



PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

Registered Office: Pipavav Port, Post Ucchaliya, Via-Rajula,
Dist. Amreli, Pin 365 560, Gujarat, India
Phone: +91 2794 661000 Fax: +91 2794 661100
Corporate Office: SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023, India
CIN: L35110GJ1997PLC033193, Website: www.pipavavdoc.com,
E Mail: company.secretary@pipavavdoc.com.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting ('AGM') of the members of **PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED ('Company')** will be held at the Registered Office of the Company at Pipavav Port, Post Ucchaliya, Via-Rajula, District Amreli – 365 560, Gujarat, India, on Wednesday, September 30, 2015 at 12.00 Noon to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2015 and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Nikhil Gandhi (DIN: 00030560) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and in this regard to consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Pathak H. D. & Associates, Chartered Accountants, Mumbai (Firm Registration No. 107783W) as Statutory Auditors of the Company ('Statutory Auditors'), to hold office from the conclusion of the 18th Annual General Meeting ('AGM') till the conclusion of the 23rd AGM to be held in or around September, 2020, subject to ratification of its appointment by the members at every AGM held during the said term after the conclusion of the 18th AGM.

RESOLVED FURTHER THAT payment of remuneration of ₹ 50,00,000/- (Rupees Fifty Lacs) plus applicable taxes be and is hereby approved to the Statutory Auditors for carrying out all duties of the statutory auditors during

the first year of its appointment commencing from the conclusion of the 18th Annual General Meeting and expiring at the conclusion of the 19th Annual General Meeting and that it be reimbursed out of pocket expenses at actuals.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to determine the remuneration payable to the Statutory Auditors for discharging their functions as Statutory Auditors of the Company during the remainder of the aforesaid term and to decide each and every matter concerning the appointment of and remuneration payable to the Statutory Auditors."

SPECIAL BUSINESS

4. **To Increase the Authorised Share Capital of the Company:**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 13, 61 and all other applicable provisions, if any, of the Companies Act, 2013 and rules notified thereunder (including any statutory amendment or modification or re-enactment thereof for the time being in force), the Authorised Share Capital of the Company be and is hereby increased from ₹ 10,00,00,00,000/- (Rupees One Thousand Crore only) divided into 1,00,00,00,000 (One Hundred Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 1,50,00,00,00,000/- (Rupees Fifteen Thousand Crore only) divided into 15,00,00,00,000 (Fifteen Hundred Crore) Equity Shares of ₹ 10/- (Rupees Ten only) each by creation of an additional 14,00,00,00,000 (Fourteen Hundred Crore) equity shares of ₹ 10/- (Rupees Ten only) each ranking pari passu in all respects with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT pursuant to Section 13 and 61 and all other applicable provisions, if any, of the Companies

Act, 2013 and rules notified thereunder (including any statutory amendment or modification or re-enactment thereof for the time being in force), the existing Clause “V” of the Memorandum of Association of the Company relating to its share capital be and is altered by deleting the same and substituting in its place, the following new Clause “V” containing details of the increased authorised share capital:-

- V. The Authorised Share Capital of the Company is ₹ 1,50,00,00,00,000/- (Rupees Fifteen Thousand Crore only) divided into 15,00,00,00,000 (Fifteen Hundred Crore) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be expedient, necessary and proper to give effect to this resolution.”

5. **To Increase Foreign Investment Limit in the Company:**

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

“RESOLVED THAT pursuant to all applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable approvals, consents, permissions, sanctions and intimations and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent and approval of the members of the Company be and is hereby accorded to permit Registered Foreign Portfolio Investors (**‘RFPI’**), Qualified Foreign Investors (**‘QFI’**), Foreign Institutional Investors (**‘FII’**), Foreign Venture Capital Investors (**‘FVCI’**), registered with the Securities and Exchange Board of India (**‘SEBI’**), on their own account or on behalf of their SEBI approved sub-account, and Non Resident Indians (**‘NRI’**) to acquire and hold equity shares in the Company upto 49% (forty nine percent), the present limit of sectoral cap for defence sector, of the total paid-up Equity Share capital of the Company, provided that the shareholding of each RFPI/QFI/FII/FVCI, on its own account and on behalf of each of the SEBI approved sub-accounts and NRI in the Company shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations or as may be prescribed by the Board of Directors from time to time in accordance with the applicable laws, rules and regulations.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the **‘Board’** which expression shall deemed to include any committee(s), constituted/to be constituted by the Board and/or any Director(s) or Officer(s) of the Company, delegated with powers necessary for the purpose, to exercise its powers including the powers conferred by this resolution) be and is hereby authorized to do all such acts, deeds, matters, and things, including filing of intimations with the Reserve bank of India (**‘RBI’**), Securities and Exchange Board of India (**‘SEBI’**) Stock Exchanges and execute all documents or writings as may be expedient, necessary, proper and usual to implement this Resolution and for all matters connected therewith or incidental thereto.”

6. **To allocate foreign shareholding limit under PIS route in the Company:**

To consider and if thought fit, to pass with or without modification(s), the following as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to all applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable approvals, consents, permissions, sanctions and intimations and subject to such conditions as may be prescribed by any of the concerned authorities while granting such approvals, consents, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent and approval of the members of the Company be and is hereby accorded to assign limits to the foreign shareholding under Portfolio Investment Scheme (**‘PIS’**) in Pipavav Defence and offshore Engineering Company Limited (**‘Company’**) within the composite limit of foreign shareholding as under:

Nature of Shareholder	Maximum % of shareholding allocated in the Company
Registered Foreign Portfolio Investors (including Qualified Foreign Investors and Foreign Institutional Investors)	12
Foreign Venture Capital Investor	10
Non Resident Indians	2
Total percentage	24%

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as the **'Board'** which expression shall be deemed to include any committee(s), constituted/ to be constituted by the Board and/or any Director(s) or Officer(s) of the Company, delegated with powers necessary for the purpose, to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to monitor, revise, amend, reassign or change the above stated limits as it deem fit in the absolute discretion in the best interest of the Company in line with any notifications issued by the Reserve Bank of India, Department of Industrial Policy and Promotion or any other statutory or regulatory authorities in India from time to time.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolutions including but not limited to making any filings before any statutory or regulatory authorities in India."

7. Issue of Equity Shares to CDR Lenders:

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

"RESOLVED THAT pursuant to the provisions of Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 (**'Companies Act'**) and in accordance with other applicable laws, including Reserve Bank of India's Framework for Revitalising Distressed Assets in the Economy and the guidelines issued thereunder, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**'SEBI ICDR Regulations'**) and the Banking Regulation Act, 1949, (including any statutory modification(s) or re-enactment thereof for the time being in force), and any modifications thereto, and in respect of the unqualified right of the CDR Lenders (as defined below) who have provided the relevant restructured facilities and subject to the right of the Pipavav Defence and Offshore Engineering Limited (**'Company'**) to prepay such restructured facilities and whether upon or irrespective of an event of default, the consent of the Company be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as the **'Board'** which term shall be deemed to include any duly empowered committee thereof), to accept the option of conversion as may be exercised by the CDR Lenders to convert all or any portion of the outstanding amounts of their respective convertible loan, together with accumulated interest, into fully paid up Equity Shares of the Company of ₹ 10/- (Rupees Ten) each (**'Equity Shares'**), at any time during the currency of such restructured facilities, and to create, offer, issue and allot in one or more tranches, such number of Equity Shares to the CDR Lenders of the Company which shall not exceed

the amount of principal and interest outstanding as on the date of exercise of such option, on the terms and conditions contained in master restructuring agreement, dated March 30, 2015 (**'MRA'**) executed by and among the Company, IDBI Bank Limited (as the Monitoring Institution) and the relevant lenders of the Company whose loans were restructured (**'CDR Lenders'**) pursuant to the Framework for Revitalising Distressed Assets in the Economy and the guidelines issued thereunder, which was approved by the Corporate Debt Restructuring Empowered Group, at its meeting held on March 18, 2015 and communicated to the CDR Lenders by the Corporate Debt Restructuring Cell vide letter of approval, bearing no. CDR (PMJ) No. 960/2014-15, dated March 27, 2015 (**'CDR LOA'**) and approved by respective lenders and communicated to the Company by letter of sanctions of respective CDR lenders, at a price to be determined as per the SEBI ICDR Regulations, as may be modified or re-enacted from time to time and on happening of an event of default at face value and as per the applicable provisions of the Companies Act, 2013 as amended from time to time, on the exercise by the CDR Lenders of the option to convert the whole or part of their debt, subject to the following conditions:

- (i) On receipt of notice of conversion (**'Notice of Conversion'**), the Company shall allot and issue the requisite number of Equity Shares of the Company to the CDR Lenders as from the date of conversion and the CDR Lenders shall accept the same in satisfaction of the part of the restructured facilities so converted.
- (ii) The part of the restructured facilities so converted shall cease to carry interest as from the date of conversion and the restructured facilities shall stand correspondingly reduced. Upon such conversion, the installments of the restructured facilities payable after the date of conversion as per the MRA shall stand reduced proportionately by the amounts of the restructured facilities so converted.
- (iii) The Equity Shares so allotted and issued to the CDR Lenders shall carry, from the date of conversion, the right to receive proportionately dividends and other distributions declared or to be declared in respect of the equity capital of the Company. Save as aforesaid, the said Equity Shares shall rank *pari passu* with the existing Equity Shares of the Company in all respects. The Company shall, at all times, maintain sufficient un-issued Equity Shares for the above purpose.
- (iv) In the event of the CDR Lenders exercising the conversion right as aforesaid, the Company shall at its cost get the Equity Shares, issued to the CDR Lenders as a result of the conversion, listed with the stock exchanges as also comply with all statutory requirements and applicable laws in connection with the issue of the Equity Shares as stated above.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Equity Shares may have all or any terms or conditions or combination of terms in accordance with applicable regulations and prevalent market practices.

RESOLVED FURTHER THAT the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the CDR Lenders arising from or incidental to the aforesaid terms providing for such option and to do all such acts, deeds, matters and things as may be necessary to give effect to the above resolution and all acts deeds, matters, and things done by the Board hereinbefore, towards the issue of Equity Shares to the CDR Lenders are hereby ratified and approved.

RESOLVED FURTHER THAT for giving effect to the above resolutions the Board be and is hereby authorized on behalf of the Company, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with the power on behalf of the Company to settle any question, difficulty or doubt that may arise in regard to such conversion into Equity Shares of the Company and to execute all such contracts, deeds, agreements, instruments, documents and writings as may be necessary, desirable or expedient in connection therewith in its absolute discretion without being required to seek any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of the Equity Shares, as described above, the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Equity Shares on one or more stock exchanges in India or outside India.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any committee of the Board or any one or more Directors or the Company Secretary of the Company with power to delegate to any officers of the Company, including affixing the common seal of the Company on agreements / contracts / documents, arranging delivery and execution of contracts, deeds, agreements and instruments.”

8. Remuneration to Mr. Bhavesh Gandhi (DIN: 00030623), Executive Vice-Chairman of the Company:

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

“RESOLVED THAT pursuant to Section 196, read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and applicable rules notified there under (including any amendment thereto) (**‘Act’**), re-appointment of Mr. Bhavesh Gandhi (**DIN: 00030623**), as the Whole-time Director designated as Executive Vice-Chairman of the Company, for a period of five financial years commencing from April 1, 2013 and expiring on March 31, 2018 be and is hereby approved and ratified.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197 read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 or any other applicable provisions, if any, of the Act and subject to approval of the Central Government, if required, payment of remuneration to Mr. Bhavesh Gandhi, Whole-time Director designated as Executive Vice-Chairman of the Company, for a period of three years commencing from April 1, 2013 and expiring on March 31, 2016 as detailed below be and is hereby approved and ratified:

Sr. No.	Remuneration	Amount
1.	Basic salary	₹ 15,00,000 per month
2.	House Rent Allowance (HRA)	₹ 5,00,000 per month
3.	Special Pay	₹ 5,00,000 per month
4.	Perquisites as follows:	
i)	Provident fund contribution	Membership of the provident fund to which the Company will contribute 12% of the basic salary.
ii)	Gratuity	Calculated on the basis of 15 days’ basic salary for each year of completed service subject to completion of minimum five years of continuous service with the Company. For purpose of calculation, average of the last three months’ basic salary will be considered as basic salary.
iii)	Reimbursement of leave travel allowance for self and family members	One month’s basic salary

Sr. No.	Remuneration	Amount
iv)	Reimbursement of medical expenses	At actual
v)	Club fees	Membership & annual fees of clubs shall be incurred by the Company subject to maximum of 2 clubs.
vi)	Two cars for official and personal use.	At cost
vii)	Superannuation and/ or annuity fund	As per the Company's rules

RESOLVED FURTHER THAT subject to applicable approvals, Mr. Bhavesh Gandhi, Whole-time Director designated as Executive Vice-Chairman of the Company, shall be paid the aforesaid remuneration as minimum remuneration in the event of absence or inadequacy of profits.

RESOLVED FURTHER THAT pursuant to the provisions of Section 197, read with Schedule V of the Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable provisions, if any, of the Act and subject to approval of the Central Government, if required, Mr. Bhavesh Gandhi, Whole-time Director designated as Executive Vice-Chairman of the Company, be paid performance incentive at such rate (as may be decided by the Board of Directors of the Company) not exceeding the rate permissible under the Act, of the net profits of the Company computed in accordance with

the provisions of Section 198 and all other applicable provisions of the Act less salary and other perquisites as stated above actually paid to Mr. Bhavesh Gandhi during the relevant financial years / periods and the same shall be performance based.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby empowered to alter, vary and / or modify the remuneration and perquisites payable to Mr. Bhavesh Gandhi, Whole-time Director designated as Executive Vice-Chairman, within and in accordance with the limits prescribed by the Act or in accordance with the changes that may be made by the Central Government, in that behalf from time to time.

RESOLVED FURTHER THAT Mr. Nikhil Gandhi, Chairman and Mr. Ajit Dabholkar, Corporate Counsel & Company Secretary be and are hereby severally authorized to file the required forms with the concerned Registrar of Companies, to give and / or publish the required notices in terms of Section 201 and all other relevant provisions of the Act and to do all such acts, deeds, matters and things as may be considered necessary, proper, desirable or expedient to give effect to this resolution and / or otherwise considered by them in the best interest of the Company."

By order of the Board
For **Pipavav Defence and Offshore Engineering Company Limited**

Ajit Dabholkar
Corporate Counsel & Company Secretary

Date: August 14, 2015
Place: Mumbai

NOTES: -

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') in respect of the special business set out in the notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AFORESAID ANNUAL GENERAL MEETING ('AGM') IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF, AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. The instrument appointing proxies in order to be effective, should be duly completed in all respect as prescribed in the Secretarial Standards on General Meeting ('SS-2') issued by the Institute of Company Secretaries of India and should be lodged with the Company at the Registered Office of the Company not less than 48 hours before the commencement of the AGM. A Proxy form is attached herewith. Every member shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the AGM and ending with conclusion of the AGM, to inspect at the Registered Office of the Company the proxies lodged, at any time during the business hours of the Company, provided not less than three days' notice in writing of the intention so to inspect is given to the Company.
4. A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
5. Members / Proxies are requested to bring copy / printout of Annual Report along with their duly filled in attendance slip, attached herewith, for attending the AGM.
6. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges and SS-2, particulars of the Director seeking re-appointment at the AGM and Director whose remuneration is being approved are attached to this Notice.
7. All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection between 11.00 a.m. to 1.00 p.m. on all working days except Saturdays at the Registered and Corporate offices of the Company upto the date of the AGM.
8. The Notice and Annual Report are being sent to all the Members, whose names shall appear in the Register of Members or in case of shares held in electronic form, who were the beneficial owners as on close of working hours on August 26, 2015. However if such a person is not a member on September 23, 2015, such person is not eligible to vote via remote e-voting or at AGM and may treat this Notice for information purpose only. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote. The registered members, who have voted through the e-voting platform, may attend the Meeting. However, such members shall not be entitled to vote at the AGM.
9. In order to receive copies of Annual reports and other Communication through email members are requested to register their email addresses with their Depository Participant ('DP') / Karvy Computershare Pvt. Ltd. ('Karvy') by sending an email to evoting@karvy.com.
10. Corporate members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of the Board Resolution and / or duly notarized Power of Attorney, authorizing their representatives to attend and vote on their behalf at the Meeting with attested specimen signature(s) of the duly authorized representative(s).
11. No gifts / coupons will be distributed before or at the AGM to the Members. Members may make their own travel arrangements at their costs for attending the AGM.
12. For security reasons, no gadgets, mobile phones, cameras, article / baggage shall be allowed at the venue of the AGM. If any such gadgets are brought by any Member, the same shall be deposited with the security personnel at the risk of such Member / attendee.
13. Members desiring any information relating to financial statements of the Company are requested to write to the Company at least seven working days before the date of the AGM to enable the Company to keep the information ready at the Meeting.
14. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, August 27, 2015 till Friday, August 28, 2015.
15. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements maintained under Section 189 of the Act will be available for inspection by the members at the AGM.
16. Members holding shares in physical form are requested to notify any change in their addresses and / or the Bank Mandate details to the Registrar and Transfer Agent, Karvy. Members holding shares in demat form are requested to notify their respective DPs of any change in their addresses and / or the Bank Mandate details.

17. The Securities and Exchange Board of India ('SEBI') has mandated the submission of the Permanent Account Number ('PAN') by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN to the Company or Karvy.

18. The Route Map of the venue of the Annual General Meeting is provided in this notice.

19. VOTING THROUGH ELECTRONIC MEANS

I. In compliance with the provisions of Sections 108 and other applicable provisions of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended, SS-2, and the Listing Agreement entered into with the Stock Exchanges, the Company is pleased to offer e-voting facility as an option to all the members of the Company. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the general meeting ('remote E-voting') will be provided by Karvy Computershare Private Limited ('Karvy').

II. Members who will cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again. The facility for voting through ballot paper shall be made available at the AGM for the members attending the meeting and who have not cast their vote by remote e-voting. If a member casts vote by both modes then the voting done through remote e-voting shall prevail.

III. E-voting instructions and the procedure of e-voting is provided below. The user ID and password is provided in enclosed attendance slip / via email.

IV. The remote e-voting period will commence from Friday, September 25, 2015 at 9.00 a.m. and will end at 5.00 p.m. on Tuesday, September 29, 2015. The remote e-voting module will be disabled on Tuesday, September 29, 2015 at 5.00 p.m. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting as provided below. Once the vote on a resolution is cast, the member shall not be allowed to change it subsequently.

V. A person whose name is recorded in the register of member or in the Register of Beneficial owner maintained by the depositories as on cutoff date which is Wednesday, September 23, 2015, shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who acquires

shares of the Company after dispatch of the Annual Report and holding shares as of the cutoff date i.e. Wednesday, September 23, 2015 may approach Karvy for the obtaining of User ID and password by sending an email at evoting@karvy.com to exercise their right to vote by electronic means.

Process / Instructions for voting through electronic means:

A. In case of Member receives an email from KARVY [For members whose e-mail address are registered with their Depository Participant(s)]

- The said email will contain your User ID and password for remote e-voting. Please note that the password is an initial password
- Open the internet browser and navigate to URL: <https://evoting.karvy.com>
- Enter the login credentials (i.e. User ID and password as forwarded via email by Karvy through electronic notice).

User ID	For Shareholder(s) / Beneficial Owner(s) Holding Shares In Demat Form:- a) For NSDL:- 8 Characters DP ID Followed By 8 Digits Client ID b) For CDSL:- 16 Digits Beneficiary ID For Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the Company.
Password	Your Unique password is printed on the AGM attendance Slip / sent via email forwarded through the electronic notice.
Captcha	Enter the verification code for security reasons i.e., please enter the alphabets and numbers in the exact way as they are displayed.

- However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- After entering these details appropriately, click on "LOGIN".
- You will now reach a password change Menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one

numeric (0-9) and a special character (@, #, \$, * etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on the first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**

- (vii) You need to login again with the new credentials.
- (viii) On successful login, the system will prompt you to select the event. Please select the event of Pipavav Defence and Offshore Engineering Company Limited and click on submit.
- (ix) On the voting page, resolution descriptions will be displayed. Against, each resolution please enter the number of shares (which represents the number of votes) as on the cut-off date (as on September 23, 2015) under 'FOR / AGAINST' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST' but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. You may also choose the option 'ABSTAIN' and the shares held by you will not be counted under either head.
- (x) Members holding multiple folios / demat accounts are advised to choose the voting process separately for each of the demat accounts / folios.
- (xi) You may then cast your vote by selecting an appropriate option and click on 'Submit'.
- (xii) A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and modify your vote.
- (xiii) Once you confirm, you will not be allowed to modify your vote. During the voting period, members may login any number of times till they have voted on the Resolution(s).
- (xiv) Corporate / Institutional members (i.e. other than Individuals, HUF, NRI, etc.) are required to send scanned certified true copy (in PDF Format) of the Board Resolution and/or duly notarized Power of Attorney, authorizing their representatives together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: sandhya.malhotra29@gmail.com with copy to: evoting@karvy.com. The file scanned image

of the Board Resolution should be in the naming format "Corporate Name_ Event no."

- B. **In case a Member receives physical copy of the notice of AGM (for members whose email address are not registered with the Depository Participants)**
 - (i) Please refer the attendance slip for the User ID and initial password
 - (ii) Please follow all steps from Sl. No. (ii) to (xiv) above to cast vote
- VI. In case of any query pertaining to remote E-voting, please visit Help & FAQ's section available at Karvy's website <https://evoting.karvy.com>. Members may contact, Ms. Rajitha Cholleti, Sr. Manager, Karvy Computershare Pvt. Ltd., Karvy Selenium Tower B, Plot Number 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, India, Phone No. +91 40 67162222 email id: evoting@karvy.com.
- VII. The voting rights of the Members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date being Wednesday, September 23, 2015.
- VIII. The Board of Directors have appointed Ms. Sandhya Malhotra, Company Secretary in Practice (Membership No. 6715) of SRM & Co., Practicing Company Secretaries, to act as the Scrutinizer, to scrutinize the voting process (remote E-voting and poll at the AGM) in a fair and transparent manner.
- IX. The Scrutinizer shall immediately after the conclusion of the voting at AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through the remote E-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the meeting or a person authorized by him in writing, who shall counter sign the same. Provided that the Chairman or a person authorized by him in writing shall declare the results of the voting forthwith.
- X. The results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.pipavavdoc.com) and on Karvy's website (<https://evoting.karvy.com>) immediately after the declaration of the result by the Chairman or a person authorized by him in writing. The said results of voting shall be displayed on the notice Board of the Company at its Registered Office and its Corporate Office. The results will be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No 4. To Increase the Authorised Share Capital of the Company:

The Authorized Capital of the Company at present is ₹ 10,00,00,00,000/- (Rupees One Thousand Crore only) divided into Equity Shares of ₹ 10/- (Rupees ten each). The Company and its Bankers restructured debts of the Company under the Corporate Debt Restructuring ('CDR') Scheme in accordance with the guidelines stipulated by the Reserve Bank of India, in order to find a long term solution to the issues emanating from the inevitable long gestation period of the infrastructure developed by the Company.

CDR Cell on vide Letter of Approval dated March 27, 2015 ('CDR LOA') communicated approval of the restructuring proposal of your Company. CDR LOA states that, in the event of default of the Company, the CDR Lenders would have a right to convert their loan into equity shares of the Company at face value; for the same Company is required to keep the necessary Authorised Share Capital available to covert the loan into equity shares, if required. The Company may also raise money in future by issue of equity shares / convertible securities in the domestic / international markets.

For the aforesaid reasons it is proposed to increase the Authorised Share Capital of the Company from ₹ 10,00,00,00,000/- (One Thousand Crore only) to 1,50,00,00,00,000/- (Fifteen Thousand Crore only), with the consequential substitution of the Capital Clause (Clause V) of the Memorandum of Association of the Company.

As per the provisions of the Act the approval of the Members of the Company is required for increase in the Authorised Share Capital and for the alteration of Capital Clause of the Memorandum of Association of the Company.

The Board commends the Ordinary resolution as set out at Item No. 4 of this notice for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5 To Increase Foreign Investment Limit in the Company:

In terms of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and other applicable master circulars, the Registered Foreign Portfolio Investors ('RFPI'), Qualified Foreign Investors ('QFI'), Foreign Institutional Investors ('FII'), Foreign Venture Capital Investors ('FVCI'), registered with the Securities and Exchange Board of India ('SEBI'), on their own account or on behalf of their SEBI approved sub-account and Non Resident Indians ('NRI') can, in aggregate, hold upto 24% of

paid-up capital of the Company. As per the regulations, the limit of 24% may be increased upto the sectoral cap / statutory ceiling, as applicable, by the Company by passing a resolution by its Board of Directors followed by passing of a Special Resolution to that effect by the members.

To make adequate space for above mentioned category of investors to invest in the equity shares of the Company, it is proposed to increase the present aggregate limit of portfolio investors shareholding in the Company from 24% to an aggregate limit of 49% of paid up equity share capital of the Company, the present limit of sectoral cap for defence sector, subject to any other approvals as may be required from the statutory and regulatory authorities.

The Special Resolution set out at Item No. 5 of the Notice will also enable the portfolio investors to acquire shares of the Company within proposed aggregate limit of 49% of paid-up equity share capital under the Portfolio Investment Scheme of the Reserve Bank of India.

The Board recommends the Special resolution set out at Item No. 5 of this notice for the approval by the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 5.

Item No. 6 To allocate foreign shareholding limit under PIS route in the Company:

The Reserve Bank of India has issued A.P. (DIR Series) Circular No. 46 dated December 8, 2014 ('Circular') which stipulates that listed companies engaged in the defence sector in accordance with guidance provided by the Press Note 7 (2014 Series) need to allocate limits for non-resident shareholders who invest under the Portfolio Investment Scheme ('PIS') viz. (i) Registered Foreign Portfolio Investors ('RFPI') which includes Qualified Foreign Investors ('QFI'), Foreign Institutional Investors ('FII'), (ii) Non Resident Indians ('NRI') and (iii) Foreign Venture Capital Investors ('FVCI') within the limit of 24% of the equity capital of the Company. The Portfolio Investment upto 24% of the total Equity of the Company shall be under automatic route. These allocated limits in Pipavav Defense and Offshore Engineering Company Limited ('PDOC') are for submitting it to the Reserve Bank of India ('RBI') for monitoring purposes.

The allocation of the aforesaid limits has been approved by the Board of Directors at their meeting held on August 14, 2015.

The Board recommends the Ordinary Resolution set out at Item No. 6 of this notice for the approval by the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Ordinary Resolution set out at Item No. 6.

Item No. 7 Issue of Equity Shares to CDR Lenders:

In view of adverse market conditions and liquidity constraints, the Company made a reference to Corporate Debt Restructuring Cell for restructuring the Company's debts through CDR mechanism. After considering the said proposal, the final restructuring package was approved vide CDR LOA.

The Company has entered into the MRA on March 30, 2015 with the following lenders whose loans have been restructured ('CDR Lenders') as stated below:

Sr. No.	Lenders	Head Office
1	IDBI Bank Limited	IDBI Tower, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005
2	Bank of India	Star House, C-5, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
3	Life Insurance Corporation of India	Life Insurance Corporation of India, "Yogakshema", Jeevan Bima Marg, Mumbai – 400 021
4	Oriental Bank of Commerce	E-Block, Harsha Bhavan, Connaught Place, New Delhi – 110 001
5	Punjab National Bank	7, Bhikaji Cama Place, New Delhi
6	State Bank of Patiala	The Mall, Patiala (Punjab)
7	UCO Bank	10, B.T.M. Sarani, Kolkatta
8	Union Bank of India	239, Vidhan Bhavan Marg, Mumbai – 400 021
9	Export Import Bank of India	Centre One Building, 21 st Floor, World Trade Centre Complex, Cuffe Parade, Mumbai – 400005
10	United Bank of India	11 Hemanta Basu Sarani, Kolkata – 700 001, in the State of West Bengal
11	Karnataka Bank Limited	Mahaveera Circle, Kankanady, Mangalore – 575002
12	Karur Vysya Bank Limited	Erode Road, Karur – 639002, Tamil Nadu
13	Central Bank of India	Chander Mukhi, Nariman Point, Mumbai — 400 021
14	Jammu & Kashmir Bank Ltd.	Maulana Azad Road, Srinagar, Kashmir
15	Corporation Bank	Mangalore in the state of Karnataka
16	Bank of Maharashtra	"Lokmangal" 1501, Shivajinagar, Pune -411005
17	State Bank of India	State Bank Bhavan, Madame Cama Road, Nariman Point, Mumbai – 400 021
18	Dena Bank	Dena Corporate Centre, C-10, G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
19	State Bank of Mysore	Kempegowda Road , Bengaluru – 560009, Karnataka
20	Vijaya Bank	Bangalore
21	State Bank of Hyderabad	Gunfoundry, Hyderabad – 500001
22	Punjab & Sind Bank	Punjab & Sind Bank, 21, Rajendra Place, New Delhi-110008
23	IFCI Limited	IFCI Tower ,61, Nehru Place, New Delhi-110019

The CDR LOA includes provision for conversion of restructured debt of the Company into equity shares by the CDR Lenders in case of exercise of such option, on the terms and conditions contained in the restructuring package formulated by and between the Company and the CDR Lenders and the MRA, pursuant to the Framework for Revitalising Distressed Assets in the Economy and the guidelines issued thereunder, at a price to be determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ('SEBI ICDR Regulations'), as and to the extent applicable on the exercise by the CDR Lenders of the option to convert the whole or part of their loans. On happening of an event of default by the Company, as per the MRA, the CDR Lenders have a right to convert its outstanding loan in to the Equity shares at face value, in accordance with the MRA.

In terms of provisions of Section 62(3) and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with other applicable laws, consent of the members is required to pass this resolution as a Special Resolution.

The Board recommends the Special Resolution set out at Item No. 7 of this notice for the approval by the members.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7.

Item No. 8. Remuneration to Mr. Bhavesh Gandhi (DIN: 00030623), Executive Vice-Chairman of the Company:

The Members at their Extraordinary General Meeting held on October 17, 2008, appointed Mr. Bhavesh Gandhi, Whole-Time Director designated as Executive Vice-Chairman of the Company, for a period commencing from January 1, 2009 to March 31, 2013.

Considering his valuable contribution in the growth of the Company and his vast experience, the Board of Directors at their meeting held on February 14, 2013, based on the recommendations of the Remuneration Committee, re-appointed Mr. Bhavesh Gandhi as Whole-Time Director of the Company for further period of 5 years commencing from April 1, 2013 to March 31, 2018 on the terms and conditions which are mentioned herein below.

The re-appointment of Mr. Bhavesh Gandhi as Whole-Time Director and payment of aforesaid remuneration had been approved by the members vide a special resolution passed at the 16th Annual General Meeting of the Company held on December 18, 2013. The said resolution referred to the provisions of the Companies Act, 1956, which was then prevalent. The Ministry of Corporate Affairs has directed the Company to comply with the provisions of the Companies Act 2013 and to pass a revised resolutions for the aforesaid approval of remuneration as per provisions of the Companies Act, 2013 and the relevant rules there under, since the most of the provisions Act came into force w.e.f April 1, 2014.

Brief profile of Mr. Bhavesh Gandhi in terms of Clause 49 of the Listing Agreement, is provided in this Notice.

It is proposed to pay the same remuneration to Mr. Bhavesh Gandhi, for a period of three years commencing from April 1, 2013 and expiring on March 31, 2016, which was approved by the members of the Company vide a special resolution passed at the 16th Annual General Meeting of the Company held on December 18, 2013, which is reproduced below:

I. Remuneration

(₹ per month)

Basic salary	House Rent Allowance (HRA)	Special Pay
₹ 15,00,000	₹ 5,00,000	₹ 5,00,000

II. Perquisites

In addition to above, Mr. Bhavesh Gandhi shall be entitled to perquisites like Medical Reimbursement, Leave Travel Allowance and Retirement benefits as per the laws applicable from time to time, Club Fees, Company maintained two cars etc., more specifically mentioned in the resolution.

III. Performance Incentive

Performance Incentive at such rate (as may be decided by the Board of Directors) not exceeding the rate permissible under the Act, of the net profits of the Company computed in accordance with the provisions of the Act less salary and other perquisites as stated above actually paid to Mr. Bhavesh Gandhi during the relevant financial year/period.

IV. Minimum Remuneration

Notwithstanding anything hereinabove, where in any financial year during the currency of his tenure as the Whole-Time Director, the Company has no profits or its profits are inadequate, the Company will pay to Mr. Bhavesh Gandhi, the aforesaid remuneration by way of salary, perquisites as minimum remuneration.

The Board commends passing of the Special Resolution set out at Item No. 8 of this notice for approval by the members.

Mr. Bhavesh Gandhi is related to Mr. Nikhil Gandhi as brother.

None of the Directors other than Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi or any Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8.

By order of the Board
For **Pipavav Defence and Offshore Engineering Company Limited**

Ajit Dabholkar
Corporate Counsel & Company Secretary

Date: August 14, 2015
Place: Mumbai

ANNEXURE TO THE NOTICE DATED AUGUST 14, 2015
Details of the Directors relating to re-appointment / fixation of Remuneration at the forthcoming Annual General Meeting
(In pursuance of Clause 49 of the Listing Agreement and Secretarial Standard on General Meeting)

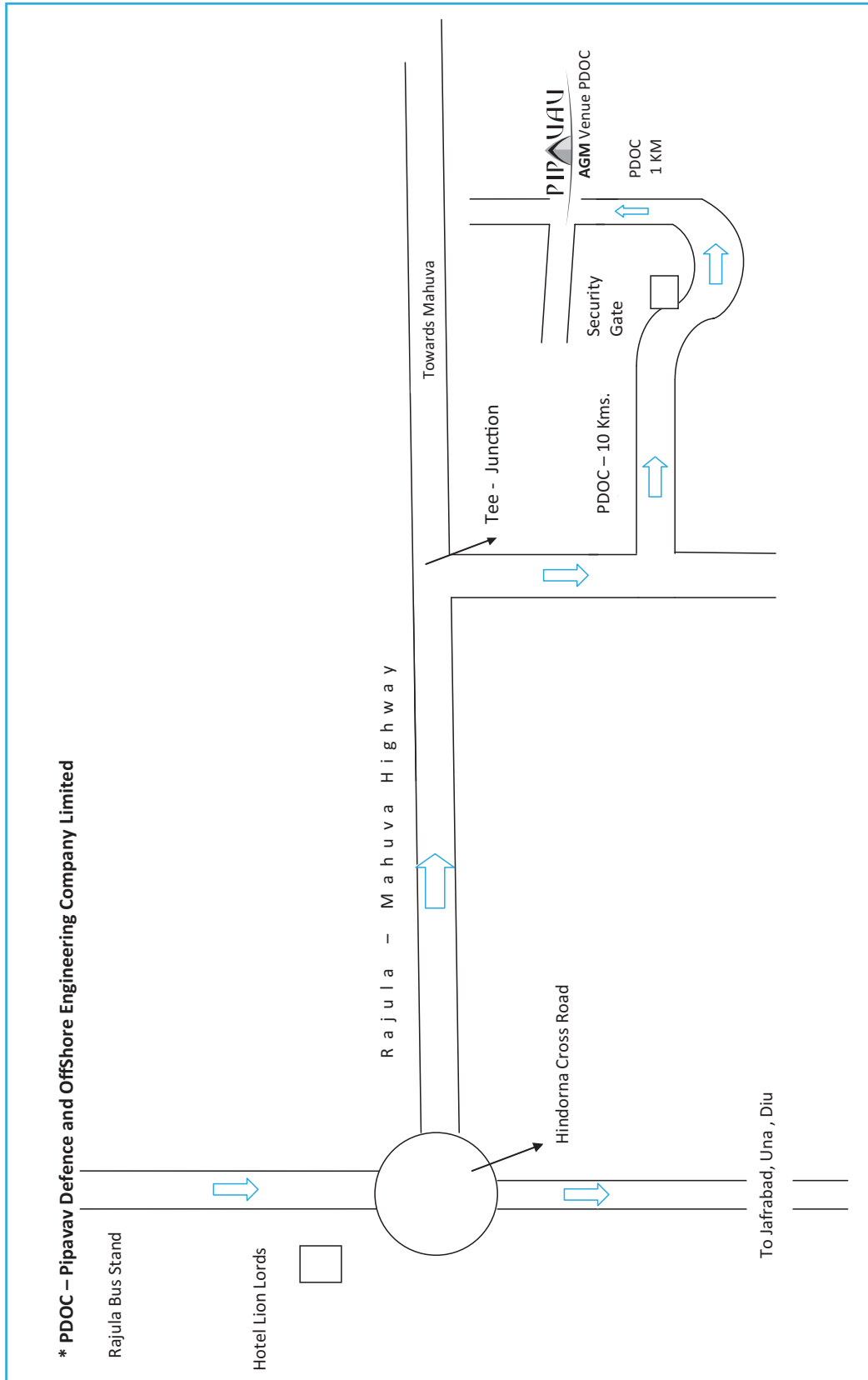
Name of the Director (DIN)	Mr. Nikhil Gandhi (00030560)	Mr. Bhavesh Gandhi (00030623)
Date of Birth	April 25, 1959	January 21, 1966
Age	56 years	49 years
Date of the First Appointment on the Board	October 17, 1997	December 30, 2005
Expertise in specific functional area Qualifications & Expertise	Mr. Nikhil Gandhi is the first generation entrepreneur with business interest in marine engineering and infrastructure. Mr. Gandhi has approximately 32 years of experience as an entrepreneur of various infrastructure development projects. Some of the marquee projects conceived and developed during their infrastructure development stages by Mr. Nikhil Gandhi include Pipavav Port in Gujarat, Navi Mumbai Special Economic Zone and Maha Mumbai Special Economic Zone.	Mr. Bhavesh Gandhi has approximately 30 years of experience in various fields pertaining to infrastructure development projects. Mr. Bhavesh Gandhi led development of Pipavav Railways, a railway project in India based on the PPP model through a joint venture with the Ministry of Railways. Mr. Gandhi was adjudged for the “Shipping, Marine and Ports (SMP), 2012 – Young Entrepreneur” Award. Mr. Bhavesh Gandhi with his dedicated zeal developed world class infrastructure of the Company having technological ability to build largest vessels on the ocean including modern aircraft carriers, LNG carriers etc.
Number of Board Meetings attended in the F.Y. 2014-15	Five Board Meetings	Five Board Meetings
Remuneration	Mr. Nikhil Gandhi is the non-executive Chairman of the Company. No remuneration is paid to Mr. Gandhi. Sitting Fees for attending each Meeting of the Board of Directors and Committee thereof is paid @ ₹ 100,000/- per meeting.	As stated in the Special Resolution at Item No. 8 to the Notice.
Directorships held in other Public Companies including Private Companies which are subsidiaries of public companies as on March 31, 2015 (Excluding foreign Companies and Section 8 Companies)	<ol style="list-style-type: none"> 1. SKIL Infrastructure Limited 2. SKIL-Himachal Infrastructure and Tourism Limited 3. KLG Capital Services Limited 4. JPT Securities Limited 5. Nayroh Lifestyle and Leisure Infrastructure Limited 6. Pipavav Electronic Warfare Systems Private Limited 	<ol style="list-style-type: none"> 1. Donyi Polo Petrochemicals Limited 2. Energy India Corporation Limited 3. Nayroh Lifestyle and Leisure Infrastructure Limited 4. SKIL Infrastructure Limited 5. SKIL Shipyard Holdings Private Limited 6. E Complex Private Limited

Name of the Director (DIN)	Mr. Nikhil Gandhi (00030560)	Mr. Bhavesh Gandhi (00030623)
Memberships/ Chairmanships of Committees of other Public Companies as on March 31, 2015 (Includes only Audit & Shareholders' / Investors' Grievance Committee)	Audit Committee: SKIL – Himachal Infrastructure and Tourism Limited Shareholders' / Investors' Grievance Committee: 1. KLG Capital Services Limited 2. SKIL Infrastructure Limited (Erstwhile Horizon Infrastructure Limited)	Audit Committee: 1. Donyi Polo Petrochemicals Limited 2. E Complex Private Limited
Number of Shares held as on March 31, 2015	NIL	68,300 (Including 66,000 shares held by Bhavesh Prataprai Gandhi HUF)
Relationship with Directors, Key Managerial Personnel	Mr. Nikhil Gandhi and Mr. Bhavesh Gandhi, Directors are related to each other as brothers.	Mr. Bhavesh Gandhi and Mr. Nikhil Gandhi, Directors are related to each other as brothers.

