate internal control systems to safeguard itself from losses, unofficial use or disposition of assets. All the Company's transactions are properly authorized, recorded and presented to the management. The Company strictly follows all Accounting Standards prescribed for maintenance of books of accounts and reporting financial statements. The appointed independent internal auditors review various areas of operations, compliance with laws and internal procedures etc. The Audit Committee of the Board of Directors reviews the Internal Audit reports from time to time to take appropriate action on reported matters.





# REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Code 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.

The Company's Corporate Governance philosophy revolves around transparency and accountability in all its interactions with the Government, shareholders and employees.

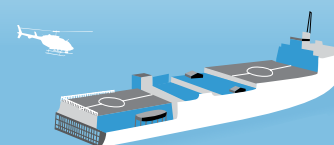
The governance framework of your Company is to encourage the efficient use of resources and accountability for the stewardship of those resources. The aim is to align the interests of individuals, corporation and society. With the adoption of Whistle Blower Policy, the Company has moved forward in its pursuit of excellence in corporate governance.

## 2. Board of Directors

- (i) The Company has always maintained a transparent Board policy. The Board consists of esteemed personalities from various fields. The Executive Vice-Chairman looks 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 bring in independence in decision making.
- (ii) As on March 31, 2014, the Board of Directors of the Company consists of nine Directors including one Non-Executive Chairman, one Executive Vice-Chairman, one Nominee Director appointed by Export-Import Bank of India ("EXIM Bank"), one Nominee Director appointed by LIC of India, one Nominee Director appointed by IDBI Bank Ltd., one Director nominated by SAAB AB (Publ.) ("SAAB"), a company incorporated under the laws of Sweden and three Independent Directors. The number of Non-Executive

Directors and Independent Directors on the Board 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 the Board of Directors. The Board has also appointed Mr. Lars Olov Rikard Lindgren as an alternate Director to Mr. Nils Peter Sandehed, Director nominated by SAAB and Mr. P. Krishnamurthy as an alternate Director to Mr. Nikhil Gandhi till August 14, 2013.

- (iii) None of the Directors on the Board is a Member of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. The necessary disclosures regarding Committee positions in other public companies as on March 31, 2014, have been made by the Directors.
- (iv) During the year, the Company has paid ₹ 8.25 Lacs to Mr. S. Venkiteswaran towards fees for rendering professional services to the Company as a Senior Advocate. Apart from this, none of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.
- (v) No Director is related to any other Director on the Board except Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi who are related to each other as brothers.
- (vi) During the year under review, four Board Meetings were held on May 30, 2013, August 14, 2013, November 14, 2013 and February 14, 2014.
- (vii) A detailed chart showing the names and categories of the Directors on the Board, their attendance at the Board Meetings and last Annual General Meeting (AGM) and also number of other directorships in Indian public limited companies and membership of the Committees of the Boards of such companies is given below. Other Directorships exclude alternate directorships, directorships in Indian private limited companies, Section 25 companies and foreign companies. For the purpose of memberships of Board Committees, only membership of Audit Committee and Shareholders'/Investors' Grievance Committee is taken into consideration.





Name of the Director	Category	Other Directorships		Membership of Committee of other Boards		No. of Board Meetings attended	Attendance at last AGM
		Chairman	Member	Chairman	Member		
Mr. Nikhil Gandhi	Non-Executive Chairman Non-Independent Director	2	13	—	3	2	NO
Mr. Bhavesh Gandhi	Executive Vice-Chairman Non-Independent Director	—	9	—	2	4	YES
Mr. Ajai Vikram Singh	Non-Executive Independent Director	—	2	—	1	4	NO
Mr. Ashok Katra	Non-Executive Independent Director	—	—	—	—	1	NO
Mr. Ashok Kumar Sahoo	Non-Executive Independent Director	—	—	—	—	1	NO
Mr. David Rasquihna	Nominee Director Non-Executive Independent Director	—	4	—	—	2	NO
Mr. Nils Peter Sandehed	Nominee Director Non-Executive Independent Director	—	—	—	—	2	NO
Mr. Ramunni Menon Premkumar	Non-Executive Independent Director	1	5	1	1	1	NO**
Mr. Samar Ballav Mohapatra	Non-Executive Independent Director	—	2	1	1	2	NO
Late S. Venkiteswaran*	Non-Executive Independent Director	—	—	—	—	1	NO
Mr. Lars Olov Rikard Lindgren	Alternate Director to Mr. Nils Peter Sandehed	1	—	—	—	1	NO
Mr. P. Krishnamurthy	Alternate Director to Mr. Nikhil Gandhi	—	12	3	1	1	NO

\* Mr. S. Venkiteswaran passed away on December 21, 2013.

\*\* Mr. R. M. Premkumar, Chairman of the Audit Committee, could not attend the AGM due to exigencies.

### 3. Procedure adopted by the Board

At least four board meetings are held every year. The gap between the two Board Meetings did not exceed four months as prescribed under the Listing Agreement. The Board members are provided with well structured and detailed agenda papers. Agenda papers are generally circulated a week prior to the meeting of the Board of Directors. The information as required under Annexure I A to Clause 49 of the Listing Agreement is placed before the Board from time to time to the extent applicable.

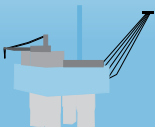
Important decisions taken at the Board/Committee Meetings are promptly communicated to the departments concerned. Action Taken Report on the decisions taken at the previous meetings of Board/Committees thereof is placed at the next Board Meeting for noting.

### 4. Audit Committee

The Board has constituted Audit Committee in terms of clause 49(II) (A) of the Listing Agreement and Section 292A of the Companies Act, 1956.

(a) **Terms of Reference:** Terms of reference of the Audit Committee are as under:

- Oversight of the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the management, performances of statutory and internal auditors.
- Recommending to the Board the appointment and removal of Statutory Auditors and remuneration payable to the Statutory Auditors and also approval of payment for any other services rendered by Statutory Auditors.
- Reviewing with the management the financial statements before submission to the Board, with reference to:
  - Matters required to be included in the Director's Responsibility Statement in terms of Section 217(2AA) of the Companies Act, 1956;





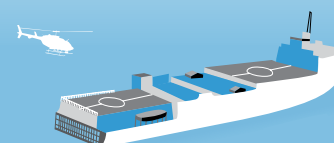
- Changes, if any, in accounting policies and practices;
  - Qualifications, if any, in the draft audit report;
  - Compliance with Accounting Standards;
  - Major accounting entries involving estimates based on exercise of judgment by the management;
  - Compliance with legal requirements relating to financial statements;
  - Significant adjustments made in the financial statements arising out of audit findings; and
  - Disclosure of any related party transactions that may have potential conflict of interest with the Company.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  - Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  - Reviewing the adequacy of internal audit function including the structure, staffing, reporting structure, coverage and frequency of Internal Audit.
  - Discussion with the Internal Auditors for any significant finding and follow-up thereon.
  - Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature which require reporting the matter to the Board.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  - Reviewing with the Statutory Auditors scope of audit and any area of concern.
  - Looking into any other matter, as may be required, as per the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 and rules framed under the said Acts.
- To review the following information:
    - Management discussion and analysis of financial condition and results of operations;
    - Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    - Management letters/letters of internal control weaknesses issued by the statutory auditors;
    - Internal audit reports relating to internal control weaknesses; and
    - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- 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.
- (b) **Composition:**
- The Audit Committee comprised of six directors. However, after the sad demise of Mr. S. Venkiteswaran on December 21, 2013, the Audit Committee has five directors. The details of composition of the Audit Committee and attendance of the members of the Committee are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. R. M. Premkumar	Independent	Chairman	1
Mr. Ajai Vikram Singh	Independent	Member	4
Mr. Bhavesh Gandhi	Non-Independent	Member	4
Mr. David Rasquihna	Independent	Member	3
Late Mr. S. Venkiteswaran *	Independent	Member	1
Mr. Samar Ballav Mohapatra	Independent	Member	2

\* Mr. S. Venkiteswaran passed away on December 21, 2013

During the year under review, the Audit Committee met four times on May 30, 2013; August 14, 2013; November 14, 2013 and February 14, 2014.

The permanent invitees include Chief Financial Officer, Statutory Auditors and Internal Auditors. The Company Secretary acts as a Secretary to this Committee. The minutes of the Audit Committee are noted by the Board of Directors.





## 5. Remuneration Committee

### (a) Terms of Reference:

The broad terms of reference of this Committee are as follows:

- To consider, approve or recommend payment of Remuneration including pension rights and compensation payment, if any, other than sitting fees payable to the Directors and reimbursement of expenses incurred by Directors for attending meetings of the Board or committee thereof, payable to the Executive and non-Executive Directors of the Company including Managing Director(s)/Whole-time Director(s) or Managers.
- To determine Employees Stock Option Policy for the Company ('ESOP').
- To determine employees of the Company and other eligible group companies, eligible to participate in ESOP and to determine number of options/shares to be granted to each eligible employee.
- To consider, approve or recommend any other matter, relating to remuneration of Directors and ESOP.
- To review and note the information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- To look into any other matter, as may be required, as per the provisions of the Companies Act, 1956 or Listing Agreements or The Securities and Exchange Board of India Act, 1992 and rules framed under the said Acts.

### (b) Composition:

Remuneration Committee of the Company comprised of four Directors. However, after the sad demise of Mr. S. Venkiteswaran on December 21, 2013, the Remuneration Committee has three Directors. The Committee met once on August 12, 2013. Details of composition of the Committee and attendance at the meeting of the Remuneration Committee are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Late S. Venkiteswaran*	Independent	Chairman	0
Mr. Nikhil Gandhi	Non-Independent	Member	1
Mr. R. M. Premkumar	Independent	Member	1
Mr. Samar Ballav Mohapatra	Independent	Member	0

\* Mr. S. Venkiteswaran passed away on December 21, 2013

### (c) Remuneration Policy:

The Company's remuneration policy aims at attracting, retaining and managing talent by taking into account its financial position, industrial trends, compensation paid by the peer companies, performance of individuals as well as performance of the Company etc.

The Executive Director of the Company is paid remuneration as per the terms approved by the Remuneration Committee, Board of Directors and Members of the Company and such other approvals as may be necessary. The remuneration structure comprises of basic salary, perquisites & allowances, retirement benefits and performance linked incentive.

The Company doesn't pay any remuneration to its Non-Executive Directors except sitting fees for attending meetings of the Board and the Committees thereof. The Company pays sitting fees to its Non-Executive Directors @ ₹ 20,000/- for attending each meeting of the Board of Directors and Committees thereof.

### (d) Details of Remuneration of the Directors for the financial year 2013-14:

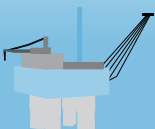
#### (i) Executive Director

(₹ in lacs)

Executive Vice-Chairman	Salary	Perquisites and allowances	Total#
Mr. Bhavesh Gandhi	240.00	17.28	257.28

# Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole. The amount pertaining to the Executive Vice-Chairman is not ascertainable and therefore not included above.

- All the above remuneration components except Performance Incentive are fixed in nature. The rate of payment of performance incentive is considered and approved by the Remuneration Committee and the Board of Directors, based on the Company's business plans, current market trends and contribution of the Executive Director in achieving objectives of the Company.
- The Company does not have any Stock Option Scheme.
- The term of appointment of Mr. Bhavesh Gandhi is upto March 31, 2018.
- As on March 31, 2014, Mr. Bhavesh Gandhi, either directly or through his Hindu Undivided Family ('HUF') of which he is 'Karta' holds 57,300 fully paid-up Equity Shares of the Company.







## (ii) Non-Executive Directors

Details of the sitting fees paid to the Non-Executive Directors of the Company for attending the meetings of the Board and Committees thereof held during the financial year 2013-14 and the number of equity shares held by them are as follows:

Name of the Director	Sitting Fees (₹)	No. of Shares held
Mr. Ajai Vikram Singh	1,60,000	NIL
Mr. Ashok Katra**	20,000	NIL
Mr. Ashok Kumar Sahoo**	20,000	NIL
Mr. Nikhil Gandhi	3,20,000	NIL
Mr. R. M. Premkumar	60,000	NIL
Mr. David Rasquinha**	1,00,000	NIL
Mr. Samar Ballav Mohapatra	80,000	NIL
Late S. Venkiteswaran*	60,000	NIL
Mr. P. Krishnamurthy (Alternate Director)	20,000	1,50,000

\* Mr. S. Venkiteswaran passed away on December 21, 2013

\*\* The sitting fees for the following Nominee Directors were paid directly to Institutions/Banks:

- Mr. Ashok Katra – IDBI Bank Limited
- Mr. Ashok Kumar Sahoo – LIC of India
- Mr. David Rasquinha – EXIM Bank

## 6. Shareholders'/Investors' Grievance Committee

### (a) Terms of Reference:

The Shareholders'/Investors' Grievance Committee was formed to monitor the expeditious redressal of shareholders' grievances such as non-receipt of refund orders, dividend warrants, non-receipt of Annual Report and other related matters.

### (b) Composition:

The Shareholders'/Investors' Grievance Committee comprised of three Directors. However, after the sad demise of Mr. S. Venkiteswaran on December 21, 2013, the Committee has two directors. The Committee met once on February 14, 2014. The details of composition of Committee and attendance at Meeting are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. Nikhil Gandhi	Non-Independent	Chairman	1
Mr. Bhavesh Gandhi	Non-Independent	Member	1
Late S. Venkiteswaran*	Independent	Member	0

\* Mr. S. Venkiteswaran passed away on December 21, 2013

Mr. Ajit Dabholkar, Corporate Counsel & Company Secretary is the Compliance Officer of the Company, to perform the role as mentioned in Clause 47(a) of the Listing Agreement.

### (c) Investors' Grievances received and resolved during the year:

The Company has 57,069 investors as on March 31, 2014. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Resolved	Closing Balance
Requests	0	21	21	0
Complaints	0	1	1	0
<b>Total</b>	<b>0</b>	<b>22</b>	<b>22</b>	<b>0</b>

## 7. General Body Meetings

### (i) The last three AGMs of the Company were held as under:

Financial Year	Day and Date	Time	Venue
2012-13	Wednesday, December 18, 2013	12.00 Noon	Pipavav Port, Post Uchhaiya, Via-Rajula, Dist. Amreli, Gujarat - 365 560
2011-12	Tuesday, September 25, 2012	10.00 A.M.	
2010-11	Wednesday, October 5, 2011	10.00 A.M.	

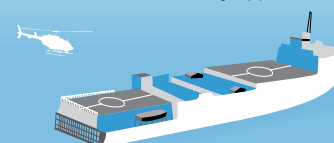
### (ii) Details of Special Resolutions passed in last 3 AGMs:

AGM held on December 18, 2013

- To approve alteration of Articles of Association of the Company.
- To increase the Borrowing Limits of the Company upto ₹ 7,500 Crore.
- To approve raising of funds upto USD 200 Million by issue of FCCBs, QIP, Equity Shares or other convertible securities.
- To approve re-appointment of Mr. Bhavesh Gandhi as the Whole-time Director designated as Executive Vice-Chairman of the Company for a period of five years commencing from April 1, 2013 and expiring on March 31, 2018 and approval of Remuneration payable to Mr. Bhavesh Gandhi for the period April 1, 2013 to March 31, 2016.

AGM held on September 25, 2012

- To approve payment of Performance Incentive of ₹ 1.50 Crore to Mr. Bhavesh Gandhi, Executive Vice-Chairman, for the financial year 2011-12, in addition to remuneration already approved.





AGM held on October 5, 2011

- To approve payment of Performance Incentive of ₹ 1.50 Crore to Mr. Bhavesh Gandhi, Executive Vice-Chairman for the financial year 2010-11, in addition to remuneration already approved.
- To approve payment of managerial remuneration to Mr. Bhavesh Gandhi, Executive Vice-Chairman for the period commencing from January 1, 2012 and expiring on March 31, 2013.
- To approve allotment of 1,05,00,000 convertible warrants of face value of ₹ 78/- each to Resident Non-Institutional Investors.
- To approve allotment of 1,00,00,000 convertible warrants of face value of ₹ 78/- each to Grevek Investments and Finance Private Limited, one of the Promoters of the Company.

(iii) **Postal Ballot:**

The Company had not conducted any Postal Ballot during the year 2013-14. At the ensuing Annual General Meeting, the Company proposes to pass Special Resolution pursuant to Section 180(1)(a) of the Companies Act, 2013 authorizing sell, lease or otherwise disposal of the whole or substantially the whole of the undertaking(s) of the Company, by Postal Ballot.

## 8. Disclosures

- During the year 2013-14, no materially significant transactions had been entered into by the Company with the related parties viz. Promoters, Directors, Relatives, the Management, Subsidiaries, etc. that may have a potential conflict with the interests of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities in any matter related to capital markets, during the last 3 years.
- Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement and has adopted following non-mandatory requirements:
  - Maintenance of the office of Non-Executive Chairman.
  - The Company has constituted the Remuneration Committee.
  - There are no audit qualifications on the financial statements of the Company for FY 2013-14.
  - The Company has adopted Whistle Blower Policy and has established necessary mechanism for reporting concerns about unethical behaviour.

## 9. Means of Communication

The quarterly, half yearly and annual financial results of the Company are published in leading English and Gujarati daily

newspapers viz. Economic Times and Saurashtra Samachar. The results are also hosted on the Company's website at [www.pipavavdoc.com](http://www.pipavavdoc.com). Management Discussion and Analysis Report forms a part of the Company's Annual Report.

## 10. Code of Conduct & Ethics

Your Company adheres to the high standards of ethics and governance. The Company has laid down "Code of Conduct and Ethics" for the Directors and Senior Management of the Company. The same is posted on the website of the Company [www.pipavavdoc.com](http://www.pipavavdoc.com).

The declaration given by the Executive Vice-Chairman of the Company with respect to affirmation of compliance of the Code by the Board Members and Senior Executives of the Company is given at the end of this Corporate Governance Report.

## 11. General Shareholders' Information:

(i) **17<sup>th</sup> AGM**

Venue: Pipavav Port, Post-Ucchaiya, Via - Rajula, District - Amreli 365 560, Gujarat

Time: 12.00 Noon

Day & Date: Friday, September 26, 2014

(ii) **Tentative Financial Calendar**

Event	Date
Mailing of Annual Report	Before stipulated time limit
First Quarter Results	By Mid August 2014
Half Yearly Results	By Mid November 2014
Third Quarter Results	By Mid February 2015
Audited Annual Results (2014-15)	May 2015

(iii) **Book Closure**

The register of members and share transfer books of the Company shall remain closed from Tuesday, September 9, 2014 till Thursday, September 11, 2014 (both days inclusive).

(iv) **Dividend Payment Date:** Not Applicable

(v) **Listing on Stock Exchanges and Stock codes**

The names and addresses of the stock exchanges at which the equity shares of the Company are listed and the respective stock codes are as under:

Sr. No.	Name of the Stock Exchange	Stock Code
1.	BSE Limited (BSE) P. J. Towers, Dalal Street, Mumbai - 400 001	533107
2.	The National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051	PIPAVAVDOC

The Company has paid annual listing fees for the year 2014-15 to BSE and NSE.





**(vi) Distribution of shareholding as on March 31, 2014**

No. of Equity Shares held	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 to 500	48,446	84.89	72,86,311	0.99
501 to 1,000	5,198	9.11	38,96,352	0.53
1,001 to 5,000	2,494	4.37	56,23,153	0.76
5,001 to 10,000	346	0.60	26,20,935	0.36
10,001 to 1,00,000	409	0.72	1,36,09,123	1.85
1,00,001 to 5,00,000	101	0.18	2,11,76,880	2.88
5,00,001 & above	75	0.13	68,19,93,515	92.63
<b>Total</b>	<b>57,069</b>	<b>100.00</b>	<b>73,62,06,269</b>	<b>100.00</b>

**Details of Shareholding as on March 31, 2014**

Sr. No.	Category	No. of shares held	Share holding (%)
1.	Promoters and Promoter Group	327,764,223	44.52
2.	Financial Institutions, Banks & Mutual Funds	46,528,604	6.32
3.	Insurance Company	58,465,899	7.94
4.	Foreign Institutional Investors	16,212,585	2.20
5.	Foreign Venture Capital / Foreign Companies / Foreign Nationals/NRIs	64,877,732	8.81
6.	Bodies Corporate / Trusts	168,663,586	22.91
7.	Indian Public and others	53,693,640	7.30
	<b>Total</b>	<b>73,62,06,269</b>	<b>100.00</b>

**(vii) Share Transfer System**

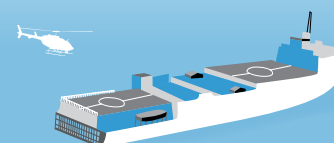
The Company has delegated its powers to effect the transfer of shares to the Registrar and Transfer Agent of the Company.

