

**DELIVERING
COMMITMENTS**

**CREATING
GROWTH**



“ WE MADE A COMMITMENT...

To put India on the global ship building map.

To contribute towards making India self-sufficient in maritime defence capabilities.

To build one of the world's largest and most advanced maritime infrastructure.



WE DELIVERED... “

Panamax vessels each of 74,500 DWT, the LARGEST VESSELS OF THEIR CLASS EVER BUILT IN INDIA!

Bagged contract for construction of 5 NOPVs from the Indian Navy.

This was not all.

Our infrastructure coupled with our capabilities resulted into a landmark joint-venture with Mazagon Dock Limited, the premier defence shipyard of the Ministry of Defence, Government of India.

Our efforts in defence space have created a platform for a strong and sustainable growth.

Delivering Commitments
Creating Growth



DELIVERING COMMITMENTS





Spread across 491.53 acres of land on the Gujarat coast, PDOC built India's largest and one of the world's most modern dry dock that can accommodate vessels measuring upto 400,000 DWT.



In the current year, we demonstrated our execution capabilities by delivering two 74,500 Panamax vessels viz. Golden Bull and Golden Suek - the largest vessels of their class ever built in India (224.9m x 32.25m x 19.7m) to Golden Ocean Group Limited.



PDOC has entered into strategic partnerships with global defence leaders.



PDOC carried out repairs for global majors such as Transocean Group and Noble Drilling Services Group.



“ We have watched, in awe, the challenges that the Pipavav team encountered and overcame in building an excellent infrastructure in parallel with the building of ships.

We appreciate the sincerity, dedication and Integrity of the Pipavav team.

I am also glad to see that the ship has been built with high quality.

Congratulations to the Pipavav team and wishing them continuous and growing success for all the years to come.”

Mr. Herman Billung, Chief Executive Officer, Golden Ocean Group Limited





“The second ship of 74.5 K Ice Class Panamax series has been delivered, within less than four months from the delivery of the first one.

This one demonstrated exceptional performance during the efficient and smoothly conducted sea trials; thus exhibiting a level of excellence and craftsmanship which even surpassed the highly successful first vessel.

This is an indicator of the fast maturing processes and systems of PDOC’s planning and operations.

We wish PDOC a great future in high technology shipbuilding in the years to come. ”

Mr. Bjorn Westernberg, Technical Director, Golden Ocean Group Limited





CREATING GROWTH





PDOC with its infrastructure and capabilities has created a platform to further India's goal of achieving self-reliance in warships and commercial shipbuilding arena.



PDOC signed a Shareholders' Agreement with Mazagon Dock Limited, India's largest warship builder, a Government of India enterprise, to jointly build surface warships in India using our infrastructure. This is one of its kind partnerships where PDOC was chosen as a joint venture partner.



PDOC foresees a robust order book build-up going forward and is constructing its second dry dock.

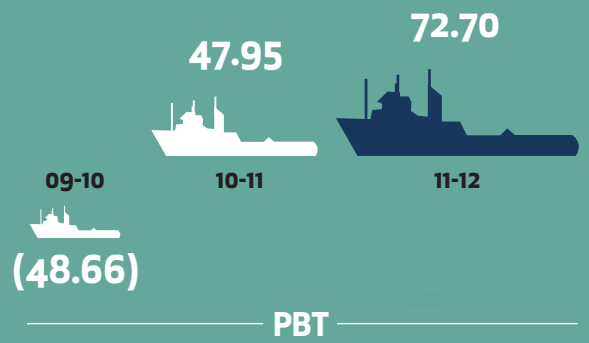
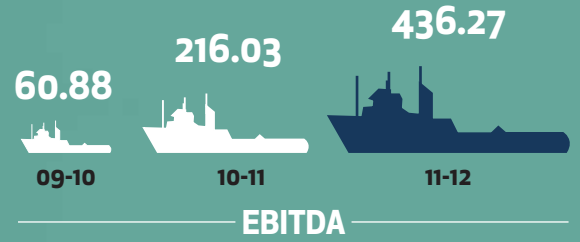
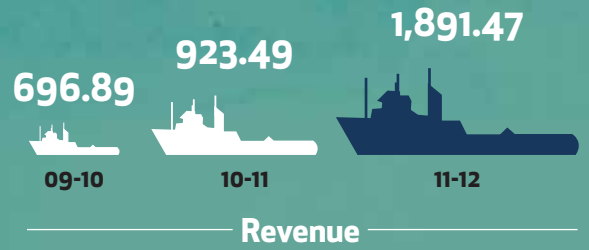
DELIVERING COMMITMENTS CREATING GROWTH

Our commitment to our shareholders on a growing order book, its execution and its impact on results remain our top priority.