Note: Pursuant to clause 49 of the Listing Agreement, details of Memberships / Chairmanships of only two Committees viz. Audit Committee and Shareholders' / Investors' Grievance Committee have been provided above.



Route Map for Venue of the Annual General Meeting





Notes

Notes section with horizontal lines for writing.



This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue lines spaced evenly across the page, typical of notebook or legal stationery. The paper is otherwise completely empty, with no text, markings, or illustrations.



Pipavav Defence and Offshore Engineering Company Limited

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

Phone: +91 2794 661000 **Fax:** +91 2794 661100

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

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

ATTENDANCE SLIP

Folio/ DP ID & Client ID

Name and Address of the Shareholder(s)

Joint Holder 1

Joint Holder 2

No. of Shares held

- a) I hereby record my presence at the 18th 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 **Wednesday, September 30, 2015 at 12.00 Noon.**

- b) Signature of the Shareholder/ Proxy Present

--

- c) Shareholder/ Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover the same at the entrance duly signed.
- d) Shareholder/ Proxy holder desiring to attend the meeting may bring his/her copy of the Annual Report for the reference at the meeting.

ELECTRONIC VOTING PARTICULARS

E Voting Event Number (EVEN)	User ID	Password

Note: Please read the instructions provided in Notice dated August 14, 2015 of the 18th Annual General Meeting. The Voting period will start from 9.00 a.m. on Friday, September 25, 2015 and will end at 5.00 p.m. on Tuesday September 29, 2015. The voting module shall be disabled for voting immediately thereafter.

PIPAVAV

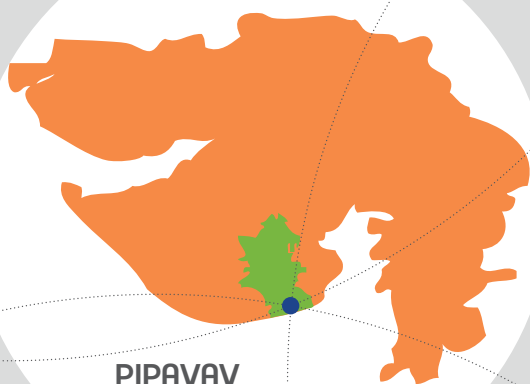
PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

MAKE IN
INDIA

INDIGENOUS.
INTEGRATED.
INSPIRING.

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PIPAVAV,
District Amreli,
Gujarat.

fast evolving into a
GLOBAL CENTRE OF
EXCELLENCE FOR DEFENCE
MANUFACTURING IN

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MAKE IN INDIA

Hon'ble Prime Minister Shri Narendra Modi first mentioned the Mission of 'Make in India' during his maiden speech as PM on August 15, 2014 - India's Independence Day.

"I TELL THE WORLD,
'MAKE IN INDIA'.
SELL ANYWHERE BUT
MANUFACTURE HERE.
WE HAVE THE SKILL
AND TALENT FOR IT"

"MAKE IN INDIA...
THIS IS THE STEP
OF A LION.

NOBODY CAN
QUESTION THE
TALENT AND
SKILLS OF
OUR PEOPLE,
ESPECIALLY
AFTER THE
MANGALYAAN"

MAKE IN INDIA is India's most ambitious plan aimed at transforming India into a global manufacturing hub for everything – from automobiles to aviation, from chemicals to construction and from textiles to thermal power.

At the heart of MAKE IN INDIA is the Country's Defence Industry. Increasing Defence preparedness and modernizing the forces is both critical and crucial for India's progress and prosperity.

At Pipavav Defence and Offshore Engineering Company Limited ('Pipavav Defence'), we are

committed to translate the Prime Minister's vision of a strong and self-reliant India.

Today, we are well on our way to emerge as India's leading **Integrated** Defence Company in the private sector with **Indigenous** capacity and expertise to meet India's massive Defence requirement, **Inspiring** an unprecedented giant leap in the country's defence manufacturing capabilities.

At Pipavav Defence, we are ready for a unique opportunity to participate in India's high growth defence sector and...

MAKE IN INDIA

INDIGENOUS. INTEGRATED. INSPIRING.

DEFENCE MANUFACTURING IS AT THE HEART OF MAKE IN INDIA



- AT THE AERO INDIA SHOW IN BENGALURU IN FEBRUARY 2015, THE HON'BLE PRIME MINISTER REITERATED THE UNDENIABLE AND UNQUESTIONABLE IMPORTANCE OF INDIGENOUS MANUFACTURING IN INDIA'S DEFENCE SECTOR.

India today has the world's third largest armed forces in the world. The country spends a massive US\$ 37.50 billion annually on the armed forces. Of this total budgetary allocation, a significant 40 per cent is spent on capital acquisitions, making India one of the largest importers of defence equipment in the world. In the last three years, India has emerged as the top arms' buyers globally, as it strives to modernize its huge Defence Forces.

Our country's more than 60 per cent Defence requirements are met through imports, resulting in outflow of precious foreign exchange, creating a significant and substantial drag on the country's foreign exchange reserves as well as adversely affecting its balance of payment position.

This heavy reliance on imports also does not reflect well on the country's image as an emerging economic superpower.

India needs to become self-reliant for its Defence requirements and that is why, INDIGENOUS manufacturing and creation of capacities and capabilities to produce defence equipment is at the heart of MAKE IN INDIA programme.

The opening of the strategic defence sector for private sector participation will attract foreign original equipment manufacturers to enter into strategic partnerships with Indian companies to address the opportunities in the domestic as well as global markets. Besides helping build domestic capabilities, this will bolster exports in the long term.

One of the key developments has been the Offset Policy which stipulates the mandatory offset requirement of a minimum 30 per cent for large procurement of defence equipment. The Offset Policy has been introduced in the capital purchase agreements with foreign defence players with an aim to create an

eco-system of suppliers with a strong domestic base, presence and capability.

Today, Defence preparedness is the top priority for the Government. The extensive modernization plan for the Armed Forces combined with the Government's increased focus on homeland security has made defence a core sector.



● THE COUNTRY SPENDS A MASSIVE US\$ 37.50 BILLION ANNUALLY ON THE ARMED FORCES. OF THIS TOTAL BUDGETARY ALLOCATION, A SIGNIFICANT 40 PER CENT IS SPENT ON CAPITAL ACQUISITIONS



- ✦ **INDIA DOES NOT WISH TO CONTINUE TO BE THE BIGGEST IMPORTER OF DEFENCE EQUIPMENT. CURRENTLY, 60 PER CENT OF OUR DEFENCE EQUIPMENT CONTINUES TO BE IMPORTED.**
- ✦ **IF INDIA COULD INCREASE THE PERCENTAGE OF DOMESTIC DEFENCE PROCUREMENT FROM 40 PER CENT TO 70 PER CENT IN NEXT FIVE YEARS, INDIA WOULD DOUBLE THE OUTPUT OF OUR DEFENCE INDUSTRY.**
- ✦ **WE ARE FOCUSING ON DEVELOPING INDIA'S DEFENCE INDUSTRY WITH A SENSE OF MISSION. THIS IS WHY IT IS AT THE HEART OF THE "MAKE IN INDIA" PROGRAMME.**
- ✦ **OUR PROCUREMENT PROCEDURES WILL ENSURE SIMPLICITY, ACCOUNTABILITY AND SPEEDY DECISION MAKING.**



- Shri Narendra Modi, Hon'ble Prime Minister of India



PIPAVAV DEFENCE

A GLOBAL CENTRE OF EXCELLENCE FOR DEFENCE MANUFACTURING

- OVER THE YEARS, WE HAVE BEEN WORKING CEASELESSLY TO BUILD UP OUR CAPACITIES, CAPABILITIES AND COMPETENCIES WITH A CLEAR VISION AND FOCUSED AIM TO DEVELOP PIPAVAV DEFENCE AS A GLOBAL CENTRE OF EXCELLENCE IN DEFENCE MANUFACTURING THAT CAN BUILD WIDE RANGE OF STRATEGIC PLATFORMS – FROM AIRCRAFT CARRIERS TO SUBMARINES.

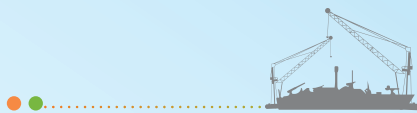
TODAY, WE ARE INDEED PROUD THAT WE ARE EN ROUTE AND ON TRACK TO ACHIEVE THIS VISION.



READY AND LARGEST MARITIME INFRASTRUCTURE

Pipavav Defence has the largest maritime infrastructure in the country spread over 529 acres, consisting of two units, one EOU established over 222 acres of land with water front, and another SEZ Unit spread over 307 acres of land in Engineering Goods Sector Specific Special Economic Zone, developed by E Complex, wholly owned subsidiary of Pipavav Defence. Both these units are connected with a dedicated 4.50 km corridor road and situate in the District Amreli, Gujarat. The infrastructure includes one of the largest dry docks in the world measuring 662 meters by 65 meters. The second dry dock is also currently under construction. We have a unique capacity of pre-erection berth which is 980 meters long and 40 meters wide and two giant Goliath cranes with a combined capacity to lift 1200 metric tonnes. The infrastructure has a modular shipbuilding technology and is capable of building fully fabricated and outfitted blocks in India.





BACKWARD INTEGRATION

To further the pursuit of 'Make In India' programme, Pipavav Defence started developing the sub-systems for Naval and Coast Guard Vessels, which includes Combat Management Systems ('CMS'), Integrated Platform Management Systems ('IPMS'), and Integrated Bridge Systems ('IBS'). These systems are the brain centre of modern strategic platforms. Pipavav Defence is now a qualified vendor of the Indian Navy and Indian Coast Guard for these systems and technologies.

VALUE ENHANCEMENT

The core expertise of modern shipbuilding lies in its capabilities to develop basic and functional design in 3D environment. Pipavav Defence with its in-house capabilities has stepped into indigenization of defence ship design as well as 3D modeling. To this effect, we have



successfully developed the design for Cadet Training Ship ('CTS') and Fast Patrol Vessels ('FPVs'), besides detailed production drawings with 3D modeling. These vessels are being constructed for Indian Coast Guard. We have also indigenously customised a design for Anti Sub-marine Warfare Shallow Water Craft ('ASW-SWC') for specific requirements of Indian Navy. This is a significant milestone achieved by Pipavav Defence as the design has been developed first time in the country. Pipavav Defence is committed to work towards achieving self-reliance in this area.

POISED FOR TOMORROW

In line with its vision to be a formidable integrated defence company, Pipavav Defence has been granted following defence licences for

1. Manufacture and development of C 41 systems including CMS, BMS, IPMS, IBS, Avionics, Electro optical Systems, Underwater Systems including SONARS.



2. Manufacture / assembly / integration of electronic fuses, associated sub-systems and components for ammunition, guided munitions, rockets, missiles, torpedoes.
3. Manufacture / assembly / testing of Radars, Radio remote control apparatus, land based electronic warfare systems and naval air electronic warfare systems.
4. Manufacture of medium Tanks, Medium Artillery Guns/Howitzers, Light Armored Vehicles, Light Artillery Guns/Howitzers.
5. Pipavav Defence has also applied for a license for manufacture, assembly and testing of all calibers of ammunition ranging from 20mm to 203mm for the Indian Armed Forces. In the aerospace sector, Pipavav Defence has applied for license for manufacture of Helicopters and Aircrafts for defence services.

STRATEGIC ALLIANCES

Pipavav Defence has a wide spectrum of international strategic alliances in various domains of defence technologies including JSC Zvyozdochka, Russia; DCNS, France; SAAB AB, Sweden; Atlas, Germany etc.



PIPAVAV DEFENCE

INDIA'S ONLY
INTEGRATED
DEFENCE
COMPANY





INDIGENOUS. INSPIRING.

- PIPAVAV DEFENCE TODAY IS ACTIVELY INVOLVED IN BIDDING, FINALIZATION AND EXECUTION OF SOME OF THE LARGEST PROJECTS IN SHIPBUILDING AND SHIP REPAIRS IN DEFENCE SECTOR TO BE EVER UNDERTAKEN IN INDIA WHICH ARE BOTH INDIGENOUS AND INSPIRING.

IN OCTOBER 2014, THE GOVERNMENT HAS CLEARED DEFENCE PROJECTS WORTH ₹ 80,000 CRORE. AS ONE OF THE LEADERS IN TERMS OF DEFENCE INFRASTRUCTURE PIPAVAV DEFENCE IS BEST PLACED TO BAG SOME OF THESE NEW PROJECTS.



PROJECTS IN THE VICINITY

There are several prestigious projects under execution and in the vicinity. Following is the glimpse of some of these projects:

FLEET SUPPORT SHIP (FSS)

Fleet Support Ship (FSS) is intended to have a Multi-functional role for transferring fuel, oils and lubricants to Naval Fleet while underway at sea, using the abeam as well as stern transfer methods. FSS would also transfer various Stores, Victuals and Personnel to Naval Fleet, while underway at sea.

FAST PATROL VESSELS

Pipavav Defence has been declared the lowest bidder by the Indian Coast Guard for the design and construction of 14 Fast Patrol Vessels (FPVs) under the competitive bidding process.

FPVs are medium range surface platforms with water jets. They are primarily used in patrolling exclusive economic zones, coastal patrolling, anti-smuggling, anti-piracy and search & rescue operations.

The total value of the order will be around ₹ 920 Crore.

SURVEY VESSEL (LARGE)

Survey Vessel (Large) is a Hydrographic Vessel intended to undertake full-scale coastal and deep-water Hydrographic Survey of Ports, Harbours, approaches and determination of navigational channels / routes, surveys of maritime limits up to Extended Economic Zones / Extended Continental Shelf. The vessel would also undertake collection of Oceanographic and Geophysical Data for critical applications.

LANDING PLATFORM DOCKS (LPD)

A LPD is also known as Helicopter Carrier with the versatility of an amphibious warfare ship used for the purpose of search, rescue and reconnaissance with capabilities of carrying 900 troops, twenty helicopters, 75 armoured tanks, amphibious boats, guns, 150 bed hospital, among others.

Pipavav Defence has already participated in the tender for acquisition of 4 nos. LPD for the Indian Navy and is looking forward to win the LPD contract. Bid Opening is expected soon.

LNG CARRIERS

Gas Authority of India Limited (GAIL) is expected to invite soon a tender for charter hire of up to 9 + 2 LNG Carriers, out of which 3 + 1 LNG Carriers will be built in India pursuant to 'Make in India' policy of the Government of India.

Each LNG Carrier's capacity would be in range of 150,000 cbm to 180,000 cbm with Membrane type tank containment system powered by TFDE propulsion system.

Pipavav Defence will be looking forward to build these carriers and enter into a niche market of construction of LNG Carriers.

FSRU, FPSO, FSU

Pipavav Defence, banking on its experience with LNG Carriers, will be looking forward to construct Floating Storage and Re-gasification Units (FSRU) with technical collaboration with Exmar, Belgium; Floating Production Storage Offloading (FPSO) units, Floating Storage Units (FSU) and other niche offshore Hydro-carbon Exploration and Production assets.

ANTI-SUBMARINE WARFARE SHALLOW WATER CRAFT (ASW-SWC)

ASW-SWC crafts are capable of anti-submarine warfare in coastal waters. This includes Sub Surface Surveillance of Coastal Waters, Low Intensity Maritime Operation (LIMO) and Mine Laying operations.

Pipavav Defence has participated in the tender for acquisition of 16 nos. ASW-SWC Project. Bid Opening is expected early 2016.

LIGHTER THAN AIR SYSTEMS

Pipavav Lighter Than Air Systems (PLTA), a wholly owned subsidiary of Pipavav Defence is focused on Aerostats and Airships domains. PLTA has already delivered a prototype Aerostat to Defence Research and Development Organisation (DRDO), which will be used for strategic purposes. Aerostat is a lighter-than-air craft that gains its lift through the use of a buoyant gas. Aerostats include unpowered balloons and powered airships. Aerostat may be free-flying or tethered. In July 2015 PLTA successfully executed this order.

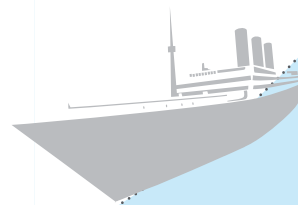
With proven success, PLTA will now bid for various defence projects to become India's leading company for supply of LTA systems.

DRY DOCKING OF INS VIKRAMADITYA

Pipavav Defence has also qualified for dry-docking of INS Vikramaditya, the present largest Aircraft Carrier of Indian Navy. The work is expected to commence in 2016. Pipavav Defence is the only yard in India where INS Vikramaditya can be dry docked.

PROJECTS ON THE HORIZON

THERE ARE SEVERAL OTHER PRESTIGIOUS AND HIGH VALUE PROJECTS UNDER MAKE IN INDIA PROGRAMME, FOR WHICH THE ACQUISITION PROCESS HAVE ALREADY BEEN INITIATED BY MINISTRY OF DEFENCE. COLLECTIVELY, THESE PROJECTS RUNS INTO SEVERAL TENS OF THOUSAND CRORES. SOME OF THESE INCLUDE:



P-75 I CONVENTIONAL SUBMARINES

Project 75 I class is a conventional submarine project of Indian Navy. Under this programme Indian Navy intends to acquire 6 dieso-electric submarines with advanced Air Independent Propulsion (AIP) System which will enable these submarines to stay submerged for longer duration and increasing their operational range substantially. In October 2014, the project got clearance from Defence Acquisition Council.

Pre-bidding process for this project has already commenced. Pipavav Defence is one of the front-runners for this project.

MRLC - 877 EKM SUBMARINES

Refit and modernization is an ongoing need for India's blue water navy. A submarine needs to undergo a mid-life overhaul or refit – termed as Medium Refit and Life Certification (MRLC) every 10-15 years in its 30 year service life.

Now, for the first time, refit of submarines is being considered in India. Pipavav Defence has entered into an agreement with JSC Repairing Centre Zvyozdochka, Russia, who are the original makers of the submarines, for such MRLC.



NEXT GENERATION INDIGENOUS AIRCRAFT CARRIER

Indian Navy has planned to acquire a new generation Aircraft Carrier of 65,000 Tonne which is 1.50 times larger than INS Vikramaditya, the present largest aircraft carrier of Indian Navy. After commissioning, it will be the largest vessel of the Indian Naval fleet. Owing to the size of its infrastructure, Pipavav Defence is the only yard which has the capacity to undertake the construction of such strategic platform.

Pipavav Defence has already tendered its Expression of Interest and Build strategy.



CHAIRMAN'S COMMUNIQUE TO SHAREHOLDERS

Dear Shareholders,

It is fascinating how one vision can mobilize an entire nation and transform its collective capabilities into a Mission. The Hon'ble Prime Minister Shri Narendra Modi's 'MAKE IN INDIA' vision is indeed an inspirational initiative that has the potential to structurally change India's manufacturing sector and propel it to emerge as one of the global manufacturing hubs in the years to come.

In spite of being the third largest Armed Force in the world, the Indian defence is still heavily dependent on imports and has been the largest buyer of defence platforms / equipment in the world since the last three years. The country has inadequate infrastructure, technology, expertise to manufacture most of the technologically advanced strategic defence assets within the country. However, the 'MAKE IN INDIA' programme is poised to change this syndrome. It has the potential to enhance and accelerate India's defence manufacturing capabilities and eventually make India as one of the major global players in Defence manufacturing for domestic as well as international requirements.

At Pipavav Defence, we have always been committed to contribute to India's journey towards attaining self-reliance in key sectors like Hydro-carbon Exploration and Production Assets and

niche commercial vessels like LNG carriers etc. During the course of our exciting journey, we have created lasting milestones that are amongst India's First, and that have India First at its core. We have created the largest maritime infrastructure in India at Pipavav, Gujarat that boasts of one of the largest dry docks and one of the largest production infrastructures in the world. We have continued to build our strengths and add our capabilities through our tie-ups and strategic alliances with the leading Defence companies in the world. We are the first private sector player in India post independence to have received orders from the Indian Navy for combat vessels.

Today, we are the only integrated Defence Company in India that has all the building blocks: infrastructure, skills, talent and access to advanced technology, all in the right place and ready to capitalise on the high growth

opportunities in India's Defence sector.

During the year 2014-15, Pipavav Defence continued to deliver various projects to the satisfaction of its customers. These include delivery of Panamax Vessel and OSVs, besides repair / refit projects of Indian Coast Guard and Indian Navy, to name a few.

During March 2015, Reliance Infrastructure Limited and its wholly owned subsidiary, Reliance Defence Systems Private Limited, part of Reliance Group led by Shri Anil Dhirubhai Ambani have agreed to





Company. Needless to mention that such transactions are subject to applicable statutory approvals.

I am convinced that this alliance is an endorsement of the vision we set out to achieve. Besides commonality of vision, we share a philosophy of long-term value creation for all stakeholders. I look forward to supporting Reliance to realise the goal of creating India's foremost Defence Company and in the process significantly contribute towards nations' goal of achieving self reliance by pursuing 'Make in India' programme of Government of India. Reliance's strategic investment will accelerate our progress towards meeting the needs of motherland, and creating sustainable social value in the community we operate in.

Today, we are looking ahead at an unprecedented growth opportunity. We have been declared as the lowest bidder for the design and manufacture of Fast Patrol Vessels of Indian Coast Guard. On our horizon are some ambitious projects like Landing Platform Docks, Anti Submarine Warfare Shallow Water Crafts, conventional submarines with Air Independent Propulsion System, New generation Aircraft Carrier, Frigates, other prestigious strategic defence projects. At the same time, we are focusing on design and construction of LNG carriers, Floating Storage & Re-gasification Units ('FSRU'), Floating Production, Storage Offloading ('FPSO')

units, Floating Storage Units ('FSU') and other niche offshore hydro-carbon exploration and production assets. We have been short-listed by GAIL (India) for indigenous construction of LNG carriers. Pipavav Defence's dry dock asset is the only one in India, which can undertake dry docking of latest air-craft carrier of Indian Navy, INS Vikramaditya. Pipavav Defence is also poised for construction of new generation Aircraft Carrier.

These are all extremely positive signs for the things to come. At Pipavav Defence, we have no doubt of an exciting and exceptional future ahead.

I thank you all for your sustained faith and belief in Pipavav Defence, and assure you that we will not spare any effort to emerge as the leading Defence player as we continue with our mission

**MAKE IN
INDIA**
INDIGENOUS.
INTEGRATED.
INSPIRING.

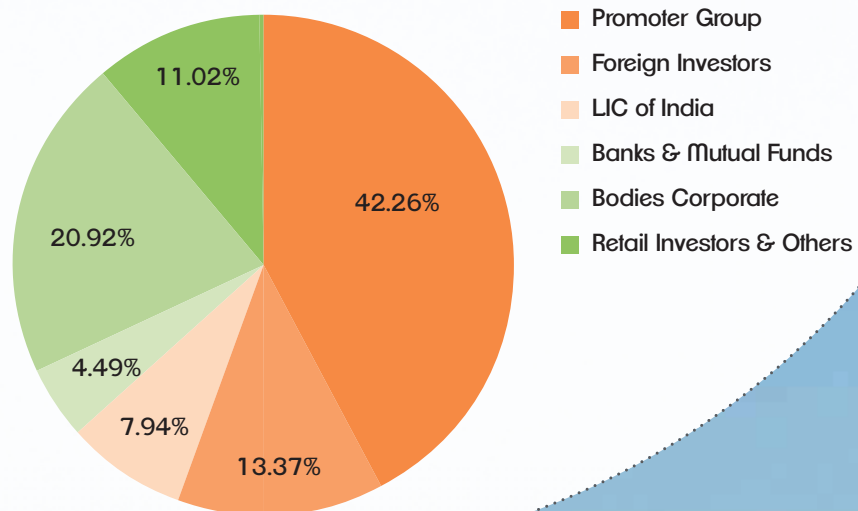
Yours sincerely,

Nikhil Gandhi
Chairman

acquire from the present promoters of Pipavav Defence approximately 17.66 per cent shareholding in the Company. The mandatory open offer to acquire 26 per cent shares from public shareholders of the Company has also been announced. Consequently, on completion of the Open Offer and transaction, the management control of Pipavav Defence will rest with the Reliance Group and Shri Anil Dhirubhai Ambani will be the Chairman of your Company. Shri Anil Dhirubhai Ambani recently announced plan to arrange investment upto ₹ 5,000 Crore in the



SHAREHOLDING PATTERN





A FEW PROJECTS DELIVERED IN 2014-15

GOLDEN RUBY – PANAMAX VESSEL

B.S.NEGI – OFFSHORE SUPPLY VESSEL

N.B.PRASAD - OFFSHORE SUPPLY VESSEL

AHTS SHUNTER

ICGS SAMUDRAPRAHARI

JINDAL KAMAKSHI



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nikhil Gandhi	: Chairman
Mr. Bhavesh Gandhi	: Executive Vice-Chairman
Mr. Ajai Vikram Singh	: Independent Director
Mr. Ajay Sharma	: Nominee Director, IDBI Bank Ltd.
Mr. Alexander John Joseph	: Independent Director
Ms. Comal Ramachandran Gayathri	: Independent Director
Ms. Padmaja Bhaskaran	: Nominee Director, LIC of India
Mr. R. M. Premkumar	: Independent Director
Mr. Samar Ballav Mohapatra	: Independent Director

BOARD COMMITTEES

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

Mr. R. M. Premkumar	: Chairman
Mr. Ajai Vikram Singh	: Member
Mr. Nikhil Gandhi	: Member
Mr. Samar Ballav Mohapatra	: Member

STAKEHOLDERS' GRIEVANCE / RELATIONSHIP COMMITTEE

Mr. Nikhil Gandhi	: Chairman
Mr. Bhavesh Gandhi	: Member

INDEPENDENT DIRECTORS COMMITTEE

Mr. R. M. Premkumar	: Chairman
Mr. Ajai Vikram Singh	: Member
Mr. Alexander John Joseph	: Member
Ms. Comal Ramachandran Gayathri	: Member
Mr. Samar Ballav Mohapatra	: Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mr. Bhavesh Gandhi	: Chairman
Mr. Ajai Vikram Singh	: Member
Mr. R. M. Premkumar	: Member

RISK MANAGEMENT COMMITTEE

Mr. Bhavesh Gandhi	: Chairman
Mr. R. M. Premkumar	: Member

CORPORATE COUNSEL & COMPANY SECRETARY

Mr. Ajit Dabholkar

REGISTERED OFFICE & EOU UNIT

Pipavav Port, Post Ucchaiya, Via-Rajula,
District Amreli – 365 560, Gujarat.
Tel No. (02794) 661 000
Fax No. (02794) 661 100
Website: www.pipavavdoc.com
Investor Grievance e-mail:
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 Jafraabad,
District Amreli – 365 560, Gujarat.

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot Number 31 & 32,
Financial District Gachibowli,
Hyderabad – 500 032.
Tel No: +91 040 6716 1508
E-mail rjitha.cholleti@karvy.com
Contact Person: Ms. Rajitha Cholleti

STATUTORY AUDITOR

M/s. GPS & Associates, Chartered Accountants

INTERNAL AUDITOR

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

DIRECTORS' REPORT

Dear Members,

The Directors take pleasure in presenting the 18th Annual Report of your Company together with audited financial statements for the year ended March 31, 2015.

1. FINANCIAL RESULTS:

The financial performance of the Company, on standalone basis, for the year ended March 31, 2015 is summarized below:

(₹ in Crore)

Sr. No.	Particulars	2014-15	2013-14
(a)	Total Revenue	862.07	2,319.08
(b)	Profit from Operations	92.86	614.75
(c)	Depreciation	131.34	161.70
(d)	Interest	452.69	465.21
(e)	Profit / (Loss) before Tax	(460.10)	27.93
(f)	Profit / (Loss) after Tax	(369.03)	8.36

2. DIVIDEND:

The Board of Directors has not recommended any dividend on the equity shares of the Company for the year under review.

3. STATE OF COMPANY'S AFFAIRS:

During the year under review, your Company has recorded total revenue of ₹ 862.07 crore as compared to the total revenue of ₹ 2,319.08 crore during the previous financial year. The Company has earned operating profit i.e. Profit before Depreciation, Interest and Tax of ₹ 92.86 crore for the year as against ₹ 614.75 crore for the previous year.

4. MANAGEMENT AND CONTROL OF THE COMPANY:

Pursuant to an Agreement dated March 4, 2015, between the Company and its existing Promoters namely SKIL Infrastructure Limited ('SIL'), SKIL Shipyard Holdings Private Limited ('SSHPL') and Grevek Investments and Finance Private Limited ('GIFPL') (SIL, SSHPL, GIFPL are collectively referred to as the 'Sellers') and Reliance Defence Systems Private Limited ('Reliance Defence') and Reliance Infrastructure Limited ('Reliance Infrastructure') (Reliance Defence and Reliance Infrastructure are hereinafter together referred to as 'the Acquirers'), the Acquirers will purchase equity shares of the Company from the Sellers, constituting 17.66 percent of its paid-up equity share capital and shall acquire the management and sole control of the Company.

In terms of the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, the Acquirers have announced an open offer to the public shareholders to acquire from them upto 26% equity shares of the Company ('SEBI Open Offer') subject to certain conditions and statutory and other approvals. In this connection, the Acquirers have filed with the SEBI a draft Letter of Offer.

Post completion of the SEBI Open Offer, if the Acquirers hold less than 25.1% equity shares of the Company, in that event, the Sellers will sell such number of equity shares to cover the shortfall of equity shares (i.e. 25.1% shares minus the number of shares held by Reliance Defence post open offer) to the Acquirers, so that as a result of the proposed acquisition, the Acquirers will hold minimum 25.1% shares in the Company.

Post completion of the SEBI Open Offer, the Acquirers will acquire management and sole control of the Company and shall appoint their representatives constituting majority on the Board of the Company. Post completion of the Transaction, the Acquirers will hold minimum 25.10% in your Company and Mr. Anil Ambani, Chairman of Reliance Group will be the Chairman of your Company. The present promoters may continue to hold minority stake and two positions in Board of Directors of the Company. The name of the Company will be changed to Reliance Defence and Engineering Limited.

The above is subject to certain conditions precedent, and statutory and other approvals.

The Competition Commission of India ('CCI') has already approved the said transaction vide its order dated 20th April 2015. The process of soliciting other necessary statutory and other approvals for completion of the said transaction is in progress.

5. CORPORATE DEBT RESTRUCTURING:

Continued downturn in global commercial shipping industry has affected the shipbuilding industry and the Company adversely. Long gestation period of large scale infrastructure created by the Company and non-availability of timely working capital etc. severely impacted the operations of the Company. In order to find a long term solution to the issues emanating from the inevitable long gestation period for the infrastructure industry; the promoters, the management of your Company and bankers of the Company decided to restructure its debts under the Corporate Debt Restructuring ('CDR') Scheme in accordance with the guidelines stipulated by the Reserve Bank of India.

The Corporate Debt Restructuring ('CDR') Cell vide letter dated March 27, 2015 has communicated its approval of the restructuring proposal of your Company.

Pursuant to the aforesaid approval, the CDR Lenders (**'Lenders'**) have extended certain reliefs and concessions to the Company. However, the Lenders have right of recompense and/ or right to reverse the waivers / sacrifice as per the applicable CDR guidelines. The Lenders also have right to convert Future Interest on Term Loan (**'FITL'**) up to ₹ 250 crore into equity shares in the Company at a price as may be determined as per SEBI (Issue of Capital and Disclosure Requirements (ICDR) Regulations, 2009.

The Promoters of the Company were required to bring in ₹ 145 crore into the Company as a condition precedent for the CDR. Accordingly, the Promoters have infused ₹ 157.50 crore in the Company. The Company has executed 'Master Restructuring Agreement' with the Lenders and successfully implemented the CDR package.

Further, the Promoters are required to bring, in the Company, additional amount of ₹ 21 crore within one year from the date of approval of CDR and arrange for ₹ 176.48 crore towards equity margin for balance capex. The Promoters of your Company are committed to the same.

6. SUBSIDIARY COMPANIES:

Details of the subsidiaries of your Company as on March 31, 2015 are as follows:

E Complex Pvt. Ltd. ('ECPL')

ECPL, wholly-owned subsidiary of your Company, is engaged in the business of development and operation of Special Economic Zones (SEZs). ECPL has developed a sector specific SEZ for engineering goods which is spread over two villages comprised in two talukas viz. at Village Rampara II in Taluka Rajula and Village Lunsapur in Taluka Jafarabad, District Amreli, in the State of Gujarat.

Your Company has set up its SEZ unit in the SEZ developed and operated by ECPL.

During the FY 2014-15, ECPL recorded total income of ₹ 125.11 crore (Previous Year ₹ 292.31 crore) and net loss of ₹ 10.53 crore (Previous Year ₹ 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 Hydrocarbon EPC assets. PDOC Pte. Ltd has not yet commenced its commercial operations.

During the F.Y. 2014-15, PDOC Pte. Ltd. recorded net loss of SG\$ 10,198 (Previous Year SG\$ 2,087).

Pipavav Marine and Offshore Limited ('PMOL')

PMOL, wholly-owned subsidiary of your Company has not yet commenced its commercial operations. During the F.Y. 2014-15 PMOL has recorded net loss of ₹ 0.90 Lacs (Previous Year ₹ 0.89 Lacs).

Pipavav Lighter Than Air Systems Private Limited ('PLTA')

PLTA is a wholly-owned subsidiary of your Company. During the F.Y. 2014-15, PLTA recorded total income of ₹ 0.35 Lacs (Previous Year NIL) and net loss of ₹ 1.18 Lacs (Previous Year ₹ 0.15 Lacs). PLTA has received a prestigious prototype order on nomination basis from Defence Research and Development Organisation (**'DRDO'**) for production of Aerostat, which will be used for strategic purposes. PLTA, after the end of F.Y. 2014-15 has delivered the said Aerostat to DRDO.

Pipavav Engineering and Defence Services Limited ('PEDSL')

During the year, your Company acquired 100% stake in PEDSL, making it a wholly-owned subsidiary of the Company.

During the F.Y. 2014-15, PEDSL recorded total income of ₹ 459.71 Lacs (Previous Year NIL) and net loss of ₹ 6.24 Lacs (Previous Year ₹ 0.11 Lacs).

Pipavav Technologies and Systems Private Limited ('Pipavav Technologies')

During the year, your Company acquired 100% stake in Pipavav Technologies and Systems Private Limited (formerly known as Pipavav Combat Management Systems Private Limited), making it a wholly-owned subsidiary of the Company. Its name was changed from 'Pipavav Combat Management Systems Private Limited' to 'Pipavav Technologies and Systems Private Limited' w. e. f. February 03, 2015. Pipavav Technologies has not yet commenced its commercial operations.

During the F.Y. 2014-15 Pipavav Technologies has recorded net loss of ₹ 0.11 Lacs (Previous Year ₹ 0.06 Lacs).