**(viii) Market price data**

High and low of market prices of the Company's equity shares traded on BSE and NSE during the last financial year were as follows:

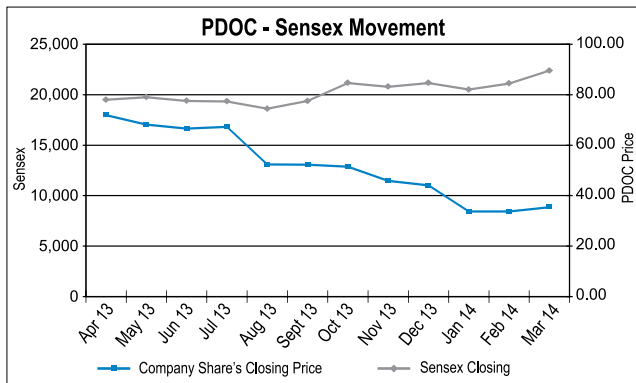
(Amount in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April 2013	75.90	71.60	76.00	71.50
May 2013	72.80	66.75	72.80	66.80
June 2013	70.85	63.15	71.00	63.20
July 2013	71.50	63.00	71.25	63.10
August 2013	67.75	52.35	67.80	52.25
September 2013	52.70	40.65	52.70	40.55
October 2013	53.95	50.65	54.00	50.25
November 2013	53.10	44.55	53.40	44.80
December 2013	47.60	38.80	47.70	38.65
January 2014	46.80	33.70	47.00	34.10
February 2014	35.35	30.55	35.50	30.85
March 2014	38.00	33.25	37.70	33.15

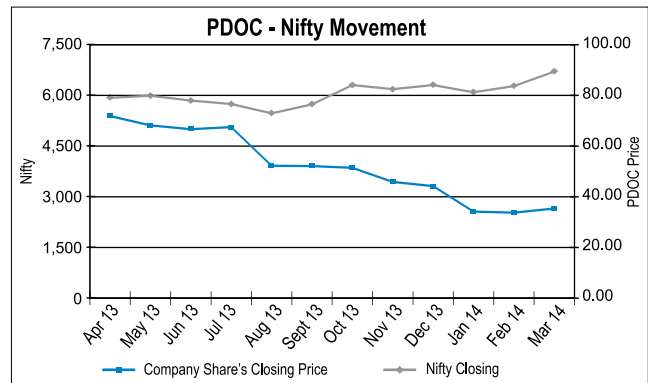




### Share Performance of the Company in comparison to BSE Sensex



### Share Performance of the Company in comparison to NSE Nifty



#### (ix) Registrar and Transfer Agents

Karvy Computershare Private Limited  
17-24, Vittalrao Nagar,  
Madhapur, Hyderabad – 500 081  
Tel: 040 2342 0818  
Fax: 040 2342 0814  
E-mail: einward.ris@karvy.com  
Contact Person: Mr. S. Krishnan

#### (x) Dematerialization of Shares and Liquidity

The Company's equity shares are compulsorily traded in electronic form. As on March 31, 2014, 71,86,98,358 equity shares or 97.62% of the equity shares of the Company are in electronic form with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

The equity shares of the Company are regularly traded on BSE and NSE. The shares of the Company form part of S&P BSE-500 and S&P CNX 500 Index.

Under the Depository System, the ISIN allotted to the Company's equity shares is INE542F01012.

#### (xi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity.

As on March 31, 2014 no GDRs/ADRs/Warrants or any other convertible securities issued by the Company were outstanding.

#### (xii) Plant Location

- Pipavav Port, Post Ucchaiya, Via - Rajula, District - Amreli 365 560, Gujarat.
- Village Rampara-II, Taluka Rajula & Village Lunsapur, Taluka Jafraabad, District Amreli - 365 560, Gujarat.

#### (xiii) Address for Correspondence

Investors can send their correspondence either to Share Transfer Agent at their address or at the Company's Registered Office at the following address:

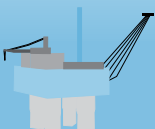
Pipavav Port, Post Ucchaiya, Via-Rajula,  
District Amreli – 365 560, Gujarat.  
E-mail ID: company.secretary@pipavavdoc.com

#### (xiv) Reconciliation of Share Capital Report

As stipulated by the SEBI, Reconciliation of Share Capital Audit is carried out by a qualified Practising Company Secretary to reconcile the total admitted capital with NSDL and 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 dematerialized form and total number of shares in physical form.

#### (xv) Code of Conduct for Prevention of Insider Trading in Securities of the Company

The Company has a Code of Conduct for Prevention of Insider Trading in Securities of the Company. The Code, *inter-alia*, prohibits purchase/sale of shares of the Company by the Directors, Officers and designated employees while in possession of unpublished price sensitive information in relation to the Company. Under this Code, Directors, Officers and designated employees are also prevented from dealing in the shares during the closure of trading window. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions.





## DECLARATION OF EXECUTIVE VICE-CHAIRMAN

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Bhavesh Gandhi, Executive Vice-Chairman of Pipavav Defence and Offshore Engineering Company Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the financial year 2013-14.

**Bhavesh Gandhi**  
Executive Vice-Chairman

Place : Mumbai  
Date : August 14, 2014

## CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER – CERTIFICATION

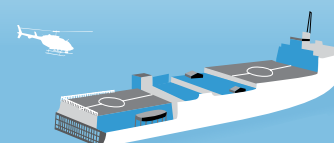
We, Bhavesh Gandhi, Executive Vice-Chairman and Praveen Mohnot, Chief Financial Officer of Pipavav Defence and Offshore Engineering Company Limited ("the Company") to the best of our knowledge and belief and based upon records maintained by the Company, enquiries made by us and information provided to us, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year 2013-14 and that 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 financial year 2013-14 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 that 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) We have indicated to the auditors and the Audit committee:
  - (i) significant changes in internal control over financial reporting, if any, during the financial year 2013-14;
  - (ii) significant changes, if any, in accounting policies during the financial year 2013-14 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) during the financial year 2013-14 there were no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Praveen Mohnot**  
Chief Financial Officer

**Bhavesh Gandhi**  
Executive Vice-Chairman

Place : Mumbai  
Date : August 14, 2014





## CERTIFICATE OF CORPORATE GOVERNANCE

To,

**The Members,**

**Pipavav Defence and Offshore Engineering Company Limited.**

We have examined the compliance of conditions of Corporate Governance by Pipavav Defence and Offshore Engineering Company Limited, for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 Corporate Governance as stipulated in Clause 49 of the Listing Agreement except the Chairman of the Audit Committee could not attend the Annual General Meeting.

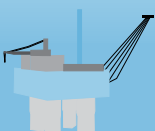
We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**R Koria**  
Partner  
Membership No. - 35629

Place : Mumbai

Date : August 14, 2014





# INDEPENDENT AUDITORS' REPORT

To  
The Members of  
Pipavav Defence and Offshore Engineering Company Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of Pipavav Defence and Offshore Engineering Company Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including, Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with general circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with significant accounting policies and notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

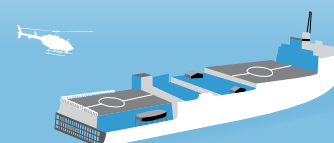
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (ii) in the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

## Emphasis of matter

We draw attention to the Note no. 26.1 regarding Managerial Remuneration, which is subject to the approval of Central Government. Our report is not qualified in this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.





2. As required under provisions of Section 227(3) of the Act, 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 purpose 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 those books;
- (c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Act read with general circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- (e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

R Koria  
Partner  
Membership No. - 35629

Place : Mumbai  
Date : 30<sup>th</sup> May, 2014

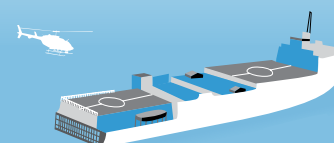




## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date issued to the members of Pipavav Defence and Offshore Engineering Company Limited for the year ended March 31, 2014)

- (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, the Company has physically verified certain assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company.
  - (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) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In respect of inventories in transit, we have relied on the certificates and other documents provided by the management.
  - (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) According to the information and explanations given to us and on the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, discrepancies noticed on physical verification of the inventories between the physical inventories and book records were not material, having regard to the size of the operations of the Company, and the same have been properly dealt with.
- (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. The maximum amount outstanding at any time during the year was ₹ 6,887.24 lacs and the year-end balance was ₹ 1,613.01 lacs.
  - (b) In our opinion and according to the information and explanations given to us the rate of interest and other terms and conditions are not *prima facie* prejudicial to the interest of the Company.
  - (c) The above loan is repayable on demand and there is no repayment schedule.
  - (d) There was no overdue amount in respect of the above loan.
  - (e) The Company has taken loan from a wholly-owned subsidiary company in respect of which maximum amount involved during the year was ₹ 15,915.10 lacs and the year-end balance was ₹ 15,499.08 lacs.
  - (f) In our opinion and according to the information and explanations given to us, rate of interest, and other terms and conditions, are not prejudicial to the interest of the Company.
  - (g) As per the information and explanations given to us, the above loan is not due for repayment and there is no overdue amount as regards to interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an internal control system for the purchase of goods, services and fixed assets and also for the sale of goods and services which needs to be further strengthened. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (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 ₹ 5 lacs or more in respect of each party, have been made at prices, which are reasonable having regard to the available information. The Company has not made any similar transactions with any other party.





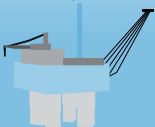


- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder are not applicable for the year under audit.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Sales tax, Wealth tax, Customs Duty, Service Tax, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year however delays have been noticed in case of income tax (including tax deducted at source), service tax and works contract tax. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating to ₹ 2,633.45 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 (₹ In Lacs) (*)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2004-05	32.64	High Court
		2005-06, 2006-07, 2008-09 to 2011-12	2,316.69	C.I.T. (A)
		2007-08 to 2013-14	284.12	ITO (TDS)
TOTAL			2,633.45	

\* Net of amount deposited under protest as mentioned in Note no 32.1 to the financial statements.

- (x) The Company does not have any accumulated losses as at 31<sup>st</sup> March, 2014 and has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- (xi) *During the year, the Company has defaulted in repayment of dues to banks and financial institutions. Based on our audit procedures and information and explanations given by the management, we have noticed that as on 31<sup>st</sup> March, 2014 the Company has defaulted in repayment of dues to banks and financial institutions (including overdrawal in Cash Credit facilities) aggregating to ₹ 37,280.79 lacs, out of which ₹ 34,645.17 lacs has since been repaid.*
- (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 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investment. The company has maintained proper records of transactions and contracts in respect of shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
- (xv) The Company has given corporate guarantees aggregating to ₹ 54,672 lacs for loans taken by two of its wholly owned subsidiaries from banks or financial institutions as at 31<sup>st</sup> March, 2014. The management is of the opinion that terms and conditions are not prejudicial to the interest of the company. We are, however, unable to comment on the same.
- (xvi) The Company has raised new term loans during the year. To the best of our knowledge and according to the information and explanations 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 banks. However, certain short term working capital loans taken during the year have been utilized for the purchase of fixed assets.



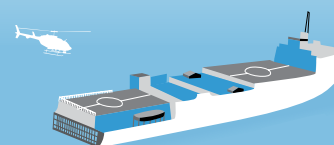


- (xvii) On the basis of review of utilization of funds, which is based on overall examination of the balance sheet of the Company as at 31<sup>st</sup> March, 2014, related information as made available to us and as represented by the management, we are of the opinion that fund raised on short term basis aggregating to ₹ 124,184.73 lacs have been used during the year for long term investments (Projects).
- (xviii) During the year the Company has not made any preferential allotment to the parties covered in the register maintained u/s. 301 of the Companies Act, 1956 and hence the provisions of the clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xix) The Company has not issued any debentures, hence the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xx) During the year covered by our report the Company has not raised any money by public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, review of internal audit reports and reading of minutes of the meetings of Board of Directors and its committees no fraud on or by the company was noticed or reported during the course of our audit.

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

R Koria  
Partner  
Membership No. - 35629

Place : Mumbai  
Date : 30<sup>th</sup> May, 2014



**Balance Sheet as at March 31, 2014**

₹ in Lacs

Particulars	Note	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
(1) Share Holders' Funds			
Share Capital	2	73,620.63	70,119.84
Reserves and Surplus	3	160,067.25	134,445.83
Monies received against Convertible Share Warrants		—	2,047.50
		233,687.88	206,613.17
(2) Non Current Liabilities			
Long Term Borrowings	4	207,463.35	215,052.01
Deferred Tax Liabilities (Net)	5	9,468.48	7,511.75
Other Long Term Liabilities	6	14,270.69	14,247.53
Long Term Provisions	7	278.38	100.89
		231,480.90	236,912.18
(3) Current Liabilities			
Short Term Borrowings	8	255,105.40	215,194.55
Trade Payables	9	28,204.44	30,247.80
Other Current Liabilities	10	159,565.46	82,858.37
Short Term Provisions	11	51,701.03	24,802.04
		494,576.33	353,102.76
<b>TOTAL</b>		<b>959,745.11</b>	<b>796,628.11</b>
<b>II ASSETS</b>			
(1) Non Current Assets			
Fixed Assets	12		
Tangible Assets		271,092.20	269,290.33
Intangible Assets		408.68	439.12
Capital Work in Progress		313,928.88	218,669.08
Intangible Assets under Development		1,846.57	—
		587,276.33	488,398.53
Non Current Investments	13	2,060.74	2,059.74
Long Term Loans and Advances	14	52,984.40	54,047.13
		642,321.47	544,505.40
(2) Current Assets			
Current Investments	15	—	450.00
Inventories	16	23,094.30	16,280.45
Trade Receivables	17	135,123.96	89,599.10
Cash and Bank Balances	18	38,415.38	37,543.53
Short Term Loans and Advances	19	41,130.86	23,971.34
Other Current Assets	20	79,659.14	84,278.29
		317,423.64	252,122.71
<b>TOTAL</b>		<b>959,745.11</b>	<b>796,628.11</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 43		

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

For and on behalf of the Board of Directors

R Koria  
Partner

Nikhil P. Gandhi  
Chairman

Bhavesh P. Gandhi  
Executive Vice Chairman

Place : Mumbai,  
Date : May 30, 2014

Rajiv Shukla  
Chief Executive Officer

Praveen Mohnot  
Chief Financial Officer

Ajit Dabholkar  
Corporate Counsel  
& Company Secretary





## Statement of Profit and Loss for the year ended March 31, 2014

₹ in Lacs

Particulars	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>REVENUE</b>			
Gross Revenue from Operations		227,919.82	268,057.26
Less: Service Tax / Excise duty recovered		20.50	9,410.45
Net Revenue from Operations	21	227,899.32	258,646.81
Other Income	22	4,008.31	2,656.18
<b>TOTAL REVENUE</b>		<b>231,907.63</b>	<b>261,302.99</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	23	26,665.58	28,016.07
Purchase of Traded Goods	24	47,690.56	106,939.89
Changes in Inventories of Work in Progress & Scrap	25	131.72	251.20
Employee Benefits Expenses	26	5,684.94	5,309.49
Finance Costs	27	46,520.81	39,745.96
Depreciation and Amortisation Expenses	12	16,170.40	12,269.77
Other Expenses	28	86,251.14	64,633.09
<b>TOTAL EXPENSES</b>		<b>229,115.15</b>	<b>257,165.47</b>
<b>Profit Before Tax</b>		<b>2,792.48</b>	<b>4,137.52</b>
Tax Expense			
– Current Tax		587.31	825.46
– MAT credit entitlement		(587.31)	(825.46)
– Deferred Tax		1,956.73	1,265.42
<b>Profit After Tax</b>		<b>835.75</b>	<b>2,872.10</b>
Earnings per Equity share of ₹ 10/- each	29		
– Basic (In Rupees)		0.11	0.41
– Diluted (In Rupees)		0.11	0.41
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 43		

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

R Koria  
Partner

Place : Mumbai,  
Date : May 30, 2014

For and on behalf of the Board of Directors

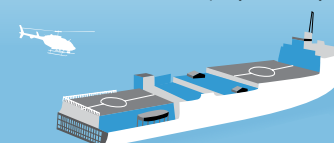
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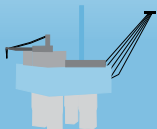




## Cash Flow Statement for the year ended March 31, 2014

₹ in Lacs

Sr. No.	Particulars	2013-2014	2012-2013
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Net Profit before Tax	2,792.48	4,137.52
	Adjustments for :		
	Depreciation and Amortisation Expenses	16,170.40	12,269.77
	Interest Income	(3,640.54)	(2,587.23)
	Dividend on Current Investments	(24.73)	(15.79)
	Loss / (Profit) on Sale of Current Investments	(44.64)	(15.08)
	Loss / (Profit) on Sale of Fixed Assets (Net)	65.43	(4.60)
	Finance Costs	46,520.81	39,745.96
	Provision for Wealth Tax	2.05	2.48
	Provision for estimated cost over contract revenue	(1,948.44)	5,518.86
	Cost Estimated for Revenue Recognised	28,977.98	16,913.89
	Liability No Longer Required (Written Back)	(221.62)	(0.50)
	Contract Advance Forfeiture	—	(6,336.59)
	Foreign Exchange Difference	16,511.39	(1,832.96)
	<b>Operating profit before working capital changes</b>	<b>105,160.57</b>	<b>67,795.73</b>
	Adjusted for		
	Inventories	(6,813.85)	17,629.75
	Trade and Other Receivables	(57,636.73)	(3,842.14)
	Trade and Other Payables	55,766.35	(19,065.39)
	<b>Cash Generated from Operations</b>	<b>96,476.34</b>	<b>62,517.95</b>
	Direct Taxes (Paid) / Refund	(2,297.98)	(1,486.13)
	<b>Net Cash Generated from Operating Activities</b>	<b>94,178.36</b>	<b>61,031.82</b>
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of Fixed Assets and Capital Work in Progress	(82,646.98)	(184,002.28)
	Sale of Fixed Assets	22.40	36.79
	Advance to Subsidiaries (Net)	(1,654.35)	4,156.23
	Purchase of Investments	(27,924.73)	(12,710.00)
	Investment in Subsidiaries including share application money	(14.00)	(9.48)
	Sale of Investments	28,419.37	13,175.08
	Dividend Received on Current Investments	24.73	15.79
	Interest Received	3,709.78	2,149.27
	<b>Net Cash used in Investing Activities</b>	<b>(80,063.78)</b>	<b>(177,188.60)</b>





## Cash Flow Statement for the year ended March 31, 2014

₹ in Lacs

Sr. No.	Particulars	2013-2014	2012-2013
<b>C.</b>	<b>Cash Flow from Financing Activities</b>		
	Amount received against issue of Equity shares / warrants	26,238.96	5,850.00
	Inter Corporate Deposits from Subsidiary Company (Net)	3,677.01	11,822.07
	Movement in Unclaimed Share Application Money	0.65	—
	Proceeds from Long Term Borrowings	39,178.54	151,101.23
	Repayment of Long Term Borrowings	(46,287.15)	(27,740.78)
	Short Term Borrowings (Net)	38,700.36	42,066.01
	Interest Paid	(75,038.21)	(57,223.47)
	Margin Money (Net)	(837.30)	(8,268.53)
	Realised gain on currency swap transactions	287.76	—
	<b>Net Cash Flow from Financing Activities</b>	<b>(14,079.38)</b>	<b>117,606.53</b>
	<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>35.20</b>	<b>1,449.75</b>
	Cash & Cash Equivalents – Opening balance	4,572.99	3,123.24
	Cash & Cash Equivalents – Closing balance	4,608.19	4,572.99

### 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 brackets indicate outflow.
- (3) Previous Year 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

Place : Mumbai,  
Date : May 30, 2014

For and on behalf of the Board of Directors

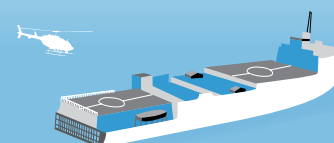
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Executive Vice Chairman

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Chief Financial Officer

Ajit Dabholkar  
Corporate Counsel  
& Company Secretary







# Notes to Financial Statements

## Note - 1

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) **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, 2013 (to the extent notified) and the Companies Act, 1956 (to the extent applicable) as at the Balance Sheet date.

(b) **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. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

(c) **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 finance 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 pre - operative expenses and disclosed under Capital Work-in-Progress.

(d) **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 3 - 5 years. Amortization is done on straight line basis.

(e) **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. Leasehold Land is amortised over the period of Lease.

(f) **INVESTMENTS:**

Current investments are carried at the lower of cost or quoted / fair value, computed category wise. Non Current 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.

(g) **BORROWING COSTS:**

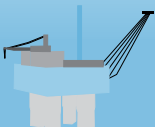
Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to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

(h) **INVENTORY:**

The inventories i.e. Raw Materials, Stores and Spares, Work-in-progress and 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 steel plates, profiles & equipments is determined on Specific Identification Method and other raw materials & stores & spares 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.

(i) **REVENUE RECOGNITION:**

- (i) Revenue from sale of goods and services is recognised when it is earned and no significant uncertainty exist as to its ultimate collection. Revenue from operation include income from sale of goods, services, service tax and is net of value added tax and sales tax recovered.
- (ii) 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. and floating platforms, 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 Statement of Profit and Loss in proportion to the degree of completion of the contract.





## Notes to Financial Statements

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.

- (iii) Revenue from repairs, fabrication and job work is recognized on the basis of job completion.
- (iv) Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.

### (j) 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 Statement of Profit and Loss and presented under revenue from operations.

### (k) 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 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 Statement of Profit and Loss.

### (l) FINANCIAL DERIVATIVES:

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

### (m) EMPLOYEE BENEFITS:

- (i) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss / Pre-Operative Expenses 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 Statement of Profit and Loss / Pre-Operative Expenses 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 Statement of Profit and Loss / Pre-Operative Expenses.