(Rs. in Crore)



WHO WE ARE

Promoted by SKIL GROUP, pioneer in the Indian infrastructure space, specializing in greenfield development projects.

Largest dry dock in India, 662 meters long and 65 meters wide and capable of accommodating ships upto 400,000 DWT.

Business model positioned to benefit from huge opportunities in Defence, Offshore and Commercial Shipbuilding.



Mr. Bhavesh Gandhi, Executive Vice-Chairman, PDOC, receiving the 'Shipping, Marine and Ports (SMP) 2012 Young Entrepreneur Award' from Mr. Sudhir Vasudeva – Chairman & Managing Director, ONGC and Mr. Sabyasachi Hajara – Chairman & Managing Director, SCI.



Rear Admiral M. K. Badhwar (Retd.), Chief Operating Officer - Strategic Business Unit, PDOC, receiving the 'Dun & Bradstreet - Rolta Corporate Awards 2011' from Mr. Kapil Sibal, Hon'ble Minister of Human Resource Development, Communications & Information Technology, Govt. of India.



Mr. P. B. N. Rao, Head – Material, PDOC, receiving the 'Most Valuable Export Customer Award' from Xinyu Iron & Steel Co. Ltd., China.

1st Integrated
Defence
Company in
Private Sector.

Secured
Defence
Licence

1st to secure
Defence Order

2010

Industrial License for
construction of Warships

2011

Panamaxes Delivered

Naval Offshore Patrol
Vessels Contract Awarded

2012

Shareholders' Agreement
with Mazagon Dock Ltd.

Strategic Technical
Partnership Agreement
with SAAB AB, Sweden



PDOC - PROCESS OF EXCELLENCE

CHAIRMAN'S MESSAGE



With the collaboration between public and private companies, India is enhancing its capabilities, thereby contributing to realize India's goal of attaining self-reliance in defence production and moving a step further towards achieving maximum indigenization.

Dear Shareholders,

It gives me great pleasure to share with you that your Company has seized the initiative and made significant progress to emerge as the key national player in the opportunity provided by the Indian defence sector.

Following the adoption of its new identity as Pipavav Defence and Offshore Engineering Company Limited ("PDOC"), your Company actively pursued the openings in the country's defence, heavy engineering and offshore oil & gas exploration and production assets construction space.

This was in the backdrop of a year that saw many of the challenges of last year continuing. The Eurozone debt crisis required emergency support across several countries, uprisings across the Middle East and oil prices affected the global economy. The world economy grew by just under 4% in 2011, due to a serious slowdown in the developed world and prospects for global growth remain muted this year as well.

India's economic growth too was impacted by a combination of factors, both external and internal.

Despite a gloomy global environment and a challenging Indian one, we have made progress and aim to continue to grow and build PDOC into India's finest defence enterprise.

The financial year 2011-12 has been an eventful year as your Company delivered Panamax vessels of 74,500 DWT each, the largest vessels of their class ever built in India and for the first time, a private sector company i.e. your Company was awarded the contract for construction of five Naval Offshore

Patrol Vessels for the Indian Navy. Your Company has also performed reasonably well on the profitability front and is on a growth trajectory to emerge as an integrated defence, heavy engineering and offshore oil and gas assets construction player.

We believe that creating an environment where public and private sector grow together will enable defence capabilities of our nation to grow faster. With the collaboration between public and private companies, India is enhancing its capabilities, thereby contributing to realize India's goal of attaining self-reliance in defence production and moving a step further towards achieving maximum indigenization. The Government is shifting gears and welcoming private sector participation. With a view to furthering the objective of achieving substantive self-reliance in the defence sector, the Government of India issued "Guidelines for establishing Joint Venture companies by Defence Public Sector Undertakings".

In accordance with these guidelines, your Company was selected by Mazagon Dock Limited, Defence Public Sector Undertaking owned by Government of India ("MDL"), as a Joint Venture partner, on the basis of its world-class infrastructure, state of the art engineering facilities and its inherent strengths. Your Company has signed the Shareholders' Agreement with MDL for forming a joint venture company for the purpose of building surface warships for the Indian Navy. This is a landmark achievement for your Company. The joint venture company will complement the activities of MDL in the years to come.