The policy to determine material subsidiary Company is available on Company's website at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

7. CONSOLIDATED FINANCIAL STATEMENTS:

The Company pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchanges (**'Listing Agreement'**); in accordance with the Section 129 (3) of the Companies Act, 2013 (**'Act'**) and Accounting Standard (AS) – 21 on 'Consolidated Financial Statements' read with AS-23 on 'Accounting for Investments in Associates' and other applicable Accounting Standards prepared consolidated financial statements of the Company and all its subsidiaries for the year under review, which form part of the Annual Report. Further, the report on the performance and financial position of each of the subsidiary, associate and joint venture and salient features of the financial statements in the prescribed Form AOC-1 is annexed to this report and marked as "Annexure A".

8. DIRECTORS:

At the 17th Annual General Meeting of the Company Mr. Ajai Vikram Singh, Mr. Alexander John Joseph, Ms. Comal Ramachandran Gayathri, Mr. R. M. Premkumar and Mr. Samar Ballav Mohapatra, were appointed as Independent Directors for a period of 5 years with effect from October 1, 2014.

During the year IDBI Bank nominated Mr. Ajay Sharma as a Director of the Company with effect from October 31, 2014 and Life Insurance Corporation of India ('LIC of India') nominated Ms. Padmaja Bhaskaran as a Director of the Company with effect from February 13, 2015.

Mr. Ashok Kumar Sahoo, who was nominated by LIC of India resigned from the office of the Director w.e.f. September, 10 2014. Mr. David Rasquinha, who was nominated by EXIM Bank and Mr. Lars Olov Rikard Lindren, Alternate Director resigned from the offices of the Directors w.e.f. September 12, 2014. Mr. Ashok Katra, who was nominated by IDBI Bank resigned from the office of the Director w.e.f. October 27, 2014. Mr. Nils Peter Sandehed, a Director nominated by SAAB Aktiebolag resigned from the office of the Director of the Company w.e.f. November 12, 2014.

The Board places on record appreciation of contribution made by Mr. Ashok Katra, Mr. Ashok Kumar Sahoo, Mr. David Rasquinha, Mr. Lars Olov Rikard Lindren and Mr. Nils Peter Sandehed during their tenure as Directors of the Company.

In terms of provision of Section 152 of the Act Mr. Nikhil Gandhi is liable to retire by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

9. KEY MANAGERIAL PERSONNEL:

During the Year under review Mr. Bhavesh Gandhi, Executive Vice-Chairman and Executive Director; Mr. Rajiv Shukla, Chief Executive Officer; Mr. Praveen Mohnot, Chief Financial Officer and Mr. Ajit Dabholkar, Corporate Counsel & Company Secretary were designated as Key Managerial Personnel of the Company as per the provisions of Section 203 of the Act. None of the KMP has resigned during the year under review.

10. MEETINGS OF BOARD AND AUDIT COMMITTEE:

During the year, five Meetings of the Board of Directors of the Company were convened and held. The Audit Committee of the Board of Directors of your Company comprises of Mr. R. M. Premkumar, Mr. Ajai Vikram Singh, Mr. Bhavesh Gandhi and Mr. Samar Ballav Mohapatra. Mr. Premkumar is the Chairman of the Audit Committee. Details relating to Board Meetings, Audit Committee Meetings and declarations of Independent Directors are provided in the Corporate Governance Report attached hereto, which forms part of this Annual Report.

11. EVALUATION OF DIRECTORS, BOARD AND ITS COMMITTEES:

Pursuant to the provisions of the Act and Clause 49 of the Listing Agreement, the Board has carried out an Annual performance evaluation of its own performance, of the Directors individually and of the committees of the Board. A separate meeting of the Independent Directors was held during the year for evaluation of performance of Non-Independent Directors, performance of the Board as a whole and that of the Chairman. Further details, including the manner in which the evaluation has been carried out have been described in the Corporate Governance Report.

12. NOMINATION & REMUNERATION / BOARD DIVERSITY POLICIES:

The Board on the recommendation of the Nomination & Remuneration Committee framed a policy for appointment of Directors, Key Managerial Personnel, Senior Management Personnel and their remuneration. The Board has also on the recommendation of the Nomination & Remuneration Committee adopted Board Diversity Policy as per the provisions of Listing Agreement. Both these policies are annexed to this report and collectively marked as "Annexure B".

13. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with provisions of Section 134(3)(c) and Section 134(5) of the Act, it is hereby confirmed that:

- in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- the Directors had selected such accounting policies and applied them consistently and have 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, 2015 and of the loss of the Company for the year ended on that date;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual financial statements have been prepared on a 'going concern' basis;
- proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- adequate systems to ensure compliance with the provisions of all applicable laws were in place, and operating effectively.

There were no significant or material orders passed by any Regulator or Court or Tribunal which would impact the going concern status of the Company and its future operations.

14. POLICY ON RELATED PARTIES TRANSACTIONS & CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large. All related party transactions were placed before the Audit Committee for approval.

The policy on related party transactions as approved by the Board is available on the Company's website at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

15. STATUTORY AUDITORS & AUDITORS' REPORT:

M/s. GPS & Associates, Chartered Accountants, Mumbai (Firm Registration No. 121344W), Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. M/s. GPS & Associates, Chartered Accountants have conveyed their unwillingness to get reappointed at the ensuing Annual General Meeting. The Board of Directors of your Company, on recommendation of the Audit Committee, has proposed to appoint M/s. Pathak H. D. & Associates, Chartered Accountants, Mumbai (Firm Registration No. 107783W) to hold office for a term of five years commencing from the conclusion of the ensuing Annual General Meeting till the conclusion of the 23rd Annual General Meeting of the Company. M/s. Pathak H. D. & Associates have, under Section 139(1) of the Act and the Rules framed thereunder, furnished certificate of their eligibility, Peer Review Certificate and consent for appointment. The members are requested to consider appointment of M/s. Pathak H. D. & Associates, Chartered Accountants, Mumbai as the Statutory Auditors of the Company.

The Notes to Financial Statements read with the Auditors' Report are self-explanatory and therefore, do not call for any further explanations.

16. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Ms. Sandhya Malhotra of M/s. SRM & Co., Company Secretaries to undertake the Secretarial Audit of the Company. There is no qualification or adverse remark in

the Secretarial Audit Report. The Report of the Secretarial Auditor is annexed herewith as "Annexure C".

17. 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.

(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. As part of periodic exercise and 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 established 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.

18. CORPORATE SOCIAL RESPONSIBILITY ('CSR'):

Your Company conducts its business in a sustainable and socially responsible manner. Your Company is committed to the initiatives for providing drinking water to the villages in the vicinity of the project sites. Your Company lays special emphasis on education and vocational training of youth including females in the 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 project sites. During the year under review, due to liquidity constraints, the Company was constrained not to expend 2.00% of average net profits of the Company during the three immediately preceding financial years. Your Company will resume its contribution towards Corporate Social Responsibility projects once its financial position improves. The Corporate Social Responsibility Committee of the Board of Directors comprises of Mr. Bhavesh Gandhi, Executive Vice-Chairman; Mr. Ajai Vikram Singh, Independent Director and Mr. R. M. Premkumar, Independent Director. Mr. Bhavesh Gandhi is the Chairman of the CSR Committee. The CSR policy is available on the Company's website at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

19. INTERNAL FINANCIAL CONTROLS:

The Company has an Internal Financial Control System inter alia with reference to the financial statements, commensurate with the size, scale and complexity of its operations. The Audit Committee monitors and evaluates the efficacy and adequacy of internal control system in the Company. Based on the report of the internal auditors / recommendations of the Audit Committee, process owners undertake corrective actions in their respective areas and thereby strengthen the internal controls. Various audit observations and corrective actions thereon are presented to the Audit Committee of the Board. The Company has in place adequate internal finance controls with reference to the financial statements. During the year, no reportable material weakness was observed in the Internal Financial Control System.

20. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company in accordance with Section 177 of the Act has formulated a vigil mechanism to deal with alleged instances of mismanagement, if any. The Vigil Mechanism Policy / Whistle blower policy is available on the website of the Company at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

21. RISK MANAGEMENT:

Pursuant to the requirement of Clause 49 of the Listing Agreement, the Company has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Report.

The Company has adequate Business Risk Management framework to identify, evaluate business risks and opportunities. The Risk management policy broadly defines the risk at various stages of business and ways to mitigate them. The detailed policy is provided on the website of the Company.

22. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Your Company continues to strive to make its processes energy efficient and takes various measures for conservation of energy. The information in terms of Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, as applicable to the Company, is set out in "Annexure D" and forms part hereof.

23. MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report for the financial year 2014-15, as stipulated under Clause 49 of the Listing Agreements with the stock exchanges, is provided at "Annexure E" and forms part of this Directors' Report.

24. CORPORATE GOVERNANCE REPORT:

Corporate Governance Report along with the Statutory Auditors' Certificate confirming compliance with the conditions of Corporate Governance as required under Clause 49 of the Listing Agreement is attached herewith and marked as "Annexure F".

25. EXTRACT OF THE ANNUAL RETURN:

An extract of the Annual Return of the Company as of 31st March, 2015 in the prescribed Form MGT-9, pursuant to the provisions of sub-section (3) of Section 92 of the Act is attached herewith and marked as "Annexure G".

26. DEPOSITS:

Your Company has not accepted any deposits from public within the meaning of the provisions of Section 73 of the Act read with Companies (Acceptance of Deposits) Rules, 2014. As such, no amount of principal or interest on public deposits was outstanding as on March 31, 2015.

27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act are provided in the notes to the Financial Statements.

28. EMPLOYEES REMUNERATION:

Particulars in accordance with Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in an annexure to this report marked as "Annexure H".

In terms of first proviso to Section 136 of the Act, the Annual Report and Financial Statements are being sent to the members of the Company and others entitled thereto excluding the aforesaid information. These particulars will be made available for inspection by the Members at the Registered Office of the Company during 9.00 a.m. to 11.00 a.m. on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard. Upon such request the information will be made available.

29. PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE:

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention and Redressal) Act, 2013 and the Rules notified there under. The primary objective of the said Policy is to protect the women employees from sexual harassment at the place of work and also provides for punishment in case of false and malicious representations.

During the financial year 2014-15, no complaint was filed by any woman employee with the Company in accordance with Sexual Harassment of Women at Workplace (Prevention and Redressal) Act, 2013.

30. 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, 2014	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, 2015	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.

31. 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, 2015

Nikhil Gandhi
Chairman

ANNEXURE A TO THE DIRECTORS REPORT FORM AOC – 1

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014]
Statement containing salient features of the financial statements of subsidiaries/ associate companies/ joint ventures

PART “A” – Summary of Financial Information of Subsidiary Companies

1. Subsidiaries of the Company in India:

Sr. No.	Name of the Company	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Reporting Currency	Exchange Rate	Share Capital (in Lacs)	Reserves & Surplus (in Lacs)	Total Assets (in lacs)	Total Liabilities (in Lacs)	Total Investments (in Lacs)	Turnover (in Lacs)	Profit / (Loss) Before Taxation (in Lacs)	Provision for Taxation (in Lacs)	Profit / (Loss) after Taxation (in Lacs)	Proposed Dividend (in Lacs)	% of Shareholding
1.	E Complex Private Limited	-	₹	1	2,170.93	(1,712.66)	50,707.27	50,249.00	NIL	9,416.92	(1,097.29)	44.00	(1,053.29)	-	100%
2.	Pipavav Marine and Offshore Limited	-	₹	1	5.00	(2.05)	36,916.37	36,913.42	29,968.00	0.00	(0.90)	-	(0.90)	-	100%
3.	Pipavav Lighter than Air Systems Private Limited	-	₹	1	14.00	(1.33)	226.70	214.03	NIL	-	(1.18)	-	(1.18)	-	100%
4.	Pipavav Engineering and Defence Services Limited	-	₹	1	5.00	(6.82)	11,478.53	11,480.34	NIL	-	(6.24)	-	(6.24)	-	100%
5.	Pipavav Technologies and Systems Private Limited	-	₹	1	1.00	(0.17)	1.00	0.17	NIL	-	(0.11)	-	(0.11)	-	100%

2. Subsidiary of the Company Outside India:

Sr. No.	Name of the Company	Reporting period for the subsidiary concerned, if different from the Holding Company's reporting period	Reporting Currency	Exchange Rate	Share Capital (in SGD)	Reserves & Surplus (in SGD)	Total Assets (in SGD)	Total Liabilities (in SGD)	Total Investments (in SGD)	Turnover (in SGD)	Profit / (Loss) Before Taxation (in SGD)	Provision for Taxation (in SGD)	Profit / (Loss) after Taxation (in SGD)	Proposed Dividend (in SGD)	% of Shareholding
1	PDOC Pte. Ltd.	-	SGD	45.49	25,000	(25,242)	15,498	15,950	NIL	NIL	(10,198)	-	(10,198)	-	100%

PART “B” - Associates and Joint Ventures
Statement pursuant to Section 129(3) of the Companies Act, 2013 related to the Associate Companies & Joint Ventures:

Sr. No.	Particulars	Name of the Associate Company
		Conceptia Software Technologies Private Limited
1.	Latest Audited Balance Sheet Date	31.03.2015
2.	Shares of Associate held by the Company on year end	
	<ul style="list-style-type: none"> No. of Equity Shares Amount of Investment in Associates Extent of Holding (%) 	112,200 ₹ 15,348,842/- 25.50%
3.	Description of how there is significant influence	There is significant influence due to shareholding in the Associate Company
4.	Reason why the Associate is not consolidated	N.A.
5.	Net-worth attributable to Shareholding as per latest audited Balance Sheet	₹ 9,027,894.03/-
6.	Profit / (Loss) for the year	
	1. Considered in Consolidation	₹ 1,248,230.61/-
	2. Not Considered in Consolidation	₹ 3,676,600.00/-

ANNEXURE B TO THE DIRECTORS REPORT

NOMINATION, REMUNERATION & EVALUATION POLICY

PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Remuneration Committee of Pipavav Defence and Offshore Engineering Company Limited ('the Company') was constituted on September 4, 2003. In order to align with the provisions of the Companies Act, 2013 and the Listing Agreement, the Board on May 30, 2014 renamed the "Remuneration Committee" as "Nomination and Remuneration Committee."

The Nomination and Remuneration Committee and this Policy are in compliance with Section 178 of the Companies Act, 2013 read with the applicable rules and Clause 49 under the Listing Agreement.

OBJECTIVES / ROLE OF THE COMMITTEE

The Key Objectives of the Committee would be:

1. To recommend the Board appointment and removal of Directors, Key Managerial Personnel and senior management personnel.
2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management and other employees and Executive Directors remuneration and incentive.
4. To carry out evaluation of Director's performance and recommend to the Board appointment / removal of Directors based on his / her performance.
5. To formulate criterion for determining, qualifications, positive attributes and Independence of Director and for evaluation of Independent Directors and the Board as a whole.
6. To identify persons who are qualified to become directors and who may be appointed / elevated to senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
7. To make recommendations to the Board concerning the suspension or termination of service of Director, Key Managerial Personnel, if need be, subject to the provision of the applicable laws and contract of service / appointment.
8. To ensure that level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, Key Managerial Personnels of the quality required to manage the Company successfully.
9. To ensure that the remuneration to Directors, Key Managerial Personnel and senior management

personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

10. To develop a succession plan for the Board and to regularly review the plan.
11. To devise a policy on Board diversity.

DEFINITIONS

- (a) **"Board"** means Board of Directors of the Company.
- (b) **"Company"** means "Pipavav Defence and Offshore Engineering Company Limited."
- (c) **"Employees' Stock Option"** means the option given to the directors, officers or employees of a company or of its holding company or subsidiary company or companies, if any, which gives such directors, officers or employees, the benefit or right to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined price.
- (d) **"Independent Director"** means a director referred to in Section 149(6) of the Companies Act, 2013.
- (e) **"Key Managerial Personnel"**: Key Managerial Personnel means—
 - I. Chief Executive Officer or the managing director or the manager;
 - II. Company secretary;
 - III. Whole-time director;
 - IV. Chief Financial Officer; and
 - V. Such other officer as may be prescribed under the Companies Act, 2013, as amended.
- (f) **"Nomination and Remuneration Committee"** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement.
- (g) **"Policy or This Policy"** means, "Nomination, Remuneration & Evaluation Policy."
- (h) **"Remuneration"** means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income -tax Act, 1961.
- (i) **"Senior Management"** means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Listing Agreement and/or any other SEBI Regulation(s) as amended from time to time.

CONSTITUTION

- a. The Board shall reconstitute the Committee as and when required to comply with the provisions of the Companies Act, 2013 and applicable statutory requirement.
- b. Minimum two (2) members shall constitute a quorum for the Committee meeting.
- c. Membership of the Committee shall be disclosed in the Annual Report.
- d. Term of the Committee shall be continued unless terminated by the Board of Directors.

CHAIRMAN

- a. Chairman of the Committee shall be an Independent Director.
- b. Chairperson of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
- c. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
- d. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

APPOINTMENT, EVALUATION AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A candidate should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
3. The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

4. The candidate shall be free from any disqualifications as provided under section 164 of the Companies Act, 2013 and the Listing Agreement.
5. The candidate shall not acquire any disqualifications as mentioned under Section 167 (1) of the Companies Act, 2013 or any other disqualifications as may be notified under the Companies Act, 2013 in future or in any other applicable law.
6. The candidate should meet the conditions of being independent as stipulated under the Companies Act, 2013 and the Listing Agreement entered with the Stock Exchange in case of appointment of Independent Directors.

EVALUATION

a. EVALUATION OF DIRECTORS OTHER THAN INDEPENDENT DIRECTORS

The Committee shall carry out evaluation of performance of every Director at end of the Financial Year. The evaluation / assessment of the Directors is to be conducted on an annual basis, towards the end of the financial year.

The following criteria may be taken into consideration in determining how effective the performances of the Directors have been:

- Leadership & stewardship abilities
- Contribution to clearly define corporate objectives & plans
- Communication of expectations & concerns
- Sourcing adequate, relevant & timely information from internal / external sources
- Review, approval and achievement of strategic, operational plans, objectives, budgets
- Regular monitoring of corporate results against projections
- Identify, monitor & mitigate significant corporate risks
- Effective contribution at various meetings of the Board and Committees of the Board
- Ethical conduct

Evaluation on the aforesaid parameters will be conducted by the Independent Directors for each of the Executive/ Non-Independent Directors and Board as a whole in a separate meeting of the Independent Directors.

While evaluating performance of Managing Director and the Whole-time Director, the appropriate benchmarks set as per Industry standards need to be considered.

The Executive Director/Non-Independent Directors along with the Independent Directors will evaluate/assess each of the Independent Directors on the aforesaid parameters. Only the Independent Director being evaluated shall not participate in the said evaluation discussion relating to him or her.

b. EVALUATION OF INDEPENDENT DIRECTORS (ID)

The following criteria may be taken into consideration for evaluation of the Independent Directors:

1. Attendance at the Board / Committee meetings
2. Participation by the Independent Director at the Board / Committee meetings thereof
3. Quality of preparation for participation at the Board / Committee meetings
4. Contribution to strategy and other areas having impact on the Company's performance
5. Ability to communicate in an open and constructive manner
6. Ability to invite participation from other members of the Board / Committees and ability to express opinion in a constructive and positive manner
7. Ability to draw on his experience and credibility to address issues relating to critical areas of performance of the Company
8. Ability to help create a positive image/ brand value for the Company

Removal:

Due to any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable acts, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or senior management personnel subject to the provisions and compliance of the applicable acts, rules and regulations.

Retirement:

The Director shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The KMP and the members of the Senior Management shall retire as per the prevailing policy adopted by the Human Resource function of the Company. The NRC Committee will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

POLICY RELATING TO REMUNERATION OF MANAGERIAL PERSONNEL, KMP AND SENIOR MANAGEMENT

1. Fixed Pay:

Managerial Personnel, KMP and Senior Management personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses,

club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. Pay Structure:

The Pay structure in the Company should be appropriately aligned across various levels of management categories in the Company. Level of remuneration should be reasonable and sufficient to attract, retain and motivate Directors / KMPs and SMPs of the quality required to run the Company successfully.

3. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managerial Personnel in accordance with the provisions of Schedule V of the Companies Act, 2013 or with the prior approval of the Central Government, as applicable.

4. Excess remuneration:

If any Managerial Personnel draws or receives, directly or indirectly by way of remuneration any sums in excess of the limits prescribed under the Companies Act, 2013 or without the sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the statutory provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration / Commission:

Remuneration / Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

DEVIATIONS FROM THIS POLICY

Deviations from elements of this policy in extraordinary circumstances, when deemed necessary in the interests of the

Company, may be made if there are specific reasons to do so in an appropriate case, provided that reasons for such deviation are post facto noted / ratified by the NRC Committee.

IMPLEMENTATION

The Committee may issue guidelines, procedures, formats, reporting mechanism and manuals in supplement and for better implementation of this policy as considered appropriate.

The Committee may delegate any of its powers to one or more of its members.

PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

POLICY ON BOARD DIVERSITY & DIRECTOR ATTRIBUTES

OBJECTIVE

In accordance with Clause 49 of Listing Agreement as amended, the Nomination and Remuneration Committee of the Board has framed this policy on Board diversity which sets out a framework to promote diversity on Company's Board of Directors ('the Board').

The Policy on Board Diversity ('the Policy') sets out the approach for the Board of Pipavav Defence and Offshore Engineering Company Limited ('the Company').

POLICY STATEMENT

The Company recognizes that diverse Board is necessary. The Company believes that a diverse Board will enhance the quality of decisions made by the Board by utilizing the different skills, qualification, professional experience, gender, knowledge, independence etc. of the members of the Board, necessary for achieving sustainable and balanced development. The

diverse Board will have a competitive edge and appreciation of interests of various stakeholders. The Board however shall work in a cohesive manner as a unit.

The Nomination and Remuneration Committee ('the NRC Committee') reviews and assesses Board composition on behalf of the Board and recommends the appointment of Directors.

The following attributes shall be taken into consideration by the NRC Committee while reviewing the Board Composition:

- i) Gender diversity
To have at least one woman Director on the Board.
- ii) Age
The average age of Board members should be in the range of 65 -70 years.
- iii) Competency
The Board shall have a mix of members with different educational qualifications, knowledge and experience in different fields such as in finance, corporate laws, administration, taxation, external and internal security of the Country, naval architects, Aeronautics and other disciplines related to the company's businesses.
- iv) Independence
The independent directors should satisfy the requirements of the Companies Act, 2013 and the listing agreements in respect of the 'independence' criterion.

REVIEW OF POLICY

The NRC Committee shall review and assess board composition whilst recommending the appointment or reappointment of independent directors and shall review the policy from time to time.

ANNEXURE C TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT

(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Pipavav Defence and Offshore
Engineering Company Limited,
Pipavav Port, Post Ucchiya, Via Rajula,
Rajula, Pincode – 365560,
Gujarat

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Pipavav Defence and Offshore Engineering Company Limited (hereinafter called **'the Company'**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 (**'Audit Period'**), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (**'the Act'**) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliance with the applicable clauses of Listing Agreements entered into by the Company with National Stock Exchange of India Limited and the BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

(A) Environmental laws:

- (I) Water (Prevention and Control of Pollution) Act, 1974;
- (II) Air (Prevention and Control of Pollution) Act, 1981;
- (III) Environment (Protection) Act, 1986; and
- (IV) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.

(B) Labour Laws:

- (I) Workmen's Compensation Act, 1923;
- (II) Payment of Wages Act, 1936;
- (III) The Employees Provident Funds and Miscellaneous Provisions Act, 1952;
- (IV) Payment of Bonus Act, 1965; and
- (V) The Payment of Gratuity Act, 1972.

(C) The Special Economic Zones Act, 2005

I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:

- a. Maintenance of various statutory registers and documents and making necessary entries therein;
- b. Closure of the Register of Members;
- c. Forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;
- d. Service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e. Notice of Board meetings and meetings of the Committees of the Board;
- f. Convening and holding Annual General Meeting (held on 26th September, 2014);
- g. Minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- h. Approvals of the Members, the Board of Directors, the Committees of Directors and government authorities, wherever required;
- i. Constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- j. Payment of remuneration to Whole-time Director;
- k. Appointment of Statutory and Internal Auditors and remuneration payable to Auditors;
- l. Transfers and transmissions of the Company's shares and issue and despatch of duplicate certificates of shares;
- m. Transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- n. Borrowings and registration, modification and satisfaction of charges wherever applicable;
- o. Investment of the Company's funds including investments and loans to others;
- p. Form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- q. Directors' Report;
- r. Contracts, common seal, registered office and publication of name of the Company; and
- s. Generally, all other applicable provisions of the Act and the Rules made under the Act.

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act.
- There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of **Minimum Public Shareholding**.


I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye laws framed thereunder by the Depositories with regard to dematerialization / rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

I further report that based on the information provided and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **M/s SRM & Co.**
Company Secretaries

Place : Mumbai
Date : May 28, 2015

Sandhya Malhotra
M. No. FCS 6715
C.P. No. 9928



- This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

‘Annexure A’ to the Secretarial Audit Report

To,
The Members,
Pipavav Defence and Offshore Engineering Company Limited

Our report of even date is to read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that

correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M/s SRM & Co.**
Company Secretaries

Place : Mumbai
Date: May 28, 2015

Sandhya Malhotra
M. No. FCS 6715
C.P. No. 9928

ANNEXURE D TO THE DIRECTORS' REPORT

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2015.

A. CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy:

- Continued maintaining of the power factor to 0.999 to ensure optimized utilization of power.
- Installation of technology to ensure that in the event load on any one transformer is reduced to less than 10%, load of such transformer is transferred to another transformer and the transformer is switched off, which in turn helps in saving of energy. No transformer is continuously kept on standby mode. Instead, with use of technology reserve transformers are switched on just in time. Air Bellow provided to transformers avoids atmospheric air contact of the oil and helps to maintain required state of the oil. This device does not allow to degrade the IR value during idle operation of transformer & Save the Energy.
- Air leakage survey, plugging and regularly overhauling of Compressor System is carried out at regular interval.
- Replacement 200 Nos. HPSV (400W) with LED lights at all sheds.
- Installation of Energy Savers in Compressors.
- Replacement of low efficiency lights with CFL lights.
- Replacement of Energy Star Air-Conditioners.
- Regular inspection of blocked or obstructed air-ducts in air cooled condensers in HVAC System.
- Implementation of intelligent lighting system.
- Usage of High Efficiency Motors and Variable speed drive.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

Feasibility study carried out for replacement of lamps by solar lamps.

(iii) Capital Investment on energy conservation equipments:

The Company uses technologically advanced machinery, which are focused on energy conservation i.e. Energy Star Air-Conditioners.

B. TECHNOLOGY ABSORPTION

(i) Efforts made for technology absorption are furnished below:

Research and Development (R&D):

The Company has world class shipbuilding and engineering infrastructure and capabilities. Steps have been initiated towards moving into niche areas of heavy engineering towards our vision to participate in the nation building.

Crane Manufacturing Project

The Company is executing assignment to construct Ship To Shore (STS) cranes & Rubber Tyred Gantry (RTG) cranes. The Company has developed advance fabrication & assembly procedures in collaboration with MHI, Japan. Fully assembled – ready to use cranes were successfully rolled out on the self propelled barge & shipped to JNPT, Mumbai / exported to Asya Port, Turkey.

Aluminum Fabrication

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

DMR Steel welding procedures

DMR steel has high strength and used for construction of naval ships. The Company successfully developed advanced welding procedures for DMR 249 steel for NOPV project.

Rigs & Ship repair projects

Welding procedure developed for high strength material like HSST-1 steel & API grades pipes for Spud Cans c, Leg & Chord part of 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.

Technical Training Centre

The Company has established Technical Training Centre at Block Creation Site. There are 40 nos. welding training booths along with training facilities for cutting, gouging & fitting at the training centre. The Company's Training Centre is dedicated for the research in various production processes. The Company developed 300+ Welding procedures. The Company developed advanced Semi-automatic & Automatic

welding procedures & techniques to achieve optimum productivity & quality including:

- Orbital TIG welding with open & closed weld heads for piping
- Mini-Submerged Arc Welding (m-SAW) for thin plate welding
- FCB-Welding with cut filler wire for thick plate welding
- 1, 2 & 3-Torch submerged Arc Welding for high productivity & one side welding
- Simplified & Oscillator type welding carriages for highest quality & productivity

(ii) Benefits derived as a result of the above efforts:

Quality improvement. Product development. Lesser reliance on imported products resulting in cost savings.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

a) The details of technology imported:

- Orbital TIG welding technology provided by Orbitalum Tools, GmbH, Germany
- STS Crane manufacturing technology provided by Mitsubishi Heavy Industries, Japan
- Pulsed MIG welding for Aluminium fabrication for NOPV provided by Fronious International, GmbH, Austria

b) The year of import

- Orbital TIG Welding - 2012
- STS Crane - 2013
- Pulsed MIG Welding - 2014

c) Whether the technology has been fully absorbed

- All the relevant technologies are fully absorbed & implemented.

d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

- Not Applicable

(iv) The expenditure incurred on Research and Development

- Orbital TIG – ₹ 70 Lacs
- STS Crane – ₹ 1 Crore
- Pulsed MIG Welding – ₹ 40 Lacs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lacs)

Particulars	2014-15	2013-14
Foreign Exchange Earned	10,033.95	35,534.70
Foreign Exchange Expenses	5,406.78	8,048.83

During the year under review, the Company imported Raw Materials & Components and Stores & Spares on CIF basis of ₹ 7,957.33 Lacs (Previous Year ₹ 18,177.52 Lacs). Similarly, the Company imported Capital Goods worth ₹ 9.27 Lacs (Previous Year ₹ 1,555.01 Lacs).

ANNEXURE E TO DIRECTORS' REPORT

Management's Discussion and Analysis

Management of the Company is pleased to present below its analysis on the performance of the Company for the financial year 2014-15 and its outlook for the future.

Overview of the Economy

India started the financial year 2014-15 with a significant improvement in market and business sentiments as the new Government ushering in some fresh ideas to resurrect the economy. Sharp fall in various commodity prices in general in the global economy and crude oil prices, in particular benefited the Indian economy.

The Economic growth picked up in the later part of the financial year. GDP grew at 7.3% for the year as against 6.9% during the previous year.

Hon'ble Prime Minister, Shri. Narendra Modi announced a very significant initiative for Indian manufacturing viz. "Make in India" Programme to promote and encourage domestic manufacturing. The said initiative in defence industry will not only save precious foreign exchange but also make the Nation self-reliant. Going forward, import is proposed to be the rarest of the rare option and the first opportunity would be made available to the Indian Industry to develop and manufacture local substitutes for imported products. This would boost the Indian economy.

The Company operates primarily in Defence / Commercial Shipbuilding and Ship Repairs business segment. The said segment also includes construction of Hydro-carbon E&P Assets.

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

- **Defence Shipbuilding and Repairs:**

During the year under review, Indian defence industry continued to open up opportunities for the private players. Indigenous Construction of various strategic platforms for Indian Navy and Indian Coast Guard under the "Make in India" campaign is expected to provide significant boost for building vibrant domestic defence industrial base and reduce dependence on imports, thus making the Nation self-reliant.

Indian dream to become global economic power demands strong blue water Navy, to protect the national maritime interest and establish a secure shipping route.

The Government of India ('GoI'), had approved a ship building programme, projecting 165 warships and 400 aerial assets by 2022.

Defence PSUs, despite constraints, have done yeomen service to the Nation by building warships and submarines. In order to meet the growing requirements of the Indian Navy, utilization of capacities and capabilities in private sector is imperative in the wider contest of National interest.

To realize the dream of becoming pioneer in warship building, emphasis has been given by the GoI to develop indigenous modern shipbuilding infrastructures and capabilities. Thus, GoI has opened the doors of warship and submarine construction for the private sector companies under "Make in India" Programme. Defence Procurement Procedure - 2015 ('DPP-2015') is expected to provide better level playing field to the private sector domestic defence assets vis-a-vis Defence Public Sector Undertakings inter-alia ensure better utilisation of available modern warship building resources of the Country. The proposal to allow exchange rate variation ('ERV') for all rupee denominated contracts having imported contents in under active consideration of GoI. This is definitely a step towards providing level playing field to the private sector companies.

The Union Budget for 2015-16 has allocated ₹ 2,46,727 Crore (for 2014-15 ₹ 2,29,000 Crore) for defence representing 13.90% of the Government's expenditure during 2015-16. Within the aforesaid budget, ₹ 94,588 Crore have been assigned for the capital expenditure. The Indian Navy has been allocated ₹ 40,529 Crore, within the total defence budget for Financial Year 2015-16.

The simplified 'Buy & Make (Indian)' initiative promulgated vide DPP - 2013, extends unambiguous support to the increasing emphasis of the GoI on indigenization initiatives. Given the strong order book of various PSU Defence Companies, higher indigenization initiatives provide a lifetime opportunity for private sector companies to garner a larger share of the Indian defence pie. The Company is among a few private sector companies to have developed capabilities and capacities to tap this opportunity.

- **Construction, Conversion and Repairing of Commercial Vessels, Hydro-carbon E&P Assets:**

Construction, conversion and repairing of commercial vessels, Hydro-carbon E&P Assets etc. is a vast and complex industry, which comprises of various diversified segments. The traditional commercial

shipbuilding sector continues to reel under the tonnage glut, shrinking global trade and subsequent low ordering levels. GoI is committed to increasing India's share of the global shipbuilding market to 5% by 2020 which is currently less than 1%. India's advantages over others are well defined and include its strategic location in close proximity to the international trading routes; ready availability of skilled and economical manpower.

The Ship repair segment is a priority for the GoI. The Ministry of Shipping, GoI, has recorded in its vision document viz., 'Maritime Agenda 2010-2020', aims to develop a highly competitive domestic ship repair industry. The most strategic facility in the ship repair process is the dry-dock, and the Company's dry dock which is among the largest in the world, has given it a head start.

The financial year 2014-15 was a volatile and challenging for the maritime world. Against the backdrop of sharply reducing crude oil prices, capital expenditures were significantly cut by major oil and gas companies. Global oil and gas exploration projects of approximately US\$ 150 billion were put on the back burner as plunging oil prices rendered them unviable. These challenges would affect Hydro-carbon E&P Assets construction segment.

II. OPPORTUNITIES AND OUTLOOK

• Defence Shipbuilding and Repairs:

In furtherance of the objective to make India a global manufacturing hub, the GoI through "Make in India" campaign is stressing on indigenous defence production. The GoI has cleared a ₹ 60,000 Crore plan for construction of six conventional submarines (with Air Independent Propulsion system - under the project code name P75-I). It is expected that project P75-I will be awarded to Indian private sector defence companies, in view of order book position of Defence Public Sector Undertakings ('DPSUs').

Indian Navy has planned to acquire a new generation Aircraft Carrier of 65,000 Tons which is 1.50 times than INS Vikramaditya, the present largest aircraft carrier of the Indian Navy. The Navy is planning to have the most advanced technology for the proposed new generation Aircraft Carrier and pre-bid process is already commenced by the GoI. Considering the capacity and capability, the Company is the only yard which has capacity to undertake the construction of such complex defence platform.

It is believed that the GoI and the Government of

Russia are in dialogue for four upgraded Talwar class frigates, under the Project code name 1135.6 for building in India. This 'Make in India' naval frigate project is likely to exceed \$3 billion.

In addition to these high value strategic naval platforms, following new projects are also expected during coming years:-

- Landing Platform Dock (LPD)
- Fleet Support Ships (FSS)
- Diving Support Vessels (DSV)
- ASW-SW Crafts (ASW SWC)
- New Generation Missile Vessels (NGMV)
- Multi-Purpose Support Vessels (MPV)

The Indian Naval / Coast Guard Fleet offers many opportunities in the defence ship repairing segment. Medium Refit and Life Certification of 877 EKM submarines in India, is an existing opportunity. The Company and JSC Ship Repairing Centre, Zvyozdochka Russia have entered in to an agreement for Medium Refits and Life Certification (MRLC) of 877 EKM of 1 (in Russia) + 3 Submarines in India. The Company is also qualified for dry-docking of INS Vikramaditya, currently the largest air-craft carrier of Indian Navy.

• Construction, Conversion and Repairing of commercial vessels, Hydro-carbon E&P Assets:

The Company put India on the global shipbuilding industry map by exporting the largest Panamax vessels of its class ever built in India. The Indian shipbuilding industry has all required resources, skills, talent and enjoys labor arbitrage to compete in the global shipbuilding / repairs/ refit industry. Emerging demand from Indian companies including ONGC, Petronet, SCI, Iwai, DCI, GAIL, etc for OSV, PSV, LNG Carriers and Dredgers offers a significant opportunity considering the thrust on 'Make in India' mission.

Gas Authority of India Limited's ('GAIL') plan to charter hire upto 3 + 1 indigenously built LNG Carriers of 150,000 cbm to 180,000 cbm will put India and the successful bidders in the niche market of construction of LNG Carriers, FSRU, FPSO and FSU. The Company is by far the frontrunner as it has in place the required infrastructure necessary for construction of these technologically advanced vessels and access to required technology.

Hon'ble Finance Minister, Shri Arun Jaitley had announced a comprehensive policy and fiscal package for Indian shipbuilding in his maiden annual budget in July 2014. Shri Jaitley also stated intention to reserve around USD 2.5bn to facilitate cheaper funding for the

shipyards. The Ministry for Shipping, Road Transport and Highways, under the leadership of Hon'ble Shri Nitin Gadkari has prepared a scheme to offer subsidy to the shipbuilding industry and is awaiting approval of the Cabinet. Ship Repair Units (SRUs), were required to go through a highly cumbersome and time consuming process of registration with GoI. Recently, GOI removed this requirement for registration and informed all the concerned ministries to extend concessions and facilities to the SRUs without insisting on registration. The GOI emphatically stated that this action was taken with the objective to promote ease of doing business in the ship repair sector. These measures will see the domestic shipbuilding Industry returning to the growth phase it had achieved during 2002 - 07.

India has a large fleet of around 1,100 Indian registered vessels. Moreover, 41 per cent of the domestic fleet has passed 20 years of operational life. As such, there is bound to be a rapid increase in the frequency of repairs/ refurbishments. The size of Indian ship repair Industry is estimated around ₹ 3,800 Crore per annum.