### (n) 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.

### (o) IMPAIRMENT OF ASSETS:

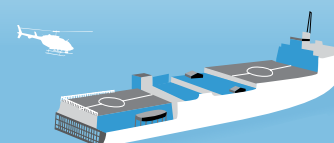
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has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

### (p) 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.

### (q) PRELIMINARY AND ISSUE EXPENSES:

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





## Notes to Financial Statements

### Note - 2 SHARE CAPITAL

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Equity Shares		
Authorised		
1,000,000,000 (Previous Year 1,000,000,000) Equity Shares of ₹ 10/- each	100,000.00	100,000.00
Issued, Subscribed and fully paid-up		
736,206,269 (Previous Year 701,198,388) Equity Shares of ₹ 10/- each fully paid-up	73,620.63	70,119.84
<b>TOTAL</b>	<b>73,620.63</b>	<b>70,119.84</b>

#### 2.1 Reconciliation of Equity Shares outstanding at the beginning and at the end of the year

₹ in Lacs

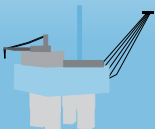
Particulars	As at March 31, 2014		As at March 31, 2013	
	No of Shares	Amount	No of Shares	Amount
Equity Shares at the beginning of the year	701,198,388	70,119.84	691,198,388	69,119.84
Add: Shares Issued during the year on preferential basis	24,507,881	2,450.79	—	—
Add: Shares Issued during the year on conversion of warrants	10,500,000	1,050.00	10,000,000	1,000.00
Equity Shares at the end of the year	736,206,269	73,620.63	701,198,388	70,119.84

#### 2.2 Shareholders holding more than 5% Shares in the Company

Shares held by	No. of Shares	% Holding	No. of Shares	% Holding
SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)	267,037,043	36.27%	263,466,685	37.57%
Life Insurance Corporation of India	58,465,899	7.94%	58,465,899	8.34%
SKIL Shipyard Holdings Private Limited	38,377,686	5.21%	34,154,292	4.87%
IL & FS Marine Infrastructure Company Limited	53,423,871	7.26%	53,423,871	7.62%

#### 2.3 Terms and Rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity share holders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.





# Notes to Financial Statements

## Note - 3 RESERVES AND SURPLUS

₹ in Lacs

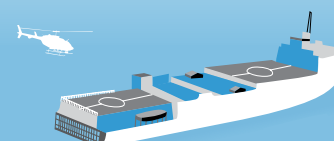
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	6,254.96	6,254.96
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	124,542.16	117,742.16
Add: On Issue of Shares	24,785.67	6,800.00
	149,327.83	124,542.16
<b>Surplus</b>		
Balance as per last Balance Sheet	3,648.71	776.61
Add: Profit for the year	835.75	2,872.10
	4,484.46	3,648.71
<b>TOTAL</b>	<b>160,067.25</b>	<b>134,445.83</b>

## Note - 4 LONG TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
<b>Rupee Term Loans from:</b>		
Banks	161,361.24	168,121.91
Financial Institutions	30,564.27	34,227.27
Body Corporates	—	850.00
	191,925.51	203,199.18
<b>Vehicle Loans</b>	38.76	30.76
	191,964.27	203,229.94
<b>Unsecured Loans</b>		
<b>Inter Corporate Deposits from:</b>		
Related Party (Refer Note 4.8)	15,499.08	11,822.07
<b>TOTAL</b>	<b>207,463.35</b>	<b>215,052.01</b>

- 4.1 Rupee Term loans as referred to above and ₹ 52,942.28 Lacs included in current maturities of long term debt in Note no. 10 are secured as under:
- ₹ 71,732.79 Lacs by way of first charge & mortgage on all the immovable properties, both present & future & hypothecation of all movable properties, both present and future.
  - ₹ 128,115.00 Lacs by way of first *pari-passu* charge on all the movable and immovable properties, both present & future including hypothecation of movable assets, second *pari-passu* charge on current assets of the Company.
  - ₹ 11,000.00 Lacs by way of first *pari-passu* charge on entire fixed assets of the Company, hypothecation of movable fixed assets and mortgage on immovable assets.
  - ₹ 34,020.00 Lacs by way of Subservient charge on entire fixed assets & current assets of the Company, first *pari-passu* charge on 100 acres of Land situated near JNPT owned by other corporates and first *pari-passu* charge on 73 acres of Land situated near JNPT owned by other corporates.
- 4.2 All Rupee Term Loans are guaranteed by M/s SKIL Infrastructure Ltd., the promoter company. Rupee Term Loan of ₹ 34,020.00 Lacs are further guaranteed by other corporates and Rupee Term Loan of ₹ 210,847.79 Lacs are further secured by pledge of 143,999,994 shares of the Company held by the promoters.





## Notes to Financial Statements

- 4.3 Rupee Term Loans of ₹ 222,162.75 Lacs are further guaranteed by some of the directors in their personal capacities.
- 4.4 Rupee Term Loans of ₹ 22,020.00 Lacs are further secured by pledge of 160,984,926 shares of SKIL Infrastructure Limited and 22,253,765 shares of Fastlane Distriparks Logistics Limited held by promoters.
- 4.5 Lenders in respect of secured loans aggregating to ₹ 210,847.79 Lacs have right to convert the loans 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 the respective loan agreements.
- 4.6 Repayment Terms:
- (i) The above Secured Rupee Term Loans including ₹ 52,942.28 Lacs included in current maturities of long term debts in Note no. 10 carry an interest rate ranging from 11.00% to 15.00%. Out of the above Rupee Term Loan, ₹ 33,470.75 Lacs are repayable in 40 equal quarterly installments from April 01, 2010 to January 01, 2020, ₹ 9,457.00 Lacs in 40 quarterly structured installments from August 31, 2005 to February 28, 2017, ₹ 3,450.00 Lacs in 40 equal quarterly installments from October 01, 2009 to July 01, 2019, ₹ 22,705.04 Lacs in quarterly installments from April 01, 2011 to January 01, 2020, ₹ 1,125.00 Lacs in 32 quarterly equal installments from October 01, 2010 to July 01, 2018, ₹ 18,500.00 Lacs in 20 equal half yearly installments from February 01, 2015 to February 01, 2024, ₹ 1,525.00 Lacs in 40 quarterly installments from September 30, 2005 to March 30, 2015, ₹ 109,615.00 Lacs in 10 equal yearly installments from February 01, 2015 to February 01, 2024, ₹ 12,000.00 Lacs repayable after the end of 15 months from the date of first disbursement i.e. on November 24, 2013. ₹ 11,000.00 Lacs repayable in 12 equal monthly installments from December 30, 2013 to November 30, 2014 and ₹ 22,020.00 Lacs repayable after 36 months from the date of first disbursement i.e. on December 27, 2016.
- (ii) The maturity profile, period and amount of installments of Secured Rupee Term Loans as referred above including current maturities of long term debt referred to in Note no. 10 are as under:

₹ in Lacs

Financial Year	Rupee Term Loans from			Total
	Banks	Financial Institutions	Body Corporates	
2014-15	43,050.28	8,367.00	1,525.00	52,942.28
2015-16	19,556.00	5,900.00	—	25,456.00
2016-17	41,576.00	6,040.00	—	47,616.00
2017-18	19,556.00	3,900.00	—	23,456.00
2018-19	19,076.48	3,900.00	—	22,976.48
2019-20	17,801.76	3,324.27	—	21,126.03
2020-21	10,970.00	2,000.00	—	12,970.00
2021-22	10,970.00	2,000.00	—	12,970.00
2022-23	10,970.00	2,000.00	—	12,970.00
2023-24	10,885.00	1,500.00	—	12,385.00
<b>TOTAL</b>	<b>204,411.52</b>	<b>38,931.27</b>	<b>1,525.00</b>	<b>244,867.79</b>

- 4.7 Vehicle Loans referred to above including ₹ 25.68 Lacs included in current maturities of long term debts in Note no. 10 are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated installments (including interest) as per repayment schedule starting from May 01, 2010 to January 02, 2019.
- 4.8 Details of Unsecured Loans from related party:

₹ in Lacs

Company Name	Nature of Relationship	As at March 31, 2014	As at March 31, 2013
E Complex Private Limited	Subsidiary	15,499.08	11,822.07

- 4.9 Terms and Conditions for Loans from Related Parties:  
The above unsecured loan carry an interest of 18% p.a. and repayable by way of bullet payment on or before October 1, 2015.
- 4.10 As at March 31, 2014, the Company has overdue of ₹ 4,873.28 Lacs (Previous Year: ₹ 212.50 Lacs) and ₹ 5,679.44 (Previous Year: ₹ Nil Lacs) towards the principal and interest respectively, out of which ₹ 7,839.92 Lacs has since been repaid.







# Notes to Financial Statements

## Note - 5

### DEFERRED TAX LIABILITIES (NET)

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

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	33,441.64	29,110.61
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	23,817.03	21,465.13
Disallowance under Income Tax Act, 1961	156.13	133.73
	23,973.16	21,598.86
<b>Deferred Tax Liabilities (Net)</b>	<b>9,468.48</b>	<b>7,511.75</b>

## Note - 6

### OTHER LONG TERM LIABILITIES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Advances from Customers	14,270.69	14,247.53
<b>TOTAL</b>	<b>14,270.69</b>	<b>14,247.53</b>

## Note - 7

### LONG TERM PROVISIONS

₹ in Lacs

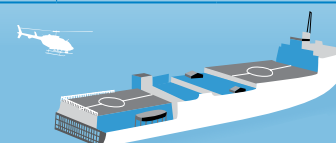
Particulars	As at March 31, 2014	As at March 31, 2013
For Employee Benefits	278.38	100.89
<b>TOTAL</b>	<b>278.38</b>	<b>100.89</b>

## Note - 8

### SHORT TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
<b>Working Capital Loan</b>		
Cash Credit Facilities from Banks	120,795.06	54,893.94
<b>Short Term Loans from:</b>		
Banks	30,000.00	29,000.00
Financial Institutions	15,000.00	15,000.00
Body Corporates	—	2,162.00
	45,000.00	46,162.00
<b>Unsecured Loans from:</b>		
Banks	89,310.34	114,138.61
<b>TOTAL</b>	<b>255,105.40</b>	<b>215,194.55</b>





## Notes to Financial Statements

### 8.1 Secured Loans as referred to above includes:

- (i) ₹ 5,000.00 Lacs secured by way of first *pari-passu* charge on entire current assets and second *pari-passu* charge on entire fixed assets of the Company.
  - (ii) ₹ 25,000.00 Lacs secured by way of subservient charge on movable fixed assets of the Company by way of hypothecation.
  - (iii) ₹ 15,000.00 Lacs secured by way of first charge on the Company assets, subservient charge on the other working capital assets of the Company and mortgage of property at Mahal Mira, Pen Taluka, Raigad District admeasuring 1,089,000 sq. ft owned by other corporates.
  - (iv) ₹ 13,638.64 Lacs secured by way of first *pari-passu* charge on entire current assets of the Company, second *pari-passu* charge on the entire fixed assets of the Company.
  - (v) ₹ 7,632.02 Lacs secured by way of first *pari-passu* charge on the entire current assets of the Company, second *pari-passu* charge on fixed assets of the Company with other working capital lenders.
  - (vi) ₹ 2,530.94 Lacs secured by way of hypothecation of entire stock of raw material, stock in process, finished goods, consumables stores & spares inward RR's / GR's receivables and all other current assets of the borrower on *pari-passu* basis with other consortium banks.
  - (vii) ₹ 19,811.55 Lacs secured by way of hypothecation of entire stock of raw material, stock in process, finished goods, stores & spares & receivables on *pari-passu* basis with other consortium banks.
  - (viii) ₹ 20,468.33 Lacs secured by way of first mortgage and charge on all immoveable properties of the company both present & future. First charge by way of hypothecation of the movable assets (incl. all receivables & tangibles) of the Company both present & future. Assignment of first charge on all project contracts, assignment of all leasehold & other rights under sub-lease agreement with Gujarat Pipavav Port Limited.
  - (ix) ₹ 56,713.58 Lacs are secured by way of first *pari-passu* charge on entire current assets of the Company and second *pari-passu* charge on the entire Fixed Assets of the Company.
- 8.2 Secured loans of ₹ 150,795.06 Lacs are further guaranteed by M/s SKIL Infrastructure Ltd. the promoter company and ₹ 145,326.73 Lacs are guaranteed by some of the directors in their personal capacities.
- 8.3 As on March 31, 2014, the Company has overdue including overdrawn in cash credit facilities of ₹ 26,618.91 Lacs (Previous Year: ₹ 2,162.00 Lacs) and ₹ 879.12 Lacs (Previous Year: ₹ NIL) towards the principal and interest respectively, out of which ₹ 26,805.25 Lacs has since been repaid.

### Note - 9

#### TRADE PAYABLES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Micro, Small and Medium Enterprises	839.08	827.03
Others	27,365.36	29,420.77
<b>TOTAL</b>	<b>28,204.44</b>	<b>30,247.80</b>

- 9.1 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:

Particulars	As at March 31, 2014	As at March 31, 2013
Principal amount remaining unpaid	839.08	827.03
Interest due thereon	228.07	172.53
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	228.07	172.53
Interest remaining due and payable even in succeeding years	—	—





# Notes to Financial Statements

## Note - 10

### OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Debts	52,967.96	48,810.91
Interest accrued and due on borrowings	6,558.56	—
Interest accrued but not due on borrowings	2,605.22	3,027.38
Unclaimed Share Application Money *	5.36	6.01
Creditors for Capital Goods	23,021.85	24,070.69
Advances from Customers	64,050.67	2.41
Statutory Dues	1,562.74	1,267.49
Deferred Forward Premium	279.28	178.49
Other Payables **	8,513.82	5,494.99
<b>TOTAL</b>	<b>159,565.46</b>	<b>82,858.37</b>

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

\*\* Includes mainly amount payables to employees and provision for expenses.

10.1 Advances from customers includes ₹ 53,726.81 Lacs in respect of which matter is under litigation and the counsel of the Company is of the opinion that the matter may take more than a years time to get settled.

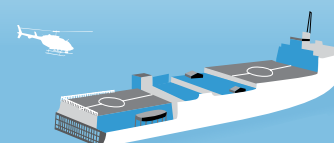
## Note - 11

### SHORT TERM PROVISIONS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
For Employee Benefits	180.93	311.29
For Wealth Tax (Net)	2.15	2.35
Other Provisions #	51,517.95	24,488.40
<b>TOTAL</b>	<b>51,701.03</b>	<b>24,802.04</b>

# 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. The provision for estimated cost over contract revenue on shipbuilding contracts and costs estimated for revenue recognised as at March 31, 2013 was ₹ 6,447.81 Lacs and ₹ 18,040.59 Lacs respectively, out of which ₹ 6,447.81 and ₹ 7,761.39 Lacs has been incurred during the year. Liability outstanding under this clause as at March 31, 2014 is ₹ 4,499.38 Lacs and ₹ 47,018.57 Lacs respectively. Actual outflow is expected in the subsequent financial years.



# Notes to Financial Statements

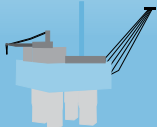
## Note - 12 FIXED ASSETS

₹ in Lacs

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at 1-Apr-13	Additions during the year	Deductions/ Adjustments	As at 31-Mar-14	Upto 31-Mar-13	For the year	Deductions/ Adjustments	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
Tangible Assets										
Owned Assets										
Buildings	47,497.20	—	—	47,497.20	5,381.64	1,595.56	—	6,977.20	40,520.00	42,115.56
Plant and Equipments	229,445.14	233.34	207.11	229,471.37	21,270.25	12,857.45	134.38	33,993.32	195,478.05	208,174.89
Furniture and Fixtures	811.99	40.97	4.41	848.55	309.49	40.98	1.31	349.16	499.39	502.50
Office Equipments	289.63	23.25	16.40	296.48	62.60	18.44	7.71	73.33	223.15	227.03
Vehicles	533.58	51.56	37.74	547.40	231.30	51.16	34.43	248.03	299.37	302.28
Total	278,577.54	349.12	265.66	278,661.00	27,255.28	14,563.59	177.83	41,641.04	237,019.96	251,322.26
Leased Assets										
Leasehold Land	22,552.54	17,568.91	—	40,121.45	4,584.47	1,464.74	—	6,049.21	34,072.24	17,968.07
Total	22,552.54	17,568.91	—	40,121.45	4,584.47	1,464.74	—	6,049.21	34,072.24	17,968.07
Total Tangible Assets	301,130.08	17,918.03	265.66	318,782.45	31,839.75	16,028.33	177.83	47,690.25	271,092.20	269,290.33
Intangible Assets										
Computer Softwares*	710.87	111.63	12.82	809.68	271.75	142.07	12.82	401.00	408.68	439.12
Total Intangible Assets	710.87	111.63	12.82	809.68	271.75	142.07	12.82	401.00	408.68	439.12
Total	301,840.95	18,029.66	278.48	319,592.13	32,111.50	16,170.40	190.65	48,091.25	271,500.88	269,729.45
Previous Year	240,277.09	61,619.09	55.23	301,840.95	19,864.77	12,269.77	23.04	32,111.50	269,729.45	—
Capital Work in Progress									313,928.90	218,669.08
Intangible Assets under development									1,846.57	—

\* Other than Internally Generated.

12.1 The Leasehold Land represents the lease premium and the cost incurred for reclaiming, development and strengthening of the Land.







## Notes to Financial Statements

12.2 Buildings and Plant & equipments are constructed / installed on leasehold land.

12.3 Capital Work in Progress includes:

₹ in Lacs

Particulars	2013-2014	2012-2013
– Material at site	1,349.03	1,307.13
– Assets under construction and installation	247,383.26	186,866.46
– Preoperative expenses	65,196.61	30,495.49

12.4 Intangible Assets under development includes:

₹ in Lacs

Particulars	2013-2014	2012-2013
– Software development & Licence Fees	1,769.80	—
– Preoperative expenses	76.77	—

12.5 Details of Pre-operative Expenses are as under:

₹ in Lacs

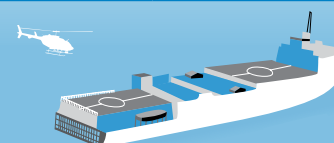
Particulars	2013-2014	2012-2013
Opening Balance	30,495.49	20,405.36
Add:		
Consumables	21.52	—
Salaries, Wages and Allowances	—	550.19
Contribution to PF and Other Fund	—	14.47
Staff Welfare Expenses	—	1.93
Rent	—	31.41
Professional and Consultancy Charges	11.40	151.99
Conveyance, Travelling and Vehicle Expenses	55.24	161.14
Insurance	35.94	22.08
Communication Expenses	—	5.32
Repairs & Maintenance – Others	—	9.20
Miscellaneous Expenditure	—	110.66
Interest Expenses	30,414.38	16,252.40
Other Borrowing Costs	4,239.41	1,046.59
	65,273.38	38,762.74
Less :		
Allocated to Fixed Assets	—	8,267.25
Closing Balance	65,273.38	30,495.49

12.6 In accordance with the Accounting Standard (AS – 28) on “Impairment of Assets”, the Management during the year carried out an exercise of identifying the assets 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.

12.7 Additions in the Fixed Assets include interest and financial charges of ₹ NIL (Previous Year : ₹ 5,800.15 Lacs) as detailed below:

₹ in Lacs

Particulars	2013-2014	2012-2013
Buildings	—	24.65
Plant and Machinery	—	5,775.50
<b>TOTAL</b>	<b>—</b>	<b>5,800.15</b>





## Notes to Financial Statements

### Note - 13

#### NON CURRENT INVESTMENTS

₹ in Lacs

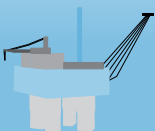
Particulars	Face Value	Numbers		As at March 31, 2014	As at March 31, 2013
		March 31, 2014	March 31, 2013		
Long Term Trade Investments (Unquoted and fully paid up)					
In Equity Shares of Subsidiary Companies					
E Complex Private Limited	₹ 10	21,709,327	21,709,327	1,896.73	1,896.73
Pipavav Marine and Offshore Limited	₹ 10	50,000	50,000	5.00	5.00
Pipavav Lighter than Air Systems Private Limited	₹ 10	10,000	—	1.00	—
PDOC Pte. Limited	S \$1	10,000	10,000	4.48	4.48
				1,907.21	1,906.21
In Equity Shares of Associate Company					
Conceptia Software Technologies Private Limited	₹ 10	112,200	112,200	153.48	153.48
				153.48	153.48
Other Investments					
Government and Other Securities					
6 years National Savings Certificate (Deposited with Sales Tax Department)	—	—	—	0.05	0.05
				0.05	0.05
<b>TOTAL</b>				<b>2,060.74</b>	<b>2,059.74</b>

13.1 Refer Note No. 1(f) for basis of valuation.

13.2 Aggregate amount of Non Current Investments.

₹ in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	—	—	—	—
Unquoted Investments	2,060.74	—	2,059.74	—
<b>TOTAL</b>	<b>2,060.74</b>	<b>—</b>	<b>2,059.74</b>	<b>—</b>





# Notes to Financial Statements

## Note - 14

### LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Share Application Money to Related Party	13.00	—
Capital Advances	36,920.18	35,804.28
Security Deposits with		
Related Parties	7,355.00	7,355.00
Others	2,975.68	2,611.02
Cenvat / VAT recoverable	—	4,852.02
Advance Taxes (Net)	2,376.85	667.64
MAT credit entitlement	3,343.69	2,757.17
<b>TOTAL</b>	<b>52,984.40</b>	<b>54,047.13</b>

#### 14.1 Details of Share Application Money to Related Party

₹ in Lacs

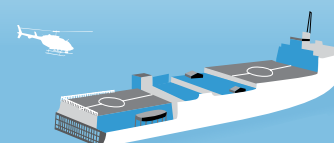
Company Name	Nature of Relationship	As at March 31, 2014	As at March 31, 2013
Pipavav Lighter Than Air Systems Private Limited	Subsidiary	13.00	—

#### 14.2 Details of Deposits to Related Parties

₹ in Lacs

Company Name	Nature of Relationship	As at March 31, 2014	As at March 31, 2013
E Complex Private Limited	Subsidiary	7,030.00	7,030.00
Awaita Properties Private Limited	Enterprises in which Directors are able to exercise significant influence	325.00	325.00

14.3 Presently the company is liable to pay Minimum Alternate Tax (MAT) under Section 115JB of the Income Tax Act, 1961 ("the Act") and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than Section 115JB, in next ten years. Based on the future projection of the performances, the Company will be liable to pay the Income Tax as per provisions, other than under Section 115JB, of the Act. Accordingly, as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India, ₹ 587.31 Lacs (Previous Year: ₹ 825.46 Lacs) being the excess of tax payable under Section 115JB of the Act over tax payable as per the provisions other than Section 115JB of the Act has been considered as MAT credit entitlement and credited to Statement of Profit and Loss. The aggregate MAT credit entitlement available to the Company as on March 31, 2014 is ₹ 3,343.69 Lacs (Previous Year: ₹ 2,757.17 Lacs) net of reversal of excess provision of ₹ 0.79 Lacs (Previous Year: ₹ 159.73 Lacs) made in previous years.