Your Company expects in addition to present and direct defence orders, sizable orders from MDL through the JV company mechanism.



Your Company also marked its impression in Repairs Segment by undertaking repair/refurbishment of jack-up rigs owned by global majors in Offshore Oil & Gas Exploration and Production sector.

Your Company's offshore yard has been qualified by ONGC for fabrication and loadout of offshore oil and gas modules like jackets, bridges and topsides such as decks, process gas compressor modules, gas turbine generator modules, living quarter modules, d-oxy tower, heli deck modules and offshore cranes etc. Armed with this, your Company is actively following up opportunities in heavy engineering and offshore oil and gas exploration sector at a brisk pace.

Going forward, the ultra modern engineering facilities of your Company will also be optimally utilized for customers in heavy engineering industry such as BHEL, Nuclear Power Corporation etc.

As I look at these developments, I see PDOC at an inflection. I envision a rising order book with a strong defence flavor.

I also foresee our execution capabilities getting strengthened and our capacity getting further increased post construction of the second dry dock. This all would mean a growing order book, enhanced revenues and increased margins.

During the financial year 2011-12, as stated earlier, your Company has built and delivered Panamax vessels of 74,500 DWT each, the largest vessels of their class ever built in India. Capacity utilization of our infrastructure will keep increasing as we build momentum of our operations. Going forward, we see sustainable expansion of both revenues and profits.

We are dedicated to generate distinction and value for all our stakeholders. We possess the advanced capabilities and strategic advantages to harness domestic and global opportunities. We continue to form formidable partnerships to enhance our core competence, technical know how and gain access to international markets.

I would like to congratulate the Government of India for the continuous improvement in the Defence Procurement Policy

Your Company expects in addition to present and direct defence orders, sizable orders from MDL through the JV company mechanism.

and an effective Offset Policy, both of which are positives for the domestic industry for producing military hardware indigenously.

On behalf of the Company, I take this opportunity to thank you – our valued shareholders, every government agency, our employees, our bankers, our partners and vendors – for the continued support.

Thank you once again.

Look forward to welcoming you at the 15th Annual General Meeting of your Company.

Yours Sincerely,

Nikhil Gandhi
Chairman



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Nikhil Gandhi	Chairman
Mr. Bhavesh Gandhi	Executive Vice-Chairman
Mr. Ajai Vikram Singh	Independent Director
Mr. David Rasquinha	Nominee Director, EXIM Bank
Mr. R. M. Premkumar	Independent Director
Mr. S. Venkiteswaran	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. David Rasquinha	Member
Mr. S. Venkiteswaran	Member
Mr. Samar Ballav Mohapatra	Member

Shareholders'/ Investors' Grievances Committee

Mr. Nikhil Gandhi	Chairman
Mr. Bhavesh Gandhi	Member
Mr. S. Venkiteswaran	Member

Remuneration Committee

Mr. S. Venkiteswaran	Chairman
Mr. Nikhil Gandhi	Member
Mr. R. M. Premkumar	Member
Mr. Samar Ballav Mohapatra	Member

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Ajit Dabholkar

REGISTERED OFFICE

Pipavav Port, Post Ucchaiya, Via-Rajula,
District Amreli – 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

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited
17-24, Vittalrao Nagar,
Madhapur, Hyderabad – 500 081.

Tel No. (040) 2342 0838

Fax No. (040) 2342 0814

E-mail: einward.ris@karvy.com

Contact Person: Mr. S. Krishnan

STATUTORY AUDITOR

M/s. Chaturvedi & Shah, Chartered Accountants

INTERNAL AUDITOR

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

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 15th Annual Report of your Company together with audited accounts for the financial year 2011-12.

1. Financial Results

Financial Performance of the Company for the year ended March 31, 2012 is summarized below:

(₹ in Crore)		
Particulars	2011-12	2010-11
(a) Income from Operations	1,867.06	859.93
(b) Other Income	24.40	63.56
(c) Total Income	1,891.46	923.49
(d) Profit before Interest, Depreciation and Tax	436.27	216.03
(e) Less: Depreciation	105.89	48.73
(f) Less: Interest	257.68	119.34
(g) Profit before Tax	72.70	47.96
(h) Less: Provision for Tax	54.18	8.06
(i) Profit after Tax	18.52	39.90

2. Dividend

Considering the expansion and capex plans of the Company, no dividend has been recommended by the Board of Directors.