III. THREATS RISKS & CONCERNS

- **Defense Shipbuilding and Repairs:**

Warship construction programme is purely based on threat perception by the Government, availability of resources and global military scenario in addition to country's ability to allocate funds for the defence acquisition programme. In the past, projects had been delayed due to resources crunch. Defence Public Sector Undertakings do get major defence projects on nomination basis.

- **Construction, Conversion and Repairing of commercial vessels, Hydro-carbon E&P Assets:**

Construction, Conversion and Repairing of commercial vessels, Hydro-carbon E&P Assets is subject to market, financial risks like cut-throat competition amongst the yards, forex rate variation, long build period.

The growth of Chinese shipbuilding industry is a threat to almost all major shipbuilding nations. As per 2015 Annual Review of Shipping and Shipbuilding markets; China had 47% global shipbuilding market share by the end of 2014 with an order book at 1.45 million DWT. Chinese shipyards are backed up by subsidy and strong domestic ancillary industry. The Company has mitigated challenges in commercial shipbuilding by concentrating its business development efforts to niche segments like building of LNG Carriers, FSRU, FPSO, FSU etc.

IV. FINANCIAL PERFORMANCE

During FY 2014-15, the Company clocked total revenue of ₹ 862.07 Crore. The Company's Earnings before Interest, Taxes, Depreciation and Amortization ('EBITDA') has been ₹ 92.86 Crore. Higher finance costs and depreciation lead to a loss amounting ₹ 369.03 Crore. Attention of the members is invited to a paragraph on Corporate Debt Restructuring forming part of the Directors' Report.

During FY 2014-15, the Company maintained focus on defence shipbuilding, which was reflected in its expanding order book. The Company has built a strong business development team and the momentum is expected to reach its peak as the GoI is geared to invite bids for few strategic naval platforms under the "Make In India" programme.

V. SEGMENT WISE FINANCIAL PERFORMANCE

During FY 2014-15 the Revenue from Construction, Conversion and Repairing of commercial vessels, Hydro-carbon E&P assets segment was ₹ 697.86 Crore, whereas revenue from steel trading was ₹ 133.85 Crore.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company believes that effective internal controls and systems are integral part of good governance and should be exercised within a framework of proper checks and balances. Accordingly, the Company has put in place to appropriate internal control systems to safeguard itself from losses, unofficial use or disposition of assets. The Audit Committee monitors and evaluates the efficacy and adequacy of internal control system in the Company. Based on the report of the internal auditors / recommendations of the Audit Committee, process owners undertake corrective actions in their respective areas and continuously strengthen the internal controls.

VII. HUMAN RESOURCE / INDUSTRIAL RELATIONS

The Human Resource function plays a key role in the overall business strategy. The Company is committed to the development and wellbeing of its employees. The Company places great emphasis on nurturing and retaining talent, providing avenues for learning and development through functional, and leadership training programs.

The Company endeavours to continuously review Human Resources policies, including remuneration, creating a safe and healthy working environment and employee training. The Company will continue to invest in employee welfare and training and assistance programs for the betterment of the employees. The management and employees relations are cordial and industrial relations have not been subject to any unresolved industrial disputes. The Company has 604 employees on its rolls as on March 31, 2015.

ANNEXURE F TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Corporate Governance

Corporate governance is the set of principles, systems, processes, policies, affecting the way a company is administered, directed and governed. It is a system through which the Board of Directors of the Company ensures accountability, fairness, transparency. 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.

Corporate Governance practices of Pipavav Defence and Offshore Engineering Company Limited (**'the Company'**) encourages moral and ethical conduct and ensures that the Company is managed in the best interest of all stakeholders including employees.

The governance framework of your Company is to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of employees, corporation and society. The Company adopted Whistle Blower Policy when it was not even mandatory and always a step forward in its pursuit of excellence in corporate governance.

2. Board of Directors

The Board consists of esteemed personalities from various fields. The whole-time Director designated as Executive Vice-Chairman looks after the day-to-day affairs 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.

As on March 31, 2015, 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 LIC of India, shareholder and term-loan lender of the Company; one Nominee Director appointed by IDBI Bank Ltd., shareholder and

one of the lenders of the Company and five 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 Board also has two women Directors. None of the Independent Director on the Board serves as an Independent Director in more than seven listed Companies. The Company is in compliance with Clause 49 of the Listing Agreement pertaining to composition of the Board of Directors.

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 such person is a Director. The necessary disclosures regarding Committee positions in other public companies as on March 31, 2015, have been made by the Directors.

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.

- i) During the year, the Company has paid ₹ 6,00,000/- (Rupees Six Lacs only) to Mr. Alexander John Joseph [IAS (Retd.)], as professional fees for rendering professional services to the Company. Apart from this, none of the Non-Executive Directors / Independent Directors have any material pecuniary relationship or transactions with the Company.
- ii) During the year under review, five Board Meetings were held on May 30, 2014; August 14, 2014; November 14, 2014; February 13, 2015 and March 4, 2015.
- iii) 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 Directorship excludes directorship in Foreign Companies. For the purpose of memberships of Board Committees, only membership of Audit Committee and Stakeholders' 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	1	11	—	3	5	NO
Mr. Bhavesh Gandhi	Executive Vice-Chairman Non-Independent Director	—	9	—	2	5	YES
Mr. Ajai Vikram Singh	Non-Executive Independent Director	—	2	—	1	5	NO
Mr. Ashok Katra ¹	Nominee Director Non-Executive Independent Director	—	—	—	—	2	NO
Mr. Ashok Kumar Sahoo ²	Nominee Director Non-Executive Independent Director	—	—	—	—	1	NO
Mr. Ajay Sharma ³	Nominee Director Non-Executive Independent Director	—	1	—	—	1	NO
Mr. Alexander John Joseph ⁴	Non-Executive Independent Director	—	15	—	5	2	NO
Mr. David Paul Rasquinha ⁵	Nominee Director Non-Executive Independent Director	—	4	—	—	1	NO
Ms. Comal Ramachandran Gayathri ⁴	Non-Executive Independent Director	—	9	1	8	2	NO
Mr. Nils Peter Sandehed ⁶	Nominee Director Non-Executive Independent Director	—	—	—	—	2	NO
Ms. Padmaja Bhaskaran ⁷	Nominee Director Non-Executive Independent Director	—	1	—	—	—	NO
Mr. Ramunni Menon Premkumar	Non-Executive Independent Director	—	7	1	3	5	YES
Mr. Samar Ballav Mohapatra	Non-Executive Independent Director	—	4	4	4	2	NO

1. Ceased as a Director w.e.f. October 27, 2014.

2. Ceased as a Director w.e.f. September 10, 2014.

3. Appointed as Nominee Director w.e.f. October 31, 2014.

4. Appointed as Independent Director w.e.f. October 1, 2014.

5. Ceased as a Director w.e.f. September 12, 2014.

6. Ceased as Director w.e.f. November 12, 2014.

7. Appointed as Nominee Director w.e.f. February 13, 2015.

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 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 concerned departments. Action Taken Report on the decisions taken at the previous meetings of Board / Committees thereof is placed at the next Board Meeting for noting.

The Company has received declarations from all its Independent Directors as required under Section 149(7) of the Companies Act, 2013 and Clause 49 of the Listing Agreement, confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013 and Listing Agreement.

3. D & O Liability Insurance Policy:

The Company has obtained adequate Directors and Officers Liability Insurance cover to provide for legal expenses that such persons may incur for defending legal action initiated against them due to their association with the Company in professional capacity.

4. Audit Committee:

The Board has reconstituted Audit Committee in terms of clause 49(III) of the Listing Agreement and Section 177 of the Companies Act, 2013 read with Rules 6 and 7 of the Companies (Meetings of Board and its Powers) Rules 2014.

At the Board meeting of the Company held on May 30, 2014, the Board had revised the term of reference / powers of the Audit Committee to be in line with the provisions of Section 177 and other applicable provision of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement.

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

1. To review / examine the Annual financial statements of the Company and auditor's report thereon before submission to the board for approval with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
- e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of any related party transactions;
- g. Qualifications in the draft audit report;
2. To review / examine with the management, the quarterly financial statements before submission to the Board of Directors of the Company for approval;
3. To monitor end use of funds raised through public offer and to review 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;
4. To recommend appointment, remuneration and terms of appointment of Auditors of the Company; to Approve payment to statutory auditors for any other services rendered by the statutory auditors; to review and monitor the auditors' independence and performance, and effectiveness of audit process;
5. To oversight / supervise the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
6. To approve transactions of the Company with related parties and subsequent modification thereto;
7. To review the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
8. To scrutinise inter-corporate loans and investments;
9. To review valuation of undertakings or assets of the Company, wherever it is necessary;
10. To evaluate internal financial controls and risk management systems and to review adequacy of the internal control systems;
11. To review, with the management, performance of statutory and internal auditors;
12. To review the adequacy of internal auditors team / internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. To discuss with internal auditors significant findings and follow up there on;

14. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board of Directors;
15. To discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern;
16. 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;
17. To review the functioning of the whistle Blower / vigil mechanism for Directors and employees to report genuine concerns;
18. To approve appointment of Chief Financial Officer (i.e. the person heading the finance function or discharging that function) after assessing the qualifications, experience and background etc. of the candidate;
19. To mandatorily review Management Discussion and Analysis of financial condition and results of operations;
20. To mandatorily review statement of significant related party transactions submitted by management;
21. To mandatorily review management letters and letters of internal control weaknesses, if any issued by the statutory auditors;
22. To mandatorily review Internal audit reports relating to internal control weaknesses;
23. To mandatorily review the appointment, removal and terms of remuneration of the Chief internal auditor;
24. To carry out any other function as may be prescribed under the authority of the Companies Act, 2013 or the Securities and Exchange Board of India Act, 1992.

The role, terms of reference, authority and powers of Audit Committee are governed by applicable provisions of the Companies Act, 2013, Clause 49 of the Listing Agreement and other applicable statutory provisions.

(b) Composition:

The Audit Committee was comprised of 5 Directors upto September 12, 2014 and thereafter of 4 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	4
Mr. Ajai Vikram Singh	Independent	Member	4

Name of the Member	Category	Designation	No. of Meetings attended
Mr. Bhavesh Gandhi	Non-Independent	Member	4
Mr. David Rasquihna*	Non-Independent	Member	2
Mr. Samar Ballav Mohapatra	Independent	Member	2

*Mr. David Rasquihna ceased to be a member of the Committee w.e.f. September 12, 2014.

During the year under review, the Audit Committee met four times on May 30, 2014; August 14, 2014; November 14, 2014 and February 13, 2015. The Chairman of the Audit Committee attended the Annual General Meeting held on September 26, 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. Nomination and Remuneration Committee:

The Board has at its meeting held on May 30, 2014, changed the nomenclature of the Remuneration Committee as 'Nomination and Remuneration Committee' ('**NRC Committee**') and reconstituted it in terms of provisions of Section 178 of the Companies Act, 2013. The Board also revised the terms of reference of the NRC Committee at the said meeting.

(a) Terms of Reference:

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

- i. To formulate criteria for appointment of Independent Directors such as qualifications, positive attributes & independence of Directors and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other Employees, inter-alia considering the followings:
 - The level and composition of remuneration is reasonable and sufficient to attract, retain, and motivate Directors of the quality required to run the Company successfully;
 - Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
 - Relationship of remuneration to performance is clear and meets appropriate performance benchmark;

- ii. To formulate criteria for evaluation of Independent Director and the Board;
- iii. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with criteria laid down and recommend to the Board appointment or removal of such persons;
- iv. To devise a policy on Board diversity;
- v. To carry out evaluation of every Director's performance.

(b) Composition:

Nomination and Remuneration Committee of the Company is comprised of four Directors. Details of composition of the Committee and attendance at the meeting of the Nomination and Remuneration Committee are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. R. M. Premkumar	Independent	Chairman	3
Mr. Nikhil Gandhi	Non-Independent	Member	3
Mr. Samar Ballav Mohapatra	Independent	Member	1
Mr. Ajai Vikram Singh	Independent	Member	3

During the year under review the Nomination and Remuneration Committee met three times on August 14, 2014; November 14, 2014 and March 25, 2015.

(c) Nomination and Remuneration Policy:

The Nomination and Remuneration policy of the Company has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of the Company.

The Company's remuneration policy aims at attracting, retaining and managing talent by taking into account its financial position, industrial trends, compensation paid by 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. The Company pays sitting fees to non-executive Directors for attending meetings of the Board and the Committees thereof. The Company paid ₹ 20,000/- as sitting fees to its Non-Executive Directors for attending each meeting of the Board of Directors and Committees held till October 2, 2014. The Company paid ₹ 1,00,000/- for

attending each meeting of the Board of Directors and Committees held after October 3, 2014.

The Nomination & Remuneration policy is attached as an Annexure to the Directors' Report.

(d) Details of Remuneration of the Directors for the financial year 2014-15:

i) Executive Director:

(₹ in Lacs)

Executive Vice-Chairman	Salary	Perquisites	Total [#]
Mr. Bhavesh Gandhi	300.00	0.40	300.40

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

- In addition to the above, a sum of ₹ 60 Lacs relating to FY 2013-14 was paid during FY 2014-15.
- Payment of Remuneration is subject to approval of the Central Government.
- The above mentioned remuneration components are fixed in nature.
- 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, 2015, Mr. Bhavesh Gandhi, either directly or through his Hindu Undivided Family ('HUF') of which he is 'Karta' holds 68,300 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 2014-15 and the number of equity shares held by them are as follows:

Name of the Director	Sitting Fees (in ₹)	No. of Shares held
Mr. Ajai Vikram Singh	10,00,000	NIL
Mr. Ashok Katra	40,000	NIL
Mr. Ashok Kumar Sahoo	20,000	NIL
Mr. Nikhil Gandhi	12,80,000	NIL
Mr. R. M. Premkumar	11,00,000	NIL
Mr. David Rasquinha	60,000	NIL
Mr. Samar Ballav Mohapatra	3,40,000	NIL
Mr. Ajay Sharma	20,000	NIL
Mr. Alexander John Joseph	@ 3,00,000	25,000
Ms. Comal R. Gayathri	3,00,000	NIL
Ms. Padmaja Bhaskaran	NIL	NIL

Sitting Fees paid to Mr. Nikhil Gandhi includes sitting fees paid to him for attending meetings of non mandatory committees like the Finance Committee and Securities Allotment & Transfer Committee.

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

- Mr. Ashok Katra / Mr. Ajay Sharma – IDBI Bank Limited
- Mr. Ashok Kumar Sahoo / Ms. Padmaja Bhaskaran – LIC of India
- Mr. David Rasquinha – EXIM Bank
- @ includes ₹ 1,00,000/- payable to Mr. Alexander John Joseph for attending a Board Meeting during the year 2014 - 15.

6. Stakeholders' Grievance / Relationship Committee:

The Board at its meeting held on May 28, 2015 has changed the nomenclature of 'Shareholders/ Investors Grievance Committee' to 'Stakeholders' Grievance / Relationship Committee' in line with the provisions of Section 178 and revised Clause 49 of the Listing Agreement.

(a) Terms of Reference:

The Stakeholders' Grievance / Relationship Committee was formed to monitor the expeditious redressal of stakeholders' grievances such as:

1. To consider and resolve the grievances of security holders of Company including complaints related to transfer of securities, non-receipt of balance sheet, non-receipt of declared dividend etc.,
2. To redress stakeholder's genuine grievances,
3. To consider and take appropriate disciplinary action like wage freeze suspension etc, as mentioned under the Code of Conduct for the prevention of Insider Trading of the Company under the SEBI (Prohibition of Insider Trading) Regulations 2015.

(b) Composition:

The Stakeholders' Grievance / Relationship Committee comprises of Two Directors. The Committee met once on March 5, 2015. 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

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 1,07,900 investors as on March 31, 2015. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Resolved	Closing Balance
Requests	0	36	36	0
Complaints	0	1	1	0
Total	0	37	37	0

7. Independent Directors Committee:

Pursuant to provisions of Schedule IV to the Companies Act, 2013 and SEBI Corporate Governance Circular the Committee of Independent Directors was constituted by the Board of Directors at its Meeting held on May 30, 2014.

Functions of the Committee:

- To review the performance of non-independent Directors and the Board as a whole;
- To review the performance of the Chairperson of the Company, taking into account the views of executive Directors and non-executive Directors;
- To assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- To carry out any other function as may be required to be performed by the Committee of Independent Directors under any applicable laws for the time being in force.

Composition of the Committee

The Committee consists of Five Independent Directors and would include all the Independent Directors, as and when appointed.

The Committee met once on March 25, 2015. The details of composition of Committee and attendance at Meeting are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. R. M. Premkumar	Independent	Chairman	1
Mr. Samar Ballav Mohapatra	Independent	Member	0
Mr. Ajai Vikram Singh	Independent	Member	1
Mr. Alexander John Joseph	Independent	Member	1
Ms. Comal Ramachandran Gayathri	Independent	Member	1

8. Corporate Social Responsibility ('CSR') Committee:

As per the provisions of Section 135 Companies Act, 2013, read with Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors of the Company has constituted the CSR Committee as its Meeting held on February 13, 2015.

Functions of the Committee:

Committee is authorized to perform all acts and functions prescribed by the Companies Act, 2013 and rules made there under, as amended from time to time.

Composition of the Committee:

The Committee comprises of Three Directors. The Committee met once on March 25, 2015

The details of composition of the Committee and attendance at Meeting are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. Bhavesh Gandhi	Non-Independent	Chairman	1
Mr. R. M. Premkumar	Independent	Member	1
Mr. Ajai Vikram Singh	Independent	Member	1

The CSR Committee and the Board of Directors of the Company approved the CSR Policy of the Company.

CSR Policy of the Company is available on the website of the Company at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

9. Risk Management Committee:

As per the provisions of Clause 49(VI) of the Listing Agreement the Board of Directors of the Company has constituted the Risk Management Committee.

The Committee met once on March 25, 2015.

The details of composition of Risk Management Committee and attendance at the Meeting are as follows:

Name of the Member	Category	Designation	No. of Meetings attended
Mr. Bhavesh Gandhi	Non-Independent	Chairman	1
Mr. R. M. Premkumar	Independent	Member	1
Mr. Rajiv Sarman Shukla	Chief Executive Officer	Member	0

Terms of reference/ Powers of the Committee:

- To frame, implement and monitor the risk management policy/plan for the Company
- To lay down risk assessment and minimization procedures
- To perform any other functions as may be required to be performed by the Risk Management Committee under the provisions of Listing Agreement or Companies Act, 2013 or rules framed there under.

10. Annual Evaluation of performance of the Board, its Committees and Directors:

The Nomination & Remuneration Committee has approved a Nomination, Remuneration & Evaluation Policy and the same has been approved by the Board of Directors of the Company. The Board at its meeting held on May 28, 2015 has carried out evaluation of performance of the Board as well as performance of its Committees, individual Directors. The criteria on which the evaluation of Directors / Independent Directors has been made includes attendance and

contribution at board meetings, leadership & stewardship abilities etc. which have been detailed in the Nomination, Remuneration & Evaluation Policy of the Company which is attached as an Annexure to the Directors Report.

11. Independent Directors Meeting:

A meeting of Independent Directors of your Company was held without the presence of non Independent Directors and Management of your Company. The Committee at this meeting evaluated the performance of Non- Independent Directors.

12. Vigil Mechanism / Whistle Blower:

The Company has a vigil mechanism by keeping in place a Vigil Mechanism Policy / Whistle Blower Policy to deal with instances of mismanagement, if any. The Vigil Mechanism Policy / Whistle Blower Policy is available on the website of the Company at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

No personnel has been denied access to the Chairman of the Audit Committee.

13. Familiarisation Programme:

In accordance with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges and the provisions of Companies Act, 2013, the Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, business model of the Company, etc. A Familiarisation Programme for Independent Directors (in terms of Clause 49 of the Listing Agreement) has been uploaded on the Company's website and is available at URL: <http://www.pipavavdoc.com/index.php/investors/listing-compliance>.

14. General Body Meetings:

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

Financial Year	Day and Date	Time	Venue
2013-14	Friday, September 26, 2014	12.00 Noon	Pipavav Port, Post
2012-13	Wednesday, December 18, 2013	12.00 Noon	Ucchaliya, Via-Rajula, Dist. Amreli,
2011-12	Tuesday, September 25, 2012	10.00 A.M.	Gujarat - 365 560

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

AGM held on September 26, 2014

- To authorize creation of charge on, mortgage of all immovable assets of the Company and/or hypothecation of all movable assets, present or future, of the Company for securing Financial Assistance availed by the Company.

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.

(iii) Postal Ballot:

The Company conducted a Postal Ballot during the year 2014-15. The Company passed a Special Resolution pursuant to Section 180(1)(a) of the Companies Act, 2013 authorizing creation of charge on, mortgage of all immovable assets of the Company and/or hypothecation of all movable assets, present or future, of the Company, by Postal Ballot.

Details of voting pattern of the aforesaid special resolution passed through postal ballot are as follows:

Votes in favour of the Special Resolution		Votes against the Special Resolution	
No. of votes	% to total votes	No. of votes	% to total votes
41,86,96,666	99.01	41,88,307	0.99

Ms. Sandhya Malhotra of M/s. SRM & Co., Practising Company Secretaries who was appointed as a scrutiniser for conducting the postal ballot voting process in a fair and transparent manner, conducted the postal ballot exercise.

As on the date of this report, the Company does not propose to pass any special resolution by postal ballot at the ensuing AGM. The Company follows the procedure prescribed under the Act for conducting the postal ballot.

15. Disclosures:

- During the financial year 2014-15, 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.
- Your Company has followed all relevant accounting standards while preparing the Financial Statements

Status of Compliance with the Non- mandatory Requirements of this clause is as follows:

- The Chairman of the Company is a non-executive Chairman and as such entitled to maintain Chairman's Office at the Company's expense and also allowed the re-imbursement of expenses incurred for assignments carried out for the Company.
- The Company maintains separate offices of Chairman and Chief Executive Officer ('CEO').
- The statutory Financials statements of the Company for the financial year 2014-15 are unqualified.
- The Internal Auditor of the Company directly reports to the Audit Committee.

16. 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 / Financial Express and Saurashtra Samachar. The results are also hosted on the Company's website at www.pipavavdoc.com.

Annual Reports:

The Annual Report inter-alia containing Audited Annual Accounts, Auditors' Report, Directors' Report etc. was circulated to the Members and others entitled to receive the same. Management Discussion and Analysis Report forms a part of the Company's Annual Report, which is displayed on the Company's website.

Website:

Comprehensive information about the Company, its business and operations, Press Releases and Investor information can be viewed at the Company's website: www.pipavavdoc.com. The 'Investor Relation's section serves to inform the investors by providing key and timely information like Financial Results, Annual reports, Shareholding Pattern, presentations made to the analysts, official news releases etc.

NSE Electronic Application Processing System (NEAPS) and BSE Online Portal:

The Company also submits to NSE, all disclosures and communications through NSE's NEAPS portal. Similar filings are made to BSE on their Online Portal – BSE Corporate Compliance and Listing Centre.

SEBI Complaints Redress System (SCORES):

A centralized web-based complaints redressal system which serves as a centralized database of all complaints received, enables uploading of Action Taken Reports by the concerned companies and online viewing by the investors of actions taken on the complaint and its current status.

17. 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.

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.

18. General Shareholders' Information:

(i) 18th AGM:

Venue: Pipavav Port, Post Ucchaiya, Via Rajula, Dist. Amreli 365 560, Gujarat

Time: 12.00 Noon

Day & Date: Wednesday, September 30, 2015

(ii) Financial Year:

The Company follows period commencing from April 1 and ending on March 31 as its Financial Year. The present report relates to the Financial Year 2014 - 15.

(iii) Tentative Financial Calendar:

Event	Date
Mailing of Annual Report	Before stipulated time limit
First Quarter Results	By Mid August 2015
Half Yearly Results	By Mid November 2015
Third Quarter Results	By Mid February 2016
Audited Annual Results (2015-16)	May 2016

(iv) Book Closure:

The register of members and share transfer book of the Company remain closed from Thursday, August 27, 2015 till Friday, August 28, 2015 (both days inclusive).

(v) Dividend Payment Date: Not Applicable

(vi) 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 2015-16 to BSE and NSE.

(vii) Distribution of shareholding as on March 31, 2015:

No. of Equity Shares held	No. of Share-holders	% of total Share-holders	No. of Shares held	% of total Shares
1 to 500	87,782	81.36%	1,43,91,748	1.95%
501 to 1,000	10,830	10.04%	88,06,682	1.20%
1,001 to 5,000	7,228	6.70%	1,70,31,193	2.31%
5,001 to 10,000	993	0.92%	76,82,922	1.04%
10,001 to 1,00,000	899	0.83%	2,58,91,928	3.52%
1,00,001 to 5,00,000	102	0.09%	2,20,94,913	3.00%
5,00,001 & above	66	0.06%	64,03,06,883	86.98%
Total	1,07,900	100.00%	73,62,06,269	100.00%

Details of Shareholding as on March 31, 2015:

Sr. No.	Category	No. of shares held	Share holding (%)
1	Promoters and Promoter Group	311,100,828	42.26
2	Financial Institutions, Banks & Mutual Funds	33,078,743	4.49
3	Insurance Companies	58,465,899	7.94
4	Foreign Institutional Investors	34,017,869	4.62
5	Foreign Venture Capital/ Foreign Companies/ Foreign Nationals/ NRIs	64,406,839	8.75
6	Bodies Corporate/ Trusts	154,084,402	20.93
7	Indian Public and others	81,051,689	11.01
	Total	73,62,06,269	100.00

(viii) Share Transfer System:

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

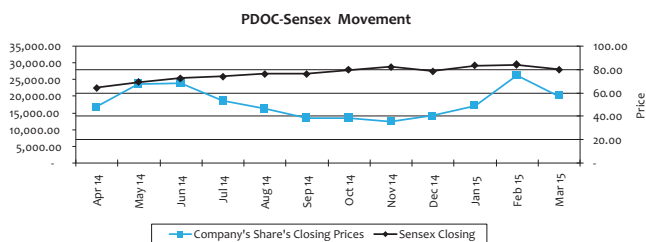
(ix) Market price data:

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:

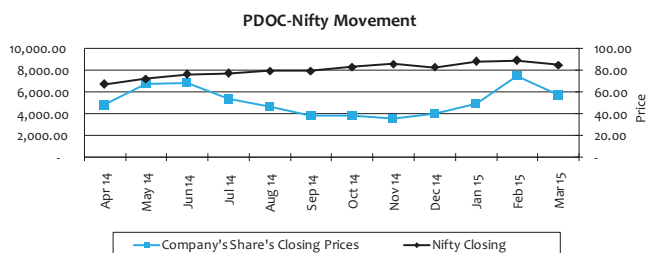
Month	BSE		NSE	
	High	Low	High	Low
April 2014	50.25	35.50	50.35	35.55
May 2014	67.60	40.80	67.60	40.95
June 2014	72.30	61.85	72.55	61.95
July 2014	70.15	51.20	70.15	51.25
August 2014	54.10	45.55	54.10	45.55
September 2014	47.60	38.40	47.65	38.40
October 2014	44.30	37.35	44.35	37.30
November 2014	39.80	35.20	39.85	35.10
December 2014	46.90	35.05	46.95	35.00
January 2015	56.70	40.50	56.75	40.50
February 2015	83.30	49.35	83.25	49.30
March 2015	76.50	55.90	76.45	55.95

(₹ in Lacs)

Share Performance of the Company in comparison to BSE Sensex



Share Performance of the Company in comparison to NSE Nifty



(x) Registrar and Transfer Agents:

Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot Number 31 & 32,
Financial District, Gachibowli,
Hyderabad 500 032.
Tel: 040 2342 0818
Fax: 040 2342 0814
E-mail: einward.ris@karvy.com
Contact Person: Ms. Rajitha Cholleti

(xi) Dematerialization of Shares and Liquidity:

The Company's equity shares are compulsorily traded in electronic form. As on March 31, 2015, 71,86,99,108 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.

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

As on March 31, 2015 no GDRs/ADRs/Warrants or any other convertible securities issued by the Company were outstanding.

(xiii) Plant Location:

- Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli – 365-560, Gujarat.

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

(xiv) Investors Relationship:

The Company continues to provide prompt investor service through quick resolution of investor grievances. The 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.

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

(xv) 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.

(xvi) Code of Conduct for Prevention of Insider Trading in Securities of the Company:

The Company has a formulated Code of Conduct for Prevention of Insider Trading in Securities of the Company under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code, inter-alia, prohibits purchase/sale of securities of the Company by the Directors, Key managerial personnel, Officers and designated persons while in possession of unpublished price sensitive information in relation to the Company and its securities. Under this Code, Directors, Officers and designated persons are also prevented from dealing in the shares during the closure of trading window. Directors and designated Persons who buy and sell securities 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. The Company has also formulated 'Code of Fair Disclosure and Conduct' pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 which is available on the website of the Company viz. www.pipavavdoc.com.

DECLARATION OF WHOLE-TIME DIRECTOR

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Bhavesh Gandhi, Whole-time Director designated as 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 2014-15.

Place: Mumbai
Date: August 14, 2015

Sd/-
Bhavesh Gandhi
Executive Vice-Chairman

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 2014-15 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 2014-15 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 2014-15;
 - ii. significant changes, if any, in accounting policies during the financial year 2014-15 and that the same have been disclosed in the notes to the financial statements; and
 - iii. during the financial year 2014-15 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.

Bhavesh Gandhi
Executive Vice-Chairman

Praveen Mohnot
Chief Financial Officer

Place : Mumbai
Date : May 30, 2015

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, 2015, 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 the 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.

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 GPS & Associates
Chartered Accountants
FRN: 121344W

Place: Mumbai
Date: August 14, 2015

H.Y. Gurjar
Partner
Membership No: 32485

ANNEXURE G TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:- L35110GJ1997PLC033193
- ii) Registration Date: 17/10/1997
- iii) Name of the Company: PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED
- iv) Category / Sub-Category of the Company: Company limited by shares/ Indian Non- Government Company
- v) Address of the Registered office and contact details: Pipavav Port, Post Ucchaiya, Via-Rajula, Dist. Amreli, Gujarat - 365 560
- vi) Whether listed company: Yes / ~~No~~
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
KARVY Computershare Private Limited,
Karvy Selenium Tower B, Plot number 31 & 32, Financial District Gachibowli, Hyderabad 500 032,
Tel.: +91 40 2342 0818, Fax: +91 40 2342 0814
Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Ship Building and Fabrication	30 - 301*	83.91
2	Trading	466-4662*	16.09

* As per National Industrial Classification - 2008

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	E Complex Private Limited Add: Survey No. 658, Village Rampara- II, Taluka Rajula, District Amreli, Gujarat - 365 560	U63000GJ1995PTC026113	Subsidiary	100	Section 2(87)
2	Pipavav Marine and Offshore Limited Add: Survey No. 658, Village Rampara- II, Taluka Rajula and Village Lunsapur, Taluka Jafrabad, Amreli, Gujarat - 365 560	U35100GJ2012PLC070568	Subsidiary	100	Section 2(87)
3	Pipavav Lighter Than Air Systems Private Limited Add: Survey No. 658, Village Rampara- II, Taluka Rajula, District Amreli, Gujarat - 365 560	U29241GJ2013PTC077604	Subsidiary	100	Section 2(87)
4	Pipavav Engineering and Defence Services Limited Add: Survey No. 658, Village Rampara- II, Taluka Rajula and Village Lunsapur, Taluka Jafrabad, Amreli, Gujarat - 365 560	U29219GJ2012PLC070565	Subsidiary	100	Section 2(87)

Sl. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
5	Pipavav Technologies and Systems Private Limited (formerly known as Pipavav Combat Management Systems Private Limited) Add: Survey No. 209, SKIL House, Bank Street Cross Lane, Fort, Mumbai - 400 023	U29248MH2013PTC247148	Subsidiary	100	Section 2(87)
6	PDOC Pte. Ltd. Add: 79 Robinson Road #16-01 CPF Building Singapore (068897)	201221932N	Subsidiary	100	Section 2(87)
7	Conceptia Software Technologies Private Limited Add: No. 22, 100 Feet Ring Road, 6th Block, 3rd Phase, Banashankari 3rd stage, Bangalore 560085, Karnataka	U72900KA2004PTC034151	Associate	25.50	Section 2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters	—	—	—	—	—	—	—	—	—
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	327,764,223	—	327,764,223	44.52	311,100,828	—	311,100,828	42.26	(2.26)
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other....									
Sub-total (A) (1):-	327,764,223	—	327,764,223	44.52	311,100,828	—	311,100,828	42.26	(2.26)
(2) Foreign	—	—	—	—	—	—	—	—	—
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	9,992,171	—	9,992,171	1.36	9,724,147	—	9,724,147	1.32	(0.04)
b) Banks / FI	36,536,433	—	36,536,433	4.96	23,354,596	—	23,354,596	3.17	(1.79)
c) Central Govt	0	—	0	0.00	0		0	0.00	—
d) State Govt(s)	0	—	0	0.00	0		0	0.00	—

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Venture Capital Funds	0	—	0	0.00	0	—	0	0.00	—
f) Insurance Companies	58,465,899	—	58,465,899	7.94	58,465,899	—	58,465,899	7.94	—
g) FIIs	16,212,585	—	16,212,585	2.20	38,071,792	—	38,071,792	5.17	2.97
h) Foreign Venture Capital Funds	5,955,510	—	5,955,510	0.81	0	—	0	0.00	(0.81)
i) Others (specify)	0	—	0	0.00	0	—	0	0.00	—
Sub-total (B)(1):-	127,162,598	—	127,162,598	17.27	129,616,434	—	129,616,434	17.61	0.34
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	168,542,986	—	168,542,986	22.89	153,997,902	—	153,997,902	20.92	(1.97)
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	17,693,555	7,911	17,701,466	2.40	43,606,569	7,161	43,613,730	5.92	3.52
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	34,904,664	-	34,904,664	4.74	35,533,874	-	35,533,874	4.83	0.09
c) Others (specify)									
TRUSTS	120,600	-	120,600	0.02	86,500	-	86,500	0.01	(0.01)
NRI's	514,341	-	514,341	0.07	1,945,035	-	1,945,035	0.26	0.19
Clearing Members	1,087,510	-	1,087,510	0.15	1,904,085	-	1,904,085	0.26	0.11
Foreign Companies	40,907,881	17,500,000	58,407,881	7.94	40,907,881	17,500,000	58,407,881	7.93	(0.01)
Foreign Nationals	-	-	-	-	0	0	0	0.00	-
Sub-total (B)(2):-	263,771,537	17,507,911	281,279,448	38.21	277,981,846	17,507,161	295,489,007	40.14	1.92
Total Public Shareholding (B)=(B)(1)+(B)(2)	390,934,135	17,507,911	408,442,046	55.48	407,598,280	17,507,161	425,105,441	57.74	2.26

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	718,698,358	17,507,911	736,206,269	100	718,699,108	17,507,161	736,206,269	100	-

(ii) **Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Skil Infrastructure Limited	267,037,043	36.27	36.12	250,373,648	34.01	33.86	(2.26)
2	Skil Shipyard Holdings Private Limited	38,377,686	5.21	5.21	38,377,686	5.21	5.21	NIL
3	Grevek Investment and Finance Limited	22,349,494	3.04	3.04	22,349,494	3.04	3.04	NIL
	Total	327,764,223	44.52	44.37	311,100,828	42.26	42.11	(2.26)

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year		
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
	At the beginning of the year	327,764,223		44.52	327,764,223	44.52
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): Market Sale	Week ended on:	Increase/ (Decrease) in shareholding			
		22.08.2014	(142,500)	0.02	327,621,723	44.50
		16.01.2015	(1,806,151)	0.25	325,815,572	44.26
		23.01.2015	(452,080)	0.06	325,363,492	44.19
		30.01.2015	(187,733)	0.03	325,175,759	44.17
		06.02.2015	(246,915)	0.03	324,928,844	44.14
		13.02.2015	(200,000)	0.03	324,728,844	44.11
		20.02.2015	(13,628,016)	1.85	311,100,828	42.26
	At the end of the year	311,100,828		42.26	311,100,828	42.26

Reason for release: Invocation of pledge by the pledgee.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

1. LIFE INSURANCE CORPORATION OF INDIA

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	58,465,899	7.94	58,465,899	7.94
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if Separated during the year)	58,465,899	7.94	58,465,899	7.94

2. IL AND FS MARITIME INFRASTRUCTURE COMPANY LIMITED

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	For Each of the Top 10 Shareholders
1	At the beginning of the year	53,423,871	7.26	53,423,871	7.26
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	53,423,871	7.26	53,423,871	7.26

3. SAAB AKTIEBOLAG

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	24,507,881	3.33	24,507,881	3.33
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	24,507,881	3.33	24,507,881	3.33

4. SembCorp Marine Limited

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	17,500,000	2.38	17,500,000	2.38
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	17,500,000	2.38	17,500,000	2.38

5. IDBI BANK LTD.

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	17,081,929	2.32	17,081,929	2.32
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease: Market Sale.	Week ended on: 02.05.2014 23.05.2014 30.05.2014 07.11.2014 14.11.2014 28.11.2014 05.12.2014 12.12.2014 19.12.2014 31.12.2014 02.01.2015 09.01.2015 16.01.2015 23.01.2015 30.01.2015 06.02.2015 20.02.2015 27.02.2015 06.03.2015 13.03.2015	Increase/ (Decrease) in shareholding (200,000) (365,444) (600,000) (485,609) (482,325) (36,824) (1,023,871) (900,000) (118,000) (72,399) (139,189) (1,338,589) (1,200,000) (100,000) (33,558) (50,000) (1,493,164) (350,000) (350,000) (300,000)		
3	At the End of the year (or on the date of separation, if separated during the year)	7,442,957	1.01	7,442,957	1.01