## Notes to Financial Statements

### Note - 15

#### CURRENT INVESTMENTS (Unquoted)

₹ in Lacs

Particulars	Face Value ₹	Numbers 31-Mar-14	Amount 31-Mar-14	Numbers 31-Mar-13	Amount 31-Mar-13
<b>In Units of Mutual Funds</b>					
SBI Debt Fund Series- 367 Days-18- Growth	10.00	—	—	3,400,000.00	340.00
SBI Debt Fund Series- 366 Days-2-Growth	10.00	—	—	1,100,000.00	110.00
<b>TOTAL</b>			—		450.00

15.1 Refer Note No. 1(f) for basis of valuation.

15.2 Aggregate amount of Current Investments.

₹ in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	—	—	—	—
Unquoted Investments	—	—	450	—
<b>TOTAL</b>	—	—	450	—

### Note - 16

#### INVENTORIES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials	21,028.54	14,203.93
Raw Materials in Transit	543.00	188.37
Work in Progress	12.67	—
Stores and Spares	1,472.62	1,706.29
Scrap	37.47	181.86
<b>TOTAL</b>	23,094.30	16,280.45

16.1 Refer Note No. 1(h) for basis of valuation.

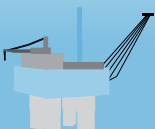
### Note - 17

#### TRADE RECEIVABLES (Unsecured & Considered Good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months	65,105.02	45,888.36
Others	70,018.94	43,710.74
<b>TOTAL</b>	135,123.96	89,599.10

17.1 In respect of Trade Receivables which are outstanding for more than six months the management is of the view that all the dues are good for recovery and no provision for doubtful debts is required since these receivables have been confirmed by the respective parties as at March 31, 2014.





# Notes to Financial Statements

## Note - 18

### CASH AND BANK BALANCES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	4,204.10	4,567.75
Cheques on Hand	392.50	—
Cash on Hand	11.59	5.24
	4,608.19	4,572.99
Other Bank Balances		
Share Application Money Refund Account	5.36	6.01
Fixed Deposits with Banks held as margin money *	33,801.83	32,964.53
	33,807.19	32,970.54
<b>TOTAL</b>	<b>38,415.38</b>	<b>37,543.53</b>

\* Includes ₹ 8,407.56 Lacs (Previous Year : ₹ 11,287.96 Lacs) having maturity period more than twelve months.

## Note - 19

### SHORT TERM LOANS AND ADVANCES (Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Loans and Advances to Related Parties	1,656.25	1.90
Security Deposits	65.78	418.31
Prepaid Expenses	3,834.18	5,404.43
Cenvat/VAT recoverable	2,393.75	—
Advance against purchase of material/services	26,341.59	12,392.53
Other Advances *	6,839.31	5,754.17
<b>TOTAL</b>	<b>41,130.86</b>	<b>23,971.34</b>

\* Mainly includes interest and VAT/Cenvat refundable/to be availed.

#### 19.1 Details of Loans and Advances to Related Parties

₹ in Lacs

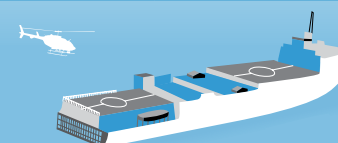
Company Name	Nature of Relationship	As at March 31, 2014	As at March 31, 2013
E Complex Private Limited	Subsidiary	1,613.01	—
Pipavav Marine and Offshore Limited	Subsidiary	37.74	1.21
PDOC Pte. Ltd.	Subsidiary	5.50	0.69

## Note - 20

### OTHER CURRENT ASSETS (Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Shipbuilding Contracts Receivables	62,998.19	55,370.55
Subsidy Receivable	16,660.95	28,907.74
<b>TOTAL</b>	<b>79,659.14</b>	<b>84,278.29</b>







## Notes to Financial Statements

### Note - 21

#### REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Ship Building and Block Manufacturing	122,917.05		43,851.70	
Repairs and Fabrication	51,500.58		103,078.42	
Subsidy on Shipbuilding	4,141.10		5,360.02	
Sale of Steel Items (Steel Plates, Pipes & Rolled Products)	48,182.40		108,022.33	
Other Operating Revenue				
Sale of Scraps	1,178.69		1,408.20	
Contract Advance Forfeiture	—	227,919.82	6,336.59	268,057.26
<b>TOTAL</b>		<b>227,919.82</b>		<b>268,057.26</b>

21.1 As per the Guidelines for the Shipbuilding Subsidy issued by the Government of India on March 25, 2009, the Company is eligible for subsidy at the rate of 30% of the contract price or as per the price reasonableness certificate received from Ministry of Shipping, Government of India, as the case may be. Accordingly Government Subsidy of ₹ 4,141.10 Lacs for the year ended March 31, 2014 (Previous Year ₹ 5,360.02 Lacs) has been recognised as revenue including in respect of Ships under construction on proportionate completion basis as at March 31, 2014.

### Note - 22

#### OTHER INCOME

₹ in Lacs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Interest Income	3,640.54		2,587.23	
Profit on Sale of Fixed Assets (Net)	—		4.60	
Profit on Sale of Current Investments	44.64		15.08	
Dividend on Current Investments	24.73		15.79	
Liability No Longer Required Written Back (Net)	221.62		0.50	
Miscellaneous Income	76.78		32.98	
<b>TOTAL</b>		<b>4,008.31</b>		<b>2,656.18</b>

### Note - 23

#### COST OF MATERIALS CONSUMED

₹ in Lacs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Steel Plates and Profiles	15,318.01		7,989.97	
Equipment and Components	11,347.57		20,026.10	
<b>TOTAL</b>		<b>26,665.58</b>		<b>28,016.07</b>

23.1 Value of Raw Materials Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Value	Percentage	Value	Percentage
Indigenous	11,762.19	44.11%	8,478.03	30.26%
Imported	14,903.39	55.89%	19,538.04	69.74%
	<b>26,665.58</b>	<b>100.00%</b>	<b>28,016.07</b>	<b>100.00%</b>





# Notes to Financial Statements

## Note - 24

### PURCHASE OF TRADED GOODS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Steel Items (Steel Plates, Pipes, Rolled Products & other steel items)	47,690.56	106,939.89
<b>TOTAL</b>	<b>47,690.56</b>	<b>106,939.89</b>

## Note - 25

### CHANGES IN INVENTORIES OF WORK IN PROGRESS AND SCRAP

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
At the end of the year		
Scrap	37.47	181.86
Work in progress	12.67	—
	50.14	181.86
Less : At the beginning of the year		
Scrap	181.86	433.06
Work in progress	—	—
	181.86	433.06
Changes in Inventories	131.72	251.20

## Note - 26

### EMPLOYEE BENEFITS EXPENSES

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, Wages and Allowances	5,264.78	4,908.67
Contribution to Provident and Other Funds	164.79	137.27
Staff Welfare Expenses	255.37	263.55
<b>TOTAL</b>	<b>5,684.94</b>	<b>5,309.49</b>

26.1 Salary, wages and allowances includes remuneration to Executive Vice Chairman of ₹ 257.28 Lacs (Previous Year: ₹ 407.28 Lacs) which is subject to the approval of Central Government.

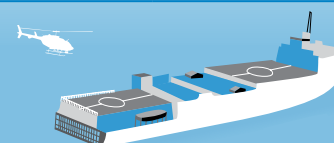
#### 26.2 Employee Benefits

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

##### Defined Contribution Plan

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Employers Contribution to Provident Fund	134.60	134.29
Employers Contribution to Pension Fund	30.19	17.45
<b>TOTAL</b>	<b>164.79</b>	<b>151.74</b>





## Notes to Financial Statements

### Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended 31<sup>st</sup> March, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

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) Gratuity (Funded)

- (i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation.

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Defined Benefit Obligation at beginning of the year	169.51	104.22
Current & Past Service Cost	61.74	60.61
Current Interest Cost	14.83	8.60
Actuarial (Gain)/Loss	(44.14)	(3.16)
Benefits paid	(13.00)	(0.76)
Defined Benefit Obligation at end of the year	188.94	169.51

- (ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Fair Value of Plan Assets at the beginning of the year	59.67	55.18
Expected Return on Plan Assets	4.96	4.59
Actuarial Gain/(Loss)	(0.19)	(0.10)
Contributions	—	—
Benefits Paid	—	—
Fair Value of the Assets at the end of the year	64.44	59.67

- (iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets.

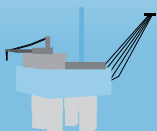
₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Fair Value of Plan Assets at the end of the year	64.44	59.67
Present Value of Defined Benefit Obligation at end of the year	188.94	169.51
Liabilities/(Assets) recognised in the Balance Sheet	124.50	109.84

- (iv) Expenses recognised during the year.

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Current & Past Service Cost	61.74	60.61
Interest Cost	14.83	8.60
Expected Return on Plan Assets	(4.96)	(4.59)
Actuarial (Gain)/Loss	(43.95)	(3.06)
Net Cost Recognised in statement of Profit and Loss	27.66	61.56





## Notes to Financial Statements

- (v) Assumptions used to determine the defined benefit obligations.

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Mortality Table (LIC)	(2006 - 08 ultimate)	
Discount Rate (p.a.)	9.10%	8.28%
Estimated Rate of Return on Plan Asset	8.00%	8.00%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are 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.

- (vi) Amounts for the Current and previous year for Gratuity Funded are as follows:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Defined Benefit Obligation	188.94	169.51	104.22	95.09	84.46
Plan Assets	64.44	59.67	55.18	51.02	45.11
Surplus/(Deficit)	(124.50)	(109.84)	(49.04)	(44.07)	(39.35)
Experience adjustment on plan assets (Gain)/Loss	(0.19)	(0.10)	(0.09)	2.06	(4.35)
Experience adjustment on plan Liabilities Gain/(Loss)	(27.59)	(8.81)	(50.17)	17.48	(43.63)

*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.*

### (b) Leave Encashment (Unfunded)

- (i) Reconciliation of opening and closing balances of the present value of the defined leave encashment benefit obligation.

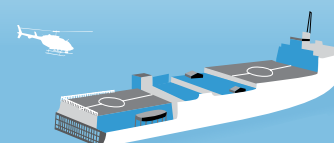
₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Defined Benefit Obligation at beginning of the year	302.34	244.02
Current & Past Service Cost	25.34	38.06
Current Interest Cost	26.86	19.61
Actuarial (Gain)/Loss	(5.44)	15.02
Benefits paid	(14.30)	(14.37)
Defined Benefit Obligation at end of the year	334.80	302.34

- (ii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets.

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Fair Value of Plan Assets at the end of the year	—	—
Present Value of Defined Benefit Obligation at end of the year	334.80	302.34
Liabilities/(Assets) recognised in the Balance Sheet	334.80	302.34





## Notes to Financial Statements

(iii) Expenses recognised during the year.

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Current & Past Service Cost	25.34	38.06
Interest Cost	26.86	19.61
Expected Return on Plan Assets	—	—
Actuarial (Gain)/Loss	(5.44)	15.02
Net Cost Recognised in statement of Profit and Loss	46.76	72.69

(iv) Assumptions used to determine the defined benefit obligations.

Particulars	2013 - 2014	2012 - 2013
Mortality Table		
Discount Rate (p.a.)	9.10%	8.28%
Estimated Rate of Return on Plan Asset	N/A	N/A
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are 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.

(v) Amounts for the Current and previous year for Leave Encashment Funded are as follows:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Defined Benefit Obligation	334.80	302.34	244.02	175.57	124.37
Plan Assets	—	—	—	—	—
Surplus/(Deficit)	(334.80)	(302.34)	(244.02)	(175.57)	(124.37)
Experience adjustment on plan Liabilities Gain/(Loss)	13.01	4.13	31.08	29.10	(22.86)

### Note - 27 FINANCE COSTS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Expenses	31,429.32	27,218.20
Other Borrowing Costs	15,091.49	12,527.76
<b>TOTAL</b>	<b>46,520.81</b>	<b>39,745.96</b>







# Notes to Financial Statements

## Note - 28 OTHER EXPENSES

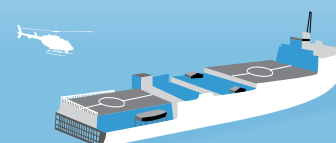
₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumables, Stores and Spares	3,790.35	3,460.61
Power, Fuel and Water	2,147.06	1,988.32
Repairs and Maintenance	2,449.30	1,821.01
Labour and Fabrication Charges	10,804.67	17,434.95
Equipment Hire Charges	3,016.79	3,763.91
Rent	1,077.77	1,076.87
Infrastructure Facility Charges	940.00	940.00
Design, Drawing and Construction Support Fees	732.63	2,416.35
Insurance	1,751.99	502.59
Cost Estimated for Revenue Recognised	28,977.98	16,913.89
Provision for estimated cost over contract revenue	(1,948.44)	5,518.86
Rates and Taxes	80.11	197.96
Communication Expenses	143.05	132.40
Travelling, Conveyance and Vehicle Hire Charges	1,600.28	1,739.41
Legal and Professional Charges	3,070.05	2,950.46
Foreign Exchange Difference (Net)	15,248.00	97.66
Payment to Auditors	96.60	102.90
Advertising, Publicity and Selling Expenses	335.09	240.57
Business Promotion Expenses	524.20	790.80
Brokerage and Commission	—	786.67
Excess provision of subsidy written off	9,320.92	—
Loss on Sale of Fixed Assets (Net)	65.43	—
Donations	5.87	5.26
Miscellaneous Expenses	2,021.44	1,751.64
<b>TOTAL</b>	<b>86,251.14</b>	<b>64,633.09</b>

### 28.1 Value of Stores and Spares Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Value	Percentage	Value	Percentage
Indigenous	3,388.57	89.40%	3,199.58	92.46%
Imported	401.78	10.60%	261.03	7.54%
	3,790.35	100.00%	3,460.61	100.00%





## Notes to Financial Statements

### 28.2 Payment to Auditors includes:

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Audit Fees	52.00	52.00
Tax Audit Fees	14.00	12.00
Certification Charges	30.60	23.90
Other Matters	—	15.00
<b>TOTAL</b>	<b>96.60</b>	<b>102.90</b>

### Note - 29

#### EARNINGS PER SHARE (BASIC AND DILUTED)

₹ in Lacs

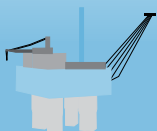
Particulars	2013 - 2014	2012 - 2013
Net Profit/(Loss) after Tax	835.75	2,872.10
Amount available for calculation of Basic and Diluted EPS (a)	835.75	2,872.10
Weighted Average No. of Equity Shares outstanding for Basic EPS (b)	731,237,937	697,143,593
Basic Earnings per share of ₹ 10/- each (in ₹) (a)/(b)	0.11	0.41
<b>Weighted Average No. of Equity Shares for Diluted EPS</b>		
Weighted Average No. of Equity Shares considered for Basic EPS	731,237,937	697,143,593
Add: Potential Equity Shares	—	576,336
Weighted Average No. of Equity Shares outstanding for Diluted EPS (c)	731,237,937	697,719,929
Diluted Earnings per share of ₹ 10/- each (in ₹) (a)/(c)	0.11	0.41

### Note - 30

#### PRIOR PERIOD ITEMS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Expenses</b>		
Legal and Professional Charges	0.74	—
Travelling, Conveyance and Vehicle Hire Charges	0.37	30.26
Salaries, Wages and Allowances	—	1.72
Miscellaneous Expenses	2.23	4.69
Other Borrowing Costs	50.00	—
<b>TOTAL</b>	<b>53.34</b>	<b>36.67</b>





# Notes to Financial Statements

## Note - 31

### EXPENDITURE IN FOREIGN CURRENCY

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Legal and Professional Charges	695.09	961.28
Travelling, Conveyance and Vehicle Charges	133.08	111.03
Labour and Fabrication Charges	233.84	7,938.09
Finance Cost	5,965.32	324.53
Design, Drawing and Construction Support Fees	588.01	2,406.10
Equipment Hire Charges	57.01	1,966.08
Brokerage and Commission	—	786.67
Salaries, Wages and Allowances	141.45	240.19
Miscellaneous Expenses	235.03	205.03
<b>TOTAL</b>	<b>8,048.83</b>	<b>14,939.00</b>

## Note - 32

### CONTINGENT LIABILITIES AND COMMITMENTS

#### 32.1 CONTINGENT LIABILITIES

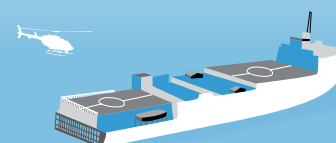
(No Cash Outflow is expected except as stated otherwise)

₹ in Lacs

Sr. No.	Particulars	2013 - 2014	2012 - 2013
<b>(a)</b>	<b>Guarantees given by Company's Bankers</b>		
(i)	Refund Bank Guarantees given to customers (Net of liabilities accounted for)	98,396.32	114,943.76
(ii)	Other Bank Guarantees (Bank Guarantees are provided under Contractual/Legal obligations.)	27,358.84	28,917.31
<b>(b)</b>	<b>Corporate Guarantee</b> (Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies)	52,677.69	—
<b>(c)</b>	<b>Demands not acknowledged as Debts</b>		
(i)	Income Tax (The Company has Advance Tax/TDS Credit of ₹ 1,557.10 Lacs (P.Y. ₹ 321.51 Lacs) against the total demand)	4,190.54	1,165.21
(ii)	Service Tax, Excise Duty and Vat (Relates to disallowance of CENVAT Credit and Vat Credit taken by the Company)	2,438.36	2,327.88
(iii)	Third Party Claims (Relates to demands raised by vendors)	4,883.98	5,148.62
<b>(d)</b>	<b>Letters of Credit opened in favour of suppliers</b> (Cash Flow is expected on receipt of materials from suppliers)	4,272.03	7,189.04

#### 32.2 COMMITMENTS

(a)	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)	116,062.80	27,548.11
(b)	Other Commitments (for investment in an Associate and Joint Venture)	802.24	802.24





## Notes to Financial Statements

### Note - 33

The Company has issued a Bond cum legal undertaking for ₹ 44,400 Lacs (Previous Year: ₹ 44,400 Lacs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up an SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, a General Bond in favour of the President of India for a sum of ₹ 15,300 Lacs (Previous Year : ₹ 15,300 Lacs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

### Note - 34

The Company has received Twenty-two show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to wrong 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 and some procedural non-compliances. The Company does not foresee any losses on this account.

### Note - 35

Cenvat/Vat recoverable represents the Cenvat/Vat/Central Sales Tax paid on the purchase of goods and services for the project and operations. The Company has been legally advised that such amounts are recoverable. Any unrealised amounts will be added back to the cost of the project or charged off to the statement of profit and loss, as the case may be in the year of settlement. The Company has been further advised that the construction of dry dock and revenue from fabrication at its sites are exempted from Service Tax and Excise Duty.

### Note - 36

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

### Note - 37

#### SEGMENT REPORTING

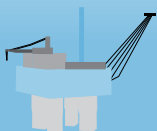
##### A. Segment information as per Accounting Standard - 17 on Segment Reporting:

Information provided in respect of revenue items for the year ended March 31, 2014 and in respect of assets/liabilities as at March 31, 2014.

##### I. Information about Primary (Product wise) segments:

₹ in Lacs

Sr. No.	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1.	REVENUE				
	External Sales	179,737.42 (160,034.93)	48,182.40 (108,022.33)	— (—)	227,919.82 (268,057.26)
2.	RESULTS				
	Segment Results	49,388.20 (48,318.40)	491.84 (1,082.44)	— (—)	49,880.04 (49,400.84)
	Unallocated Corporate Expenses	— (—)	— (—)	4,575.06 (8,173.54)	4,575.06 (8,173.54)
	Operating Profit/(Loss)	49,388.20 (48,318.40)	491.84 (1,082.44)	(4,575.06) (-8,173.54)	45,304.98 (41,227.30)
	Finance Cost	— (—)	— (—)	46,520.81 (39,745.96)	46,520.81 (39,745.96)





## Notes to Financial Statements

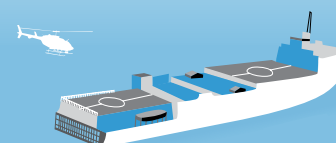
₹ in Lacs

Sr. No.	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
	Unallocated Corporate Income	— (—)	— (—)	4,008.31 (2,656.18)	4,008.31 (2,656.18)
	Profit from Ordinary Activities before tax	49,388.20 (48,318.40)	491.84 (1,082.44)	(47,087.56) (-45,263.32)	2,792.48 (4,137.52)
	Provision for Income-tax - Net	— (—)	— (—)	1,956.73 (1,265.42)	1,956.73 (1,265.42)
	Net Profit	49,388.20 (48,318.40)	491.84 (1,082.44)	(49,044.29) (-46,528.74)	835.75 (2,872.10)
<b>3.</b>	<b>OTHER INFORMATION</b>				
	Segment Assets	880,799.19 (719,467.56)	25,526.49 (25,494.34)	— (—)	90,6325.68 (74,4961.90)
	Unallocated Corporate Assets	— (—)	— (—)	53,419.43 (51,666.21)	53,419.43 (51,666.21)
	<b>Total Assets</b>	880,799.19 (719,467.56)	25,526.49 (25,494.34)	53,419.43 (51,666.21)	959,745.11 (796,628.11)
	Segment Liabilities	125,882.76 (85,502.80)	2,531.86 (9,205.42)	— (—)	128,414.62 (94,708.22)
	Unallocated Corporate Liabilities	— (—)	— (—)	597,642.61 (495,306.72)	597,642.61 (495,306.72)
	<b>Total Liabilities</b>	125,882.76 (85,502.80)	2,531.86 (9,205.42)	597,642.61 (495,306.72)	726,057.23 (590,014.94)

₹ in Lacs

Sr. No.	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1.	Capital Expenditure	112,523.41 (216,790.48)	— (—)	1,881.98 (47.18)	114,405.39 (216,837.66)
2.	Depreciation and amortisation	16,146.45 (12,222.77)	— (—)	23.95 (47.00)	16,170.40 (12,269.77)
3.	Non-cash Expenses other than Depreciation	— (—)	— (—)	— (—)	— (—)

Figures in brackets represents previous year's amounts.