3. Operations

During the year under review, your Company has recorded total income of ₹ 1,891.46 Crore, showing an increase of 104.82% as compared to the income of ₹ 923.49 Crore during the previous financial year. Your Company earned profit before tax of ₹ 72.70 Crore, as against profit of ₹ 47.96 crore for previous year.

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

4. Convertible Warrants

Pursuant to the special resolution passed by the Members of the Company at the 14th Annual General Meeting held on October 5, 2011, your Company has allotted 2,05,00,000 convertible Warrants ("Warrants") on preferential basis to Non-institutional investors and Grevek Investments and Finance Private Limited, one of the promoters of the Company, at a price of ₹ 78/-, for raising funds for furthering opportunities in the Defence segment and for general corporate purposes. Each Warrant is convertible into one fully paid-up equity share of face value of ₹ 10/- each on receipt of balance amount payable on conversion, at any time prior to 18 months from the date of allotment of Warrants.

5. Consolidated Financial Statements

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

6. Subsidiaries

Your Company has one wholly-owned subsidiary namely E Complex Private Limited ("ECPL"). This subsidiary is in the business of development of Special Economic Zones (SEZ). ECPL has developed a sector specific SEZ for engineering goods/ sector at Village Rampara II, District Amreli, in the State of Gujarat.

During the financial year 2011-12, ECPL has earned revenue of ₹ 11.93 Crore and posted net profit (after tax) of ₹ 2.90 Crore.

General Exemption: Pursuant to the General Circular No. 2/ 2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956 (“the Act”), the Balance Sheet, Statement of Profit & Loss, Directors’ Report and Auditor’s Report of its subsidiary company are not being attached to this Report.

Consolidated Financial Statements presented by the Company include the financial information of its subsidiary company. Key financials of the subsidiary company are also disclosed in the Annual Report in compliance with the said circular.

Further, the Annual Accounts of its subsidiary company will be made available upon written request by any Member of the Company. The Annual Accounts of the subsidiary company will be made available at the Company’s website and will also be kept open for inspection at the Registered Office of the Company and that of its subsidiary.

7. Directors

The Board has six non-executive directors and one Executive Vice-Chairman. In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Ajay Vikram Singh and Mr. S. Venkiteswaran retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Board commends re-appointment of Mr. Ajay Vikram Singh and Mr. S. Venkiteswaran.

During the year under review, Export-Import Bank of India has appointed Mr. David Rasquinha as its Nominee Director on the Board of Directors of the Company, in place of Mr. R. M. V. Raman w.e.f. April 25, 2011.

The details of the directors being recommended for re-appointment are provided in the Notice of ensuing Annual General Meeting.

8. Directors’ Responsibility Statement

Pursuant to Section 217(2AA) of the Act, your Directors hereby confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) the Directors have prepared the annual accounts on a ‘going concern basis’.

9. Auditors

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

M/s. Chaturvedi & Shah, Chartered Accountants, Statutory Auditors of the Company, are retiring at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Act and that they are not disqualified for re-appointment as provided under Section 226 of the Act. Your Board recommends their re-appointment.

10. Environmental Protection, Health and Safety

(a) Environment Management

Your Company continues to demonstrate a strong commitment towards Safety, Health and Environment. As a part of the same, various

eco-friendly measures have been implemented by your Company.

(b) Safety Management

Your Company has established and maintained an Integrated Management System based on OHSAS-18001:2007, ISO-14001:2004 and ISO-9001:2008 for Environmental, Occupational Health & Safety and Quality.

Occupational Health and Safety of employees of the Company are embedded as core organizational values of the Company. A well-defined occupational health and safety management system is in place to eliminate or minimize risk to employees as well as contractors' workforce who may be exposed to occupational risks.

To maintain and improve upon the safety system, extensive training is conducted for the employees and contractors' workmen at project sites. Multi-level forums such as Workers' safety & welfare committee, Apex safety committee have been set-up and meetings of these forums are conducted on monthly basis to ensure active participation of employees. Fire tender, rescue vans are available at the project site in addition to round the clock fire and rescue watch performed by a squad of 60 qualified employees to ensure foolproof safety.