6. EXPORT- IMPORT BANK OF INDIA

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	16,628,000	2.26	16,628,000	2.26
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease: Market Sale.	Week ended on:	Increase/ (Decrease) in shareholding		
		06.03.2015	(3,600,000)	(0.49)	13,028,000 1.77
3	At the End of the year (or on the date of separation, if separated during the year)	13,028,000	1.77	13,028,000	1.77

7. VALIANT MAURITIUS PARTNERS FDI LIMITED

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	16,400,000	2.23	16,400,000	2.23
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if Separated during the year)	16,400,000	2.23	16,400,000	2.23

8. SNEHA METALS PRIVATE LTD.

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	13,000,000	1.77	13,000,000	1.77
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Market Sale	Week ended on:	Increase/ (Decrease) in shareholding		
		22.08.2014	(500,000)	(0.07)	12,500,000 1.70
		29.08.2014	(250,000)	(0.03)	12,250,000 1.66
		12.09.2014	(250,000)	(0.03)	12,000,000 1.63
		19.09.2014	(500,000)	(0.07)	11,500,000 1.56
3	At the End of the year (or on the date of separation, if separated during the year)	11,500,000	1.56	11,500,000	1.56

9. IL AND FS FINANCIAL SERVICES LIMITED

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	Account No. (i) 12,617,254 Account No. (ii) 3,500,000	1.71	16,117,254	2.18
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Market Purchase	Week ended on:	Increase/ (Decrease) in shareholding		
		02.05.2014	800,000	0.11	16,917,254
		30.05.2014	1,550,000	0.21	18,467,254
		22.08.2014	1,000,000	0.14	19,467,254
		29.08.2014	1,250,000	0.17	20,717,254
		10.10.2014	2,500,000	0.34	23,217,254
3	At the End of the year (or on the date of separation, if separated during the year)	23,217,254	3.15	23,217,254	3.15

10. RAKESH JHUNJHUNWALA

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	10,000,000	1.36	10,000,000	1.36
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Market Purchase / Market Sale	Week ended on:	Increase/ (Decrease) in shareholding		
		16.05.2014	504,000	0.07	10,504,000
		30.05.2014	762,214	0.10	11,266,214
		06.06.2014	742,161	0.10	12,008,375
		13.06.2014	3,500,000	0.48	15,508,375
		23.01.2015	(2,500,000)	(0.34)	13,008,375
		30.01.2015	(2,000,000)	(0.27)	11,008,375
		06.02.2015	(500,000)	(0.07)	10,508,375
		13.02.2015	(958,375)	(0.13)	9,550,000
3	At the End of the year (or on the date of separation, if separated during the year)	9,550,000	1.30	9,550,000	1.30

11. VALIANT MAURITIUS PARTNERS OFFSHORE LIMITED

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Market Purchase	Week ended on:	Increase/ (Decrease) in shareholding		
		21.02.2015	8,216,000	1.12	8,216,000 1.12
3	At the End of the year (or on the date of separation, if separated during the year)	8,216,000	1.12	8,216,000	1.12

12. VALIANT MAURITIUS PARTNERS LIMITED

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Market Purchase	Week ended on:	Increase/ (Decrease) in shareholding		
		21.02.2015	7,584,000	1.03	7,584,000 1.03
3	At the End of the year (or on the date of separation, if separated during the year)	7,584,000	1.03	7,584,000	1.03

(v) Shareholding of Directors and Key Managerial Personnel:**1. Ajit Dabholkar**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	22,771	0.00	22,771	0.00
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	22,771	0.00	22,771	0.00

2. Rajiv Shukla

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
3	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

3. Praveen Chand Mohnot

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	10,000	0.00	10,000	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	10,000	0.00	10,000	0.00

4. Bhavesh Gandhi

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	57,300	0.01	57,300	0.01
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): Market Purchase	Week ended on:	Increase/ (Decrease) in shareholding	62,300	0.01
		22.09.2014	5,000	64,300	0.01
		16.01.2015	2,000	68,300	0.01
		03.03.2015	4,000		
	At the End of the year (or on the date of separation, if separated during the year)	68,300	0.01	68,300	0.01

Note : Out of the total shareholding at the end of the year 66,000 Equity shares are held in Bhavesh Prataprai Gandhi, HUF Account. (55,000 Equity shares at the beginning of the year)

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	410,727.29	104,809.42	-	515,536.71
ii) Interest due but not paid	6,558.56	-	-	6,558.56
iii) Interest accrued but not due	2,605.22	-	-	2,605.22
Total (i+ii+iii)	419,891.07	104,809.42	-	524,700.49
Change in Indebtedness during the financial year				
Addition	302,728.13	32,938.43	-	335,666.57
Reduction	149,854.33	72,788.74	-	222,643.07
Net Change	152,873.80	(39,850.31)	-	113,023.50
Indebtedness at the end of the financial year				
i) Principal Amount	568,985.50	64,203.88	-	633,189.38
ii) Interest due but not paid	1,784.99	197.50	-	1,982.49
iii) Interest accrued but not due	1994.39	557.73	-	2,552.12
Total (i+ii+iii)	572,764.87	64,959.11	-	637,723.99

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager
		Mr. Bhavesh Gandhi (Whole Time Director)
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	30,000,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify...	-
5.	Others, please specify	-
	Total (A)	30,039,600
	Ceiling as per the Act	Subject to Central Government Approval

***Note:** In addition to the above, a sum of ₹ 60 Lacs relating to FY 2013-14 was paid during FY 2014-15.

B. Remuneration to other directors:

Sl. No.	Name of Directors	Particulars of Remuneration			Total Amount (Amount in ₹)
		Fee for attending board / committee Meetings (Amount in ₹)	Commission	Others, please specify	
I.	Independent Directors				
1.	Mr. Ajai Vikram Singh	1,000,000/-	-	-	1,000,000/-
2.	Mr. Alexander John Joseph	300,000/-	-	*600,000/-	900,000/-
3.	Ms. Comal Ramachandran Gayathri	300,000/-	-	-	300,000/-
4.	Mr. R. M. Premkumar	1,100,000/-	-	-	1,100,000/-
5.	Mr. Samar Ballav Mohapatra	340,000/-	-	-	340,000/-
	Total (A)	3,040,000/-	-	6,00,000/-	3,640,000/-
II.	Other Non-Executive Directors (NEDs)				
1.	Mr. Nikhil Gandhi	1,280,000/-	-	-	1,280,000/-
2.	Mr. Ashok Katra**	40,000/-	-	-	40,000/-
3.	Mr. Ashok Kumar Sahoo****	20,000/-	-	-	20,000/-
4.	Mr. Ajay Sharma**	20,000/-	-	-	20,000/-
5.	Mr. David Rasquinha***	60,000/-	-	-	60,000/-
	Total (B)	1,420,000/-	-	-	1,420,000/-
	Total (A+B)	4,460,000/-	-	600,000/-	5,060,000/-

* During the year, the Company has paid ₹ 600,000/- (Rupees Six Lacs only) to Mr. Alexander John Joseph [IAS (Retd.)], as professional fees for rendering professional services to the Company.

** The Sitting Fees for attending meetings were paid to IDBI Bank.

*** The Sitting Fees for attending meetings were paid to EXIM Bank.

**** The Sitting Fees for attending meetings were paid to LIC of India.

C. Remuneration to Key Managerial Personnel Other than Managing Director/Manager/Whole Time Director

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Rajiv Shukla (Chief Executive Officer)	Mr. Praveen Mohnot (Chief Financial Officer)	Mr. Ajit Dabholkar (Corporate Counsel & Company Secretary)	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	8,090,627 - -	7,255,000 - -	7,690,196 - -	23,035,823
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Rajiv Shukla (Chief Executive Officer)	Mr. Praveen Mohnot (Chief Financial Officer)	Mr. Ajit Dabholkar (Corporate Counsel & Company Secretary)	Total
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	8,090,627	7,255,000	7,690,196	23,035,823

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE H TO THE DIRECTORS' REPORT

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

Sr. No.	Particulars	Disclosure												
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2014-15	Executive Director: Mr. Bhavesh Gandhi – 67:1												
2	The Percentage increase in Remuneration Of Each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary or Manager if any in the financial year.	Mr. Praveen Mohnot, Chief Financial Officer: 53.06%, Mr. Ajit Dabholkar, Corporate Counsel & Company Secretary: 48.17% There has been no increase in remuneration of Executive Director and Chief Executive Officer. Other Directors are non-executive Director.												
3.	The Percentage increase in the median remuneration of employees in the financial year.	The median remuneration of employees was increased by 6% in the financial year.												
4.	Number of permanent employees on the rolls of the Company.	604 permanent employees as on March 31, 2015.												
5.	The explanation on the relationship between average increase in remuneration and Company's performance.	Average increase in the remuneration is affected by various factors like normal salary revision, talent retention, inflation, external competitiveness, etc. The results of changes in remuneration structure needs to be measured over the long term.												
6.	Comparison of the remuneration of the Key Managerial Personnel ('KMP') against the performance of the Company.	The KMP's remuneration was ₹ 530.75 Lac. Remuneration of KMP as % of Revenue is 0.62%. During the year the Company has posted loss. Hence, comparison of KMP's remuneration with profit cannot be ascertained.												
7.	i. Variations in the market capitalization of the Company.	<table> <tr> <th>Sr. No.</th><th>Particulars</th><th>₹ In Crores</th></tr> <tr> <td>1.</td><td>Market Capitalization ('MCAP') Variation MCAP as at March 31, 2015</td><td>4,211.10</td></tr> <tr> <td>2.</td><td>MCAP as at March 31, 2014</td><td>2,606.17</td></tr> <tr> <td></td><td>Variation in MCAP</td><td>61.58%</td></tr> </table>	Sr. No.	Particulars	₹ In Crores	1.	Market Capitalization ('MCAP') Variation MCAP as at March 31, 2015	4,211.10	2.	MCAP as at March 31, 2014	2,606.17		Variation in MCAP	61.58%
Sr. No.	Particulars	₹ In Crores												
1.	Market Capitalization ('MCAP') Variation MCAP as at March 31, 2015	4,211.10												
2.	MCAP as at March 31, 2014	2,606.17												
	Variation in MCAP	61.58%												
	ii. Price earnings ratio as at closing date of the current financial year and previous financial year.	<table> <tr> <th>Sr. No.</th><th>Particulars</th><th>Ratio</th></tr> <tr> <td>1.</td><td>Price to Earning Ratio (P/E) (Mkt Price / EPS) P/E as at March 31, 2015</td><td>*N. A.</td></tr> <tr> <td>2.</td><td>P/E as at March 31, 2014</td><td>321.82</td></tr> </table> <p>* as the Company has incurred loss during the year.</p>	Sr. No.	Particulars	Ratio	1.	Price to Earning Ratio (P/E) (Mkt Price / EPS) P/E as at March 31, 2015	*N. A.	2.	P/E as at March 31, 2014	321.82			
Sr. No.	Particulars	Ratio												
1.	Price to Earning Ratio (P/E) (Mkt Price / EPS) P/E as at March 31, 2015	*N. A.												
2.	P/E as at March 31, 2014	321.82												
	iii. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	<p>i. The Company made last public offering @ ₹ 60/- per equity share to anchor investors and ₹ 58/- per equity share to investors other than anchor investors.</p> <p>ii. The price of Company's equity share as at March 31, 2015 was ₹ 57.20 i.e. a decrease of 4.67% for anchor investors and 1.38% for investors other than anchor investors.</p>												

8.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and the comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration.	There has been no increase in the managerial remuneration during F.Y. 2014-15. Hence, comparison of increase in the managerial remuneration and justification thereof is not applicable.
9.	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	Mr. Bhavesh Gandhi, Executive Vice-Chairman and Executive Director, Mr. Rajiv Shukla, Chief Executive Officer, Mr. Praveen Mohnot, Chief Financial Officer and Mr. Ajit Dabholkar, Corporate Counsel & Company Secretary were designated as Key Managerial Personnel. During the year the Company has posted loss. Hence, comparison of each KMP's remuneration with performance of the Company cannot be ascertained.
10.	The key parameters for any variable component of remuneration availed by the Directors.	During F. Y. 2014-15 no variable remuneration was paid to any of the Directors.
11.	The ratio of the remuneration of the highest paid director to that of the employees who are not Directors but receive remuneration in excess of the highest paid director during the year.	The highest paid Director is Mr. Bhavesh Gandhi, Executive Vice-Chairman of the Company. There is no employee who receives remuneration in excess of remuneration paid to Mr. Bhavesh Gandhi.
12.	Affirmation that the remuneration is as per the Nomination & Remuneration Policy of the Company.	Yes, the Company hereby affirms that the remuneration paid is as per the Nomination, Remuneration & Evaluation Policy of the Company.

Independent Auditors' Report

To
The Members of
Pipavav Defence and Offshore Engineering Company Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Pipavav Defence and Offshore Engineering Company Limited** ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes 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 frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements 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, of the state of affairs of the Company as at 31 March 2015 and its loss and its cash flows for the year ended on that date:

Emphasis of Matter

We draw attention to the following matter in the Notes to the financial statements:

- (a) Note 25.1 to the financial statements relating to Managerial Remuneration, which is subject to requisite approvals and procedure.

Our Opinion is not modified in respect of the aforementioned matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31 to the financial statements;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts (Refer Note 11 to the financial statements) including derivative contracts; and
 - iii. There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

For **GPS & Associates**
Chartered Accountants
Firm's Reg. No: 121344W

H.Y. Gurjar
Partner
Membership no: 32485

Place: Mumbai
Date: 30th May 2015

Annexure to the 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 31 March, 2015)

- i. In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets; and
 - (b) We have been informed that the physical verification of fixed assets was carried out by the management in a phased manner, which in our opinion is reasonable, and no material discrepancies were noticed on such verification.
- ii. In respect of inventory:
 - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. We have relied on the certificates and other documents provided by the management;
 - (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by management are reasonable and adequate in relation to the size of the Company and the nature of business; and
 - (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 by the management, the discrepancies noticed on physical verification of the inventories between the physical inventories and the 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. The Company has granted unsecured loan to wholly owned subsidiary covered in the register maintained under section 189 of the Act;
 - (a) As per the information and explanations given to us, the said loan and interest thereon was not due for repayment during the year; and
 - (b) Since the above loan and interest thereon were not due for repayment during the year, the question of overdue amounts does not arise.
- iv. In our opinion and according to the information and explanations given to us, there is an internal control system for purchase of inventory and fixed assets and also sale of goods and services which needs to be further strengthened. During the course of our audit, we have not observed any major weakness in the internal control system.
- v. According to the information and explanation provided to us by the management, in our opinion, the Company has not accepted any 'deposits' within the meaning of Rule 2(b) of the Companies (Acceptance of Deposits) Rule 2014. Therefore, the provisions of clause (v) of paragraph 3 of the order are not applicable to the Company.
- vi. According to the information and explanations provided by management, the Company is not engaged in production of any such goods or provision of any such service for which Central Government has specified maintenance of cost records under section 148(1) of the Act. Hence in our opinion no comment on maintenance of cost records under section 148(1) of the Act is required.
- vii. In respect of statutory dues:
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty

of excise, value added tax, cess and other material statutory dues during the year. However delays have been noticed in case of income tax (including tax deducted at source), service tax and works contract tax. Further, no undisputed amounts payable in respect of such statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us we report that the disputed statutory dues aggregate to ₹ 2500.41 lacs have not been deposited on account of matters pending before appropriate authorities. The breakup of the above dues is as under:

Name of the Statute	Nature of Dues	Period to which the default relates	Amount (₹ in lacs.)*	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source	2004-05	30.16	High Court
		2007-08 to 2014-15	98.73	ITO (TDS)
MVAT, 2002	VAT	2006-07 to 2011-12	146.36	Assistant Commissioner of Sales Tax
CENVAT Credit Rules, 2004	Penalty	2009-10 to 2012-13	2,225.16	Commissioner of Central Excise
		Total:	2500.41	

*The disputed amounts are net of amounts deposited with the relevant authorities.

- (c) According to the information and explanations given to us and in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder, no amounts were required to be transferred to the investor education and protection fund.
- viii. The accumulated losses of the Company as at 31 March 2015 are not more than fifty percent of its net worth as on that date. The Company has incurred cash losses during the current financial year and had not incurred cash losses in the immediately preceding financial year.
- ix. Based on our audit procedures, information and explanation given to us by the management and considering the Corporate Debt Restructuring (CDR) scheme, as on 31 March 2015, the Company has not defaulted in repayment of dues to financial institution or banks except an overdue amount of ₹ 5,131.33 lacs towards principal which includes ₹ 868.33 Lacs overdue since FY 2013-14 and overdue amount of ₹ 1,565.87 lacs towards interest which includes ₹ 149.17 Lacs overdue since FY 2013-14. Against such overdue amount, the Company has since paid ₹ 1,097.07 lacs up to the date of signing of this audit report.
- x. The Company has given corporate guarantee in relation to loan taken by a wholly owned subsidiary from financial institution aggregating to ₹ 20,222.00 lacs as at 31 March 2015. The management is of the opinion that the terms and conditions are not prejudicial to the interests of the Company. We are, however, unable to comment on the same.
- xi. The Company has raised new term loans during the year. To the best of our knowledge and according to information and explanation given to us, the term loans outstanding at the beginning of the year and those obtained by the Company during the year were *prima facie* been either used for the purposes for which they were raised or if pending utilization have been temporarily kept with the banks.
- xii. To the best of our knowledge 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 material fraud on or by the Company has been noticed or reported during the course of our audit.

For **GPS & Associates**
Chartered Accountants
Firm's Reg. No: 121344W

H.Y. Gurjar
Partner
Membership no: 32485

Place: Mumbai
Date: 30th May 2015

Balance Sheet as at March 31st, 2015

₹ in Lacs

Particulars	Note	As at March 31st, 2015	As at March 31st, 2014
I EQUITY AND LIABILITIES			
(1) Share Holders' Funds			
Share Capital	2	73,620.63	73,620.63
Reserves and Surplus	3	123,046.65	160,067.25
		196,667.28	233,687.88
(2) Non Current Liabilities			
Long Term Borrowings	4	510,172.79	207,463.35
Deferred Tax Liabilities (Net)	5	279.28	9,468.48
Other Long Term Liabilities	6	5,624.21	14,270.69
Long Term Provisions	7	405.19	278.38
		516,481.47	231,480.90
(3) Current Liabilities			
Short Term Borrowings	8	112,936.75	255,105.40
Trade Payables	9	30,152.79	28,204.44
Other Current Liabilities	10	66,776.81	159,286.18
Short Term Provisions	11	57,371.93	51,701.03
		267,238.28	494,297.05
TOTAL		980,387.03	959,465.83
II ASSETS			
(1) Non Current Assets			
Fixed Assets	12		
Tangible Assets		344,157.96	271,092.20
Intangible Assets		330.03	408.68
Capital Work in Progress		356,570.12	313,928.88
Intangible Assets under Development		5,909.45	1,846.57
		706,967.56	587,276.33
Non Current Investments	13	2,087.00	2,060.74
Long Term Loans and Advances	14	37,689.79	52,984.40
		746,744.35	642,321.47
(2) Current Assets			
Inventories	15	30,710.45	23,094.30
Trade Receivables	16	83,359.86	135,123.96
Cash and Bank Balances	17	22,567.06	38,415.38
Short Term Loans and Advances	18	46,846.95	40,851.58
Other Current Assets	19	50,158.36	79,659.14
		233,642.68	317,144.36
TOTAL		980,387.03	959,465.83
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 42		

As per our report of even date
for GPS and Associates
Chartered Accountants
Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No 32485

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2015

Praveen Mohnot
Chief Financial Officer

Rajiv Shukla
Chief Executive Officer

Ajit Dabholkar
Corporate Counsel & Company Secretary

Statement of Profit and Loss for the year ended March 31st, 2015

₹ in Lacs

Particulars	Note	For the year ended March 31st, 2015	For the year ended March 31st, 2014
REVENUE			
Gross Revenue from Operations		83,170.25	227,919.82
Less: Excise duty recovered		69.55	20.50
Net Revenue from Operations	20	83,100.70	227,899.32
Other Income	21	3,107.21	4,008.31
Total Revenue		86,207.91	231,907.63
EXPENSES			
Cost of Materials Consumed	22	7,977.65	26,665.58
Purchase of Traded Goods	23	13,245.55	47,690.56
Changes in Inventories of Work in Progress & Scrap	24	(889.63)	131.72
Employee Benefits Expenses	25	6,327.90	5,684.94
Finance Costs	26	45,269.29	46,520.81
Depreciation and Amortisation Expenses	12	13,134.35	16,170.40
Other Expenses	27	47,152.92	86,251.14
Total Expenses		132,218.03	229,115.15
Profit / (Loss) Before Tax		(46,010.12)	2,792.48
Tax Expense- Current Tax		-	587.31
- MAT credit entitlement		-	(587.31)
- Deferred Tax		(9,128.77)	1,956.73
- Income Tax for Earlier Years		21.88	-
Profit / (Loss) After Tax		(36,903.23)	835.75
Earnings per Equity share of ₹ 10/- each	28		
- Basic (In Rupees)		(5.01)	0.11
- Diluted (In Rupees)		(5.01)	0.11
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 42		

As per our report of even date
for GPS and Associates
Chartered Accountants
Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No 32485

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2015

Praveen Mohnot
Chief Financial Officer

Rajiv Shukla
Chief Executive Officer

Ajit Dabholkar
Corporate Counsel & Company Secretary

Cash Flow Statement for the year ended at March 31st, 2015

₹ in Lacs

Sr. No.	Particulars	2014-2015	2013 - 2014
A	Cash Flow from Operating Activities		
	Net Profit before Tax	(46,010.12)	2,792.48
	Adjustments for :-		
	Depreciation and Amortisation Expenses	13,134.35	16,170.40
	Interest Income	(2,734.18)	(3,640.54)
	Dividend on Current Investments	(14.38)	(24.73)
	Loss / (Profit) on Sale of Current Investments	-	(44.64)
	Loss / (Profit) on Sale of Fixed Assets (Net)	11.97	65.43
	Finance Costs	45,269.29	46,520.81
	Provision for Wealth Tax	1.95	2.05
	Excess provision of subsidy written off	6,507.49	9,320.92
	Provision for estimated cost over contract revenue	(429.09)	(1,948.44)
	Cost Estimated for Revenue Recognised	6,031.03	28,977.98
	Liability No Longer Required (Written Back)	-	(221.62)
	Balances Written Off (net)	17.21	-
	Foreign Exchange Difference	3,598.12	16,511.39
	Operating profit before working capital changes	25,383.64	114,481.49
	Adjusted for		
	Inventories	(7,616.15)	(6,813.85)
	Trade and Other Receivables	74,454.56	(66,957.65)
	Trade and Other Payables	(46,844.50)	55,766.35
	Cash Generated from Operations	45,377.55	96,476.34
	Direct Taxes (Paid) / Refund	(558.25)	(2,297.98)
	Net Cash Generated from Operating Activities	44,819.30	94,178.36
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work in Progress	(96,863.32)	(82,646.98)
	Sale of Fixed Assets	14.86	22.40
	Advance to Subsidiaries (Net)	(3,966.02)	(1,654.35)
	Purchase of Investments including advance against Investment	(7,231.00)	(27,924.73)
	Investment in Subsidiaries including share application money	(13.26)	(14.00)
	Sale of Investments	7,150.00	28,419.37
	Dividend Received on Current Investments	14.38	24.73
	Net Cash used in Investing Activities	(100,894.36)	(83,773.56)
C	Cash Flow from Financing Activities		
	Amount received against issue of Equity shares / warrants	-	26,238.96
	Inter Corporate Deposits from Subsidiary Company repaid	(15,499.08)	3,677.01
	Movement in Unclaimed Share Application Money	-	0.65
	Proceeds from Long Term Borrowings	130,752.69	39,178.54

Cash Flow Statement for the year ended at March 31st, 2015

₹ in Lacs

Sr. No.	Particulars	2014-2015	2013 - 2014
	Repayment of Long Term Borrowings	(55,811.56)	(46,287.15)
	Short Term Borrowings (Net)	24,764.71	38,700.36
	Interest Paid	(46,795.92)	(75,038.21)
	Margin Money (Net)	13,815.16	(837.30)
	Interest Received	2,594.18	3,709.78
	Realised gain on currency swap transactions	221.72	287.76
	Net Cash Flow from Financing Activities	54,041.90	(10,369.60)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(2,033.16)	35.20
	Cash & Cash Equivalents - Opening balance	4,608.19	4,572.99
	Cash & Cash Equivalents - Closing balance	2,575.03	4,608.19

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 period.

As per our report of even date
for GPS and Associates
 Chartered Accountants
 Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
 Partner
 Membership No 32485

Nikhil P. Gandhi
 Chairman

Bhavesh P. Gandhi
 Executive Vice Chairman

Place :- Mumbai
 Date :- May 30, 2015

Praveen Mohnot
 Chief Financial Officer

Rajiv Shukla
 Chief Executive 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 (Indian GAAP) and the provisions of the Companies Act, 2013 (to the extent notified)

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:

- 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.
- 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 Tangible Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method over the useful life of assets as prescribed in Part C of Schedule II to the Companies Act, 2013 except in respect of following assets where useful life is different than those prescribed in Schedule II based on the independent technical evaluation;

Description of Assets	Useful Life Considered (Years)
Dry Dock (inculding berths)	50
Offshore Yard	50
Roads, Culverts & Bridge	25

The Management believes that the useful lives as given above best represent the period over which management expects to use these assets.

- Depreciation on mobiles phones are provided considiring the useful life of two years at Straight Line Method
- Depreciation on Leasehold land and Developments is provided over the period of Lease.
- In respect of additions/extensions forming an integral part of existing assets depreciation has been provided over residual life of the respective fixed assets.

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:

Notes to Financial Statements

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 performing survey of work. 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.

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 or client/Independent experts certification.
- iv. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established. Insurance and other claims are recognised as revenue on certainty of receipt on prudent basis.

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. Revenue 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 is 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 restatement is recognised in the Statement of Profit and Loss.

l FINANCIAL DERIVATIVES:

In respect of Derivative Contracts, premium paid and losses/gain 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

Notes to Financial Statements

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

Note - 2 SHARE CAPITAL

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
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 736,206,269) Equity Shares of ₹ 10/- each fully paid up	73,620.63	73,620.63
Total	73,620.63	73,620.63

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

₹ in Lacs

Particulars	As at March 31st, 2015		As at March 31st, 2014	
	No of Shares	Amount	No of Shares	Amount
Equity shares at the beginning of the year	736,206,269	73,620.63	701,198,388	70,119.84
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
Equity shares at the end of the year	736,206,269	73,620.63	736,206,269	73,620.63

2.2 Shareholders holding more than 5% Shares in the Company

Notes to Financial Statements

₹ in Lacs

Shares held by	No of Shares	% Holding	No of Shares	% Holding
SKIL Infrastructure Limited	250,373,648	34.01%	267,037,043	36.27%
Life Insurance Corporation of India	58,465,899	7.94%	58,465,899	7.94%
IL & FS Marine Infrastructure Company Limited	53,423,871	7.26%	53,423,871	7.26%
SKIL Shipyard Holdings Private Limited	38,377,686	5.21%	38,377,686	5.21%

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.

Note - 3 RESERVES AND SURPLUS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Capital Reserve	6,254.96	6,254.96
Securities Premium Account		
Balance as per last Balance Sheet	149,327.83	124,542.16
Add :- On Issue of Shares	—	24,785.67
	149,327.83	149,327.83
Profit and Loss Account		
Balance as per last Balance Sheet	4,484.46	3,648.71
Less : Adjusted for Fixed Assets - Refer note no 12.1	(117.37)	—
Add:- Profit(loss) for the year	(36,903.23)	835.75
	(32,536.14)	4,484.46
Total	123,046.65	160,067.25

Note - 4 LONG TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Secured Loans		
Rupee Term Loans from:		
Banks	400,912.31	161,361.24
Financial Institutions	58,232.10	30,564.27
	459,144.41	191,925.51
Foreign Currency Term Loans from:		
Financial Institution	20,855.25	—
	479,999.66	191,925.51

Notes to Financial Statements

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Vehicle Loans	88.26	38.76
Unsecured Loans		
Foreign Currency Term Loans from:		
Body Corporate	14,042.70	—
Inter Corporate Deposits from:		
Related Parties	16,042.17	15,499.08
	30,084.87	15,499.08
Total	510,172.79	207,463.35

4.1 The Company had availed various secured financial facilities from the banks and financial institutions (“the Lenders”). The lenders led by IDBI Bank had through Joint Lenders’ Forum (JLF) referred the Debt Restructuring Scheme (‘Restructuring Scheme’) of the Company to Corporate Debt Restructuring Cell (“CDR Cell”). The Restructuring Scheme was subsequently approved by CDR Cell on 18th March 2015 and communicated vide Letter of Approval (LOA) dated 27th March 2015. The Cut Off Date as per Restructuring Scheme is 1st July 2014 (‘COD’). The Company and the Lenders who are members of the CDR forum (‘CDR Lenders’) have executed Master Restructuring Agreement (‘MRA’) dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA. For all the loans restructured under the terms of MRA, creation/extension of security is under process. The Restructuring scheme has been implemented as at 31st March 2015 with effect from the COD. The key features of the Restructuring Scheme are as follows:

i) Restructuring of Working Capital facilities:

- Overdue portion of the working capital facilities converted into working capital term loan (WCTL).
- Interest moratorium of 1 year from the COD on the fund based working capital facilities. During the interest moratorium period, the interest will accrue and will be converted into funded interest term loan (FITL).
- Reduced margin requirements for non-fund based working capital facilities as well as reduction of commission applicable on the same.
- Fresh working capital facilities sanctioned as per projected requirement for 1 year, to be renewed/reassessed on a yearly basis thereafter. The terms for these fresh working capital facilities shall be in line with the other restructured working capital facilities.

ii) Restructuring of Rupee Term Loans (RTL) and Short Term Loans (STL):

- Principal repayment moratorium for 3 years from the COD and thereafter repayment to be made in 28 structured quarterly installments.
- For term loans and short term loans relating to ongoing capex program, interest during construction period to be financed by the respective lenders up to July, 2016 and 5 months of interest moratorium thereafter, which will also be converted into FITL.
- For other term loans, interest moratorium for 2 years from the COD.
- Fresh term loans sanctioned as required for completion of the ongoing capex program. The terms for these fresh term loans shall be in line with the terms applicable for existing term loans for the ongoing capex program.

iii) Working Capital Term Loans (WCTL) - created out of irregular/overdue portion of working capital facilities

- Principal repayment moratorium for 3 years from the COD and thereafter repayment to be made in 28 structured quarterly installments.
- Interest moratorium up to 31st March, 2017.

iv) Funded Interest Term Loan (FITL) - accrued interest during interest moratorium period on the above facilities

- Principal repayment to be made in 28 structured quarterly installments commencing from quarter ending on 30th September, 2017.
- Out of Total FITL facility amounting to an estimated amount of ₹ 86,212 lacs, an amount aggregating to ₹ 25,000 lacs is proposed to be converted into equity shares before 30th June 2017. The pricing shall be calculated as per SEBI formula and issue will be subject to approval of members of the Company.

Notes to Financial Statements

v) Interest Rate:

For fund based working capital facilities, RTL, FITL and WCTL: Floating interest rate of IDBI base rate plus 75 bps i.e. currently 11.00% shall be applicable for the initial period of 3 years from the COD and thereafter the interest rate shall be revised to IDBI base rate plus 325 bps i.e. currently 13.50%.

- vi) Promoter's contribution of ₹ 16,600 lacs to be infused in the Company as per the CDR norms for restructuring of the credit facilities as stipulated in the MRA and further ₹ 17,648.47 lacs to be brought by promoters towards equity margin towards financing of the ongoing Capex program to maintain stipulated debt-equity ratio for the project.

4.2 In terms of the Master Restructuring Agreement entered with certain lenders of the Company for Debt Restructuring, each of those Lenders has a right of recompense as per extant guidelines of CDR for the reliefs and sacrifices extended by them. The amount of recompense being depending on various matters cannot be ascertained as on March 31, 2015.

4.3 Secured Term loans as referred to above and ₹ 7,956.95 lacs included in current maturities of long term debt in note no. 10 are secured/to be secured as under:

- i) ₹ 457,004.42 lacs having first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E-Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- ii) ₹ 487,956.61 lacs having first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
- iii) ₹ 457,004.42 lacs having second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.

4.4 Secured Term loans as referred to above and ₹ 7,956.95 lacs included in current maturities of long term debt in note no. 10 are further secured/to be secured as:

- i) Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
- ii) Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 equity share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of promoters group, to the CDR Lenders upon release of such charge.
- iii) ₹ 457,004.42 lacs by way of Pledge of entire shareholding i.e. 2,17,09,327 equity shares of E-Complex Private Limited held by the Company.

4.5 Lenders in respect of secured loans aggregating to ₹ 457,004.42 lacs have right to convert entire part of defaulted principal and interest into Equity shares upon occurrence of events of default in the manner provided in the MRA.

4.6 Secured Rupee Term Loan of ₹ 30,000.00 lacs are repayable in 24 quarterly structured installment starting from June 30, 2019 to March 31, 2025, ₹ 12,500.00 lacs in 28 quarterly structured installment starting from September 30, 2017 to June 30, 2024, ₹ 9,271.32 lacs in 40 quarterly structured installments starting from August 31, 2005 to February 28, 2017 and ₹ 400.00 lacs in 40 quarterly structured installments starting from September 30, 2005 to March 30, 2015.

4.7 All the Secured Rupee Term Loan carry an interest rate of 11% except loan of ₹ 9,271.32 lacs which carry an interest rate of 13.50%.

4.8 Secured Foreign Currency Term Loan a referred above including ₹ 425.62 lacs included in Current Maturities of Long Term Debts in note 10 carry an interest rate of 2.57% and repayable in 11 yearly structured installment starting from February 01, 2016 to February 01, 2026.

4.9 Unsecured Foreign Currency Term Loan :

- i) Unsecured Foreign Currency Term Loan as referred above including ₹ 2,098.33 lacs included in Current Maturities of Long Term Debts in note no. 10 is secured by way of Mortgage of Property at Mahal Mira, Pen Taluka, Raigad admeasuring 10,89,3000 sq. feet owned by other Corporates. The above loan is further secured by Corporate Guarantee of SKIL Infrastructure Limited and some of the directors of the Company.

- ii) The above unsecured loan carry an interest rate of 6.57% and repayable in 30 monthly structured installments starting from May 31, 2015 to October 31, 2017

4.10 The maturity profile, period and amount of installments of Term Loans as referred above including current maturities of long term debt of ₹ 10,055.28 Lacs referred to in note no. 10 are as under:

₹ in Lacs

Notes to Financial Statements

Financial Year	Unsecured Foreign Currency Term loan	Secured Term Loans from			Total
	Body Corporate	Banks	Financial Institutions	Body Corporates	
2015 - 2016	2,098.33	—	7,556.95	400.00	10,055.28
2016 - 2017	6,779.23	—	2,565.62	—	9,344.85
2017 - 2018	7,263.47	22,130.88	3,791.14	—	33,185.49
2018 - 2019	—	44,261.75	7,156.67	—	51,418.42
2019 - 2020	—	47,291.75	7,582.29	—	54,874.04
2020 - 2021	—	48,161.75	8,433.52	—	56,595.27
2021 - 2022	—	50,711.75	8,859.14	—	59,570.89
2022 - 2023	—	65,015.67	16,210.23	—	81,225.90
2023 - 2024	—	79,769.59	18,666.72	—	98,436.31
2024 - 2025	—	43,569.18	5,715.61	—	49,284.79
2025 - 2026	—	—	—	—	106.40
Total	16,141.03	400,912.32	86,644.29	400.00	504,097.64

4.11 Vehicle Loans referred to above including ₹ 24.56 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 July 01, 2012 to March 15, 2021.

4.12 Details of Unsecured Loans from related parties:

₹ in Lacs			
Company Name	Nature of Relationship	As at March 31st, 2015	As at March 31st, 2014
E Complex Private Limited	Subsidiary	—	15,499.08
SKIL Shipyard Holdings Pvt Ltd	Other Related Party	15,750.00	—
SKIL Infrastructure Ltd	Associate	292.17	—

4.13 Terms and Conditions for Loans from Related Parties:

The above unsecured loans from related parties carry an interest rate of 12.00% and include ₹ 15,750 lacs & ₹ 292.17 lacs repayable after 15 months by way of bullet payments from the date of first disbursement i.e. March 23, 2015 and March 24, 2015 respectively.

4.14 As at March 31st, 2015, the Company has overdue of ₹ 5,531.33 lacs (Previous Year: ₹ 4,873.28 lacs) and ₹ 1,982.49 lacs (Previous Year: ₹ 5,679.44 lacs) towards the principal and interest respectively, out of which ₹ 1,097.07 lacs has since been paid.

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 31st, 2015	As at March 31st, 2014
Deferred Tax Liabilities		
Related to Fixed Assets	45,197.86	33,441.64
Deferred Tax Assets		
Unabsorbed Depreciation	38,741.82	23,817.03
Disallowance under Income Tax Act, 1961	6,176.75	156.13
	44,918.57	23,973.16
Deferred Tax Liabilities (Net)	279.29	9,468.48

Note - 6

OTHER LONG TERM LIABILITIES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Advances from Customers	5,624.21	14,270.69
Total	5,624.21	14,270.69

Note - 7

LONG TERM PROVISIONS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
for Employee Benefits	405.19	278.38
Total	405.19	278.38

Note - 8

SHORT TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Secured Loans		
Working Capital Loan		
Cash Credit Facilities from Banks	80,916.07	120,795.06
Short Term Loans from:		
Banks	—	30,000.00
Financial Institutions	—	15,000.00
Unsecured Loans from:		
Banks	32,020.68	89,310.34
Total	112,936.75	255,105.40

Notes to Financial Statements

8.1 The above working capital loans from banks are secured / to be secured by way of:

- First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E-complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

8.2 The above working capital loans from banks are further secured / to be secured by :

- Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
- Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 equity share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of promoters group, to the CDR Lenders upon release of such charge.
- Pledge of entire shareholding i.e. 2,17,09,327 equity shares of E-Complex Private Limited held by the Company.