## Notes to Financial Statements

### II. Information about Secondary Segment:

#### Geographical Segment:

₹ in Lacs

Particulars	March 31, 2014	March 31, 2013
<b>Revenue by Geographical Segment</b>		
Within India	197,633.48	214,087.27
Outside India	30,286.34	53,969.99
<b>Total Revenue</b>	<b>227,919.82</b>	<b>268,057.26</b>
<b>Carrying Amount of Segment Assets</b>		
Within India	836,311.49	703,550.63
Outside India	123,433.62	93,077.48
<b>Total Assets</b>	<b>959,745.11</b>	<b>796,628.11</b>
<b>Capital Expenditure</b>		
Within India	114,405.39	216,837.66
Outside India	—	—

### B. Segment Identification, Reportable Segments and definition of each segment:

#### I. Primary/Secondary Segment Reporting Format:

The risk - return profile of the Company's business is determined predominantly by the nature of its products. Accordingly, the business segment constitute the Primary Segments for disclosure of segment information.

#### II. Reportable Segments:

Segments have been identified based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used.

#### III. Segment Composition:

Ship building and Fabrication includes ship building, block manufacturing, ship and rig repairs, fabrication etc. at its SEZ and EOU units situated at Pipavav, Gujarat.

Trading includes steel trading activities.

### Note - 38

### RELATED PARTY DISCLOSURES

#### (a) List of Related parties

##### 1. Subsidiary Companies

PDOC Pte. Ltd.

E Complex Private Limited

Pipavav Marine and Offshore Limited

Pipavav Lighter Than Air Systems Private Limited (w.e.f. March 18, 2014)

##### 2. Associates

SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)

Conceptia Software Technologies Private Limited

##### 3. Key Managerial Personnel

Mr. Nikhil P. Gandhi

Mr. Bhavesh P. Gandhi

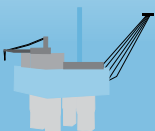
Mr. Rajiv Shukla (w.e.f. June 01, 2013)

Mr. Praveen Mohnot

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

Grevek Investments and Finance Private Limited

Awaita Properties Private Limited



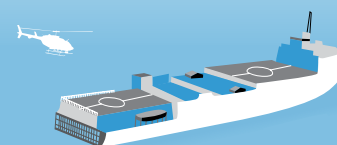


# Notes to Financial Statements

## (b) Transactions with related parties for the year ended March 31, 2014.

₹ in Lacs

Nature of Transactions	Subsidiary Company				Associates		Key Managerial Personnel				Other Related Parties		Total
	Pipavav Lighter than Air Systems Private Limited	PDOC Pte. Ltd.	E-Complex Pvt. Ltd.	Pipavav Marine & Offshore Limited	SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)	Conceptia Software Technologies P. Ltd.	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr. Rajiv Shukla (CEO)	Mr. Praveen Mohnot (CFO)	Grevek Investments and Finance Private Limited	Awalta Properties Pvt. Ltd.	
<b>Expenditure</b>													
Lease Rent	— (—)	— (—)	276.50 (276.50)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	433.74 (427.17)	710.24 (703.67)
Infrastructure Facility Charges	— (—)	— (—)	940.00 (940.00)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	940.00 (940.00)
Engineering and Design Fees	— (—)	— (—)	— (—)	— (—)	— (—)	24.98 (6.49)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	24.98 (6.49)
Interest Expenses on ICD	— (—)	— (—)	2,531.76 (271.33)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	2,531.76 (271.33)
Interest Income	— (—)	— (—)	119.71 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	119.71 (—)
Directors Sitting fees	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	3.20 (2.40)	— (—)	— (—)	— (—)	— (—)	— (—)	3.20 (2.40)
Remuneration	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	257.28 (407.28)	80.90 (—)	47.40 (47.55)	— (—)	— (—)	385.58 (454.83)
Expenses reimbursed to	— (—)	— (—)	44.39 (70.55)	0.03 (0.20)	169.71 (5.29)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	46.66 (51.68)	260.79 (127.72)
Expenses reimbursed from	— (—)	— (5.17)	11.62 (38.71)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	11.62 (43.88)
Lease Deposits - Non Current as at 31.03.14	— (—)	— (—)	7,030.00 (7,030.00)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	325.00 (325.00)	7,355.00 (7,355.00)
<b>Loans and Advances</b>													
Balance as at 01.04.2013	— (—)	0.69 (—)	— (—)	1.21 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	1.90 (—)
Given during the year	— (—)	4.81 (5.17)	23,451.50 (—)	36.53 (1.21)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	23,492.84 (6.38)
Returned during the year	— (—)	— (4.48)	21,838.49 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	21,838.49 (4.48)
Balance as at 31.03.2014	— (—)	5.50 (0.69)	1,613.01 (—)	37.74 (1.21)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	1,656.25 (1.90)
<b>Share Application Money</b>													
Given during the year	13.00 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	13.00 (—)
Balance as at 31.03.2014	13.00 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	13.00 (—)
Trade Payables	— (—)	— (—)	— (—)	— (—)	— (—)	10.23 (2.15)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	10.23 (2.15)
Other Payables	— (—)	— (—)	— (—)	— (—)	14.06 (383.71)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	44.84 (333.39)	58.90 (717.10)
Interest accrued but not due as at 31.03.14	— (—)	— (—)	— (244.20)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (244.20)
<b>Inter Corporate Deposits</b>													
Balance as at 01.04.2013	— (—)	— (—)	11,822.07 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	11,822.07 (—)
Received during the year	— (—)	— (—)	3,677.01 (11,822.07)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (8,650.00)	— (—)	3,677.01 (20,472.07)
Repaid during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (8,650.00)	— (—)	— (8,650.00)





# Notes to Financial Statements

## (b) Transactions with related parties for the year ended March 31, 2014. (Contd.)

₹ in Lacs

Nature of Transactions	Subsidiary Company				Associates		Key Managerial Personnel				Other Related Parties		Total
	Pipavav Lighter than Air Systems Private Limited	PDOC Pte. Ltd.	E-Complex Pvt. Ltd.	Pipavav Marine & Offshore Limited	SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)	Conceptia Software Technologies P. Ltd.	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr. Rajiv Shukla (CEO)	Mr. Praveen Mohnot (CFO)	Grevek Investments and Finance Private Limited	Awaita Properties Pvt. Ltd.	
Balance as at 31.03.2014	— (—)	— (—)	15,499.08 (11,822.07)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	15,499.08 (11,822.07)
<b>Equity Share Warrants</b>													
Issued during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (5850.00)	— (—)	— (5850.00)
Shares allotted during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (7800.00)	— (—)	— (7800.00)
Balance as at 31.03.2014	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
<b>Corporate Guarantee</b>													
Corporate Guarantee Given	— (—)	— (—)	32,455.69 (—)	20,222.00 (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	52,677.69 (—)
<b>Non Current Investment</b>													
Balance as at 31.03.2014	1.00 (—)	4.48 (4.48)	1,896.73 (1,896.73)	5.00 (5.00)	— (—)	153.48 (153.48)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	2,060.69 (2,059.69)

Note: Figures in brackets pertain to previous year

## Note - 39

### VALUE OF IMPORTS CALCULATED ON CIF BASIS

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Raw Material and Components	18,171.87	17,805.78
Stores and Spares	5.65	714.78
Capital Goods	1,555.01	2,212.32
<b>TOTAL</b>	<b>19,732.53</b>	<b>20,732.88</b>

## Note - 40

### INCOME IN FOREIGN CURRENCY

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Ship Building and Block Manufacturing	27,205.31	42,755.85
Repairs and Fabrication	8,329.39	11,088.33
<b>TOTAL</b>	<b>35,534.70</b>	<b>53,844.18</b>





## Notes to Financial Statements

### Note - 41

Disclosure pursuant to Accounting Standard – 7 (AS-7 “Accounting for Construction Contracts”) as notified by Companies Accounting Standards Rules, 2006:

₹ in Lacs

Sr. No.	Particulars	2013 - 2014	2012 - 2013
(a)	The contract revenue recognised in the year.	72,539.34	44,142.00
(b)	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress	131,971.56	107,561.96
(c)	Amount of advance received from the customers for contracts in progress	113,271.51	77,292.16
(d)	The retention amount due from customers for contracts in progress as at the end of financial year.	—	—

### Note - 42

#### FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS:

(a) Derivative contracts entered into by the Company and outstanding are as under:

##### For Hedging Currency related risks

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Forward Contract	15,821.47	11,965.65
Currency Swap	1,331.21	17,802.78

- (b) All derivative and financial instruments acquired by the company are for hedging purpose only.
- (c) The expenditure on account of exchange difference on outstanding forward exchange contracts to be recognised in the Statement of Profit and Loss of subsequent period 144.73 Lacs (Previous Year: NIL Lacs)
- (d) Foreign currency exposures that are not hedged by derivative instruments or forward contracts are:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Receivables	129,226.78	98,293.88
Payables	76,624.87	32,671.25

### Note - 43

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

Place : Mumbai,  
Date : May 30, 2014

For and on behalf of the Board of Directors

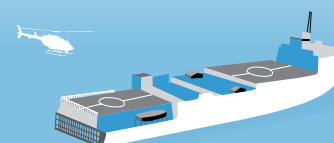
**Nikhil P. Gandhi**  
Chairman

**Rajiv Shukla**  
Chief Executive Officer

**Bhavesh P. Gandhi**  
Executive Vice Chairman

**Praveen Mohnot**  
Chief Financial Officer

**Ajit Dabholkar**  
Corporate Counsel  
& Company Secretary





## Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies

₹ in Lacs

Sr. No.	Name of the Subsidiary Company	The Financial Year of the Subsidiary Company ended on	Holding Company	Extent of holding (%)	Face value of Share (In INR)	Number of Shares held by the holding company and/or its subsidiaries	The net aggregate amount of profit/(loss) of the subsidiary so far as it concerns the members of Pipavav Defence and Offshore Engineering Company Limited ('PDOC')			
							Dealt with in the accounts of PDOC for the financial year ended on March 31, 2014	Not dealt with in the accounts of PDOC for the financial year ended on March 31, 2014	Dealt with in the accounts of PDOC for the previous financial year ended on March 31, 2013	Not dealt with in the accounts of PDOC for the previous financial year ended on March 31, 2013
1.	E Complex Private Limited	March, 2014	Pipavav Defence and Offshore Engineering Company Limited	100.00%	10/-	2,17,09,327 fully paid up equity Shares of ₹ 10/- each	NIL	(574.15)	NIL	(69.51)
2.	Pipavav Marine and Offshore Limited	March, 2014	Pipavav Defence and Offshore Engineering Company Limited	100.00%	10/-	50,000 fully paid up equity Shares of ₹ 10/- each	NIL	(0.89)	NIL	(0.26)
3.	Pipavav Lighter than Air Systems Private Limited	March, 2014	Pipavav Defence and Offshore Engineering Company Limited	100.00%	10/-	1,40,000 fully paid up equity Shares of ₹ 10/- each	NIL	(0.15)	NIL	NIL
4.	PDOC Pte. Ltd. (Singapore)	March, 2014	Pipavav Defence and Offshore Engineering Company Limited	100.00%	S\$ 1/-	10,000 fully paid up ordinary Shares	NIL	(0.94)	NIL	(5.83)

Note 1: The Financial year of the Subsidiary Companies coincides with that of the Company.

Note 2: In case of foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate of 1 S\$ = 45.63 ₹ prevailing during the year. All the assets and liabilities are converted at rate of 1 S\$ = 47.51 ₹ prevailing at the end of the year.

For and on behalf of the Board of Directors

**Nikhil P. Gandhi**  
Chairman

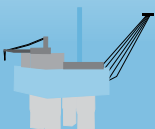
**Bhavesh P. Gandhi**  
Executive Vice Chairman

Place : Mumbai,  
Date : May 30, 2014

**Rajiv Shukla**  
Chief Executive Officer

**Praveen Mohnot**  
Chief Financial Officer

**Ajit Dabholkar**  
Corporate Counsel  
& Company Secretary



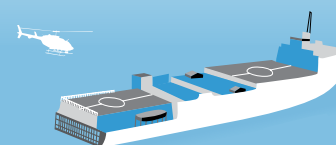




## Statement pursuant to Section 212(8) of the Companies Act, 1956 relating to subsidiary companies for the year ended March 31, 2014

Sr. No.	Particulars	Names of the Subsidiary Companies			
		E Complex Pvt. Ltd.	Pipavav Marine and Offshore Ltd.	PDOC Pte Ltd. - Singapore	Pipavav Lighter than Air Systems Private Limited
(a)	Share Capital	2,170.93	5.00	4.48	1.00
(b)	Reserves	(643.66)	(1.15)	(6.85)	(0.15)
(c)	Total Assets	51,761.38	21,860.15	—	14.00
(d)	Total Liabilities	51,761.38	21,860.15	—	14.00
(e)	Details of Investments	—	—	—	—
(f)	Turnover	29,231.13	—	—	—
(g)	Profit / (Loss) before Taxation	(730.85)	(0.89)	(0.94)	(0.15)
(h)	Provision for Taxation	(155.56)	—	—	—
(i)	Profit / (Loss) after Taxation	(574.15)	(0.89)	(0.94)	(0.15)
(j)	Proposed Dividend	—	—	—	—

**Note:** In case of foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate of 1 S\$ = 45.63 ₹ prevailing during the year. All the assets and liabilities are converted at rate of 1 S\$ = 47.51 ₹ prevailing at the end of the year.





# AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To  
The Board of Directors  
Pipavav Defence and Offshore Engineering Company Limited

## *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated financial statements of Pipavav Defence and Offshore Engineering Company Limited ("the Company") and its subsidiaries and an associate (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2014 and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including accounting standard referred to in sub section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with general circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associate as noted below, the 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 31<sup>st</sup> March 2014;
- ii. In the case of the consolidated Statement of Profit & Loss, of the profit 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.

## *Emphasis of matter*

Without qualifying our opinion attention is drawn to the:-

- Note no. 26.1 regarding Managerial Remuneration, which is subject to the approval of Central Government.



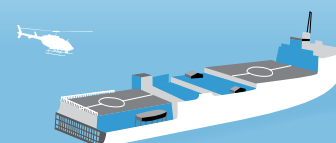
***Other Matter***

We did not audit the financial statements of the four subsidiaries, whose financial statement reflect total assets of ₹ 73,639.38 lacs as at March 31, 2014, total revenues of ₹ 29,231.13 lacs and net cash inflows amounting to ₹ 5.11 lacs for the year then ended. Further we also did not audit the financial statements of the associate company, whose financial statements reflect group's share of profit of ₹ 8.42 lacs as at March 31, 2014 as considered in the consolidated financial statements for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

**R Koria**  
Partner  
Membership No. - 35629

Place : Mumbai  
Date : 30<sup>th</sup> May, 2014





# Consolidated Balance Sheet as at March 31, 2014

₹ in Lacs

Particulars	Note	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
(1) Share Holders' Funds			
Share Capital	2	73,620.63	70,119.84
Reserves and Surplus	3	160,682.92	135,625.07
Monies received against Convertible Share Warrants		—	2,047.50
		234,303.55	207,792.41
(2) Non Current Liabilities			
Long Term Borrowings	4	209,658.52	220,380.42
Deferred Tax Liabilities (Net)	5	9,895.98	8,095.39
Other Long Term Liabilities	6	14,770.69	14,747.53
Long Term Provisions	7	282.91	104.75
		234,608.10	243,328.09
(3) Current Liabilities			
Short Term Borrowings	8	270,410.61	228,194.55
Trade Payables	9	31,608.87	30,458.30
Other Current Liabilities	10	185,639.17	83,854.33
Short Term Provisions	11	51,701.92	24,802.74
		539,360.57	367,309.92
<b>TOTAL</b>		<b>1,008,272.22</b>	<b>818,430.42</b>
<b>II. ASSETS</b>			
(1) Non Current Assets			
Fixed Assets	12		
Tangible Assets		285,082.21	283,724.82
Intangible Assets		408.68	439.12
Capital Work in Progress		319,912.03	220,642.10
Intangible Assets under Development		1,846.57	—
		607,249.49	504,806.04
Goodwill on Consolidation		1,018.22	1,018.16
Non Current Investments	13	188.28	179.87
Long Term Loans and Advances	14	79,480.91	60,265.73
		687,936.90	566,269.80
(2) Current Assets			
Current Investments	15	—	450.00
Inventories	16	23,094.30	16,280.45
Trade Receivables	17	139,558.23	89,599.10
Cash and Bank Balances	18	38,435.31	37,558.35
Short Term Loans and Advances	19	39,588.34	23,994.44
Other Current Assets	20	79,659.14	84,278.28
		320,335.32	252,160.62
<b>TOTAL</b>		<b>1,008,272.22</b>	<b>818,430.42</b>
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 44		

As per our report of even date  
**For Chaturvedi and Shah**  
Chartered Accountants

For and on behalf of the Board of Directors

**R Koria**  
Partner

**Nikhil P. Gandhi**  
Chairman

**Bhavesh P. Gandhi**  
Executive Vice Chairman

Place : Mumbai,  
Date : May 30, 2014

**Rajiv Shukla**  
Chief Executive Officer

**Praveen Mohnot**  
Chief Financial Officer

**Ajit Dabholkar**  
Corporate Counsel  
& Company Secretary





# Consolidated Statement of Profit and Loss

## for the year ended March 31, 2014

₹ in Lacs

Particulars	Note	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>REVENUE</b>			
Gross Revenue from Operations		253,388.35	268,057.27
Less: Service Tax/Excise duty recovered		20.50	9,410.45
Net Revenue from Operations	21	253,367.85	258,646.82
Other Income	22	3,902.94	2,658.07
<b>TOTAL REVENUE</b>		<b>257,270.79</b>	<b>261,304.89</b>
<b>EXPENSES</b>			
Cost of Materials Consumed	23	26,665.58	28,016.07
Purchase of Traded Goods	24	72,915.27	106,939.89
Changes in Inventories of Work in Progress & Scrap	25	131.72	251.20
Employee Benefits Expenses	26	5,739.28	5,355.31
Finance Costs	27	47,746.95	39,877.60
Depreciation and Amortisation Expenses	12	16,645.83	12,721.17
Other Expenses	28	85,362.33	63,659.58
<b>TOTAL EXPENSES</b>		<b>255,206.96</b>	<b>256,820.82</b>
<b>PROFIT BEFORE TAX</b>		<b>2,063.83</b>	<b>4,484.07</b>
<b>Tax Expense</b>			
– Current Tax		587.31	894.30
– MAT credit entitlement		(587.31)	(894.30)
– Deferred Tax		1,800.60	1,377.49
– Income Tax for Earlier Years		(0.57)	—
<b>Profit After Tax before consolidated share in profits/(loss) of associate</b>		<b>263.80</b>	<b>3,106.58</b>
Add:- Consolidated share in the profits of associate		8.42	2.91
<b>Profit for the year</b>		<b>272.22</b>	<b>3,109.49</b>
Earnings per Equity share of ₹ 10/- each	29		
– Basic (In Rupees)		0.04	0.45
– Diluted (In Rupees)		0.04	0.45
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 44		

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

For and on behalf of the Board of Directors

R Koria  
Partner

Nikhil P. Gandhi  
Chairman

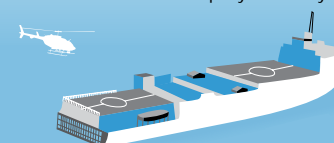
Bhavesh P. Gandhi  
Executive Vice Chairman

Place : Mumbai,  
Date : May 30, 2014

Rajiv Shukla  
Chief Executive Officer

Praveen Mohnot  
Chief Financial Officer

Ajit Dabholkar  
Corporate Counsel  
& Company Secretary

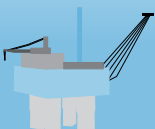




## Consolidated Cash Flow Statement for the year ended March 31, 2014

₹ in Lacs

Sr. No.	Particulars	2013 - 14	2012 - 13
<b>A. Cash Flow from Operating Activities</b>			
	Net Profit before Tax	2,063.83	4,484.06
	Adjustments for:		
	Depreciation and Amortisation Expenses	16,645.83	12,721.17
	Interest Income	(3,534.08)	(2,587.23)
	Dividend on Current Investments	(24.73)	(15.79)
	Loss/(Profit) on Sale of Current Investments	(44.64)	(15.08)
	Loss/(Profit) on Sale of Fixed Assets (Net)	65.48	(4.60)
	Finance Costs	47,746.95	39,877.60
	Provision for Wealth Tax	2.05	2.48
	Provision for estimated cost over contract revenue	(1,948.44)	5,518.86
	Cost Estimated for Revenue Recognised	28,977.98	16,913.89
	Liability No Longer Required (Written Back)	(221.62)	(0.50)
	Contract Advance Forfeiture	-	(6,336.59)
	Foreign Exchange Difference	16,511.35	(1,832.96)
	<b>Operating profit before working capital changes</b>	<b>106,239.96</b>	<b>68,725.31</b>
	<b>Adjusted for</b>		
	Inventories	(6,813.85)	17,629.74
	Trade and Other Receivables	(82,383.25)	(3,821.68)
	Trade and Other Payables	59,515.30	(18,948.05)
	<b>Cash Generated from Operations</b>	<b>76,558.16</b>	<b>63,585.31</b>
	Direct Taxes (Paid)/Refund	(2,359.02)	(1,417.23)
	<b>Net Cash Generated from Operating Activities</b>	<b>74,199.14</b>	<b>62,168.08</b>
<b>B. Cash Flow from Investing Activities</b>			
	Purchase of Fixed Assets and Capital Work in Progress	(82,975.20)	(197,562.82)
	Sale of Fixed Assets	22.41	36.77
	Purchase of Investments	(27,924.73)	(12,710.00)
	Sale of Investments	28,419.37	13,175.08
	Dividend Received on Current Investments	24.73	15.79
	Interest Received	3,603.33	2,149.27
	<b>Net Cash used in Investing Activities</b>	<b>(78,830.09)</b>	<b>(194,895.91)</b>







₹ in Lacs

Sr. No.	Particulars	2013 - 14	2012 - 13
<b>C. Cash Flow from Financing Activities</b>			
	Amount received against issue of Equity shares / warrants	26,238.96	5,850.00
	Movement in Unclaimed Share Application Money	0.65	—
	Proceeds from Long Term Borrowings	59,400.54	168,251.70
	Repayment of Long Term Borrowings	(46,287.16)	(27,740.78)
	Short Term Borrowings (Net)	41,005.57	55,055.49
	Interest Paid	(75,137.76)	(58,958.79)
	Margin Money (Net)	(837.30)	(8,268.53)
	Realised gain on currency swap transactios	287.76	—
	<b>Net Cash Flow from Financing Activities</b>	<b>4,671.26</b>	<b>134,189.09</b>
	<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>40.31</b>	<b>1,461.26</b>
	Cash & Cash Equivalents – Opening balance	4,587.81	3,126.55
	Cash & Cash Equivalents – Closing balance	4,628.12	4,587.81

**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 brackets indicate outflow.
- (3) Previous Year figures have been regrouped/rearranged/recasted wherever necessary to make them comparable with those of current year.