8.3 As on March 31st, 2015, the Company has overdue of ₹ NIL (Previous Year: ₹ 26,618.91 lacs) and ₹ NIL (Previous Year: ₹ 879.12 lacs) towards the principal and interest respectively

Note - 9 TRADE PAYABLES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Micro Small and Medium Enterprises	940.30	839.08
Others	29,212.49	27,365.36
Total	30,152.79	28,204.44

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 31st, 2015	As at March 31st, 2014
Principal amount remaining unpaid	940.30	839.08
Interest due thereon	394.81	228.07
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	394.81	228.07
Interest remaining due and payable even in succeeding years	—	—

Notes to Financial Statements

Note - 10

OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Current Maturities of Long Term Debts	10,079.84	52,967.96
Interest accrued and due on borrowings	1,982.49	6,558.56
Interest accrued but not due on borrowings	2,552.12	2,605.22
Unclaimed Share Application Money *	5.36	5.36
Creditors for Capital Goods	12,280.34	23,021.85
Advances from Customers	27,168.28	64,050.67
Statutory Dues	4,878.37	1,562.74
Bank Overdraft	218.11	—
Other Payables **	7,611.90	8,513.82
Total	66,776.81	159,286.18

* 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.

Note - 11

SHORT TERM PROVISIONS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
for Employee Benefits	250.00	180.93
for Wealth Tax (Net)	2.05	2.15
Other Provisions #	57,119.88	51,517.95
Total	57,371.93	51,701.03

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, 2014 was ₹ 4,499.38 lacs and ₹ 47,018.57 lacs respectively, out of which ₹ 4,499.38 and ₹ 13,091.45 lacs has been incurred during the year. Liability outstanding under this clause as at March 31st, 2015 is ₹ 4,070.28 lacs and ₹ 53,049.60 lacs respectively. Actual outflow is expected in the subsequent financial years.

Notes to Financial Statements

Note - 12 FIXED ASSETS

Particulars		Gross Block			Depreciation and Amortisation				Net Block		
		As at 1-Apr-14	Additions during the year	Deductions/ Adjustments	As at 31-Mar-15	Upto 31-Mar-14	For the year	Deductions / Adjustments	Upto 31-Mar-15	As at 31-Mar-15	As at 31-Mar-14
₹ in Lacs											
Tangible Assets											
Owned Assets											
Buildings	47,497.20	2,625.67	—	50,122.87	6,977.20	1,493.24	—	8,470.44	41,652.43	40,520.00	
Plant and Equipments	229,471.37	75,153.16	7.63	304,616.90	33,993.32	8,700.50	1.94	42,691.88	261,925.02	195,478.05	
Furniture and Fixtures	848.55	31.04	—	879.59	349.16	79.66	—	428.82	450.77	499.39	
Office Equipments	296.48	14.44	7.57	303.35	73.33	109.61	6.78	176.16	127.19	223.15	
Vehicles	547.40	119.36	31.49	635.27	248.03	100.81	11.14	337.70	297.57	299.37	
Total	278,661.00	77,943.67	46.69	356,557.98	41,641.04	10,483.82	19.86	52,105.00	304,452.98	237,019.96	
Leased Assets											
Leasehold Land and Development	40,121.45	8,327.33	—	48,448.78	6,049.21	2,694.60	—	8,743.81	39,704.97	34,072.24	
Total	40,121.45	8,327.33	—	48,448.78	6,049.21	2,694.60	—	8,743.81	39,704.97	34,072.24	
Total Tangible Assets	318,782.45	86,271.00	46.69	405,006.76	47,690.25	13,178.42	19.86	60,848.81	344,157.95	271,092.20	
Intangible Assets											
Computer Softwares*	809.68	55.10	—	864.78	401.00	133.74	—	534.74	330.04	408.68	
Total Intangible Assets	809.68	55.10	—	864.78	401.00	133.74	—	534.74	330.04	408.68	
Total	319,592.13	86,326.10	46.69	405,871.54	48,091.25	13,312.16	19.86	61,383.55	344,487.99	271,500.88	
Previous Year	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		
Capital Work in Progress									356,570.12	313,928.90	
Intangible Assets under development									5,909.45	1,846.57	

* Other than Internally Generated.

12.1 Pursuant to the enactment of Companies Act 2013 ('the Act'), the Company has applied estimated useful life of all the fixed assets as specified in the Schedule II to the Act or the life as determined on technical evaluation. Accordingly the unamortised carrying value is being depreciated/amortised over the revised/remaining useful lives. The W.D.V. of the Fixed Asset whose lives have expired as at April 01, 2014 amounting to ₹ 117.37 Lacs (net of tax), have been adjusted to profit and loss account under reserve and surplus.

Notes to Financial Statements

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

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

12.4 Capital Work in Progress includes:

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
- Material at site	1,203.16	1,349.03
- Assets under construction and installation	263,831.48	247,383.26
- Preoperative expenses	91,535.49	65,196.61

12.5 Intangible Assets under development includes:

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
- Software development & Licence Fees	5,112.72	1,769.80
- Preoperative expenses	796.73	76.77

12.6 Details of Preoperative expenses are as under:

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
Opening Balance	65,273.38	30,495.49
Add :		
Consumables	—	21.52
Salaries, Wages and Allowances	774.22	—
Professional and Consultancy Charges	467.14	11.40
Conveyance, Travelling and Vehicle Expenses	5.61	55.24
Foreign Exchange Difference (Net)	702.27	
Insurance	—	35.94
Interest Expenses	29,396.50	30,414.38
Other Borrowing Costs	987.80	4,239.41
	97,606.92	65,273.38
Less :		
Allocated to Fixed Assets	5,274.70	—
Closing Balance	92,332.22	65,273.38

12.7 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.

12.8 Additions in the Plant and Equipments include interest and financial charges of ₹ 5,274.70 lacs (Previous Year ₹ NIL).

Notes to Financial Statements

Note - 13

NON CURRENT INVESTMENTS

₹ in Lacs

Particulars	Face Value	Numbers		As at March 31st, 2015	As at March 31st, 2014
		31/Mar/15	31/ Mar/14		
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	140,000	10,000	14.00	1.00
Pipavav Engineering and Defence Services Limited	₹ 10	50,000	—	5.00	—
Pipavav Technologies and Systems Private Limited	₹ 10	10,000	—	1.00	—
PDOC Pte. Limited	S \$ 1	25,000	10,000	11.74	4.48
				1,933.47	1,907.21
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
Total				2,087.00	2,060.74

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 31st, 2015		As at March 31st, 2014	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	—	—	—	—
Unquoted Investments	2,087.00	—	2,060.74	—
Total	2,087.00	—	2,060.74	—

Notes to Financial Statements

Note - 14

LONG TERM LOANS AND ADVANCES

(Unsecured and considered good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Share Application Money to Related Party	—	13.00
Capital Advances	21,098.34	36,920.18
Security Deposits with		
Related Parties	7,355.00	7,355.00
Others	2,900.59	2,975.68
Advance against investments	81.00	—
Advance Taxes (Net)	2,916.68	2,376.85
MAT credit entitlement	3,338.18	3,343.69
Total	37,689.79	52,984.40

14.1 Details of Share Application Money to Related Party

₹ in Lacs

Company Name	Nature of Relationship	As at March 31st, 2015	As at March 31st, 2014
Pipavav Lighter Than Air Systems Private Limited	Subsidiary	—	13.00

14.2 Details of Security Deposits to Related Parties

₹ in Lacs

Company Name	Nature of Relationship	As at March 31st, 2015	As at March 31st, 2014
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 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 is expected 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, ₹ Nil (Previous Year: ₹ 587.31 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 31st, 2015 is ₹ 3,338.18 lacs (Previous Year: ₹ 3,343.69 lacs) net of reversal of excess provision of ₹ 5.51 lacs (Previous Year: ₹ 0.79 lacs) made in previous years.

Notes to Financial Statements

Note - 15 INVENTORIES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Raw Materials	28,519.33	21,028.54
Raw Materials in Transit	192.59	543.00
Work in Progress	827.56	12.67
Stores and Spares	1,058.76	1,472.62
Scrap	112.21	37.47
Total	30,710.45	23,094.30

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

Note - 16 TRADE RECEIVABLES (Unsecured & Considered Good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Outstanding for a period exceeding six months	44,553.82	65,105.02
Others	38,806.04	70,018.94
Total	83,359.86	135,123.96

16.1 In respect of Trade Receivables the management is of the view that all the dues are good for recovery and no provisions for doubtful debts is required as most of them have confirmed balances during the year.

Note - 17 CASH AND BANK BALANCES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Cash and Cash Equivalents		
Balances with Banks In Current Accounts	2,564.75	4,204.10
Cheques on Hand	—	392.50
Cash on Hand	10.28	11.59
	2,575.03	4,608.19
Other Bank Balances		
Share Application Money Refund Account	5.36	5.36
Fixed Deposits with Banks held as Margin Money*	19,986.67	33,801.83
	19,992.03	33,807.19
Total	22,567.06	38,415.38

* Includes ₹ 2,709.55 lacs (Previous Year : ₹ 8,407.56 lacs) having maturity period more than twelve months.

Notes to Financial Statements

Note - 18

SHORT TERM LOANS AND ADVANCES

(Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Loans and Advances to Related Parties	5,622.42	1,656.25
Security Deposits	80.04	65.78
Prepaid Expenses	2,071.20	3,834.18
Cenvat / VAT recoverable	4,436.99	2,393.75
Advance against purchase of material / services	22,889.12	26,341.59
Other Advances *	11,747.18	6,560.03
Total	46,846.95	40,851.58

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

18.1 Details of Loans and Advances to Related Parties

₹ in Lacs

Company Name	Nature of Relationship	As at March 31st, 2015	As at March 31st, 2014
E Complex Private Limited *	Subsidiary	5,546.98	1,613.01
Pipavav Marine and Offshore Limited	Subsidiary	37.74	37.74
Pipavav Lighter than Air System Private Limited	Subsidiary	32.27	—
Pipavav Engineering & Defence Services Ltd	Subsidiary	0.16	—
PDOC Pte. Ltd.	Subsidiary	5.27	5.50

* Given for meeting working capital requirements of the Company

18.2 Other Advances includes interest receivable of ₹ 420.06 lacs from E Complex Private Limited, Subsidiary Company

18.3 In accordance with Clause 32 of the Listing Agreement the details of loans and advances in the nature of loan are as under:

- To E Complex Private Limited, Subsidiary Company, maximum balance during the year was ₹ 6,906.02 lacs (Previous Year: 6,887.24 lacs)
- E Complex Private Limited has not invested in shares of the company.
- Loans to employee and reimbursement of expenses are not considered for this clause.

Note - 19

OTHER CURRENT ASSETS

(Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Shipbuilding Contracts Receivables	40,004.91	62,998.19
Subsidy Receivable	10,153.45	16,660.95
Total	50,158.36	79,659.14

Notes to Financial Statements

19.1 As per the communication letter no. SY-12018/1/2007-SBR (VOL-VI) dt.18.11.2013 of Ministry of Shipping relating to the shipbuilding subsidy, the subsidy would be available in respect of Ships that are technically certified as built (as per the contract specifications) and other requisite documents are submitted before 31st January, 2014,. The technical survey for this certification is undertaken on or around delivery of the ship. The Shipyard Association of India ('SAI') has already represented to the Ministry of Shipping, Govt. of India ('MoS') for extension of the said date. The Company is of the view that the MoS may extend the said date considering SAI's representation. The Company believes that the subsidy would be fully receivable on ships for which orders were received prior to expiry of the shipbuilding subsidy scheme. As such the Company has not reversed the subsidy receivable aggregating to ₹ 7,830.04 lacs recognised on the ships which are delivered post March 2014 or yet to be delivered but for which orders were received prior to expiry of the shipbuilding subsidy scheme.

Note - 20

REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Ship Building	29,303.55	122,917.05
Repairs and Fabrication	40,835.79	53,014.14
Subsidy on Shipbuilding	—	4,141.10
Sale of Steel Items (Steel Plates, Pipes, Rolled Products and other steel items)	13,384.75	48,182.40
Other Operating Revenue		
Sale of Scraps	767.34	1,178.69
	84,291.43	229,433.38
Less: Service Tax Recovered	1,121.18	1,513.56
Total	83,170.25	227,919.82

Note - 21

OTHER INCOME

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Interest Income	3,079.80	3,640.54
Profit on Sale of Current Investments	—	44.64
Dividend on Current Investments	14.38	24.73
Liability No Longer Required Written Back (Net)*	—	221.62
Miscellaneous Income	13.03	76.78
Total	3,107.21	4,008.31

* Represents reversal of credit balances not payable

Notes to Financial Statements

Note - 22

COST OF MATERIALS CONSUMED

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Steel Plates and Profiles	1,793.47	15,318.01
Equipment and Components	6,184.18	11,347.57
Total	7,977.65	26,665.58

22.1 Value of Raw Materials Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31st, 2015		For the year ended March 31st, 2014	
	Value	Percentage	Value	Percentage
Indigenous	3,242.12	40.64%	11,762.19	44.11%
Imported	4,735.53	59.36%	14,903.39	55.89%
	7,977.65	100.00%	26,665.58	100.00%

Note - 23

PURCHASE OF TRADED GOODS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Steel Items (Steel Plates, Pipes, Rolled Products & other steel items)	13,245.55	47,690.56
Total	13,245.55	47,690.56

Note - 24

CHANGES IN INVENTORIES OF WORK IN PROGRESS AND SCRAP

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
At the end of the year		
Scrap	112.21	37.47
Work in progress	827.56	12.67
	939.77	50.14
Less :- At the beginning of the year		
Scrap	37.47	181.86
Work in progress	12.67	—
	50.14	181.86
Changes in Inventories	(889.63)	131.72

Notes to Financial Statements

Note - 25

EMPLOYEE BENEFITS EXPENSES

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Salaries, Wages and Allowances	5,869.66	5,264.78
Contribution to Provident and Other Funds	198.98	164.79
Staff Welfare Expenses	259.26	255.37
Total	6,327.90	5,684.94

25.1 Salary, wages and allowances includes remuneration to Executive Vice Chairman of ₹ 385.92 lacs (Previous Year: ₹ 257.28 lacs) which is subject to requisite approvals and procedure.

25.2 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	2014-2015	2013 - 2014
Employers Contribution to Provident Fund	146.97	134.60
Employers Contribution to Pension Fund	52.01	30.19
Total	198.98	164.79

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 31st 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	2014-2015	2013 - 2014
Defined Benefit Obligation at beginning of the year	188.94	169.51
Current & Past Service Cost	75.89	61.74
Current Interest Cost	13.41	14.83
Actuarial (Gain) / Loss	18.44	(44.14)
Benefits paid	(37.50)	(13.00)
Defined Benefit Obligation at end of the year	259.18	188.94

Notes to Financial Statements

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

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Fair Value of Plan Assets at the beginning of the year	64.44	59.67
Expected Return on Plan Assets	5.36	4.96
Actuarial Gain / (Loss)	(0.21)	(0.19)
Fair Value of the Assets at the end of the year	69.59	64.44

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

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Fair Value of Plan Assets at the end of the year	69.59	64.44
Present Value of Defined Benefit Obligation at end of the year	259.18	188.94
Liabilities / (Assets) recognised in the Balance Sheet	189.59	124.50

iv) Expenses recognised during the year

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Current & Past Service Cost	75.89	61.74
Interest Cost	13.41	14.83
Expected Return on Plan Assets	(5.36)	(4.96)
Actuarial (Gain) / Loss	18.65	(43.95)
Net Cost Recognised in statement of Profit and Loss	102.59	27.66

v) Assumptions used to determine the defined benefit obligations

Particulars	2014-2015	2013 - 2014
Mortality Table (LIC)	(2006 - 08 ultimate)	
Discount Rate (p.a.)	7.88%	9.10%
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	2014-2015	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Defined Benefit Obligation	259.18	188.94	169.51	104.22	95.09	84.46
Plan Assets	69.59	64.44	59.67	55.18	51.02	45.11
Surplus/(Deficit)	(189.59)	(124.50)	(109.84)	(49.04)	(44.07)	(39.35)
Experience adjustment on plan assets (Gain)/Loss	(0.21)	(0.19)	0.10	(0.09)	2.06	(4.35)
Experience adjustment on plan Liabilities Gain/ (Loss)	(12.27)	(27.59)	(8.81)	(50.17)	17.48	(43.63)

Notes to Financial Statements

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	2014-2015	2013 - 2014
Defined Benefit Obligation at beginning of the year	334.80	302.34
Current & Past Service Cost	49.58	25.34
Current Interest Cost	24.85	26.86
Actuarial (Gain) / Loss	95.35	(5.44)
Benefits paid	(38.98)	(14.30)
Defined Benefit Obligation at end of the year	465.60	334.80

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

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Fair Value of Plan Assets at the end of the year	—	—
Present Value of Defined Benefit Obligation at end of the year	465.60	334.80
Liabilities / (Assets) recognised in the Balance Sheet	465.60	334.80

- iii) Expenses recognised during the year

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Current & Past Service Cost	49.58	25.34
Interest Cost	24.85	26.86
Actuarial (Gain) / Loss	95.35	(5.44)
Net Cost Recognised in statement of Profit and Loss	169.78	46.76

- iv) Assumptions used to determine the defined benefit obligations

Particulars	2014-2015	2013 - 2014
Mortality Table	(2006 - 08 ultimate)	
Discount Rate (p.a.)	7.88%	9.10%
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.

Notes to Financial Statements

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

₹ in Lacs					
Particulars	2014-2015	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011
Defined Benefit Obligation	465.60	334.80	302.34	244.02	175.57
Surplus/(Deficit)	(465.60)	(334.80)	(302.34)	(244.02)	(175.57)
Experience adjustment on plan Liabilities Gain/ (Loss)	(56.93)	(13.01)	(4.13)	(31.08)	(29.10)

Note - 26 FINANCE COSTS

₹ in Lacs		
Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Interest Expenses	32,407.71	26,262.78
Other Borrowing Costs	12,861.58	20,258.03
Total	45,269.29	46,520.81

Note - 27 OTHER EXPENSES

₹ in Lacs		
Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Consumables, Stores and Spares	1,097.23	3,790.35
Power, Fuel and Water	1,859.04	2,147.06
Repairs and Maintenance	1,991.20	2,449.30
Labour and Fabrication Charges	9,358.11	10,804.67
Equipment Hire Charges	4,855.80	3,016.79
Rent	1,954.66	1,077.77
Testing and Inspection Charges	1,615.53	746.48
Infrastructure Facility Charges	1,090.00	940.00
Design, Drawing and Construction Support Fees	723.62	732.63
Insurance	621.56	1,751.99
Cost Estimated for Revenue Recognised	6,031.03	28,977.98
Provision for estimated cost over contract revenue	(429.09)	(1,948.44)
Rates and Taxes	256.99	80.11
Communication Expenses	139.30	143.05
Travelling, Conveyance and Vehicle Hire Charges	1,605.33	1,600.28
Legal and Professional Charges	4,140.27	3,070.05
Foreign Exchange Difference (Net)	1,683.73	15,248.00
Payment to Auditors	119.35	96.60
Advertising, Publicity and Selling Expenses	167.55	335.09
Business Promotion Expenses	349.86	524.20

Notes to Financial Statements

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Balances Written Off (net)	17.21	—
Excess provision of subsidy written off	6,507.49	9,320.92
Loss on Sale of Fixed Assets (Net)	11.97	65.43
Donations	7.68	5.87
Miscellaneous Expenses	1,377.50	1,274.96
Total	47,152.92	86,251.14

27.1 Value of Stores and Spares Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31st, 2015		For the year ended March 31st, 2014	
	Value	Percentage	Value	Percentage
Indigenous	1,009.12	91.97%	3,388.57	89.40%
Imported	88.11	8.03%	401.78	10.60%
Total	1,097.23	100.00%	3,790.35	100.00%

27.2 Payment to Auditors includes:

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Audit Fees	31.20	52.00
Tax Audit Fees	—	14.00
Certification Charges	19.65	30.60
Other Matters	68.50	—
Total	119.35	96.60

Note - 28

EARNINGS PER SHARE (Basic and Diluted)

₹ in Lacs

Particulars		2014 - 2015	2013 - 2014
Net Profit / (Loss) after Tax		(36,903.23)	835.75
Amount available for calculation of Basic and Diluted EPS	(a)	(36,903.23)	835.75
Weighted Average No. of Equity Shares outstanding for Basic EPS	(b)	736,206,269	731,237,937
Basic Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	(5.01)	0.11
Weighted Average No. of Equity Shares for diluted EPS			
Weighted Average No. of Equity Shares considered for Basic EPS		736,206,269	731,237,937
Add: Potential Equity Shares		—	—
Weighted Average No. of Equity Shares outstanding for Diluted EPS	(c)	736,206,269	731,237,937
Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (c)	(5.01)	0.11

As mentioned in note 4.1 In terms of Master Restructuring Agreement (MRA) entered by the Company with the CDR lenders, the CDR lenders are eligible to convert certain debts into Equity Shares as per SEBI Guidelines. Since this is yet to be approved by the members as well as conversion price cannot be ascertained now, the same has not been considered for calculation of Diluted Earnings Per Share for the year ended March 31, 2015.

Notes to Financial Statements

Note - 29 PRIOR PERIOD ITEMS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Expenses		
Legal and Professional Charges	—	0.74
Travelling, Conveyance and Vehicle Hire Charges	—	0.37
Equipment Hire Charges	15.13	—
Miscellaneous Expenses	—	2.23
Other Borrowing Costs	—	50.00
Salaries, Wages and Allowances	64.32	—
Rent	18.57	—
Total	98.02	53.34

Note - 30 Expenditure in Foreign Currency

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Legal and Professional Charges	1,641.09	695.09
Travelling, Conveyance and Vehicle Charges	115.52	133.08
Labour and Fabrication Charges	323.35	233.84
Finance Cost	1,623.20	5,965.32
Design, Drawing and Construction Support Fees	541.72	588.01
Equipment Hire Charges	451.92	57.01
Salaries, Wages and Allowances	95.29	141.45
Insurance	15.04	—
Miscellaneous Expenses	599.65	235.03
Total	5,406.78	8,048.83

Note - 31 CONTINGENT LIABILITIES AND COMMITMENTS

31.1 CONTINGENT LIABILITIES

(No Cash Outflow is expected except as stated otherwise)

₹ in Lacs

Sr. No.	Particulars	2014-2015	2013 - 2014
a)	Guarantees given by Company's Bankers		

Notes to Financial Statements

₹ in Lacs

Sr. No.	Particulars	2014-2015	2013 - 2014
i)	Refund Bank Guarantees given to customers (Net of liabilities accounted for)	118,058.60	98,396.32
ii)	Other Bank Guarantees	42,026.74	27,358.84
	(Bank Guarantees are provided under Contractual/ Legal obligations.)		
b)	Corporate Guarantee	52,885.20	52,677.69
	(Given to Banks, Financial Institutions and Body Corporates for credit facilities taken by subsidiary companies)		
c)	Demands not acknowledged as Debts		
i)	Income Tax	187.71	4,190.54
	(The Company has Advance Tax/TDS Credit of ₹ 58.81 Lacs (P.Y. 1,557.10 lacs) against the total demand)		
ii)	Service Tax, Excise Duty and Sales Tax	5,871.19	2,438.36
	(Relates to disallowance of CENVAT Credit and Vat Credit taken by the Company)		
iii)	Third Party Claims	10,680.66	4,883.98
	(Relates to demands raised by vendors, refund receivable from banks and penalties to customers)		
d)	Letters of Credit opened in favour of suppliers	5,019.79	4,272.03
	(Cash Flow is expected on receipt of materials from suppliers)		

31.2 COMMITMENTS

a)	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances).	68,342.68	116,062.80
	(Cash flow is expected on execution of such Capital Contracts on progressive basis)		
b)	Other Commitments	2,463.74	802.24
	(for investment in the Associates and Joint Venture)		

Note - 32

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, a bond cum legal undertaking for ₹ 1350.00 lacs (Previous Year: 1,350.00 lacs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act 1944.

Note - 33

The Company has received Sixteen 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 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.

Notes to Financial Statements

Note - 34

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 - 35

Cenvat / Vat recoverable represents the Cenvat / Vat / Central Sales Tax paid on the purchase of goods and services for the project and operations. Management is of the opinion 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.

Note - 36

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, 2015 and in respect of assets / liabilities as at March 31, 2015.

I Information about Primary (Product wise) segments :

₹ in Lacs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1.	REVENUE				
	External Sales	69,785.50	13,384.75	—	83,170.25
		(179,737.42)	(48,182.40)	(—)	(227,919.82)
2.	RESULTS				
	Segment Results	2,344.27	139.20	—	2,483.47
		(49,388.20)	(491.84)	(—)	(49,880.04)
	Unallocated Corporate Expenses	—	—	6,331.51	6,331.51
		(—)	(—)	(4,575.06)	(4,575.06)
	Operating Profit / (Loss)	2,344.27	139.20	(6,331.51)	(3,848.04)
		(49,388.20)	(491.84)	(-4,575.06)	(45,304.98)
	Finance Cost	—	—	45,269.29	45,269.29
		(—)	(—)	(46,520.81)	(46,520.81)
	Unallocated Corporate Income	—	—	3,107.21	3,107.21
		(—)	(—)	(4,008.31)	(4,008.31)
	Profit from Ordinary Activities before tax	2,344.27	139.20	(48,493.59)	(46,010.12)
		(49,388.20)	(491.84)	(-47,087.56)	(2,792.48)
	Provision for Income-tax - Net	—	—	(9,106.89)	(9,106.89)
		(—)	(—)	(1,956.73)	(1,956.73)
	Net Profit	2,344.27	139.20	(39,386.70)	(36,903.23)
		(49,388.20)	(491.84)	(-49,044.29)	(835.75)
3.	OTHER INFORMATION				
	Segment Assets	913,006.36	20,263.21	—	933,269.57
		(880,799.19)	(25,526.49)	(—)	(906,325.68)
	Unallocated Corporate Assets	—	—	47,117.46	47,117.46

Notes to Financial Statements

₹ in Lacs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
		(—)	(—)	(53,419.43)	(53,419.43)
	Total Assets	913,006.36	20,263.21	47,117.46	980,387.03
		(880,799.19)	(25,526.49)	(53,419.43)	(959,745.11)
	Segment Liabilities	138,823.33	—	—	138,823.33
		(125,882.76)	(2,531.86)	(—)	(128,414.62)
	Unallocated Corporate Liabilities	—	—	644,896.42	644,896.42
		(—)	(—)	(597,642.61)	(597,642.61)
	Total Liabilities	138,823.33	—	644,896.42	783,719.75
		(125,882.76)	(2,531.86)	(597,642.61)	(726,057.23)

₹ in Lacs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1	Capital Expenditure	117,000.91	—	207.45	117,208.36
		(112,523.41)	(—)	(1,881.98)	(114,405.39)
2	Depreciation and amortisation	13,179.44	—	132.72	13,312.16
		(16,146.45)	(—)	(23.95)	(16,170.40)
3	Non-cash Expenses other than Depreciation	6,524.70	—	—	6,524.70
		(9,320.92)	(—)	(—)	(9,320.92)

Figures in brackets represents previous year's amounts.

II Information about Secondary Segment :

Geographical Segment :

₹ in Lacs

Particulars	31-Mar-15	31-Mar-14
Revenue by Geographical Segment		
Within India	80,597.39	197,633.48
Outside India	2,572.86	30,286.34
Total Revenue	83,170.25	227,919.82
Carrying Amount of Segment Assets		
Within India	860,304.66	836,311.49
Outside India	120,082.37	123,433.62
Total Assets	980,387.03	959,745.11
Capital Expenditure		
Within India	117,208.36	114,405.39
Outside India	—	—

Notes to Financial Statements

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 - 37

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

Pipavav Technologies and Systems Private Limited (w.e.f. February 10, 2015)

Pipavav Engineering and Defence Services Limited (w.e.f. October 01, 2014)

2 Associates

SKIL Infrastructure Limited

Conceptia Software Technologies Private Limited

3 Key Managerial Personnel

Mr. Nikhil P. Gandhi

Mr. Bhavesh P. Gandhi

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

SKIL Shipyard Holdings Private Limited

Awaita Properties Private Limited

b) Transactions with related parties for the year ended March 31, 2015

₹ in Lacs

Nature of transactions	Subsidiary Companies	Associates	Key Managerial Personnel	Other Related Party	Total
Lease Rent	276.50	—	—	534.16	810.66
	(276.50)	(—)	(—)	(433.74)	(710.24)
Infrastructure Facility Charges	1,090.00	—	—	—	1,090.00
	(940.00)	(—)	(—)	(—)	(940.00)
Engineering and Design Fees	—	112.31	—	—	112.31
	(—)	(24.98)	(—)	(—)	(24.98)
Interest Expenses on ICD	682.06	1.24	—	18.49	701.79
	(2,531.76)	(—)	(—)	(—)	(2,531.76)
Interest Income	466.72	—	—	—	466.72
	(119.71)	(—)	(—)	(—)	(119.71)
Directors Sitting fees	—	—	12.80	—	12.80
	(—)	(—)	(3.20)	(—)	(3.20)

Notes to Financial Statements

₹ in Lacs

Nature of transactions	Subsidiary Companies	Associates	Key Managerial Personnel	Other Related Party	Total
Remuneration	—	—	385.92	—	385.92
	(—)	(—)	(385.58)	(—)	(385.58)
Expenses reimbursed to	—	26.07	—	27.18	53.25
	(44.42)	(169.71)	(—)	(46.66)	(260.79)
Expenses reimbursed	—	—	—	—	—
	(11.62)	(—)	(—)	(—)	(11.62)
Lease Deposits - Non Current as at 31.03.2015	7,030.00	—	—	325.00	7,355.00
	(7,030.00)	(—)	(—)	(325.00)	(7,355.00)
Loans and Advancs					
Balance as at 01.04.2014	1,656.26	—	—	—	1,656.26
	(1.90)	(—)	(—)	(—)	(1.90)
Given During the year	11,864.93	—	—	—	11,864.93
	(23,492.84)	(—)	(—)	(—)	(23,492.84)
Received During the year	7,898.78	—	—	—	7,898.78
	(21,838.49)	(—)	(—)	(—)	(21,838.49)
Balance as at 31.03.2015	5,622.42	—	—	—	5,622.42
	(1,656.26)	(—)	(—)	(—)	(1,656.26)
Interest Receivable as at 31.03.2015	420.06	—	—	—	420.06
	(—)	(—)	(—)	(—)	(—)
Share Application Money					
Balance as at 01.04.2014	13.00	—	—	—	13.00
	(—)	(—)	(—)	(—)	(—)
Given During the Year	7.25	—	—	—	7.25
	(13.00)	(—)	(—)	(—)	(13.00)
Equity Shares Issued during the year	20.25	—	—	—	20.25
	(—)	(—)	(—)	(—)	(—)
Balance as at 31.03.2015	—	—	—	—	—
	(13.00)	(—)	(—)	(—)	(13.00)
Trade Payables	—	27.44	—	—	27.44
	(—)	(10.23)	(—)	(—)	(10.23)
Interest Accrued but not Due	—	1.11	—	16.64	17.75
	(—)	(—)	(—)	(—)	(—)
Other Payables	—	29.90	—	270.56	300.46
	(—)	(14.06)	(—)	(44.84)	(58.90)
Inter Corporate Deposits					
Balance as at 01.04.2014	15,499.08	—	—	—	15,499.08
	(11,822.07)	(—)	(—)	(—)	(11,822.07)

Notes to Financial Statements

₹ in Lacs

Nature of transactions	Subsidiary Companies	Associates	Key Managerial Personnel	Other Related Party	Total
Received during the year	—	696.02	—	15,750.00	16,446.02
	(3,677.01)	(—)	(—)	(—)	(3,677.01)
Repaid during the year	15,499.08	403.85	—	—	15,902.93
	(—)	(—)	(—)	(—)	(—)
Balance as at 31.03.2015	—	292.17	—	15,750.00	16,042.17
	(15,499.08)	(—)	(—)	(—)	(15,499.08)
Corporate Guarantee					
Corporate Guarantee Given	52,885.20	—	—	—	52,885.20
	(52,677.69)	(—)	(—)	(—)	(52,677.69)
Non Current Investment					
Balance as at 31.03.2015	1,933.47	153.48	—	—	2,086.95
	(1,907.21)	(153.48)	(—)	(—)	(2,060.69)

Figures in brackets represents previous year's amounts.

c) Details of major transactions with Related Parties

₹ in Lacs

Nature of Transactions	Name of the Party	2014 - 2015	2013 - 2014
Lease Rent	E Complex Private Limited	276.50	276.50
	Awaita Properties Private Limited	534.16	433.74
Infrastructure Facility Charge	E Complex Private Limited	1,090.00	940.00
Engineering & Design Fees	Conceptia Software Technologies Private Limited	112.31	24.98
Interest Expenses on ICD	E Complex Private Limited	682.06	2,531.76
Interest Income	E Complex Private Limited	466.72	119.71
Directors Sitting Fees	Mr. Nikhil P. Gandhi	12.80	3.20
Remuneration	Mr. Bhavesh P. Gandhi- For Current Year	321.60	257.28
	- relating to FY 2013-14, provided now	64.32	—
Expenses Reimbursed to	Awaita Properties Private Limited	27.18	46.66
	SKIL Infrastructure Limited	26.07	169.71
Lease Deposits - Non Current as at 31.03.2015	E Complex Private Limited	7,030.00	7,030.00
Loans and Advances as at 31.03.2015	E Complex Private Limited	5,546.98	1,613.01
Loans and advance given during the year	E Complex Private Limited	11,832.51	23,451.50
Loans and advance returned during the year	E Complex Private Limited	7,898.55	—
Share Application Money given during the year	PDOC Pte. Limited	7.25	—

Notes to Financial Statements

₹ in Lacs

Nature of Transactions	Name of the Party	2014 - 2015	2013 - 2014
Shares allotted during the year out of Share Application Money	Pipavav Lighter Than Air Systems Private Limited	13.00	—
	PDOC Pte. Limited	7.25	—
Trade Payables as at 31.03.2015.	Conceptia Software Technologies Private Limited	27.44	10.23
Other Payables at the end of the year	Awaita Properties Private Limited	270.56	44.84
Interest accrued but not Due	SKIL Shipyard Holdings (P) Limited	16.64	—
Interest Receivables as at 31.03.2015.	E Complex Private Limited	420.06	—
Inter Corporate Deposits at the end of the year	SKIL Shipyard Holdings (P) Limited	15,750.00	—
Inter Corporate Deposits received during the year	SKIL Shipyard Holdings (P) Limited	15,750.00	—
Inter Corporate Deposits refunded during the year	E Complex Private Limited	15,499.08	—
Corporate Guarantee Given during the year	Pipavav Marine and Offshore Limited	20,222.00	20,222.00
	Pipavav Engineering and Defence Services Limited	11,000.00	—
	E Complex Private Limited	21,663.20	32,455.69
Non Current Investment as at 31.03.2015	E Complex Private Limited	1,896.73	1,896.73

Note - 38

VALUE OF IMPORTS CALCULATED ON CIF BASIS

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Raw Material and Components	7,957.33	18,171.87
Stores and Spares	—	5.65
Capital Goods	9.27	1,555.01
Total	7,966.60	19,732.53

Note - 39

INCOME IN FOREIGN CURRENCY

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Ship Building	5,366.86	27,205.31
Repairs and Fabrication	4,667.09	8,329.39
Total	10,033.95	35,534.70

Notes to Financial Statements

Note - 40

Disclosure pursuant to Accounting Standard – 7 (AS-7 “Accounting for Construction Contracts”).

₹ in Lacs

Sr No	Particulars	2014-2015	2013 - 2014
a	The contract revenue recognised in the year	29,303.55	72,539.34
b	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress.	131,472.66	131,971.56
c	Amount of advance received from the customers for contracts in progress.	145,402.76	113,271.51
d	The retention amount due from customers for contracts in progress as at the end of financial year.	—	—

Note - 41

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	2014-2015	2013 - 2014
Forward Contract	18,745.82	15,821.47
Currency Swap	1,117.30	1,331.21

- 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 ₹ Nil (Previous Year 144.73 lacs).
 d) Foreign currency exposures that are not hedged by derivative instruments or forward contracts are:

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Receivables	103,953.17	129,226.78
Payables	72,749.42	76,624.87

Note - 42

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

As per our report of even date
for GPS and Associates
 Chartered Accountants
 Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
 Partner
 Membership No 32485

Nikhil P. Gandhi
 Chairman

Bhavesh P. Gandhi
 Executive Vice Chairman

Place :- Mumbai
 Date :- May 30, 2015

Praveen Mohnot
 Chief Financial Officer

Rajiv Shukla
 Chief Executive Officer

Ajit Dabholkar
 Corporate Counsel & Company Secretary

Independent Auditor's Report

To the Members of Pipavav Defence and Engineering Company Ltd

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Pipavav Defence and Offshore Engineering Company Ltd** (hereinafter referred to as **"the Holding Company"**) and its Indian subsidiaries (the Holding Company and its Indian subsidiaries together referred to as **"the Group"**) comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein referred to as 'the consolidated financial statements').

Management's Responsibility for Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 subsidiary and the associate company noted in the Other Matter paragraph below, the aforesaid consolidated financial statements 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, of the consolidated state of affairs of the Group and its associate company as at 31st March 2015 and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes to the consolidated financial statements:

- (a) Note 25.1 to the consolidated financial statements relating to Managerial Remuneration, which is subject to requisite approvals and procedure and;
- (b) Note 1.3 to the consolidated financial statements relating to basis of preparation of financial statements of the foreign subsidiary in accordance with Singapore Financial Reporting Standards.

Our opinion is not modified in respect of the aforementioned matters.

Other Matter

We did not audit the financial statements of one subsidiary, whose financial statement reflect total assets of ₹ 7.05 Lacs as at 31 March 2015, total revenues of ₹ NIL and net cash inflows amounting to ₹ 3.38 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 ₹ 12.48 lacs as at 31 March 2015 as considered in the consolidated financial statements for the year then ended. The 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 report of the other auditors. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act and based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company, none of the director of the Group and its associate company is disqualified as on 31st March 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate company- Refer Note 31 to the consolidated financial statements.
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts (Refer Note 11 to the financial statements) including derivative contracts
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group and its associate company.

For GPS & Associates
Chartered Accountants
Firm's Reg. No: 121344W

Place: Mumbai
Date: 30 May 2015

H.Y. Gurjar
Partner
Membership No : 32485

Annexure to the 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 31 March, 2015)

Our reporting on the CARO 2015 includes the Group and one associate company incorporated in India, to which CARO 2015 is applicable, which has been audited by other auditor ("hereinafter referred to as the other auditor") and our report in respect of this entity is based solely on the report of the other auditor, to the extent considered applicable for reporting under CARO 2015 in the case of consolidated financial statements.

- (i) In respect of the fixed assets of the Group and the associate company incorporated in India:
 - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets; and
 - (b) According to the information and explanation given to us by the management and the other auditor, the physical verification of fixed assets was carried out by the management of the respective entities in a phased manner, which in our opinion is reasonable. Further, we have been informed that no material discrepancies were noticed on such verification.
- (ii) In respect of the inventories of the Group and the associate company incorporated in India:
 - (a) As explained to us and the other auditor, the inventories have been physically verified during the year by the management at reasonable intervals. We have relied on the certificates and other documents provided by the management of the Group.
 - (b) In our opinion and the opinion of the other auditor and according to information, explanations and records given to us and other auditor, the procedures of physical verification of inventories followed by management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
 - (c) According to the information and explanations given to us and the other auditor by the management of the respective entities and on the basis of examination by us and other auditor of inventory records of respective entities, in our opinion and in the opinion of the other auditors, the respective entities have maintained proper records of inventory. Further, we and the other auditors have been explained that the discrepancies noticed on physical verification of the inventories of the respective entities between the physical inventories and the book records were not material, having regard to the size of the operations of the respective entities and the same have been properly dealt with.
- (iii) The Group and its associate company has not granted any loans whether secured or unsecured to entities outside the Group covered in the register maintained under section 189 of the Companies Act 2013 and therefore paragraph 3(iii) of the Order is not applicable.
- (iv) In our opinion and of the other auditors and according to the information and explanations given to us and the other auditors, there are internal control systems for purchase of inventory and fixed assets and also sale of goods and services in respect of the Group and the associate company. However, the same needs to be further strengthened in case of the Group. During the course of the audit of the Group and associate company, we and other auditor have not observed any major weakness in the internal control system.
- (v) According to the information and explanations provided to us and to other auditor by the management of the Group and its associate company, in our opinion and in the opinion of the other auditor, the Group and its associate company has not accepted any 'deposits' within the meaning of Rule 2(b) of the Companies (Acceptance of Deposits) Rule 2014.
- (vi) According to the information and explanations given to us and the other auditor by management of the Group and its associate company, the respective entities are not engaged in production of any such goods or provision of any such service for which Central Government has specified maintenance of cost records under section 148(1) of the Act. Hence in our opinion and in the opinion of the other auditor, no comment on maintenance of cost records under section 148(1) of the Act is required.
- (vii) In respect of statutory dues of the Group and the associate company incorporated in India:
 - (a) According to the information and explanations given to us and on the basis of our examination of the records and based on the opinion of other auditor, the Group and the associate company has generally been regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, employees state insurance, income tax, sales tax, wealth

tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues during the year. However delays have been noticed in case of income tax (including tax deducted at source), service tax and works contract tax in case of the Group. Further, no undisputed amounts payable in respect of such statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable except an amount of ₹ 127.87 Lacs relating to Tax Deduction at Source which was outstanding as at 31st March 2015 for more than 6 months.

- (b) According to the information and explanations given to us we report that the disputed statutory dues aggregate to ₹ 2514.59 lacs have not been deposited on account of matters pending before appropriate authorities in case of the Group. The breakup of the above dues is as under:

Name of the Statute	Nature of Dues	Period to which the default relates	Amount (₹ in lacs.)*	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source	2004-05	30.16	High Court
		2007-08 to 2014-15	98.73	ITO (TDS)
		2007-08 to 2014-15	14.18	ACIT(TDS)
MVAT, 2002	VAT	2006-07 to 2011-12	146.36	Assistant Commissioner of Sales Tax
CENVAT Credit Rules, 2004	Penalty	2009-10 to 2012-13	2225.16	Commissioner of Central Excise

*The disputed amounts are net of amounts deposited with the relevant authorities.

- (c) According to the information and explanations given to us and the other auditor and in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules thereunder, no amounts were required to be transferred to the investor education and protection fund.
- (viii) The Consolidated accumulated losses of the Group and the associate company are not more than fifty percent of its net worth. The Group has incurred cash losses (including the results of the associate company consolidated as per equity method) during the year covered by the audit and has not incurred cash losses in the immediately preceding financial year.
- (ix) In our opinion and in the opinion of the other auditor, the Group and the associate company has not defaulted in repayment of dues to financial institution or banks except in the case of the Group, considering the Corporate Debt Restructuring (CDR) scheme of Holding Company, as on 31 March 2015, an amount of ₹ 6,407.31 lacs towards principal which includes ₹ 868.33 Lacs overdue since FY 2013-14 and overdue amount of ₹ 3,214.61 lacs towards interest which includes ₹ 149.17 Lacs overdue since FY 2013-14. Against such overdue amount, the Company has since paid ₹ 2,273.77 lacs up to the date of signing of this audit report.
- (x) In our opinion and the opinion of the other auditor and according to the information and explanations provided to us and the other auditor by the management of the Group and associate company, the Group and its associate company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) To the best of our knowledge and of the other auditor and according to information and explanation given to us and to the other auditor, the term loans outstanding at the beginning of the year and those obtained by the Group during the year were prima facie been either used for the purposes for which they were raised or if pending utilization, have been temporarily kept with the banks and as investments in case of one wholly owned subsidiary.
- (xii) To the best of our knowledge and of the other auditor and according to the information and explanations given to us and to the other auditor, review of internal audit reports and reading of minutes of the meetings of Board of Directors and its committees by us and the other auditors, no material fraud on or by the Group and associate company has been noticed or reported during the course of our audit or the audit of other auditor.

For GPS & Associates
Chartered Accountants
Firm Reg No: 121344W

H.Y.Gurjar
Partner

Membership No: 32485

Place: Mumbai
Date: 30 May 2015

Consolidated Balance Sheet as at March 31st, 2015

₹ in Lacs

Particulars	Note	As at March 31st, 2015	As at March 31st, 2014
I EQUITY AND LIABILITIES			
(1) Share Holders' Funds			
Share Capital	2	73,620.63	73,620.63
Reserves and Surplus	3	120,695.03	160,682.92
		194,315.66	234,303.55
(2) Non Current Liabilities			
Long Term Borrowings	4	548,946.17	209,658.52
Deferred Tax Liabilities (Net)	5	654.65	9,895.98
Other Long Term Liabilities	6	5,624.21	14,770.69
Long Term Provisions	7	410.79	282.91
		555,635.82	234,608.10
(3) Current Liabilities			
Short Term Borrowings	8	122,589.98	270,410.61
Trade Payables	9	30,651.94	31,608.87
Other Current Liabilities	10	78,719.17	185,359.89
Short Term Provisions	11	57,392.93	51,701.92
		289,354.02	539,081.29
TOTAL		1,039,305.50	1,007,992.94
II ASSETS			
(1) Non Current Assets			
Fixed Assets	12		
Tangible Assets		357,309.37	285,082.21
Intangible Assets		330.03	408.68
Capital Work in Progress		367,978.20	319,912.03
Intangible Assets under Development		5,909.45	1,846.57
		731,527.05	607,249.49
Goodwill on Consolidation		1,018.96	1,018.22
Non Current Investments	13	30,168.76	188.28
Long Term Loans and Advances	14	44,084.10	79,480.91
		806,798.87	687,936.90
(2) Current Assets			
Inventories	15	31,128.91	23,094.30
Trade Receivables	16	87,570.32	139,558.23
Cash and Bank Balances	17	22,633.51	38,435.31
Short Term Loans and Advances	18	41,015.53	39,309.06
Other Current Assets	19	50,158.36	79,659.14
		232,506.63	320,056.04
TOTAL		1,039,305.50	1,007,992.94
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 43		

As per our report of even date
for GPS and Associates
Chartered Accountants
Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No 32485

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2015

Praveen Mohnot
Chief Financial Officer

Rajiv Shukla
Chief Executive Officer

Ajit Dabholkar
Corporate Counsel & Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31st, 2015

₹ in Lacs

Particulars	Note	For the year ended March 31st, 2015	For the year ended March 31st, 2014
REVENUE			
Gross Revenue from Operations		91,220.67	253,388.35
Less: Excise duty recovered		69.55	20.50
Net Revenue from Operations	20	91,151.12	253,367.85
Other Income	21	3,151.38	3,902.94
Total Revenue		94,302.50	257,270.79
EXPENSES			
Cost of Materials Consumed	22	7,977.65	26,665.58
Purchase of Traded Goods	23	21,211.85	72,915.27
Changes in Inventories of Work in Progress & Scrap	24	(1,126.26)	131.72
Employee Benefits Expenses	25	6,438.20	5,739.28
Finance Costs	26	48,688.61	47,746.95
Depreciation and Amortisation Expenses	12	13,781.36	16,645.83
Other Expenses	27	46,349.04	85,362.33
Total Expenses		143,320.45	255,206.96
Profit / (Loss) Before Tax		(49,017.95)	2,063.83
Tax Expense - Current Tax		-	587.31
- MAT credit entitlement		-	(587.31)
- Deferred Tax		(9,172.80)	1,800.60
- Income Tax for Earlier Years		21.91	(0.57)
Profit / (Loss) After Tax before consolidated share in profits/ (loss) of associate		(39,867.06)	263.80
Add:- Consolidated share in the profits of associate		12.48	8.42
Profit for the year		(39,854.58)	272.22
Earnings per Equity share of ₹ 10/- each	28		
- Basic (In Rupees)		(5.41)	0.04
- Diluted (In Rupees)		(5.41)	0.04
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 43		

As per our report of even date
for GPS and Associates
Chartered Accountants
Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No 32485

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2015

Praveen Mohnot
Chief Financial Officer

Rajiv Shukla
Chief Executive Officer

Ajit Dabholkar
Corporate Counsel & Company Secretary

Consolidated Cash Flow Statement for the year ended at March 31st, 2015

₹ in Lacs

Sr. No.	Particulars	2014-2015	2013 - 2014
A	Cash Flow from Operating Activities		
	Net Profit before Tax	(49,017.95)	2,063.83
	Adjustments for :-		
	Depreciation and Amortisation Expenses	13,781.36	16,645.83
	Interest Income	(2,267.50)	(3,534.08)
	Dividend on Current Investments	(14.38)	(24.73)
	Loss / (Profit) on Sale of Current Investments	-	(44.64)
	Loss / (Profit) on Sale of Fixed Assets (Net)	11.97	65.48
	Finance Costs	48,688.61	47,746.95
	Provision for Wealth Tax	1.95	2.05
	Excess provision of subsidy written off	6,507.49	9,320.92
	Provision for estimated cost over contract revenue	(429.09)	(1,948.44)
	Cost Estimated for Revenue Recognised	6,031.03	28,977.98
	Liability No Longer Required (Written Back)	(500.00)	(221.62)
	Balances Written Off (net)	17.21	-
	Foreign Exchange Difference	3,597.77	16,511.35
	Operating profit before working capital changes	26,408.47	115,560.88
	Adjusted for		
	Inventories	(8,034.61)	(6,813.85)
	Trade and Other Receivables	75,001.10	(91,704.17)
	Trade and Other Payables	(49,478.51)	59,515.30
	Cash Generated from Operations	43,896.45	76,558.16
	Direct Taxes (Paid) / Refund	(688.24)	(2,359.02)
	Net Cash Generated from Operating Activities	43,208.21	74,199.14
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work in Progress	(97,064.51)	(82,975.20)
	Sale of Fixed Assets	14.86	22.41
	Purchase of Investments including advance against Investment	(16,977.00)	(27,924.73)
	Sale of Investments	7,150.00	28,419.37
	Dividend Received on Current Investments	14.38	24.73
	Net Cash used in Investing Activities	(106,862.27)	(82,433.42)
C	Cash Flow from Financing Activities		
	Proceeds from Issue of debentures	12,000.00	-
	Amount received against issue of Equity shares / warrants	-	26,238.96
	Movement in Unclaimed Share Application Money	-	0.65
	Proceeds from Long Term Borrowings	145,181.56	59,400.54
	Repayment of Long Term Borrowings	(73,148.74)	(46,287.16)
	Short Term Borrowings (Net)	19,112.73	41,005.57
	Interest Paid	(57,642.51)	(75,137.76)
	Margin Money (Net)	13,815.16	(837.30)
	Interest Received	2,127.50	3,603.33
	Realised gain on currency swap transactions	221.72	287.76
	Net Cash Flow from Financing Activities	61,667.42	8,274.59
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,986.64)	40.31
	Cash & Cash Equivalents - Opening balance	4,628.12	4,587.81
	Cash & Cash Equivalents - Closing balance	2,641.48	4,628.12

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 period.

As per our report of even date
for GPS and Associates
Chartered Accountants
Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
Partner
Membership No 32485

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2015

Praveen Mohnot
Chief Financial Officer

Rajiv Shukla
Chief Executive Officer

Ajit Dabholkar
Corporate Counsel & Company Secretary

Notes to 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 differences 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	India	100%
PDOC Pte. Ltd.	Singapore	100%
Pipavav Engineering and Defence Services Limited (w.e.f. 1st October, 2014)	India	100%
Pipavav Technologies and Systems Private Limited (w.e.f. February 10, 2015)	India	100%

Notes to Consolidated Financial Statements

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 31st, 2015 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 ₹ 7.05 Lacs, ₹ 7.13 Lacs, NIL and ₹ 4.74 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.

1.5 Additional Information, as required under Schedule III to the Companies Act, 2013 of the enterprise consolidate as subsidiary and associates

₹ in Lacs

Name of the enterprise	Net Assets i.e Total Assets minus total Liabilities		Share in Profit / (Loss)	
	Amount	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit/(Loss)
Parent	196,667.28	101.21%	(36,903.23)	92.60%
Pipavav Defence and Offshore Engineering Company Limited				
Indian Subsidiaries				
E Complex Private Limited	458.27	0.24%	(1,053.29)	2.64%
Pipavav Marine and Offshore Limited	2.95	0.00%	(0.90)	0.00%
Pipavav Lighter Than Air Systems Private Limited	12.67	0.01%	(1.18)	0.00%
Pipavav Technologies and Systems Private Limited	0.83	0.00%	(0.11)	0.00%
Pipavav Engineering and Defence Services Limited	(1.82)	0.00%	(6.24)	0.02%
Foreign Subsidiary				
PDOC Pte. Ltd.	(0.09)	0.00%	(4.74)	0.01%
Indian Associate (Investment as per the equity Method)				
Conceptia Software Technologies Private Limited	200.71	0.10%	12.48	-0.03%
Total Eliminations	(3,025.14)	-1.56%	(1,897.37)	4.76%
Total	194,315.66	100.00%	(39,854.58)	100.00%

Notes to Consolidated Financial Statements

Note - 2 SHARE CAPITAL

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
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 736,206,269) Equity Shares of ₹ 10/- each fully paid up	73,620.63	73,620.63
Total	73,620.63	73,620.63

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

₹ in Lacs

Particulars	As at March 31st, 2015		As at March 31st, 2014	
	No of Shares	Amount	No of Shares	Amount
Equity shares at the beginning of the year	736,206,269	73,620.63	701,198,388	70,119.84
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
Equity shares at the end of the year	736,206,269	73,620.63	736,206,269	73,620.63

2.2 Shareholders holding more than 5% Shares in the Company

₹ in Lacs

Shares held by	No of Shares	% Holding	No of Shares	% Holding
SKIL Infrastructure Limited	250,373,648	34.01%	267,037,043	36.27%
Life Insurance Corporation of India	58,465,899	7.94%	58,465,899	7.94%
IL & FS Marine Infrastructure Company Limited	53,423,871	7.26%	53,423,871	7.26%
SKIL Shipyard Holdings Private Limited	38,377,686	5.21%	38,377,686	5.21%

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 Consolidated Financial Statements

Note - 3 RESERVES AND SURPLUS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Capital Reserve	6,254.96	6,254.96
Securities Premium Account		
Balance as per last Balance Sheet	149,327.83	124,542.16
Add :- On Issue of Shares	—	24,785.67
	149,327.83	149,327.83
Foreign Currency Translation Reserve		
Balance as per last Balance Sheet	(0.08)	(0.04)
Less :- Effect of foreign exchange rate fluctuation during the year	(0.23)	(0.04)
	(0.31)	(0.08)
Profit and Loss Account		
Balance as per last Balance Sheet	5,100.21	4,827.99
Less : Adjusted for Fixed Assets - Refer note no 12.1	(133.08)	—
Add:- Profit(loss) for the year	(39,854.58)	272.22
	(34,887.45)	5,100.21
TOTAL	120,695.03	160,682.92

Note - 4 LONG TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Secured Loans		
1,200,000,000 14% Secured Non Convertible Debentures of ₹ 1 Crore each	12,000.00	-
Rupee Term Loans from:		
Banks	401,318.74	161,361.24
Financial Institutions	58,232.10	30,564.27
	459,550.84	191,925.51
Foreign Currency Term Loans from:		
Financial Institution	20,855.25	-
	480,406.09	191,925.51
Vehicle Loans	88.26	38.76
Unsecured Loans		
Rupee Term Loan from:		
Financial Institution	12,638.75	17,694.25
Foreign Currency Term Loans from:		
Body Corporate	14,042.70	-
Inter Corporate Deposits from:		

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Related Parties	18,773.31	-
Body Corporates	10,997.06	—
	29,770.37	—
	56,451.82	—
Total	548,946.17	209,658.52

4.1 14% Secured Non-Convertible Debentures

- 14% Secured Non Convertible Debentures (NCDs) having Face Value of ₹ One Crore per debenture carries Coupon rate of 14% payable semiannually.
- The Company have the right to redeem the Debentures in full or in multiples of ₹ 10 crores at any time after 12 month from the Date of Allotment of Debentures as per the Schedule below:-

Period	Applicable rate for redemption premium, quarterly compounded
Redemption within 24 months from the date of issuance	4.00 % p.a. on the amount redeemed
Redemption within 36 months from date of issuance, but post 24 months	8.00 % p.a., on the amount redeemed, from the beginning of the term.
Redemption post 36 months	10.00 % p.a., on the amount redeemed, from the beginning of the term.

- The NCDs are secured/to be secured by first charge and mortgage
 - On the parcel of land covering survey no. 735 P-2 situated at Village Rampara - II, Taluka- Rajula, District - Amreli in the State of Gujarat together with all buildings, structures, furnitures and fittings or anything permanently erected/ attached/installed or to be erected/installed.
 - On the parcel of land admeasuring 27.48 hectare situated at Vilage Chhanje, Taluka Uran and District Raigarh in the state of Maharashtra belonging to Other Corporates
- These NCDs are further guaranteed by the Holding Company and personal guarantee of some of the directors of the Holding Company.
- The Company was required to provide Debenture Redemption Reserve (DRR) of ₹ 4.10 lacs upto 31st March, 2015 in terms of the Trust Deed executed and the provisions of the Companies Act 2013. In the absence of profits available, no provision for DRR is made in the books of account as at 31st March, 2015. The requisite provisions will be made out of the profits available in the future years.

4.2 The Company had availed various secured financial facilities from the banks and financial institutions ("the Lenders"). The lenders led by IDBI Bank had through Joint Lenders' Forum (JLF) referred the Debt Restructuring Scheme ('Restructuring Scheme') of the Company to Corporate Debt Restructuring Cell ("CDR Cell"). The Restructuring Scheme was subsequently approved by CDR Cell on 18th March 2015 and communicated vide Letter of Approval (LOA) dated 27th March 2015. The Cut Off Date as per Restructuring Scheme is 1st July 2014 ('COD'). The Company and the Lenders who are members of the CDR forum ('CDR Lenders') have executed Master Restructuring Agreement ('MRA') dated March 30, 2015, by virtue of which the credit facilities extended by the CDR Lenders stand restructured and these restructured facilities are governed by the provisions stipulated in the MRA. For all the loans restructured under the terms of MRA, creation/extension of security is under process. The Restructuring scheme has been implemented as at 31st March 2015 with effect from the COD. The key features of the Restructuring Scheme are as follows:

i) Restructuring of Working Capital facilities:

- Overdue portion of the working capital facilities converted into working capital term loan (WCTL).
- Interest moratorium of 1 year from the COD on the fund based working capital facilities. During the interest moratorium period, the interest will accrue and will be converted into funded interest term loan (FITL).

Notes to Consolidated Financial Statements

- Reduced margin requirements for non-fund based working capital facilities as well as reduction of commission applicable on the same.
 - Fresh working capital facilities sanctioned as per projected requirement for 1 year, to be renewed/reassessed on a yearly basis thereafter. The terms for these fresh working capital facilities shall be in line with the other restructured working capital facilities.
- ii) **Restructuring of Rupee Term Loans (RTL) and Short Term Loans (STL):**
- Principal repayment moratorium for 3 years from the COD and thereafter repayment to be made in 28 structured quarterly installments.
 - For term loans and short term loans relating to ongoing capex program, interest during construction period to be financed by the respective lenders up to July, 2016 and 5 months of interest moratorium thereafter, which will also be converted into FITL.
 - For other term loans, interest moratorium for 2 years from the COD.
 - Fresh term loans sanctioned as required for completion of the ongoing capex program. The terms for these fresh term loans shall be in line with the terms applicable for existing term loans for the ongoing capex program.
- iii) **Working Capital Term Loans (WCTL) - created out of irregular/overdue portion of working capital facilities**
- Principal repayment moratorium for 3 years from the COD and thereafter repayment to be made in 28 structured quarterly installments.
 - Interest moratorium up to 31st March, 2017.
- iv) **Funded Interest Term Loan (FITL) - accrued interest during interest moratorium period on the above facilities**
- Principal repayment to be made in 28 structured quarterly installments commencing from quarter ending on 30th September, 2017.
 - Out of Total FITL facility amounting to an estimated amount of ₹ 15,86,212 lacs, an amount aggregating to ₹ 25,000 lacs is proposed to be converted into equity shares before 30th June 2017. The pricing shall be calculated as per SEBI formula and issue will be subject to approval of members of the Company.
- v) **Interest Rate:**
- For fund based working capital facilities, RTL, FITL and WCTL: Floating interest rate of IDBI base rate plus 75 bps i.e. currently 11.00% shall be applicable for the initial period of 3 years from the COD and thereafter the interest rate shall be revised to IDBI base rate plus 325 bps i.e. currently 13.50%.
- vi) Promoter's contribution of ₹ 16,600 lacs to be infused in the Company as per the CDR norms for restructuring of the credit facilities as stipulated in the MRA and further ₹ 17,648.47 lacs to be brought by promoters towards equity margin towards financing of the ongoing Capex program to maintain stipulated debt-equity ratio for the project.
- 4.3 In terms of the Master Restructuring Agreement entered with certain lenders of the Company for Debt Restructuring, each of those Lenders has a right of recompense as per extant guidelines of CDR for the reliefs and sacrifices extended by them. The amount of recompense being depending on various matters cannot be ascertained as on March 31, 2015.
- 4.4 Secured Term loans as referred to above and ₹ 8,047.57 lacs included in current maturities of long term debt in note no. 10 are secured/to be secured as under:
- i) ₹ 457,004.42 lacs having first pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E-Complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
 - ii) ₹ 487,956.61 lacs having first pari passu charge and mortgage on all the immovable properties; hypothecation of all movable properties of the Company and on all the intangible assets of the Company; both present and future.
 - iii) ₹ 457,004.42 lacs having second pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.

Notes to Consolidated Financial Statements

- iv) ₹ 497.04 lacs secured by exclusive charge on land situated at 675-P2, Rampura Village II border, Registration district – Amreli, Taluka Rajula, Gujarat.
- 4.5 Secured Term loans as referred to above and ₹ 8,047.57 lacs included in current maturities of long term debt in note no. 10 are further secured/to be secured as:
- i) ₹ 487,956.61 lacs by Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
- ii) ₹ 487,956.61 lacs by way of Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 equity share of the Company held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of promoters group, to the CDR Lenders upon release of such charge.
- iii) ₹ 457,004.42 lacs by way of Pledge of entire shareholding i.e. 2,17,09,327 equity shares of E-Complex Private Limited held by the Company.
- iv) ₹ 497.04 lacs are further guaranteed by one of the director of the Company
- 4.6 Lenders in respect of secured loans aggregating to ₹ 457,004.42 lacs have right to convert entire part of defaulted principal and interest into Equity shares upon occurrence of events of default in the manner provided in the MRA.
- 4.7 Secured Rupee Term Loan of ₹ 30,000.00 lacs are repayable in 24 quarterly structured installment starting from June 30, 2019 to March 31, 2025, ₹ 12,500.00 lacs in 28 quarterly structured installment starting from September 30, 2017 to June 30, 2024, ₹ 9,271.32 lacs in 40 quarterly structured installments starting from August 31, 2005 to February 28, 2017, ₹ 400.00 lacs in 40 quarterly structured installments starting from September 30, 2005 to March 30, 2015, ₹ 497.04 lacs in 60 monthly equated installments (including interest) starting from January 30, 2015 to November 28, 2019
- 4.8 All the Secured Rupee Term Loan carry an interest rate of 11% except loan of ₹ 9,768.36 lacs which carry an interest rate of 13.50%.
- 4.9 Secured Foreign Currency Term Loan as referred above including ₹ 425.62 lacs included in Current Maturities of Long Term Debts in note 10 carry an interest rate of 2.57% and repayable in 11 yearly structured installment starting from February 01, 2016 to February 01, 2026.
- 4.10 Unsecured Foreign Currency Term Loan :**
- i) Unsecured Foreign Currency Term Loan as referred above including ₹ 2,098.33 lacs included in Current Maturities of Long Term Debts in note no. 10 is secured by way of Mortgage of Property at Mahal Mira, Pen Taluka, Raigad admeasuring 10,89,3000 sq. feet owned by other Corporates. The above loan is further secured by Corporate Guarantee of SKIL Infrastructure Limited and some of the directors of the Company.
- ii) The above unsecured loan carry an interest rate of 6.57% and repayable in 30 monthly structured installments starting from May 31, 2015 to October 31, 2017
- 4.11 The maturity profile, period and amount of installments of Secured Term Loans as referred above including current maturities of long term debt of ₹ 8,047.57 Lacs referred to in note no. 10 are as under:

₹ in Lacs

Financial Year	Secured Term Loans from			Total
	Banks	Financial Institutions	Body Corporates	
2015 - 2016	90.62	7,556.95	400.00	8,047.57
2016 - 2017	89.57	2,565.62	—	2,655.19
2017 - 2018	22,233.08	3,791.14	—	26,024.22
2018 - 2019	44,378.33	7,156.67	—	51,535.00

Notes to Consolidated Financial Statements

₹ in Lacs

Financial Year	Secured Term Loans from			Total
	Banks	Financial Institutions	Body Corporates	
2019 - 2020	47,389.83	7,582.29	—	54,972.12
2020 - 2021	48,161.75	8,433.52	—	56,595.27
2021 - 2022	50,711.75	8,859.14	—	59,570.89
2022 - 2023	65,015.67	16,210.23	—	81,225.90
2023 - 2024	79,769.59	18,666.72	—	98,436.31
2024 - 2025	43,569.18	5,715.61	—	49,284.79
2025 - 2026	—	106.40	—	106.40
Total	401,409.37	86,644.29	400.00	488,453.66

4.12 Vehicle Loans referred to above including ₹ 24.56 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 July 01, 2012 to March 15, 2021.

4.13 Unsecured Rupee Term Loan from Financial Institution and Body Corporates including ₹ 7,600.19 lacs included in current maturities of long term debts in note no. 10 are secured as under:

- ₹ 20,222.00 lacs by way of pledge of 10,425,819 shares of SKIL Infrastructure Limited and Non Disposable Agreement along with irrevocable power of attorney for creating of charge on 50,00,000 shares of SKIL Infrastructure Limited 70,00,000 shares of Pipavav Defence and Offshore Engineering Company Limited and 8,00,000 shares of Everon Limited. The loan is further secured by land owned by Corporates in Navi Mumbai admeasuring about 9 acres mortgaged.
- ₹ 10,903.00 lacs by way of first charge of mortgage on approximately 66 acres of land belonging to other corporates. The loan is further guaranteed by SKIL Infrastructure Limited and secured by pledge of 3,200,000 fully paid equity shares of the Everon Education Limited.
- The above loans are further guaranteed by some of the directors of the Company.
- The Unsecured Rupee Term loan from financial institutions carry interest rate of 15% p.a. for the first year and 16% from the next year and repayable in 16 equal quarterly installments with a moratorium of 1 year from the first disbursement i.e October 2013
- “Unsecured Loan from Body Corporates include ₹ 10,903 Lacs carries interest rate of 14% p.a. for half yearly started from 31st May, 2015 and additional fixed interest at the time of principal repayment @ 4% compounded quartely within 24 months & 8 % compounded quartely within 24 months to 36 months & 10% p.a compounded quartely above 36 months & repayable at the end of 48 Months from the date of first disbursement i.e. 30th December, 2014.
- Loan of ₹ 111 Lacs carries an interest rate of 18% p.a. & repayable in 60 equated monthly installments from the date of disbursement. i.e 28th January, 2015

4.14 The maturity profile, period and amount of installments of Unsecured Term Loans as referred above are as under:

₹ in Lacs

Financial Year	Unsecured Term Loans from			Total
	Foreign Currency Term Loan from Financial Institutions	Body Corporates	Rupee Term from Financial Institutions	
2015 - 2016	2,098.33	16.94	7,583.25	9,698.52
2016 - 2017	6,779.23	20.26	5,055.50	11,854.99

Notes to Consolidated Financial Statements

₹ in Lacs

Financial Year	Unsecured Term Loans from			Total
	Foreign Currency Term Loan from Financial Institutions	Body Corporates	Rupee Term from Financial Institutions	
2017 - 2018	7,263.47	24.22	5,055.50	12,343.19
2018 - 2019	—	10,931.96	2,527.75	13,459.71
2019 - 2020	—	20.62	—	20.62
Total	16,141.03	11,014.00	20,222.00	47,377.03

4.15 Details of Unsecured Loans from related parties:

₹ in Lacs

Company Name	Nature of Relationship	As at March 31st, 2015	As at March 31st, 2014
SKIL Shipyard Holdings Pvt Ltd	Other Related Party	16,700.00	—
SKIL Infrastructure Ltd	Associate	1,795.35	—
Grevek Investments and Finance Private Limited	Other Related Party	277.95	—

4.16 Terms and Conditions for Loans from Related Parties:

The unsecured loan from related parties includes ₹ 16,992.17 lacs carry an interest rate of 12.00% and repayable after 15 months by way of bullet payments from the date of first disbursement, ₹ 1,503.18 lacs carry an interest rate of 16.00% and repayable by way of bullet payment after 15 months of first disbursement i.e. March 13, 2015, ₹ 277.95 lacs carry an interest rate of 17.00% and repayable after 24 months from the date of first disbursement i.e. October 28, 2014.

4.17 As at March 31st, 2015, the Company has overdue of ₹ 6807.31 lacs (Previous Year: ₹ 4,873.28 lacs) and ₹ 3,631.22 lacs (Previous Year: ₹ 8,256.08 lacs) towards the principal and interest respectively, out of which ₹ 2,273.77 lacs has since been paid.

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 31st, 2015		As at March 31st, 2014	
Deferred Tax Liabilities				
Related to Fixed Assets		46,457.40		34,821.45
Deferred Tax Assets				
Unabsorbed Depreciation / Loss	39,617.78		24,767.58	
Disallowance under Income Tax Act, 1961	6,184.97		157.89	
		45,802.75		24,925.47
Deferred Tax Liabilities (Net)		654.65		9,895.98

Notes to Consolidated Financial Statements

Note - 6

OTHER LONG TERM LIABILITIES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Deposits	—	500.00
Advances from Customers	5,624.21	14,270.69
Total	5,624.21	14,770.69

Note - 7

LONG TERM PROVISIONS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
for Employee Benefits	410.79	282.91
Total	410.79	282.91

Note - 8

SHORT TERM BORROWINGS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Secured Loans		
Cash Credit Facilities from Banks	81,467.70	120,795.06
Short Term Loans from:		
Banks	—	30,000.00
Financial Institutions	—	15,000.00
	—	45,000.00
Unsecured Loans From:		
Banks	32,020.68	89,310.34
Body Corporates	9,101.60	15,305.21
	41,122.28	104,615.55
Total	122,589.98	270,410.61

8.1 The above working capital loans from banks are secured / to be secured by way of:

- First pari passu charge by way of hypothecation of all the current assets (including all receivables and inventories); both present and future.
- Second pari passu charge by way of mortgage over leasehold rights on 124.1199 hectares of land belonging to E-complex Private Limited and on sub-leasehold rights on 10.5 hectares of land belonging to Gujarat Maritime Board.
- Second pari passu charge and mortgage on all the immovable properties and hypothecation of all movable properties of the Company; both present and future.

8.2 The above working capital loans from banks are further secured / to be secured by :

- Corporate Guarantee of SKIL Infrastructure Limited and personal guarantee of some of the Directors of the Company.
- Pledge of 12,27,55,500 equity shares of the Company held by SKIL Infrastructure Limited (SKIL); 2,23,49,494 equity shares of the Company held by Grevek Investments and Finance Pvt Ltd (Grevek) and 1 equity share of the Company

Notes to Consolidated Financial Statements

held by SKIL Shipyard Holdings Private Limited (SSHPL). Further, SKIL, Grevek and SSHPL are required to pledge their remaining shareholdings in the Company, which are currently pledged in favour of lenders of promoters group, to the CDR Lenders upon release of such charge.

- iii) Pledge of entire shareholding i.e. 2,17,09,327 equity shares of E-Complex Private Limited held by the Company.
- 8.3 The Secured Loan from Bank is secured by registered mortgage of the land situated at Survey no 589/P2, 668/P2/ and 515 Village Lunsapur, Taluka Jafrabad, Dist. Amreli, PIN-365560, Gujarat, India., and further guaranteed by one of the director of the Company.
- 8.4 Unsecured Loan from Body Corporates as referred above are secured by:
- First charge by way of mortgage of land admeasuring about 151.426 acre situated at Borgaon, Taluka Pen, District Raigad in the State of Maharashtra owned by other corporates.
 - Pledge of 1,81,10,647 or such number of fully paid up equity shares of the Pipavav Defence and Offshore Engineering Company Limited and Pledge of 25% fully paid up equity share of SKIL Infrastructure Limited (on fully diluted basis), subject to minimum 6,37,28,000 number of shares.
 - Corporate guarantee of SKIL Infrastructure Limited and one of the directors of the Company.
- 8.5 As on March 31st, 2015, the Company has overdue of ₹ 9,101.60 lacs (Previous Year: ₹ 37,849.12 lacs) and ₹ 611.42 lacs (Previous Year: ₹ 2,422.87 lacs) towards the principal and interest respectively.

Note - 9 TRADE PAYABLES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Micro Small and Medium Enterprises	940.30	839.08
Others	29,711.64	30,769.79
Total	30,651.94	31,608.87

- 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 31st, 2015	As at March 31st, 2014
Principal amount remaining unpaid	940.30	839.08
Interest due thereon	394.81	228.07
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	394.81	228.07
Interest remaining due and payable even in succeeding years	—	—

Note - 10 OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Current Maturities of Long Term Debts	17,770.65	72,646.19
Interest accrued and due on borrowings	4,242.64	10,678.95
Interest accrued but not due on borrowings	3,409.17	3,648.17

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Unclaimed Share Application Money *	5.36	5.36
Creditors for Capital Goods	12,601.88	23,690.96
Advances from Customers	27,168.28	64,050.67
Statutory Dues	5,584.95	2,120.29
Bank Overdraft	218.11	—
Other Payables **	7,718.13	8,519.30
Total	78,719.17	185,359.89

* 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.

Note - 11

SHORT TERM PROVISIONS

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
for Employee Benefits	271.00	181.82
for Wealth Tax (Net)	2.05	2.15
Other Provisions #	57,119.88	51,517.95
Total	57,392.93	51,701.92

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, 2014 was ₹ 4,499.38 lacs and ₹ 47,018.57 lacs respectively, out of which ₹ 4,499.38 and ₹ 13,091.45 lacs has been incurred during the year. Liability outstanding under this clause as at March 31st, 2015 is ₹ 4,070.28 lacs and ₹ 53,049.60 lacs respectively. Actual outflow is expected in the subsequent financial years.