As per our attached report of even date  
**For Chaturvedi and Shah**  
Chartered Accountants

For and on behalf of the Board of Directors

**R Koria**  
Partner

**Nikhil P. Gandhi**  
Chairman

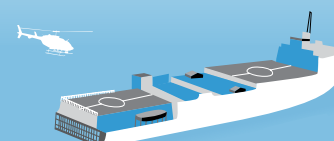
**Bhavesh P. Gandhi**  
Executive Vice Chairman

Place : Mumbai,  
Date : May 30, 2014

**Rajiv Shukla**  
Chief Executive Officer

**Praveen Mohnot**  
Chief Financial Officer

**Ajit Dabholkar**  
Corporate Counsel  
& Company Secretary





# Notes on Consolidated Financial Statements

## Note - 1

### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. PRINCIPLES OF CONSOLIDATION :

The consolidated financial statements relate to the Pipavav Defence and Offshore Engineering Company Limited ('the Company') and its subsidiary companies & associate company. The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary companies 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".
  - ii. In case of foreign subsidiary, being non integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and liabilities are converted at rates prevailing at the end of the year. The resultant translation exchange differences have been transferred to foreign currency translation reserves.
  - iii. 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 except as mentioned in the Note No. 1.3, in the same manner as the Company's separate financial statements.
  - iv. The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries are recognized in the financial statements as Goodwill, which is not being amortised.
  - v. Investments in Associate Company has been accounted under the equity method as per (AS 23) - "Accounting for Investments in Associates in Consolidated Financial Statements"
  - vi. The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- b. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments"
- c. **Other significant accounting policies:**

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

#### 1.1 Following Subsidiary Companies have been considered in the Consolidated Financial Statements:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
E Complex Private Limited	India	100%
Pipavav Marine and Offshore Limited	India	100%
Pipavav Lighter Than Air Systems Private Limited (w.e.f. 18 <sup>th</sup> March, 2014)	India	100%
PDOC Pte. Ltd.	Singapore	100%

#### 1.2 Following Associate Company has been considered in the Consolidated Financial Statements:

Name of the Associate	Country of Incorporation	Proportion of Ownership Interest
Conceptia Software Technologies Private Limited	India	25.50%

- 1.3 The audited financial statements as at March 31, 2014 of PDOC Pte Ltd. (Singapore) have been prepared by following Singapore Financial Reporting Standards and are consolidated as it is without converting them as per the Generally Accepted Accounting Principles as applicable in India. In view of which the assets, liabilities, income and expenditure of the subsidiary company of ₹ 3.84 Lacs, ₹ 6.21 Lacs, NIL and ₹ 0.94 Lacs respectively have been accounted by following different accounting standards.

- 1.4 The carrying amount of investment in associate includes Goodwill of ₹ 110.21 Lacs. (Previous Year ₹ 110.21 Lacs)





# Notes on Consolidated Financial Statements

## Note - 2

### SHARE CAPITAL

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Equity Shares</b>		
<b>Authorised</b>		
1,000,000,000 (Previous Year 1,000,000,000) Equity Shares of ₹ 10/- each	100,000.00	100,000.00
<b>Issued, Subscribed and fully paid up</b>		
736,206,269 (Previous Year 701,198,388) Equity Shares of ₹ 10/- each fully paid up	73,620.63	70,119.84
<b>Total</b>	<b>73,620.63</b>	<b>70,119.84</b>

#### 2.1 Reconciliation of Equity shares outstanding at the beginning and at the end of the year

₹ in Lacs

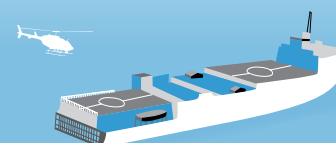
Particulars	As at March 31, 2014		As at March 31, 2013	
	No of Shares	Amount	No of Shares	Amount
Equity shares at the beginning of the year	701,198,388	70,119.84	691,198,388	69,119.84
Add: Shares Issued during the year on preferential basis	24,507,881	2,450.79	—	—
Add: Shares Issued during the year on conversion of warrants	10,500,000	1,050.00	10,000,000	1,000.00
Equity shares at the end of the year	736,206,269	73,620.63	701,198,388	70,119.84

#### 2.2 Shareholders holding more than 5% Shares in the Company

Shares held by	No. of Shares	% Holding	No. of Shares	% Holding
SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)	267,037,043	36.27%	263,466,685	37.57%
Life Insurance Corporation of India	58,465,899	7.94%	58,465,899	8.34%
SKIL Shipyard Holdings Private Limited	38,377,686	5.21%	—	0.00%
IL & FS Marine Infrastructure Company Limited	53,423,871	7.26%	53,423,871	7.62%

#### 2.3 Terms and Rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation of the company, the equity share holders will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.





# Notes on Consolidated Financial Statements

## Note - 3

### RESERVES AND SURPLUS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Capital Reserve</b>		
Balance as per last Balance Sheet	6,254.96	6,254.96
	6,254.96	6,254.96
<b>Securities Premium Account</b>		
Balance as per last Balance Sheet	124,542.16	117,742.16
Add: On Issue of Shares	24,785.67	6,800.00
	149,327.83	124,542.16
<b>Foreign Currency Translation Reserve</b>		
Balance as per last Balance Sheet	(0.04)	—
Less: Effect of foreign exchange rate fluctuation during the year	(0.04)	(0.04)
	(0.08)	(0.04)
<b>Surplus</b>		
Balance as per last Balance Sheet	4,827.99	1,718.51
Add: Profit for the year	272.22	3,109.48
	5,100.21	4,827.99
<b>Total</b>	<b>160,682.92</b>	<b>135,625.07</b>

## Note - 4

### LONG TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
<b>Rupee Term Loans from:</b>		
Banks	161,361.24	168,121.91
Financial Institutions	30,564.27	34,227.27
Body Corporates	—	850.00
	191,925.51	203,199.18
<b>Vehicle Loans</b>	38.76	30.76
	191,964.27	203,229.94
<b>Unsecured Loans</b>		
From Body Corporates	—	17,150.48
From Financial Institutions	17,694.25	—
	17,694.25	17,150.48
<b>Total</b>	<b>209,658.52</b>	<b>220,380.42</b>





# Notes on Consolidated Financial Statements

4.1 Rupee Term loans as referred to above and ₹ 52,942.28 Lacs included in current maturities of long term debt in Note No. 10 are secured as under:

- (i) ₹ 71,732.79 Lacs by way of first charge & mortgage on all the immovable properties, both present & future & hypothecation of all movable properties, both present and future.
- (ii) ₹ 128,115.00 Lacs by way of first pari-passu charge on all the movable and immovable properties, both present & future including hypothecation of movable assets, second pari-passu charge on current assets of the Company.
- (iii) ₹ 11,000.00 Lacs by way of first pari-passu charge on entire fixed assets of the Company, hypothecation of movable fixed assets and mortgage on immovable assets.
- (iv) ₹ 34,020.00 Lacs by way of Subservient charge on entire fixed assets & current assets of the Company, first pari-passu charge on 100 acres of Land situated near JNPT owned by other corporates and first pari-passu charge on 73 acres of Land situated near JNPT owned by other corporates.

4.2 All Rupee Term Loans are guaranteed by M/s SKIL Infrastructure Ltd., the promoter company. Rupee Term Loan of ₹ 34,020.00 Lacs are further guaranteed by other corporates and Rupee Term Loan of ₹ 210,847.79 Lacs are further secured by pledge of 143,999,994 shares of the company held by the promoters.

4.3 Rupee Term Loans of ₹ 222,162.75 Lacs are further guaranteed by some of the directors in their personal capacities.

4.4 Rupee Term Loans of ₹ 22,020.00 Lacs are further secured by pledge of 160,984,926 shares of SKIL Infrastructure Limited and 22,253,765 shares of Fastlane Distriparks Logistics Limited held by promoters.

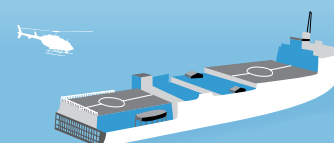
4.5 Lenders in respect of secured loans aggregating to ₹ 210,847.79 Lacs have right to convert the loans at their option into fully paid up equity shares of the company if the company is in default for a period more than what is specified in the respective loan agreements.

## 4.6 Unsecured Loans:

- (i) Unsecured Loans referred to above and ₹ 17,150.48 Lacs included in current maturities of long term debts in Note No. 10 are secured by mortgage of approximately 66 acres of land belonging to other corporates and guaranteed by promoter group company i.e. SKIL Infrastructure Limited, 3,200,000 fully paid-up equity shares of Everon Education Limited held by the promoters. The above loan are further guaranteed by one of the director of the Company.
- (ii) Unsecured Loans referred to above and ₹ 2,527.75 Lacs included in current maturities of long term debts in Note No. 10 are secured by way of pledge of 10,425,819 shares of the promotor company i.e. SKIL Infrastructure Limited, personal guarantee by some of the directors of the Company. Non Disposable Agreement along with irrevocable power of attorney for creating of charge on 50,00,000 shares of SKIL Infrastructure Limited and 8,00,000 shares of Everon Limited. The above loan is further secured by Land parcel owned by corporates in Navi Mumbai admeasuring about 9 acres will be hypothicated/mortgaged.

## 4.7 Repayment Terms:

- (i) The above Secured Rupee Term Loans including ₹ 52,942.28 Lacs included in current maturities of long term debts in Note No. 10 carry an interest rate ranging from 11.00% to 15.00%. Out of the above Rupee Term Loan, ₹ 33,470.75 Lacs are repayable in 40 equal quarterly installments from April 01, 2010 to January 01, 2020, ₹ 9,457.00 Lacs in 40 quarterly structured installments from August 31, 2005 to February 28, 2017, ₹ 3,450.00 Lacs in 40 equal quarterly installments from October 01, 2009 to July 01, 2019, ₹ 22,705.04 Lacs in quarterly installments from April 01, 2011 to January 01, 2020, ₹ 1,125.00 Lacs in 32 quarterly equal installments from October 01, 2010 to July 01, 2018, ₹ 18,500.00 Lacs in 20 equal half yearly installments from February 01, 2015 to February 01, 2024, ₹ 1,525.00 Lacs in 40 quarterly installments from September 30, 2005 to March 30, 2015, ₹ 109,615.00 Lacs in 10 equal yearly installments from February 01, 2015 to February 01, 2024, ₹ 12,000.00 Lacs repayable after the end of 15 months from the date of first disbursement i.e. on November 24, 2013. ₹ 11,000.00 Lacs repayable in 12 equal monthly installments from December 30, 2013 to November 30, 2014 and ₹ 22,020.00 Lacs repayable after 36 months from the date of first disbursement i.e. on December 27, 2016.
- (ii) The above unsecured Loans including ₹ 19,678.23 Lacs included in current maturities of long term debts in Note No. 10 carry an interest rate ranging from 15.00% to 19.00%. Out of the above unsecured loans ₹ 17,150.48 Lacs are repayable in 3 quarterly equal instalments starting from August 2014 to February 2015, ₹ 20,222.00 Lacs are repayable in 16 equal quarterly installments with a moratorium of 1 year from the first disbursement i.e October 2014.





# Notes on Consolidated Financial Statements

- (iii) The maturity profile, period and amount of installments of Secured Rupee Term Loans and Unsecured Loan as referred above including current maturities of long term debts referred to in Note No.10 are as under:

₹ in Lacs

Financial Year	Rupee Term Loans from			Total
	Banks	Financial Institutions	Body Corporates	
2014-15	43,050.28	10,894.75	18,675.48	72,620.51
2015-16	19,556.00	10,955.50	—	30,511.50
2016-17	41,576.00	11,095.50	—	52,671.50
2017-18	19,556.00	8,955.50	—	28,511.50
2018-19	19,076.48	6,427.75	—	25,504.23
2019-20	17,801.76	3,324.27	—	21,126.03
2020-21	10,970.00	2,000.00	—	12,970.00
2021-22	10,970.00	2,000.00	—	12,970.00
2022-23	10,970.00	2,000.00	—	12,970.00
2023-24	10,885.00	1,500.00	—	12,385.00
<b>Total</b>	<b>204,411.52</b>	<b>59,153.27</b>	<b>18,675.48</b>	<b>282,240.27</b>

- 4.8 Vehicle Loans referred to above including ₹ 25.68 Lacs included in current maturities of long term debts in Note No. 10 are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equated installments (including interest) as per repayment schedule starting from May 01, 2010 to January 02, 2019.
- 4.9 As at March 31, 2014, the Company has overdue of ₹ 4,873.28 Lacs (Previous Year: ₹ 212.50 Lacs) and ₹ 8,256.08 (Previous Year: ₹ 223.83 Lacs) towards the principal and interest respectively, out of which ₹ 7,839.92 Lacs has since been repaid.

## Note - 5

### DEFERRED TAX LIABILITIES (NET)

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

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred Tax Liabilities</b>		
Related to Fixed Assets	34,821.45	30,362.80
<b>Deferred Tax Assets</b>		
Unabsorbed Depreciation	24,767.58	22,132.20
Disallowance under Income Tax Act, 1961	157.89	135.21
	24,925.47	22,267.41
<b>Deferred Tax Liabilities (Net)</b>	<b>9,895.98</b>	<b>8,095.39</b>







# Notes on Consolidated Financial Statements

## Note - 6

### OTHER LONG TERM LIABILITIES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Deposits	500.00	500.00
Advances from Customers	14,270.69	14,247.53
<b>Total</b>	<b>14,770.69</b>	<b>14,747.53</b>

## Note - 7

### LONG TERM PROVISIONS

₹ in Lacs

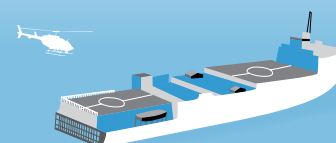
Particulars	As at March 31, 2014	As at March 31, 2013
For Employee Benefits	282.91	104.75
<b>Total</b>	<b>282.91</b>	<b>104.75</b>

## Note - 8

### SHORT TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured Loans</b>		
<b>Cash Credit Facilities from Banks</b>	120,795.06	54,893.94
<b>Short Term Loans from:</b>		
Banks	30,000.00	29,000.00
Financial Institutions	15,000.00	15,000.00
Body Corporates	—	2,162.00
	45,000.00	46,162.00
<b>Unsecured Loans From:</b>		
Banks	89,310.34	114,138.61
Body Corporates	15,305.21	13,000.00
	104,615.55	127,138.61
<b>Total</b>	<b>270,410.61</b>	<b>228,194.55</b>





# Notes on Consolidated Financial Statements

## 8.1 Secured Loans as referred to above includes:

- (i) ₹ 5,000.00 Lacs secured by way of first pari-passu charge on entire current assets and second pari-passu charge on entire fixed assets of the Company.
- (ii) ₹ 25,000.00 Lacs secured by way of subservient charge on movable fixed assets of the Company by way of hypothecation.
- (iii) ₹ 15,000.00 Lacs secured by way of first charge on the Company assets, subservient charge on the other working capital assets of the Company and mortgage of property at Mahal Mira, Pen Taluka, Raigad District admeasuring 1,089,000 sq.ft owned by other corporates.
- (iv) ₹ 13,638.64 Lacs secured by way of first pari-passu charge on entire current assets of the Company, second pari-passu charge on the entire fixed assets of the Company.
- (v) ₹ 7,632.02 Lacs secured by way of first pari-passu charge on the entire current assets of the Company, second pari-passu charge on fixed assets of the Company with other working capital lenders.
- (vi) ₹ 2,530.94 Lacs secured by way of hypothecation of entire stock of raw material, stock in process, finished goods, consumables stores & spares inward RR's/GR's receivables and all other current assets of the borrower on pari-passu basis with other consortium banks.
- (vii) ₹ 19,811.55 Lacs secured by way of hypothecation of entire stock of raw material, stock in process, finished goods, stores & spares & receivables on pari-passu basis with other consortium banks.
- (viii) ₹ 20,468.33 Lacs secured by way of first mortgage and charge on all immoveable properties of the company both present & future. First charge by way of hypothecation of the movable assets (incl. all receivables & tangibles) of the company both present & future. Assignment of first charge on all project contracts, assignment of all leasehold & other rights under sub lease agreement with Gujarat Pipavav Port Limited.
- (ix) ₹ 56,713.58 Lacs are secured by way of first pari passu charge on entire current assets of the Company and second pari passu charge on the entire Fixed Assets of the Company.

8.2 Secured loans of ₹ 150,795.06 Lacs are further guaranteed by M/s SKIL Infrastructure Ltd. the promoter company and ₹ 145,326.73 Lacs are guaranteed by some of the directors in their personal capacities.

8.3 Unsecured loan, ₹ 11,230.21 Lacs are secured by first charge by way of mortgage of land admeasuring 61.41.50 Hectares situated at Borgaon, Taluka Pen, District Raigad in the State of Maharashtra owned by other corporates and are further secured by pledge of 18,110,647 no. of equity shares of the Company, held by the promoters and 63,728,003 no. of shares of SKIL Infrastructure Limited and corporate guarantee of SKIL Infrastructure Limited, ₹ 4,075.00 Lacs is secured by way of registered mortgage of 19.50 acres of land parcel located at Raigarh District Maharashtra owned by corporates and individuals. The said loans are further guaranteed by one of the director of the Company.

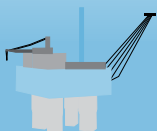
8.4 As on March 31, 2014, the Company has overdue of ₹ 37,849.12 Lacs (Previous Year: ₹ 6,162.00 Lacs) and ₹ 2,422.87 Lacs (Previous Year: ₹ 230.59 Lacs) towards the principal and interest respectively, out of which ₹ 26,805.25 Lacs has since been repaid.

## Note - 9

### TRADE PAYABLES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Micro Small and Medium Enterprises	839.08	827.03
Others	30,769.79	29,631.27
<b>Total</b>	<b>31,608.87</b>	<b>30,458.30</b>





# Notes on Consolidated Financial Statements

9.1 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:

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Principal amount remaining unpaid	839.08	827.03
Interest due thereon	228.07	172.53
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	228.07	172.53
Interest remaining due and payable even in succeeding years	—	—

## Note - 10 OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long Term Debts	72,646.19	48,810.91
Interest accrued and due on borrowings	10,678.95	454.42
Interest accrued but not due on borrowings	3,648.17	2,851.02
Unclaimed Share Application Money *	5.36	6.01
Creditors for Capital Goods	23,690.96	24,779.72
Advances from Customers	64,050.67	2.41
Statutory Dues	2,120.29	1,267.49
Deferred Forward Premium	279.28	178.49
Book Overdraft	—	4,231.27
Other Payables **	8,519.30	1,272.59
<b>Total</b>	<b>185,639.17</b>	<b>83,854.33</b>

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

\*\* Includes mainly amount payables to employees and provision for expenses.

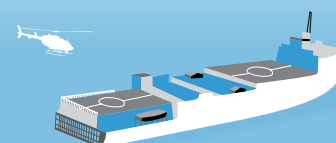
10.1 Advances from customers includes ₹ 53,726.81 Lacs in respect of which matter is under litigation and the counsel of the Company is of the opinion that the matter may take more than a years time to get settled.