Notes to Consolidated Financial Statements

Note 12

FIXED ASSETS

Particulars		Gross Block			Depreciation and Amortisation				Net Block		₹ in Lacs
		As at 1-Apr-14	Additions during the year	Deduc- tions/ Adjust- ments	As at 31-Mar-15	Upto 31-Mar-14	For the year	Deduc- tions / Adjust- ments	Upto 31-Mar-15	As at 31-Mar-15	
Tangible Assets											
Owned Assets											
Land and Site Development	3,110.25				3,110.25	—	—	—	—	3,110.25	3,110.25
Buildings	52,059.37	2,625.67	—	54,685.04	7,258.75	1,661.84	—	8,920.59	45,764.45	44,800.62	
Plant and Equipments	237,537.90	75,319.96	364.24	312,493.62	35,527.02	9,182.95	1.94	44,708.03	267,785.59	202,010.88	
Furniture and Fixtures	928.91	31.51	—	960.42	390.50	86.65	—	477.15	483.27	538.41	
Office Equipments	336.15	36.01	7.57	364.59	85.72	122.41	6.78	201.35	163.24	250.43	
Vehicles	547.40	119.36	31.49	635.27	248.03	100.81	11.14	337.70	297.57	299.37	
Total	294,519.98	78,132.51	403.30	372,249.19	43,510.02	11,154.66	19.86	54,644.82	317,604.37	251,009.96	
Leased Assets											
Leasehold Land and Development	40,121.45	8,327.33	—	48,448.78	6,049.20	2,694.60	—	8,743.80	39,704.98	34,072.25	
Total	40,121.45	8,327.33	—	48,448.78	6,049.20	2,694.60	—	8,743.80	39,704.98	34,072.25	
Total Tangible Assets											
Intangible Assets	334,641.43	86,459.84	403.30	420,697.97	49,559.22	13,849.26	19.86	63,388.62	357,309.35	285,082.21	
Computer Softwares*	809.68	55.11	—	864.79	401.00	133.74	—	534.74	330.05	408.68	
Total Intangible Assets	809.68	55.11	—	864.79	401.00	133.74	—	534.74	330.05	408.68	
Total	335,451.11	86,514.95	403.30	421,562.76	49,960.22	13,983.00	19.86	63,923.36	357,639.40	285,490.89	
Previous Year	317,669.00	18,060.67	278.56	335,451.11	33,505.06	16,645.83	190.67	49,960.22	271,500.88	—	
Capital Work in Progress									367,978.20	319,912.03	
Intangible Assets under development									5,909.45	1,846.57	

* Other than Internally Generated.

Notes to Consolidated Financial Statements

- 12.1 Pursuant to the enactment of Companies Act 2013 ('the Act'), the Company has applied estimated useful life of all the fixed assets as specified in the Schedule II to the Act or the life as determined on technical evaluation. Accordingly the unammortised carrying value is being depreciated/ammortised over the revised/remaining useful lives. The W.D.V. of the Fixed Asset whose lives have expired as at April 01, 2014 amounting to ₹ 133.08 Lacs (net of tax), have been adjusted to profit and loss account under reserve and surplus.
- 12.2 The Leasehold Land and Development represents the lease premium and the cost incurred for reclaiming, development and strengthening of the Land.
- 12.3 Deduction from Plant and Equipments represents reduction in value of assets on account of settlement from vendor and accordingly depreciation for the year is net off depreciation reversed on such assets of ₹ 84.10 Lacs in earlier year.
- 12.4 Buildings and Plant & equipments are constructed / installed on leasehold land.

12.5 Capital Work in Progress includes:

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
- Material at site	1,209.02	1,349.03
- Assets under construction and installation	264,208.70	247,722.54
- Preoperative expenses	102,560.48	70,840.47

12.6 Intangible Assets under development includes:

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
- Software development & Licence Fees	5,112.72	1,769.80
- Preoperative expenses	796.73	76.77

12.7 Details of Preoperative expenses are as under:

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
Opening Balance	70,917.24	32,377.23
Add:		
Salaries, Wages and Allowances	774.22	-
Professional and Consultancy Charges	467.14	14.82
Conveyance, Travelling and Vehicle Expenses	5.61	55.24
Consumables	-	21.52
Insurance	-	35.94
Foreign Exchange Difference (Net)	702.27	-
Interest Expenses	34,777.63	34,139.12
Other Borrowing Costs	987.80	4,273.37
	108,631.91	70,917.24
Less :		
Allocated to Fixed Assets	5,274.70	-
Closing Balance	103,357.21	70,917.24

- 12.8 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.
- 12.9 Additions in the Plant and Equipments include interest and financial charges of ₹ 5,274.70 lacs (Previous Year ₹ NIL)

Notes to Consolidated Financial Statements

Note - 13

NON CURRENT INVESTMENTS

₹ in Lacs

Particulars	Face Value	Numbers		As at March 31st, 2015	As at March 31st, 2014
		31/Mar/15	31/Mar/14		
Long Term Trade Investments (Unquoted and fully paid up)					
In Equity Shares of Associate Company					
Conceptia Software Technologies Private Limited	₹10	112,200	112,200	200.71	188.23
				200.71	188.23
Long Term Trade Investment in 0% Non Convertible Non Secured Bonds of the Corporates					
Avocado Reality Private Limited	₹ 1000000	6,173	—	6,173.00	—
Budding Merchantile Company Private Limited	₹ 1000000	6,545	—	6,545.00	—
Replinish Reality Private Limited	₹ 1000000	4,500	—	4,500.00	—
Slimline Reality Private Limited	₹ 1000000	5,300	—	5,300.00	—
Winsome Reality Private Limited	₹ 1000000	7,450	—	7,450.00	—
				29,968.00	—
Other Investments					
Government and Other Securities					
6 years National Savings Certificate	—	—	—	0.05	0.05
(Deposited with Sales Tax Department)					
				0.05	0.05
Total				30,168.76	188.28

13.1 Aggregate amount of Non Current Investments.

₹ in Lacs

	As at March 31st, 2015		As at March 31st, 2014	
	Book Value	Market Value	Book Value	Market Value
Quoted Investments	—	—	—	—
Unquoted Investments	30,168.76	—	188.28	—
Total	30,168.76	—	188.28	—

13.2 The above bonds carries redemption premium of 40%, payable at the time of redemption i.e. 5 years from the date of allotment. The Company has invested in bonds of above companies, who are in control of about 214 acres of land at Jhansi, Uttar Pradesh. The Company intends to use this land for the purpose of serving the Indian Army for manufacture, repair and maintenance of army tanks, guns, refurbishment of armoured vehicles.

Notes to Consolidated Financial Statements

Note - 14

LONG TERM LOANS AND ADVANCES

(Unsecured and considered good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Capital Advances	34,083.34	49,928.34
Security Deposits with		
Related Parties	325.00	325.00
Others	2,904.38	2,979.47
Advance against investments	81.00	—
Advance Taxes (Net)	3,221.47	2,551.68
MAT credit entitlement	3,468.91	3,474.42
Bond Application Money	—	20,222.00
Total	44,084.10	79,480.91

14.1 Details of Security Deposits to Related Parties

₹ in Lacs

Company Name	Nature of Relationship	As at March 31st, 2015	As at March 31st, 2014
Awaita Properties Private Limited	Enterprises in which Directors are able to exercise significant influence	325.00	325.00

14.2 Capital Advances include ₹ 12,985 lacs given for acquisition of land about 57.055 Acres situated at Belawade, Taluka Pen, District Raighad, Maharashtra. The Company intends to use the said land for the purpose of manufacturing of electronic warfare systems and fighter jet components.

14.3 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 is expected 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, ₹ Nil (Previous Year: ₹ 587.31 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 31st, 2015 is ₹ 3,468.91 lacs (Previous Year: ₹ 3,474.42 lacs) net of reversal of excess provision of ₹ 5.51 lacs (Previous Year: ₹ 0.79 lacs) made in previous years.

Note - 15

INVENTORIES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Raw Materials	28,519.33	21,028.54
Raw Materials in Transit	374.42	543.00
Work in Progress	1,064.19	12.67
Stores and Spares	1,058.76	1,472.62

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Scrap	112.21	37.47
Total	31,128.91	23,094.30

Note - 16

TRADE RECEIVABLES (Unsecured & Considered Good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Outstanding for a period exceeding six months	48,764.26	65,741.49
Others	38,806.06	73,816.74
Total	87,570.32	139,558.23

16.1 In respect of Trade Receivables the management is of the view that all the dues are good for recovery and no provisions for doubtful debts is required as most of them have confirmed balances during the year.

Note - 17

CASH AND BANK BALANCES

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Cash and Cash Equivalents		
Balances with Banks In Current Accounts	2,628.66	4,220.66
Cheques on Hand	—	393.10
Cash on Hand	12.82	14.36
	2,641.48	4,628.12
Other Bank Balances		
Share Application Money Refund Account	5.36	5.36
Fixed Deposits with Banks held as Margin Money*	19,986.67	33,801.83
	19,992.03	33,807.19
Total	22,633.51	38,435.31

* Includes ₹ 2,709.55 lacs (Previous Year : ₹ 8,407.56 lacs) having maturity period more than twelve months.

Note - 18

SHORT TERM LOANS AND ADVANCES (Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Security Deposits	111.04	65.78
Prepaid Expenses	2,071.20	3,834.18
Cenvat / VAT recoverable	4,436.99	2,393.75

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Advance against purchase of material / services	22,935.58	26,349.75
Other Advances *	11,460.72	6,665.60
Total	41,015.53	39,309.06

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

Note - 19

OTHER CURRENT ASSETS (Unsecured & considered good)

₹ in Lacs

Particulars	As at March 31st, 2015	As at March 31st, 2014
Shipbuilding Contracts Receivables	40,004.91	62,998.19
Subsidy Receivable	10,153.45	16,660.95
Total	50,158.36	79,659.14

19.1 As per the communication letter no. SY-12018/1/2007-SBR (VOL-VI) dt.18.11.2013 of Ministry of Shipping relating to the shipbuilding subsidy, the subsidy would be available in respect of Ships that are technically certified as built (as per the contract specifications) and other requisite documents are submitted before 31st January, 2014,. The technical survey for this certification is undertaken on or around delivery of the ship. The Shipyard Association of India ('SAI') has already represented to the Ministry of Shipping, Govt. of India ('MoS') for extension of the said date. The Company is of the view that the MoS may extend the said date considering SAI's representation. The Company believes that the subsidy would be fully receivable on ships for which orders were received prior to expiry of the shipbuilding subsidy scheme. As such the Company has not reversed the subsidy receivable aggregating to ₹ 7,830.04 lacs recognised on the ships which are delivered post March 2014 or yet to be delivered but for which orders were received prior to expiry of the shipbuilding subsidy scheme.

Note - 20

REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Ship Building	29,303.55	122,917.05
Repairs and Fabrication	40,835.79	53,014.14
Subsidy on Shipbuilding	—	4,141.10
Sale of Steel Items (Steel Plates, Pipes, Rolled Products and other steel items)	21,435.17	73,650.93
Other Operating Revenue		
Sale of Scraps	767.34	1,178.69
	92,341.85	254,901.91
Less: Service Tax Recovered	1,121.18	1,513.56
Total	91,220.67	253,388.35

Notes to Consolidated Financial Statements

Note - 21 OTHER INCOME

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Interest Income	2,613.12	3,534.08
Profit on Sale of Current Investments	—	44.64
Dividend on Current Investments	14.38	24.73
Foreign Exchange Differences (Net)	—	—
Liability No Longer Required Written Back (Net)*	500.00	221.62
Miscellaneous Income	23.88	77.87
Total	3,151.38	3,902.94

* Represents reversal of credit balances not payable

Note - 22 COST OF MATERIALS CONSUMED

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Steel Plates and Profiles	1,793.47	15,318.01
Equipment and Components	6,184.18	11,347.57
Total	7,977.65	26,665.58

22.1 Value of Raw Materials Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31st, 2015		For the year ended March 31st, 2014	
	Value	Percentage	Value	Percentage
Indigenous	3,242.12	40.64%	11,762.19	44.11%
Imported	4,735.53	59.36%	14,903.39	55.89%
Total	7,977.65	100.00%	26,665.58	100.00%

Note - 23 PURCHASE OF TRADED GOODS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Steel Items (Steel Plates, Pipes, Rolled Products & other steel items)	21,211.85	72,915.27
Total	21,211.85	72,915.27

Notes to Consolidated Financial Statements

Note - 24

CHANGES IN INVENTORIES OF WORK IN PROGRESS AND SCRAP

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
At the end of the year		
Scrap	112.21	37.47
Work in progress	1,064.19	—
Stock in Trade	—	12.67
	1,176.40	50.14
Less :- At the beginning of the year		
Scrap	37.47	181.86
Work in progress	12.67	—
Stock in Trade	—	—
	50.14	181.86
Changes in Inventories	(1,126.26)	131.72

Note - 25

EMPLOYEE BENEFITS EXPENSES

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Salaries, Wages and Allowances	5,975.40	5,316.50
Contribution to Provident and Other Funds	202.56	166.48
Staff Welfare Expenses	260.24	256.30
Total	6,438.20	5,739.28

25.1 Salary, wages and allowances includes remuneration to Executive Vice Chairman of ₹ 385.92 lacs (Previous Year: ₹ 257.28 lacs) which is subject to requisite approvals and procedure.

25.2 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	2014-2015	2013 - 2014
Employers Contribution to Provident Fund	149.09	136.12
Employers Contribution to Pension Fund	53.47	30.36
	202.56	166.48

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 31st March, 2009 and thereafter no contributions have been made. The Employees Leave Encashment Scheme which is a defined benefit plan is unfunded.

Notes to Consolidated Financial Statements

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

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

₹ in Lacs

Particulars	2014-2015		2013 - 2014	
	Funded	Non Funded	Funded	Non Funded
Defined Benefit Obligation at beginning of the year	188.94	2.06	169.51	2.08
Current & Past Service Cost	75.89	0.70	61.74	0.48
Current Interest Cost	13.41	0.15	14.83	0.18
Actuarial (Gain) / Loss	18.44	0.41	(44.14)	(0.38)
Benefits paid	(37.50)	(0.40)	(13.00)	(0.30)
Defined Benefit Obligation at end of the year	259.18	2.92	188.94	2.06

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

₹ in Lacs

Particulars	2014-2015		2013 - 2014	
	Funded	Non Funded	Funded	Non Funded
Fair Value of Plan Assets at the beginning of the year	64.44	—	59.67	—
Expected Return on Plan Assets	5.36	—	4.96	—
Actuarial Gain / (Loss)	(0.21)	—	(0.19)	—
Fair Value of the Assets at the end of the year	69.59	—	64.44	—

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

₹ in Lacs

Particulars	2014-2015		2013 - 2014	
	Funded	Non Funded	Funded	Non Funded
Fair Value of Plan Assets at the end of the year	69.59	—	64.44	—
Present Value of Defined Benefit Obligation at end of the year	259.18	2.92	188.94	2.06
Liabilities / (Assets) recognised in the Balance Sheet	189.59	2.92	124.50	2.06

- iv) Expenses recognised during the year

₹ in Lacs

Particulars	2014-2015		2013 - 2014	
	Funded	Non Funded	Funded	Non Funded
Current & Past Service Cost	75.89	0.70	61.74	0.48
Interest Cost	13.41	0.15	14.83	0.18
Expected Return on Plan Assets	(5.36)	—	(4.96)	—
Actuarial (Gain) / Loss	18.65	0.41	(43.95)	(0.38)
Net Cost Recognised in statement of Profit and Loss	102.59	1.26	27.66	0.28

Notes to Consolidated Financial Statements

v) Assumptions used to determine the defined benefit obligations

Particulars	2014-2015		2013 - 2014	
	Funded	Non Funded	Funded	Non Funded
Mortality Table (LIC)	(2006 - 08 ultimate)		(2006 - 08 ultimate)	
Discount Rate (p.a.)	7.88%	9.14%	9.10%	9.14%
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	2014-2015	2013 - 2014	2012 - 2013	2011 - 2012	2010 - 2011	2009 - 2010
Defined Benefit Obligation	259.18	188.94	169.51	104.22	95.09	84.46
Plan Assets	69.59	64.44	59.67	55.18	51.02	45.11
Surplus/(Deficit)	(189.59)	(124.50)	(109.84)	(49.04)	(44.07)	(39.35)
Experience adjustment on plan assets (Gain)/Loss	(0.21)	(0.19)	0.10	(0.09)	2.06	(4.35)
Experience adjustment on plan Liabilities Gain/ (Loss)	(12.27)	(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	2014-2015	2013 - 2014
Defined Benefit Obligation at beginning of the year	338.15	304.81
Current & Past Service Cost	54.88	25.88
Current Interest Cost	25.11	27.07
Actuarial (Gain) / Loss	110.12	(4.96)
Benefits paid	(38.98)	(14.65)
Defined Benefit Obligation at end of the year	489.28	338.15

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

₹ in Lacs		
Particulars	2014-2015	2013 - 2014
Fair Value of Plan Assets at the end of the year	—	—
Present Value of Defined Benefit Obligation at end of the year	489.28	338.15
Liabilities / (Assets) recognised in the Balance Sheet	489.28	338.15

iii) Expenses recognised during the year

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Current & Past Service Cost	54.88	25.88
Interest Cost	25.11	27.07
Expected Return on Plan Assets	—	—
Actuarial (Gain) / Loss	110.12	(4.96)
Net Cost Recognised in statement of Profit and Loss	190.11	47.99

iv) Assumptions used to determine the defined benefit obligations

Particulars	2014-2015	2013 - 2014
Mortality Table		
Discount Rate (p.a.)	7.88%	9.10%
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.

Note - 26 FINANCE COSTS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Interest Expenses	35,788.83	27,440.99
Other Borrowing Costs	12,899.78	20,305.96
Total	48,688.61	47,746.95

Note - 27 OTHER EXPENSES

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Consumables, Stores and Spares	1,097.23	3,790.35
Power, Fuel and Water	1,886.23	2,176.25
Repairs and Maintenance	2,046.77	2,475.44
Labour and Fabrication Charges	9,358.11	10,804.67
Equipment Hire Charges	4,855.80	3,016.79
Rent	1,700.87	813.77
Testing and Inspection Charges	1,615.53	746.48
Design, Drawing and Construction Support Fees	723.62	732.63
Insurance	621.56	1,751.99
Cost Estimated for Revenue Recognised	6,031.03	28,977.98

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Provision for estimated cost over contract revenue	(429.09)	(1,948.44)
Rates and Taxes	259.17	99.68
Communication Expenses	139.30	143.05
Travelling, Conveyance and Vehicle Hire Charges	1,605.33	1,600.43
Legal and Professional Charges	4,431.83	3,171.96
Foreign Exchange Difference (Net)	1,683.94	15,248.07
Payment to Auditors	127.86	96.60
Advertising, Publicity and Selling Expenses	167.55	335.09
Business Promotion Expenses	349.86	524.20
Balances Written Off (net)	17.21	—
Excess provision of subsidy written off	6,507.49	9,320.92
Loss on Sale of Fixed Assets (Net)	11.97	65.48
Donations	7.68	5.87
Miscellaneous Expenses	1,532.19	1,413.07
Total	46,349.04	85,362.33

27.1 Value of Stores and Spares Consumed includes:

₹ in Lacs

Particulars	For the year ended March 31st, 2015		For the year ended March 31st, 2014	
	Value	Percentage	Value	Percentage
Indigenous	1,009.12	91.97%	3,388.58	89.40%
Imported	88.11	8.03%	401.78	10.60%
Total	1,097.23	100.00%	3,790.36	100.00%

27.2 Payment to Auditors includes:

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Audit Fees	37.77	52.00
Tax Audit Fees	2.00	14.00
Certification Charges	19.65	30.60
Other Matters	68.50	—
Total	127.92	96.60

* includes ₹ 0.06 lacs related to period before acquisition of subsidiary

Notes to Consolidated Financial Statements

Note - 28

EARNINGS PER SHARE (Basic and Diluted)

₹ in Lacs

Particulars		2014 - 2015	2013 - 2014
Net Profit / (Loss) after Tax		(39,854.58)	272.22
Amount available for calculation of Basic and Diluted EPS	(a)	(39,854.58)	272.22
Weighted Average No. of Equity Shares outstanding for Basic EPS	(b)	736,206,269	731,237,937
Basic Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	(5.41)	0.04
Weighted Average No. of Equity Shares for diluted EPS			
Weighted Average No. of Equity Shares considered for Basic EPS		736,206,269	731,237,937
Add: Potential Equity Shares		—	—
Weighted Average No. of Equity Shares outstanding for Diluted EPS	(c)	736,206,269	731,237,937
Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (c)	(5.41)	0.04

As mentioned in note 4.1 In terms of Master Restructuring Agreement (MRA) entered by the Company with the CDR lenders, the CDR lenders are eligible to convert certain debts into Equity Shares as per SEBI Guidelines. Since this is yet to be approved by the members as well as conversion price cannot be ascertained now, the same has not been considered for calculation of Diluted Earnings Per Share for the year ended March 31, 2015.

Note - 29

PRIOR PERIOD ITEMS

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Expenses		
Legal and Professional Charges	—	0.74
Travelling, Conveyance and Vehicle Hire Charges	—	0.37
Equipment Hire Charges	15.13	—
Miscellaneous Expenses	—	2.23
Salaries, Wages and Allowances	64.32	—
Other Borrowing Costs	—	50.00
Rent	18.57	—
Total	98.02	53.34

Note - 30

Expenditure in Foreign Currency

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Legal and Professional Charges	1,645.25	695.77
Travelling, Conveyance and Vehicle Charges	115.52	133.23
Labour and Fabrication Charges	323.35	233.84
Finance Cost	1,623.20	5,965.32

Notes to Consolidated Financial Statements

₹ in Lacs

Particulars	For the year ended March 31st, 2015	For the year ended March 31st, 2014
Design, Drawing and Construction Support Fees	541.72	588.01
Equipment Hire Charges	451.92	57.01
Salaries, Wages and Allowances	95.29	141.45
Insurance	15.04	
Miscellaneous Expenses	599.65	235.03
Total	5,410.94	8,049.66

Note - 31

CONTINGENT LIABILITIES AND COMMITMENTS

31.1 CONTINGENT LIABILITIES

(No Cash Outflow is expected except as stated otherwise)

₹ in Lacs

Sr. No.	Particulars	2014-2015	2013 - 2014
a)	Guarantees given by Company's Bankers		
i)	Refund Bank Guarantees given to customers (Net of liabilities accounted for)	118,058.60	98,396.32
ii)	Other Bank Guarantees	42,026.74	27,358.84
	(Bank Guarantees are provided under Contractual/ Legal obligations.)		
b)	Demands not acknowledged as Debts		
i)	Income Tax	201.89	4,324.14
	(The Company has Advance Tax/TDS Credit of ₹ 58.81 Lacs (P.Y. 1,557.10 lacs) against the total demand)		
ii)	Service Tax, Excise Duty and Sales Tax	5,871.19	2,438.36
	(Relates to disallowance of CENVAT Credit and Vat Credit taken by the Company)		
iii)	Third Party Claims	11,644.19	5,724.46
	(Relates to demands raised by vendors, refund receivable from banks and penalties to customers)		
c)	Letters of Credit opened in favour of suppliers	5,019.79	4,272.03
	(Cash Flow is expected on receipt of materials from suppliers)		

31.2 COMMITMENTS

a)	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances).	69,621.68	123,285.64
	(Cash flow is expected on execution of such Capital Contracts on progressive basis)		
b)	Other Commitments	2,463.74	802.24
	(for investment in the Associates and Joint Venture)		

Notes to Consolidated Financial Statements

Note - 32

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, a bond cum legal undertaking for ₹ 1,350.00 lacs (Previous Year: 1,350.00 lacs) in favour of President of India acting through D.R.I. Ahmedabad, Zonal Unit as security of compliance under Central Excise Act 1944.

Note - 33

The Company has received Sixteen 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 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 - 34

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 - 35

Cenvat / Vat recoverable represents the Cenvat / Vat / Central Sales Tax paid on the purchase of goods and services for the project and operations. Management is of the opinion 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.

Note - 36

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, 2015 and in respect of assets / liabilities as at March 31, 2015.

I Information about Primary (Product wise) segments :

₹ in Lacs					
Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
1.	REVENUE				
	External Sales	69,785.50	21,435.17	—	91,220.67
		(179,737.42)	(73,650.93)	(—)	(253,388.35)
2.	RESULTS				—
	Segment Results	2,759.38	223.32	—	2,982.70
		(49,514.21)	(735.66)	(—)	(50,249.87)
	Unallocated Corporate Expenses	—	—	5,963.42	5,963.42
		(—)	(—)	(4,342.03)	(4,342.03)
	Operating Profit / (Loss)	2,759.38	223.32	(5,963.42)	(2,980.72)
		(49,514.21)	(735.66)	(-4342.03)	45,907.84
	Finance Cost	—	—	48,688.61	48,688.61
		(—)	(—)	(47,746.95)	(47,746.95)

Notes to Consolidated Financial Statements

₹ in Lacs

Sr No	Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
	Unallocated Corporate Income	—	—	2,651.38	2,651.38
		(—)	(—)	(3,902.94)	(3,902.94)
	Profit from Ordinary Activities before tax	2,759.38	223.32	(52,000.65)	(49,017.95)
		(49,514.21)	(735.66)	(-48186.04)	(2,063.83)
	Provision for Income-tax - Net	—	—	(9,150.89)	(9,150.89)
		(—)	(—)	(1,800.23)	(1,800.23)
	Consolidated share in the profits of the Associates	—	—	12.48	12.48
		(—)	(—)	(8.42)	(8.42)
	Net Profit	2,759.38	223.32	(42,837.28)	(39,854.58)
		(49,514.21)	(735.66)	(-49977.65)	(272.22)
3.	OTHER INFORMATION				
	Segment Assets	926,126.46	24,473.67	—	950,600.13
		(892,236.95)	(29,960.76)	(—)	(922,197.71)
	Unallocated Corporate Assets	—	—	88,705.37	88,705.37
		(—)	(—)	(86,074.51)	(86,074.51)
	Total Assets	926,126.46	24,473.67	88,705.37	1,039,305.50
		(892,236.95)	(29,960.76)	(86,074.51)	(1,008,272.22)
	Segment Liabilities	139,826.01	—	—	139,826.01
		(181,052.87)	(5,679.70)	(—)	(186,732.57)
	Unallocated Corporate Liabilities	—	—	705,163.83	705,163.83
		(—)	(—)	(587,236.10)	(587,236.10)
	Total Liabilities	139,826.01	—	705,163.83	844,989.84
		(181,052.87)	(5,679.70)	(587,236.10)	(773,968.67)

₹ in Lacs

Particulars	Ship Building and Fabrication	Trading	Unallocated	Total
Capital Expenditure	122,614.71	—	184.29	122,799.00
	(116,570.32)	(—)	(1,881.98)	(118,452.30)
Depreciation and amortisation	13,850.28	—	132.72	13,983.00
	(16,621.88)	(—)	(23.95)	(16,645.83)
Non-cash Expenses other than Depreciation	6,524.70	—	—	6,524.70
	(9,320.92)	(—)	(—)	(9,320.92)

Figures in brackets represents previous year's amounts.

Notes to Consolidated Financial Statements

II Information about Secondary Segment : Geographical Segment :

₹ in Lacs

Particulars	31-Mar-15	31-Mar-14
Revenue by Geographical Segment		
Within India	88,647.81	223,102.01
Outside India	2,572.86	30,286.34
Total Revenue	91,220.67	253,388.35
Carrying Amount of Segment Assets		
Within India	919,233.08	884,844.76
Outside India	120,072.42	123,427.46
Total Assets	1,039,305.50	1,008,272.22
Capital Expenditure		
Within India	122,799.00	118,452.30
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 - 37

RELATED PARTY DISCLOSURES

a) List of Related parties

1 Associates

SKIL Infrastructure Limited
Conceptia Software Technologies Private Limited

2 Key Managerial Personnel

Mr. Nikhil P. Gandhi
Mr. Bhavesh P. Gandhi

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

SKIL Shipyard Holdings Private Limited
Awaita Properties Private Limited
Grevek Investments and Finance Private Limited

Notes to Consolidated Financial Statements

b) Transactions with related parties for the year ended March 31, 2015

₹ in Lacs

Nature of transactions	Associates	Key Managerial Personnel	Other Related Party	Total
Lease Rent	—	—	534.16	534.16
	(—)	(—)	(433.74)	(433.74)
Engineering and Design Fees	112.31	—	—	112.31
	(24.98)	(—)	(—)	(24.98)
Interest Expenses on ICD	40.77	—	46.51	87.28
	(—)	(—)	(—)	—
Directors Sitting fees	—	12.80	—	12.80
	(—)	(3.20)	(—)	(3.20)
Remuneration	—	385.92	—	385.92
	(—)	(385.58)	(—)	(385.58)
Expenses reimbursed to	26.07	—	27.18	53.25
	(169.71)	(—)	(91.62)	(261.33)
Lease Deposits - Non Current as at 31.03.2015	—	—	325.00	325.00
	(—)	(—)	(325.00)	(325.00)
Trade Payables	27.44	—	—	27.44
	(10.23)	(—)	(—)	(10.23)
Interest Accrued but not Due	36.69	—	41.86	78.55
	(—)	(—)	(—)	—
Other Payables	116.80	—	315.51	432.31
	(14.06)	(—)	(89.80)	(103.86)
Inter Corporate Deposits				
Received during the year	2,199.21	—	17,161.69	19,360.90
	(—)	(—)	(—)	—
Repaid during the year	403.85	—	183.75	587.60
	(—)	(—)	(—)	—
Balance as at 31.03.2015	1,795.36	—	16,977.94	18,773.30
	(—)	(—)	(—)	—
Non Current Investment				
Balance as at 31.03.2015	200.71	—	—	200.71
	(188.23)	(—)	(—)	(188.23)

Figures in brackets represents previous year's amounts.

c) Details of major transactions with Related Parties

₹ in Lacs

Nature of Transactions	Name of the Party	2014 - 2015	2013 - 2014
Lease Rent	Awaita Properties Private Limited	534.16	433.74
Engineering & Design Fees	Conceptia Software Technologies Private Limited	112.31	24.98
Interest Expenses	Grevek Investments and Finance Private Limited	27.40	—
	SKIL Shipyard Holdings (P) Limited	19.11	—
	SKIL Infrastructure Limited	40.66	—
Directors Sitting Fees	Mr. Nikhil P. Gandhi	12.80	3.20
Remuneration	Mr. Bhavesh P. Gandhi- For Current Year	321.60	257.28
	- relating to FY 2013-14, provided now	64.32	—

Notes to Consolidated Financial Statements

		₹ in Lacs	
Nature of Transactions	Name of the Party	2014 - 2015	2013 - 2014
Expenses Reimbursed to	Awaita Properties Private Limited	27.18	46.66
	SKIL Infrastructure Limited	26.07	169.71
Lease Deposits - Non Current as at 31.03.2015	Awaita Properties Private Limited	325.00	325.00
Trade Payables as at 31.03.2015.	Conceptia Software Technologies Private Limited	27.44	10.23
Other Payables at the end of the year	Awaita Properties Private Limited	270.56	44.84
	Grevek Investments and Finance Private Limited	44.95	44.95
	SKIL Infrastructure Limited	116.95	14.06
Interest accrued but not Due	SKIL Shipyard Holdings (P) Limited	17.20	—
	Grevek Investments and Finance Private Limited	24.66	—
	SKIL Infrastructure Limited	36.59	—
Inter Corporate Deposits at the end of the year	SKIL Shipyard Holdings (P) Limited	16,700.00	—
	SKIL Infrastructure Limited	2,090.36	—
Inter Corporate Deposits received during the year	SKIL Shipyard Holdings (P) Limited	16,700.00	—
	SKIL Infrastructure Limited	2,494.21	—
Inter Corporate Deposits refunded during the year	Grevek Investments and Finance Private Limited	183.75	—
	SKIL Infrastructure Limited	403.85	—
Non Current Investment as at 31.03.2015	Conceptia Software Technologies Private Limited	200.71	188.23

Note - 38 VALUE OF IMPORTS CALCULATED ON CIF BASIS

		₹ in Lacs	
Particulars		2014-2015	2013 - 2014
Raw Material and Components		8,139.16	18,171.87
Stores and Spares		—	5.65
Capital Goods		9.27	1,555.01
Total		8,148.43	19,732.53

Note - 39 INCOME IN FOREIGN CURRENCY

		₹ in Lacs	
Particulars		2014-2015	2013 - 2014
Ship Building		5,366.86	27,205.31
Repairs and Fabrication		4,667.09	8,329.39
Total		10,033.95	35,534.70

Note - 40 Disclosure pursuant to Accounting Standard - 7 (AS-7 "Accounting for Construction Contracts").

		₹ in Lacs	
Sr No	Particulars	2014-2015	2013 - 2014
a	The contract revenue recognised in the year	29,303.55	72,539.34
b	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress.	131,472.66	131,971.56
c	Amount of advance received from the customers for contracts in progress.	145,402.76	113,271.51

Notes to Consolidated Financial Statements

Note - 41

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	2014-2015	2013 - 2014
Forward Contract	18,745.82	15,821.47
Currency Swap	1,117.30	1,331.21

- 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 ₹ Nil (Previous Year 144.73 lacs).
 d) Foreign currency exposures that are not hedged by derivative instruments or forward contracts are:

₹ in Lacs

Particulars	2014-2015	2013 - 2014
Receivables	103,943.22	129,220.62
Payables	72,930.93	76,624.87

Note - 42

“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 use. 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 - 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 GPS and Associates
 Chartered Accountants
 Firm Reg. No. 121344W

for and on behalf of the Board of Directors

H.Y. Gurjar
 Partner
 Membership No 32485

Nikhil P. Gandhi
 Chairman

Bhavesh P. Gandhi
 Executive Vice Chairman

Place :- Mumbai
 Date :- May 30, 2015

Praveen Mohnot
 Chief Financial Officer

Rajiv Shukla
 Chief Executive Officer

Ajit Dabholkar
 Corporate Counsel & Company Secretary



PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

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

Phone: +91 2794 661000 **Fax:** +91 2794 661100

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

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

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member (s)	:	
Registered address	:	
E-mail Id	:	
Folio No / Client Id	:	
DP ID	:	

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

1. Name : _____

Address : _____

E-mail Id : _____

Signature : _____, or failing him / her
2. Name : _____

Address : _____

E-mail Id : _____

Signature : _____, or failing him / her
3. Name : _____

Address : _____

E-mail Id : _____

Signature : _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 18th Annual General Meeting of the Company, to be held on the 30th day of September, 2015 at 12.00 Noon at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli - 365 560, Gujarat, and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolutions	For	Against
1	To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2015 and the Reports of the Auditors and Directors thereon.		
2	To appoint a Director in place of Mr. Nikhil Gandhi (DIN: 00030560) who retires by rotation and being eligible, offers himself for re-appointment.		
3	To appoint Statutory Auditors.		
4	To Increase the Authorised Share Capital of the Company.		
5	To Increase Foreign Investment Limit in the Company.		
6	To allocate foreign shareholding limit under PIS route in the Company.		
7	Issue of Equity Shares to CDR Lenders.		
8	Remuneration to Mr. Bhavesh Gandhi (DIN: 00030623), Executive Vice-Chairman of the Company.		

Signed this _____ day of _____, 2015

Affix
Revenue
Stamp

Signature of Shareholder

Signature of Proxyholder(s)

Note: 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.



FORWARD LOOKING STATEMENT

This report contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Company’s future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Company undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.



PIPAVAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

CIN : L35110GJ1997PLC033193
Pipavav Port, Post Ucchaiya,
Via-Rajula, District Amreli – 365 560, Gujarat.
Tel No. (02794) 661 000
Fax No. (02794) 661 100
www.pipavavdoc.com

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, 2015
3	Type of Audit Observation	Un-qualified Emphasis of Matter: Following matter of emphasis in the Independent Auditors' Report on Standalone Financial Statements for the year ended March 31, 2015 (Refer Page No. 65 of Annual Report for the F.Y. 2014-15) Without qualifying our opinion attention is drawn to the:- Note No. 25.1 regarding Managerial Remuneration. (For related note, Refer Page No. 90 of Annual Report for F.Y. 2014-15).
4	Frequency of observation	The approval of Central Government is pending for managerial remuneration. This observation is appearing since F.Y. 2013-14.

For and on behalf of Board of Directors



Bhavesh P Gandhi
(Executive Vice Chairman)



R.M. Premkumar
(Audit Committee Chairman)

Handwritten signature



AUDITORS

 Refer our Auditor's Report dated May 30, 2015 on the Standalone Financial statements of the Company.

For M/s. GPS & Associates

Chartered Accountants

Firm Reg. No - 121344W


H. Y. Gurjar

Partner

Membership No - 32485

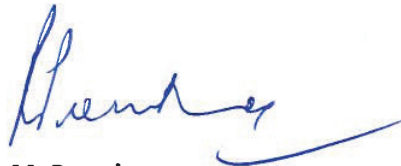


Place: Mumbai

Date: September 5, 2015

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, 2015
3	Type of Audit Observation	Un-qualified Emphasis of Matter: Following matter of emphasis in the Independent Auditors' Report on Consolidated Financial Statements for the year ended March 31, 2015 (Refer Page No. 105 of Annual Report for F.Y. 2014-15) Without qualifying our opinion attention is drawn to the:- i. Note No. 25.1 regarding Managerial Remuneration. ii. Note No. 1.3 relating to basis of preparation of financial statements of the foreign subsidiary in accordance with Singapore Financial Reporting Standards. (For related notes, Refer Pages No. 130 and 112 of Annual Report for F.Y. 2014-15 respectively)
4	Frequency of observation	i. The approval of Central Government is pending for managerial remuneration. This observation is appearing since F.Y. 2013-14. ii. Appeared for the first time.

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



AUDITORS

Refer our Auditor's Report dated May 30, 2015 on the Consolidated Financial statements of the Company.

For M/s. GPS & Associates
Chartered Accountants
Firm Reg. No - 121344W

H. Y. Gurjar

Partner

Membership No – 32485



Place: Mumbai

Date: September 5, 2015