## Note - 11 SHORT TERM PROVISIONS

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
For Employee Benefits	181.82	311.99
For Wealth Tax (Net)	2.15	2.35
Other Provisions #	51,517.95	24,488.40
<b>Total</b>	<b>51,701.92</b>	<b>24,802.74</b>

# 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. The provision for estimated cost over contract revenue on Shipbuilding contracts and costs estimated for revenue recognised as at March 31, 2013 was ₹ 6,447.81 Lacs and ₹ 18,040.59 Lacs respectively, out of which ₹ 6,447.81 and ₹ 7,761.39 Lacs has been incurred during the year. Liability outstanding under this clause as at March 31, 2014 is ₹ 4,499.38 Lacs and ₹ 47,018.57. Lacs respectively. Actual outflow is expected in the subsequent financial years.



# Notes on Consolidated Financial Statements

Note - 12  
FIXED ASSETS

₹ in Lacs

Particulars	Gross Block				Depreciation and Amortisation				Net Block	
	As at 1-Apr-13	Additions during the year	Deductions/ Adjustments	As at 31-Mar-14	Upto 31-Mar-13	For the year	Deductions/ Adjustments	Upto 31-Mar-14	As at 31-Mar-14	As at 31-Mar-13
<b>Tangible Assets</b>										
<b>Owned Assets</b>										
Land and Site Development	3,110.25			3,110.25	—	—	—	—	3,110.25	3,110.25
Buildings	52,059.37	—	—	52,059.37	5,575.82	1,682.93	—	7,258.75	44,800.62	46,483.55
Plant and Equipments	237,499.95	245.14	207.19	237,537.90	22,421.24	13,240.18	134.40	35,527.02	202,010.88	215,078.71
Furniture and Fixtures	890.25	43.07	4.41	928.91	346.33	45.48	1.31	390.50	538.41	543.92
Office Equipments	312.19	40.36	16.40	336.15	74.16	19.27	7.71	85.72	250.43	238.03
Vehicles	533.58	51.56	37.74	547.40	231.30	51.16	34.43	248.03	299.37	302.28
<b>Total</b>	<b>294,405.59</b>	<b>380.13</b>	<b>265.74</b>	<b>294,519.98</b>	<b>28,648.85</b>	<b>15,039.02</b>	<b>177.85</b>	<b>43,510.02</b>	<b>251,009.96</b>	<b>265,756.74</b>
<b>Leased Assets</b>										
Leasehold Land	22,552.54	17,568.91	—	40,121.45	4,584.46	1,464.74	—	6,049.20	34,072.25	17,968.08
<b>Total</b>	<b>22,552.54</b>	<b>17,568.91</b>	<b>—</b>	<b>40,121.45</b>	<b>4,584.46</b>	<b>1,464.74</b>	<b>—</b>	<b>6,049.20</b>	<b>34,072.25</b>	<b>17,968.08</b>
<b>Total Tangible Assets</b>	<b>316,958.13</b>	<b>17,949.04</b>	<b>265.74</b>	<b>334,641.43</b>	<b>33,233.31</b>	<b>16,503.76</b>	<b>177.85</b>	<b>49,559.22</b>	<b>285,082.21</b>	<b>283,724.82</b>
<b>Intangible Assets</b>										
Computer Softwares*	710.87	111.63	12.82	809.68	271.75	142.07	12.82	401.00	408.68	439.12
<b>Total Intangible Assets</b>	<b>710.87</b>	<b>111.63</b>	<b>12.82</b>	<b>809.68</b>	<b>271.75</b>	<b>142.07</b>	<b>12.82</b>	<b>401.00</b>	<b>408.68</b>	<b>439.12</b>
<b>Total</b>	<b>317,669.00</b>	<b>18,060.67</b>	<b>278.56</b>	<b>335,451.11</b>	<b>33,505.06</b>	<b>16,645.83</b>	<b>190.67</b>	<b>49,960.22</b>	<b>285,490.89</b>	<b>284,163.94</b>
Previous Year	254,748.96	62,975.27	55.23	317,669.00	20,806.95	12,721.17	23.06	33,505.06	284,163.94	—
Capital Work in Progress									319,912.03	220,642.10
Intangible Assets under development									1,846.57	—

\* Other than Internally Generated.



# Notes on Consolidated Financial Statements

12.1 The Leasehold Land represents the lease premium and the cost incurred for reclaiming, development and strengthening of the Land.

12.2 Buildings and Plant & equipments are constructed/installed on leasehold land.

## 12.3 Capital Work in Progress includes:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
— Material at site	1,349.03	1,307.13
— Assets under construction and installation	247,722.54	186,957.74
— Preoperative expenses	70,840.47	32,377.23

## 12.4 Intangible Assets under development includes:

₹ in Lacs

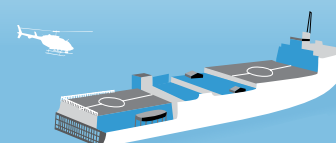
Particulars	2013 - 2014	2012 - 2013
— Software development & Licence Fees	1,769.80	—
— Preoperative expenses	76.77	—

## 12.5 Details of Preoperative expenses are as under:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Opening Balance	32,377.23	20,333.16
Add:		
Salaries, Wages and Allowances	—	550.19
Contribution to PF and Other Fund	—	14.47
Staff Welfare Expenses	—	1.93
Rent	—	31.41
Professional and Consultancy Charges	14.82	151.99
Conveyance, Travelling and Vehicle Expenses	55.24	161.14
Consumables	21.52	—
Insurance	35.94	22.08
Communication Expenses	—	5.32
Repairs & Maintenance – Others	—	9.20
Miscellaneous Expenditure	—	110.66
Interest Expenses	34,139.12	18,058.84
Other Borrowing Costs	4,273.37	1,121.90
	70,917.24	40,572.29
Less :		
Allocated to Fixed Assets	—	8,195.06
<b>Closing Balance</b>	<b>70,917.24</b>	<b>32,377.23</b>

12.6 In accordance with the Accounting Standard (AS – 28) on “Impairment of Assets”, the Management during the year carried out an exercise of identifying the assets 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.





# Notes on Consolidated Financial Statements

12.7 Additions in the Fixed Assets include interest and financial charges of ₹ NIL (Previous Year : ₹ 5,800.15 Lacs) as detailed below:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Buildings	—	24.65
Plant and Machinery	—	5,775.50
<b>Total</b>	<b>—</b>	<b>5,800.15</b>

## Note - 13

### NON CURRENT INVESTMENTS

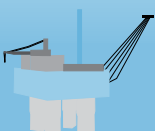
₹ in Lacs

Particulars	Face Value	Numbers		As at March 31, 2014	As at March 31, 2013
		March 31, 2014	March 31, 2013		
<b>Long Term Trade Investments (Unquoted and fully paid up)</b>					
<b>In Equity Shares of Associate Company</b>					
Conceptia Software Technologies Private Limited	₹10	112,200	112,200	188.23	179.82
				188.23	179.82
<b>Other Investments</b>					
<b>Government and Other Securities</b>					
6 years National Savings Certificate	—	—	—	0.05	0.05
(Deposited with Sales Tax Department)					
				0.05	0.05
<b>Total</b>				<b>188.28</b>	<b>179.87</b>

### 13.1 Aggregate amount of Non Current Investments.

₹ in Lacs

Particulars	As at March 31, 2014		As at March 31, 2013	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	—	—	—	—
Unquoted Investments	188.28	—	179.87	—
<b>Total</b>	<b>188.28</b>	<b>—</b>	<b>179.87</b>	<b>—</b>







# Notes on Consolidated Financial Statements

## Note - 14

### LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Capital Advances	49,928.34	48,806.64
Security Deposits with		
Related Parties	325.00	325.00
Others	2,979.47	2,613.31
Cenvat/VAT recoverable	—	4,852.02
Advance Taxes (Net)	2,551.68	780.85
MAT credit entitlement	3,474.42	2,887.91
Bond Application Money	20,222.00	—
<b>Total</b>	<b>79,480.91</b>	<b>60,265.73</b>

#### 14.1 Details of Deposits to Related Parties

₹ in Lacs

Company Name	Nature of Relationship	As at March 31, 2014	As at March 31, 2013
Awaita Properties Private Limited	Enterprises in which Directors are able to exercise significant influence	325.00	325.00

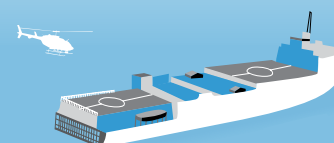
14.2 Presently the company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961 ("the Act") and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115JB, in next ten years. Based on the future projection of the performances, the company will be liable to pay the Income Tax as per provisions, other than under section 115JB, of the Act. Accordingly as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India, ₹ 587.31 Lacs (Previous Year: ₹ 894.30 Lacs) being the excess of tax payable under section 115JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as MAT credit entitlement and credited to statement of Profit and Loss. The aggregate MAT credit entitlement available to the Company as on March 31, 2014 is ₹ 3,474.42 Lacs (Previous Year: ₹ 2,887.91 Lacs) net of reversal of excess provision of ₹ 0.79 Lacs (Previous Year: ₹ 159.73 Lacs) made in previous years.

## Note - 15

### CURRENT INVESTMENTS (Unquoted)

₹ in Lacs

Particulars	Face Value (₹)	Numbers March 31, 2014	Amount March 31, 2014	Numbers March 31, 2013	Amount March 31, 2013
<b>In Units of Mutual Funds</b>					
SBI Debt Fund Series- 367 Days-18-Growth	10.00	—	—	3,400,000.00	340.00
SBI Debt Fund Series- 366 Days-2-Growth	10.00	—	—	1,100,000.00	110.00
<b>Total</b>			—		450.00





# Notes on Consolidated Financial Statements

15.1 Refer Note No. 1(f) for basis of valuation.

15.2 Aggregate amount of Current Investments.

₹ in Lacs

	As at March 31, 2014		As at March 31, 2013	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	—	—	—	—
Unquoted Investments	—	—	450.00	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>450.00</b>	<b>—</b>

## Note - 16 INVENTORIES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Raw Materials	21,028.54	14,203.93
Raw Materials in Transit	543.00	188.37
Work in Progress	12.67	—
Stores and Spares	1,472.62	1,706.29
Scrap	37.47	181.86
<b>Total</b>	<b>23,094.30</b>	<b>16,280.45</b>

## Note - 17 TRADE RECEIVABLES

(Unsecured & Considered Good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months	65,741.49	45,888.36
Others	73,816.74	43,710.74
<b>Total</b>	<b>139,558.23</b>	<b>89,599.10</b>

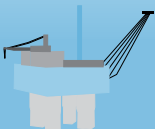
17.1 In respect of Trade Receivables which are outstanding for more than six months the management is of the view that all the dues are good for recovery and no provision for doubtful debts is required since these receivables have been confirmed by the respective parties as at March 31, 2014.

## Note - 18 CASH AND BANK BALANCES

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
<b>Cash and Cash Equivalents</b>		
Balances with Banks In Current Accounts	4,220.66	4,577.48
Cheques on Hand	393.10	—
Cash on Hand	14.36	10.33
	<b>4,628.12</b>	<b>4,587.81</b>
<b>Other Bank Balances</b>		
Share Application Money Refund Account	5.36	6.01
Fixed Deposits with Banks held as margin money *	33,801.83	32,964.53
	<b>33,807.19</b>	<b>32,970.54</b>
<b>Total</b>	<b>38,435.31</b>	<b>37,558.35</b>

\* Includes ₹ 8,407.56 Lacs (Previous Year: ₹ 11,287.96 Lacs) having maturity period more than twelve months.





# Notes on Consolidated Financial Statements

## Note - 19

### SHORT TERM LOANS AND ADVANCES

(Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Security Deposits	65.78	418.31
Prepaid Expenses	3,834.18	5,448.75
Cenvat/VAT recoverable	2,393.75	—
Advance against purchase of material/services	26,349.75	12,373.20
Other Advances *	6,944.88	5,754.18
<b>Total</b>	<b>39,588.34</b>	<b>23,994.44</b>

\* Mainly includes interest and VAT/Cenvat refundable/to be availed.

## Note - 20

### OTHER CURRENT ASSETS

(Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Shipbuilding Contracts Receivables	62,998.19	55,370.54
Subsidy Receivable	16,660.95	28,907.74
<b>Total</b>	<b>79,659.14</b>	<b>84,278.28</b>

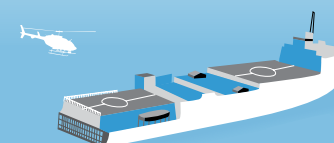
## Note - 21

### REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Ship Building and Block Manufacturing	122,917.05	43,851.70
Repairs and Fabrication	51,500.58	103,078.42
Subsidy on Shipbuilding	4,141.10	5,360.02
Sale of Steel Items (Steel Plates, Pipes & Rolled Products)	73,650.93	108,022.33
Other Operating Revenue		
Sale of Scraps	1,178.69	1,408.21
Contract Advance Forfeiture	—	6,336.59
<b>Total</b>	<b>253,388.35</b>	<b>268,057.27</b>

21.1 As per the Guidelines for the Shipbuilding Subsidy issued by the Government of India on March 25, 2009, the Company is eligible for subsidy at the rate of 30% of the contract price or as per the price reasonableness certificate received from Ministry of Shipping, Government of India, as the case may be. Accordingly Government Subsidy of ₹ 4,141.10 Lacs for the year ended March 31, 2014 (Previous Year ₹ 5,360.02 Lacs) has been recognised as revenue including in respect of Ships under construction on proportionate completion basis as at March 31, 2014.





# Notes on Consolidated Financial Statements

## Note - 22

### OTHER INCOME

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Income	3,534.08	2,587.23
Profit on Sale of Fixed Assets (Net)	—	4.60
Profit on Sale of Current Investments	44.64	15.08
Dividend on Current Investments	24.73	15.79
Liability No Longer Required Written Back (Net)	221.62	0.50
Miscellaneous Income	77.87	34.87
<b>Total</b>	<b>3,902.94</b>	<b>2,658.07</b>

## Note - 23

### COST OF MATERIALS CONSUMED

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Steel Plates and Profiles	15,318.01	7,989.97
Equipment and Components	11,347.57	20,026.10
<b>Total</b>	<b>26,665.58</b>	<b>28,016.07</b>

#### 23.1 Value of Raw Materials Consumed includes:

₹ in Lacs

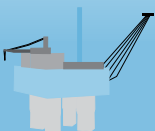
Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Value	Percentage	Value	Percentage
Indigenous	11,762.19	44.11%	8,478.03	30.26%
Imported	14,903.39	55.89%	19,538.04	69.74%
	26,665.58	100.00%	28,016.07	100.00%

## Note - 24

### PURCHASE OF TRADED GOODS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Steel Items (Steel Plates, Pipes, Rolled Products & other steel items)	72,915.27	106,939.89
<b>Total</b>	<b>72,915.27</b>	<b>106,939.89</b>





# Notes on Consolidated Financial Statements

## Note - 25

### CHANGES IN INVENTORIES OF WORK IN PROGRESS AND SCRAP

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
At the end of the year		
Scrap	37.47	181.86
Work in progress	12.67	—
	50.14	181.86
Less: At the beginning of the year		
Scrap	181.86	433.06
Work in progress	—	—
	181.86	433.06
Changes in Inventories	131.72	251.20

## Note - 26

### EMPLOYEE BENEFITS EXPENSES

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Salaries, Wages and Allowances	5,316.50	4,952.72
Contribution to Provident and Other Funds	166.48	138.83
Staff Welfare Expenses	256.30	263.76
<b>TOTAL</b>	<b>5,739.28</b>	<b>5,355.31</b>

26.1 Salary, wages and allowances includes remuneration to Executive Vice Chairman of ₹ 257.28 Lacs (Previous Year: ₹ 407.28 Lacs) which is subject to the approval of Central Government.

#### 26.2 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

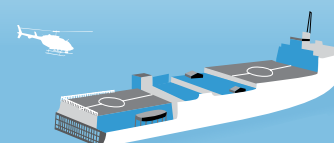
₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Employers Contribution to Provident Fund	136.12	135.42
Employers Contribution to Pension Fund	30.36	17.88
	166.48	153.30

##### Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan, is managed by a trust maintained with Life Insurance Corporation of India (LIC). The Company has made contribution to the above mentioned trust upto the financial year ended 31<sup>st</sup> March, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

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.





# Notes on Consolidated Financial Statements

## (a) Gratuity (Funded)

### (i) Reconciliation of opening and closing balances of the present value of the defined gratuity benefit obligation.

₹ in Lacs

Particulars	2013 - 2014		2012 - 2013	
	Funded	Non Funded	Funded	Non Funded
Defined Benefit Obligation at beginning of the year	169.51	2.08	104.22	3.02
Current & Past Service Cost	61.74	0.48	60.61	0.22
Current Interest Cost	14.83	0.18	8.60	0.51
Actuarial (Gain)/Loss	(44.14)	(0.38)	(3.16)	(1.05)
Benefits paid	(13.00)	(0.30)	(0.76)	(0.62)
Defined Benefit Obligation at end of the year	188.94	2.06	169.51	2.08

### (ii) Reconciliation of opening and closing balances of the Fair Value of the Plan Assets.

₹ in Lacs

Particulars	2013 - 2014		2012 - 2013	
	Funded	Non Funded	Funded	Non Funded
Fair Value of Plan Assets at the beginning of the year	59.67	—	55.18	—
Expected Return on Plan Assets	4.96	—	4.59	—
Actuarial Gain/(Loss)	(0.19)	—	(0.10)	—
Contributions	—	0.30	—	0.62
Benefits Paid	—	(0.30)	—	(0.62)
Fair Value of the Assets at the end of the year	64.44	—	59.67	—

### (iii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

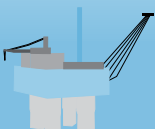
₹ in Lacs

Particulars	2013 - 2014		2012 - 2013	
	Funded	Non Funded	Funded	Non Funded
Fair Value of Plan Assets at the end of the year	64.44	—	59.67	—
Present Value of Defined Benefit Obligation at end of the year	188.94	2.06	169.51	2.08
Liabilities/(Assets) recognised in the Balance Sheet	124.50	2.06	109.84	2.08

### (iv) Expenses recognised during the year

₹ in Lacs

Particulars	2013 - 2014		2012 - 2013	
	Funded	Non Funded	Funded	Non Funded
Current & Past Service Cost	61.74	0.48	60.61	0.22
Interest Cost	14.83	0.18	8.60	0.51
Expected Return on Plan Assets	(4.96)	—	(4.59)	—
Actuarial (Gain)/Loss	(43.95)	(0.38)	(3.06)	(1.05)
Net Cost Recognised in statement of Profit and Loss	27.66	0.28	61.56	(0.32)







# Notes on Consolidated Financial Statements

## (v) Assumptions used to determine the defined benefit obligations

₹ in Lacs

Particulars	2013 - 2014		2012 - 2013	
	Funded	Non Funded	Funded	Non Funded
Mortality Table (LIC)	(2006 - 08 ultimate)		(2006 - 08 ultimate)	
Discount Rate (p.a.)	9.10%	9.14%	8.28%	8.27%
Estimated Rate of Return on Plan Asset	8.00%	0.00%	8.00%	0.00%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%	7.00%	7.00%

The estimates of rate of increase in salary are 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.

## (vi) Amounts for the Current and previous year for Gratuity Funded are as follows:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Defined Benefit Obligation	188.94	169.51	104.22	95.09	84.46
Plan Assets	64.44	59.67	55.18	51.02	45.11
Surplus/(Deficit)	(124.50)	(109.84)	(49.04)	(44.07)	(39.35)
Experience adjustment on plan assets (Gain)/Loss	(0.19)	(0.10)	(0.09)	2.06	(4.35)
Experience adjustment on plan Liabilities Gain/(Loss)	(27.59)	(8.81)	(50.17)	17.48	(43.63)

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.

## (b) Leave Encashment (Unfunded)

### (i) Reconciliation of opening and closing balances of the present value of the defined leave encashment benefit obligation.

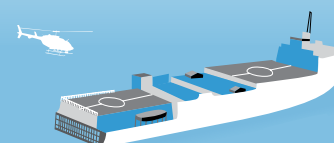
₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Defined Benefit Obligation at beginning of the year	304.81	246.81
Current & Past Service Cost	25.88	38.30
Current Interest Cost	27.07	19.81
Actuarial (Gain)/Loss	(4.96)	14.97
Benefits paid	(14.65)	(15.08)
Defined Benefit Obligation at end of the year	338.15	304.81

### (ii) Reconciliation of Present Value of Obligation and Fair Value of Plan Assets

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Fair Value of Plan Assets at the end of the year	—	—
Present Value of Defined Benefit Obligation at end of the year	338.15	304.81
Liabilities/(Assets) recognised in the Balance Sheet	338.15	304.81





# Notes on Consolidated Financial Statements

## (iii) Expenses recognised during the year

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Current & Past Service Cost	25.88	38.30
Interest Cost	27.07	19.81
Expected Return on Plan Assets	—	—
Actuarial (Gain)/Loss	(4.96)	14.97
Net Cost Recognised in statement of Profit and Loss	47.99	73.08

## (iv) Assumptions used to determine the defined benefit obligations

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Mortality Table		
Discount Rate (p.a.)	9.10%	8.28%
Estimated Rate of Return on Plan Asset	N/A	N/A
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

The estimates of rate of increase in salary are 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.

## (v) Amounts for the Current and previous year for Leave Encashment Funded are as follows:

₹ in Lacs

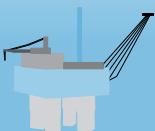
Particulars	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Defined Benefit Obligation	338.15	304.81	244.02	175.57	124.37
Plan Assets	—	—	—	—	—
Surplus/(Deficit)	(338.15)	(304.81)	(244.02)	(175.57)	(124.37)
Experience adjustment on plan Liabilities Gain/(Loss)	13.01	4.13	31.08	29.10	(22.86)

## Note - 27

### FINANCE COSTS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Interest Expenses	32,607.53	26,948.84
Other Borrowing Costs	15,139.42	12,928.76
<b>Total</b>	<b>47,746.95</b>	<b>39,877.60</b>





# Notes on Consolidated Financial Statements

## Note - 28

### OTHER EXPENSES

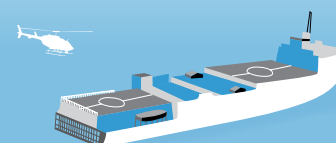
₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Consumables, Stores and Spares	3,790.35	3,460.61
Power, Fuel and Water	2,176.25	2,005.24
Repairs and Maintenance	2,475.44	1,840.44
Labour and Fabrication Charges	10,804.67	17,434.95
Equipment Hire Charges	3,016.79	3,763.91
Rent	813.77	804.70
Design, Drawing and Construction Support Fees	732.63	2,416.35
Insurance	1,751.99	502.59
Cost Estimated for Revenue Recognised	28,977.98	16,913.89
Provision for estimated cost over contract revenue	(1,948.44)	5,518.86
Rates and Taxes	99.68	210.40
Communication Expenses	143.05	132.40
Travelling, Conveyance and Vehicle Hire Charges	1,600.43	1,739.41
Legal and Professional Charges	3,171.96	3,006.45
Foreign Exchange Difference (Net)	15,248.07	97.70
Payment to Auditors	96.60	102.90
Advertising, Publicity and Selling Expenses	335.09	240.57
Business Promotion Expenses	524.20	791.48
Brokerage and Commission	—	786.67
Excess provision of subsidy written off	9,320.92	—
Loss on Sale of Fixed Assets (Net)	65.48	1,884.80
Donations	5.87	—
Miscellaneous Expenses	2,159.55	5.26
<b>Total</b>	<b>85,362.33</b>	<b>63,659.58</b>

#### 28.1 Value of Stores and Spares Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
	Value	Percentage	Value	Percentage
Indigenous	3,388.57	89.40%	3,199.58	92.46%
Imported	401.78	10.60%	261.03	7.54%
<b>Total</b>	<b>3,790.35</b>	<b>100.00%</b>	<b>3,460.61</b>	<b>100.00%</b>





# Notes on Consolidated Financial Statements

## 28.2 Payment to Auditors includes:

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Audit Fees	52.00	52.00
Tax Audit Fees	14.00	12.00
Certification Charges	30.60	23.90
Other Matters	—	15.00
<b>Total</b>	<b>96.60</b>	<b>102.90</b>

## Note - 29

### Earnings per share (Basic and Diluted)

₹ in Lacs

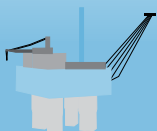
Particulars		2013 - 2014	2012 - 2013
Net Profit/(Loss) after Tax		272.22	3,109.49
Amount available for calculation of Basic and Diluted EPS	(a)	272.22	3,109.49
Weighted Average No. of Equity Shares outstanding for Basic EPS	(b)	731,237,937	697,143,593
Basic Earnings per share of ₹ 10/- each (in ₹)	(a)/(b)	0.04	0.45
Weighted Average No. of Equity Shares for diluted EPS			
Weighted Average No. of Equity Shares considered for Basic EPS		731,237,937	697,143,593
Add: Potential Equity Shares		—	576,336
Weighted Average No. of Equity Shares outstanding for Diluted EPS	(c)	731,237,937	697,719,929
Diluted Earnings per share of ₹ 10/- each (in ₹)	(a)/(c)	0.04	0.45

## Note - 30

### PRIOR PERIOD ITEMS

₹ in Lacs

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
Expenses		
Legal and Professional Charges	0.74	—
Travelling, Conveyance and Vehicle Hire Charges	0.37	30.26
Salaries, Wages and Allowances	—	1.72
Miscellaneous Expenses	2.23	3.19
Other Borrowing Costs	50.00	—
<b>Total</b>	<b>53.34</b>	<b>35.17</b>





# Notes on Consolidated Financial Statements

## Note - 31

### EXPENDITURE IN FOREIGN CURRENCY

₹ in Lacs

Particulars	As at March 31, 2014	As at March 31, 2013
Legal and Professional Charges	695.77	1,201.47
Travelling, Conveyance and Vehicle Charges	133.23	111.03
Labour and Fabrication Charges	233.84	7,938.09
Finance Cost	5,965.32	324.53
Design, Drawing and Construction Support Fees	588.01	2,406.10
Equipment Hire Charges	57.01	1,966.08
Brokerage and Commission	—	786.67
Salaries, Wages and Allowances	141.45	—
Miscellaneous Expenses	235.03	205.03
<b>Total</b>	<b>8,049.66</b>	<b>14,939.00</b>

## Note - 32

### CONTINGENT LIABILITIES AND COMMITMENTS

#### 32.1 CONTINGENT LIABILITIES

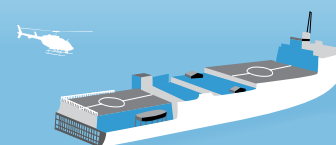
(No Cash Outflow is expected except as stated otherwise)

₹ in Lacs

Sr No.	Particulars	2013 - 2014	2012 - 2013
(a)	Guarantees given by Company's Bankers		
(i)	Refund Bank Guarantees given to customers (Net of liabilities accounted for)	98,396.32	114,943.76
(ii)	Other Bank Guarantees (Bank Guarantees are provided under Contractual/Legal obligations)	27,358.84	28,917.31
(b)	Demands not acknowledged as Debts		
(i)	Income Tax (The Company has Advance Tax/TDS Credit of ₹ 1,557.10 Lacs (P.Y. 321.51 Lacs) against the total demand)	4,324.14	1,178.81
(ii)	Service Tax, Excise Duty and Vat (Relates to disallowance of CENVAT Credit and Vat Credit taken by the Company)	2,438.36	2,327.88
(iii)	Third Party Claims (Relates to demands raised by vendors)	5,724.46	5,792.06
(c)	Letters of Credit opened in favour of suppliers (Cash Flow is expected on receipt of materials from suppliers)	4,272.03	7,189.04

#### 32.2 COMMITMENTS

(a)	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)	123,285.64	35,287.06
(b)	Other Commitments (for investment in an Associate and Joint Venture)	802.24	802.24





# Notes on Consolidated Financial Statements

## Note - 33

The Company has issued a Bond cum legal undertaking for ₹ 53,400 Lacs (Previous Year: ₹ 53,400 Lacs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up an SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, a General Bond in favour of the President of India for a sum of ₹ 15,300 Lacs (Previous Year : ₹ 15,300 Lacs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

## Note - 34

The Company has received Twenty Two show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to wrong 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 and some procedural non-compliances. The company does not foresee any losses on this account.

## Note - 35

Cenvat/Vat recoverable represents the Cenvat/Vat/Central Sales Tax paid on the purchase of goods and services for the project and operations. The Company has been legally advised that such amounts are recoverable. Any unrealised amounts will be added back to the cost of the project or charged off to the statement of profit and loss, as the case may be in the year of settlement. The Company has been further advised that the construction of dry dock and revenue from fabrication at its sites are exempted from Service Tax and Excise Duty.

## Note - 36

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

## Note - 37

### SEGMENT REPORTING

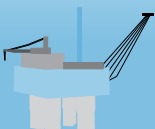
#### A. Segment information as per Accounting Standard - 17 on Segment Reporting :

Information provided in respect of revenue items for the year ended March 31, 2014 and in respect of assets/liabilities as at March 31, 2014.

#### I. Information about Primary (Product wise) segments :

₹ in Lacs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1.	REVENUE				
	External Sales	179,737.42 (160,034.93)	73,650.93 (108,022.33)	— (—)	253,388.35 (268,057.26)
2.	RESULTS				
	Segment Results	49,514.21 (48,935.38)	735.66 (1,082.44)	— (—)	50,249.87 (50,017.82)
	Unallocated Corporate Expenses	— (—)	— (—)	4,342.03 (8,314.23)	4,342.03 (8,314.23)
	Operating Profit/(Loss)	49,514.21 (48,935.38)	735.66 (1,082.44)	(4,342.03) (-8,314.23)	45,907.84 41,703.59
	Finance Cost	— (—)	— (—)	47,746.95 (39,877.60)	47,746.95 (39,877.60)







# Notes on Consolidated Financial Statements

₹ in Lacs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
	Unallocated Corporate Income	— (—)	— (—)	3,902.94 (2,658.07)	3,902.94 (2,658.07)
	Profit from Ordinary Activities before tax	49,514.21 (48,935.38)	735.66 (1,082.44)	(48,186.04) (-45,533.76)	2,063.83 (4,484.06)
	Provision for Income-tax - Net	— (—)	— (—)	1,800.03 (1,377.49)	1,800.03 (1,377.49)
	Consolidated share in the profits of the Associates	— (—)	— (—)	8.42 (2.91)	8.42 (2.91)
	Net Profit	49,514.21 (48,935.38)	735.66 (1,082.44)	(49,977.65) (-46,908.34)	272.22 (3,109.49)

## 3. OTHER INFORMATION

	Segment Assets	892,236.95 (741,829.95)	29,960.76 (25,494.34)	— (—)	922,197.71 (767,324.29)
	Unallocated Corporate Assets	— (—)	— (—)	86,074.51 (51,106.13)	86,074.51 (51,106.13)
	<b>Total Assets</b>	892,236.95 (741,829.95)	29,960.76 (25,494.34)	86,074.51 (51,106.13)	1,008,272.22 (818,430.42)
	Segment Liabilities	181,052.87 (86,819.54)	5,679.70 (9,205.43)	— (—)	186,732.57 (96,024.97)
	Unallocated Corporate Liabilities	— (—)	— (—)	587,236.10 (514,613.04)	587,236.10 (514,613.04)
	<b>Total Liabilities</b>	181,052.87 (86,819.54)	5,679.70 (9,205.43)	587,236.10 (514,613.04)	773,968.67 (610,638.01)

₹ in Lacs

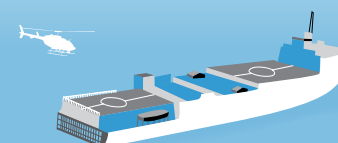
Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
	Capital Expenditure	116,570.32 (231,877.73)	— (—)	1,881.98 (47.18)	118,452.30 (231,924.91)
	Depreciation and amortisation	16,621.88 (12,674.17)	— (—)	23.95 (47.00)	16,645.83 (12,721.17)
	Non-cash Expenses other than Depreciation	— (—)	— (—)	— (—)	— (—)

Figures in brackets represents previous year's amounts.

## II. Information about Secondary Segment : Geographical Segment :

₹ in Lacs

Particulars	March 31, 2014	March 31, 2013
<b>Revenue by Geographical Segment</b>		
Within India	223,102.01	214,087.27
Outside India	30,286.34	53,969.99
<b>Total Revenue</b>	<b>253,388.35</b>	<b>268,057.26</b>





# Notes on Consolidated Financial Statements

₹ in Lacs

Particulars	March 31, 2014	March 31, 2013
<b>Carrying Amount of Segment Assets</b>		
Within India	884,844.76	725,358.11
Outside India	123,427.46	93,072.31
<b>Total Assets</b>	<b>1,008,272.22</b>	<b>818,430.42</b>
<b>Capital Expenditure</b>		
Within India	118,452.30	231,924.91
Outside India	—	—

**(B) Segment Identification, Reportable Segments and definition of each segment:**

**I. Primary/Secondary Segment Reporting Format:**

The risk – return profile of the Company's business is determined predominantly by the nature of its products. Accordingly, the business segment constitute the Primary Segments for disclosure of segment information.

**II. Reportable Segments:**

Segments have been identified based on the organisational structure, internal management reporting system, nature of production process and infrastructure facilities used.

**III. Segment Composition:**

Ship building and Fabrication includes shipbuilding, block manufacturing, ship and rig repairs, fabrication etc. at its SEZ and EOU units situated at Pipavav, Gujarat. Trading includes steel trading activities.

**Note - 38**

## RELATED PARTY DISCLOSURES

**(a) List of Related parties**

**(1) Associates**

SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)  
Conceptia Software Technologies Private Limited

**(2) Key Managerial Personnel**

Mr. Nikhil P. Gandhi  
Mr. Bhavesh P. Gandhi  
Mr. Rajiv Shukla (w.e.f.: June 01, 2013)  
Mr. Praveen Mohnot

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

Grevek Investments and Finance Private Limited  
Awaita Properties Private Limited





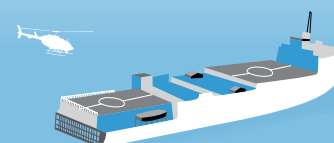
# Notes on Consolidated Financial Statements

## (b) Transactions with related parties for the year ended March 31, 2014

₹ in Lacs

Nature of Transactions	Associates		Key Managerial Personnel				Other Related Parties		Total
	SKIL Infrastructure Limited (formerly Horizon Infrastructure Limited)	Conceptia Software Technologies P. Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr. Rajiv Shukla (CEO)	Mr. Praveen Mohnot (CFO)	Grevek Investments and Finance Private Limited	Awaita Properties Pvt. Ltd.	
<b>Expenditure</b>									
Lease Rent	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	433.74 (427.17)	433.74 (427.17)
Engineering and Design	— (—)	24.98 (6.49)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	24.98 (6.49)
Directors Sitting fees	— (—)	— (—)	3.20 (2.40)	— (—)	— (—)	— (—)	— (—)	— (—)	3.20 (2.40)
Remuneration	— (—)	— (—)	— (—)	257.28 (407.28)	80.90 (—)	47.40 (47.55)	— (—)	— (—)	385.58 (454.83)
Expenses reimbursed to	169.71 (22.53)	— (—)	— (—)	— (—)	— (—)	— (—)	44.96 (66.31)	46.66 (51.68)	261.33 (140.52)
Expenses reimbursed	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
Lease Deposits - Non-Current as at 31.03.14	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	325.00 (325.00)	325.00 (325.00)
Trade Payable	— (—)	10.23 (2.15)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	10.23 (2.15)
Other Payables	14.06 (400.95)	— (—)	— (—)	— (—)	— (—)	— (—)	44.96 (66.31)	44.84 (333.39)	103.86 (800.65)
<b>Inter Corporate Deposits</b>									
Received during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (8,650.00)	— (—)	— (8,650.00)
Repaid during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (8,650.00)	— (—)	— (8,650.00)
Balance as at 31.03.2014	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
<b>Equity Share Warrants</b>									
Issued during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (5,850.00)	— (—)	— (5,850.00)
Shares allotted during the year	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (7,800.00)	— (—)	— (7,800.00)
Balance as at 31.03.2014	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)
<b>Non Current Investment</b>									
Balance as at 31.03.2014	— (—)	188.23 (179.82)	— (—)	— (—)	— (—)	— (—)	— (—)	— (—)	188.23 (179.82)

Note: Figures in brackets pertain to previous year





# Notes on Consolidated Financial Statements

## Note - 39

### VALUE OF IMPORTS CALCULATED ON CIF BASIS

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Raw Material and Components	18,171.87	17,805.78
Stores and Spares	5.65	714.78
Capital Goods	1,555.01	2,212.32
	19,732.53	20,732.88

## Note - 40

### INCOME IN FOREIGN CURRENCY

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Ship Building and Block Manufacturing	27,205.31	42,755.85
Repairs and Fabrication	8,329.39	11,088.33
	35,534.70	53,844.18

## Note - 41

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

₹ in Lacs

Sr. No.	Particulars	2013 - 2014	2012 - 2013
(a)	The contract revenue recognised in the year.	72,539.34	44,142.00
(b)	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress	131,971.56	107,561.96
(c)	Amount of advance received from the customers for contracts in progress	113,271.51	77,292.16
(d)	The retention amount due from customers for contracts in progress as at the end of financial year.	—	—

## Note - 42

### FINANCIAL AND OTHER DERIVATIVE INSTRUMENTS:

(a) Derivative contracts entered into by the Company and outstanding are as under:

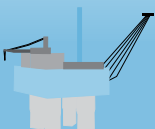
#### For Hedging Currency related risks

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Forward Contract	15,821.47	11,965.65
Currency Swap	1,331.21	17,802.78

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

(c) The expenditure on account of exchange difference on outstanding forward exchange contracts to be recognised in the Statement of Profit and Loss of subsequent period 144.73 Lacs (Previous Year NIL Lacs)





# Notes on Consolidated Financial Statements

(d) Foreign currency exposures that are not hedged by derivative instruments or forward contracts are:

₹ in Lacs

Particulars	2013 - 2014	2012 - 2013
Receivables	129,220.62	98,288.71
Payables	76,624.87	32,671.25

## Note - 43

On September 20, 2012 the Revenue Department ordered the Collector, Dist Amreli to send a proposal to the Government of Gujarat ('GOG') for raising a demand for payment of 100% premium on the land approximately 451 acres granted to the E Complex Private Limited (ECPL), the Petitioners (formerly known as Metdist Industries Private Limited), for industrial purpose, alleging that there is transfer of land/change of ownership of land on account of change in shareholding pattern, directorships and change of name of ECPL, change of user and for failure to complete the project within the specified period of three years. ECPL has filed the Writ Petition asserting that the legal entity to which the land was allotted is the same and as such there is no transfer of land. Further, the land was allotted for Industrial purpose and being used for industrial purpose, as such there is no change of user. As per principle of proportionality, for minor irregularities harsh action like demand for 100% premium cannot be initiated. The matter is pending before the High Court.

## Note - 44

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

Place : Mumbai,  
 Date : May 30, 2014

For and on behalf of the Board of Directors

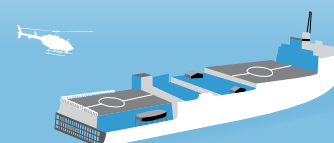
**Nikhil P. Gandhi**  
 Chairman

**Rajiv Shukla**  
 Chief Executive Officer

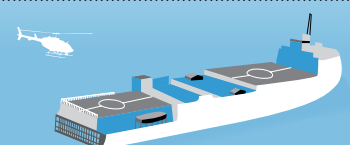
**Bhavesh P. Gandhi**  
 Executive Vice Chairman

**Praveen Mohnot**  
 Chief Financial Officer

**Ajit Dabholkar**  
 Corporate Counsel  
 & Company Secretary



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## PIPAVAV DEFENCE & OFFSHORE ENGINEERING COMPANY LIMITED

**Registered Office:** Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, Pin 365 560, Gujarat, India

**Corporate Office:** SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai - 400 023, India

**Phone:** +91 22 6619 9000 • **Fax:** +91 22 2269 6022

**CIN:** L35110GJ1997PLC033193 • **Website:** www.pipavavdoc.com • **E Mail:** company.secretary@pipavavdoc.com

### ATTENDANCE SLIP

(to be surrendered at the time of entry)

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli – 365 560, Gujarat, on Friday, September 26, 2014 at 12.00 Noon

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

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 Signed slips at the entrance of the Meeting Hall in accordance with their specimen signatures registered with the Company, for admission to the meeting.
- Members are informed that no duplicate attendance slips will be issued at the hall.



## PIPAVAV DEFENCE & OFFSHORE ENGINEERING COMPANY LIMITED

**Registered Office:** Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, Pin 365 560, Gujarat, India

**Corporate Office:** SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai - 400 023, India

**Phone:** +91 22 6619 9000 • **Fax:** +91 22 2269 6022

**CIN:** L35110GJ1997PLC033193 • **Website:** www.pipavavdoc.com • **E Mail:** company.secretary@pipavavdoc.com

### PROXY FORM

<b>Name of the member(s)</b>	:	
<b>Registered address</b>	:	
<b>E-mail Id</b>	:	
<b>Folio No./Client Id</b>	:	
<b>DP ID</b>	:	

I/We, being a Member(s), holding \_\_\_\_\_ shares of Pipavav Defence and Offshore Engineering Company Limited, hereby appoint

- Name:** \_\_\_\_\_ **E-mail Id:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Signature:**  , or failing him
- Name:** \_\_\_\_\_ **E-mail Id:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Signature:**  , or failing him
- Name:** \_\_\_\_\_ **E-mail Id:** \_\_\_\_\_

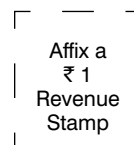
**Address:** \_\_\_\_\_

**Signature:**

as my/our proxy to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company, to be held on the 26th day of September, 2014 at 12.00 Noon at the Registered Office of the Company at Pipavav Port, Post Uchhaiya, Via-Rajula, District Amreli - 365 560, Gujarat, and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions	Type of resolution (Ordinary / Special)	Optional *	
			I / We assent to the resolution (For)	I / We dissent to the resolution (Against)
1.	Adoption of Annual Financial Statement as on 31st March, 2014	Ordinary		
2.	Re-appointment of Shri. Nikhil Gandhi as Director retiring by rotation	Ordinary		
3.	Appointment of M/s GPS & Associates, Chartered Accountants as Statutory Auditors of the Company and fix their remuneration in place of M/s. Chaturvedi & Shah, retiring Statutory Auditors	Ordinary		
4.	Appointment of Dr. Alexander John Joseph as an Independent Director	Ordinary		
5.	Appointment of Ms. Comal Ramachandran Gayathri as an Independent Director	Ordinary		
6.	Appointment of Shri. Samar Ballav Mohapatra as an Independent Director	Ordinary		
7.	Appointment of Shri. R. M. Premkumar as an Independent Director	Ordinary		
8.	Appointment of Shri. Ajai Vikram Singh as an Independent Director	Ordinary		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.



\_\_\_\_\_  
Signature of Shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For Resolutions, Explanatory Statements and Notes, please refer Notice of 17th Annual General Meeting of the Company.

\* It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolution(s), your proxy will be entitled to vote in the manner he/ she thinks appropriate.





PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

CIN : L35110GJ1997PLC033193  
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