(c) Health & Hygiene

Your Company gives prime importance to hygiene monitoring at work place and promotes health-friendly sustainable activities. All employees as well as contractors' workforce undergo regular periodical medical and occupational examinations. Necessary trainings are conducted for workers to make them aware of first-aid and other health related matters. National Safety Week and Fire Service Week Celebration are also celebrated.

The Company has set-up Occupational Health Centers (OHCs) at the project sites. The OHCs are well-equipped to provide emergency as

well preventive and curative health services to employees, their families and contractor's workmen. Your Company has also tied up with two specialty hospitals for specialized health care treatment.

(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).

11. Corporate Social Responsibility (CSR)

Being a socially responsible corporate citizen, your Company has been deeply involved in development of villages surrounding facilities of the Company at Pipavav. Your Company's contribution to the neighboring villages is mainly in the areas of health care, education of girl child, livelihood opportunities to local people, improvement of village infrastructure including construction of schools etc.

Your Company places special emphasis on education and vocational training of local community to evolve their lives. Your Company has adopted six Industrial Training Institutes (I.T.I.s) in the vicinity of the Company's facilities and continuously supports these ITIs by providing infrastructure, organizing expert faculty members, development of new curriculum suitable for heavy engineering, fabrication and assembly industry, on the job training, employment opportunities post successful completion of training to students of these institutes including girls.

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

Your Company strives to make the project sites as energy efficient as possible and continually reviews various schemes for conservation of energy. The information required to be disclosed under Section 217(1)(e) of the Act read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, with regard to conservation of

energy, technology absorption and foreign exchange earnings and outgo is set out in Annexure “A” and forms part hereof.

Information required to be furnished in Form A is not applicable to the Company as your Company belongs to ship building, ship repair and oil gas assets industry.

13. Management Discussion and Analysis Report

The Management Discussion and Analysis Report prepared as per Clause 49 of the Listing Agreement, is provided in Annexure “B” forming part of this Annual Report.

14. Corporate Governance Report

Corporate Governance Report along with the Auditors’ Certificate confirming compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement is enclosed as Annexure “C” and forms part of this Report.

15. Investor Relations

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

The securities of your Company are listed at National Stock Exchange of India Limited and BSE Limited. The Company has paid annual listing fees to these Stock Exchanges for the financial year 2012-13.

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

16. Fixed Deposits

Your Company has not accepted any public deposits within the meaning of the provisions of Section 58A of the Act read with the Companies (Acceptance of Deposits) Rules, 1975. Therefore, no amount on account of principal or interest on public deposits was outstanding as on March 31, 2012.

17. Personnel

A statement containing prescribed details of

employees, required to be provided under Section 217(2A) of the Act read with the Companies (Particulars of Employees) Rules, 1975, forms part of this Report. However, considering provisions of Section 219(1)(b)(iv) of the Act, the Annual Report excluding the aforesaid statement is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining a copy of this statement may write to the Company Secretary.

18. Demat Suspense Account

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

Particulars	No. of Shareholders	No. of Shares
Opening Balance as at April 1, 2011	17	4,248
Request received for transfer of shares from Suspense Account	2	561
Shares transferred to Claimants’ Demat Accounts during the year	1	121
Closing Balance as at March 31, 2012	16	4,127

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.

19. Acknowledgements

Your Directors take this opportunity to express their sincere appreciation for the assistance and co-operation received from the various Departments of Government of India, Government of Gujarat, financial institutions, banks, employees, vendors and shareholders. Your Directors also wish to take on record their deep sense of appreciation for the committed services by each & every employee of the Company.

On behalf of the Board of Directors

Place : Mumbai
Date : May 30, 2012

Nikhil Gandhi
Chairman

Annexure “A” to the Directors’ Report

Information as per Section 217(1)(e) read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the year ended March 31, 2012.

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken:

- Utilization of Energy Saver for welding machines.
- Use of energy efficient light fittings in place of conventional light fittings at project site.
- Maintained Power Factor between 0.9 to 0.999 by HT Capacitor Bank.

b) Additional investments/ proposals, being implemented for reduction of consumption of energy

- Use of Variable Frequency Drives (VFD) for all air compressors.
- Installation of energy efficient sandwich Flat Belt Transmission system for Vacuum machine motors.
- Employment of energy efficient Air Flow guns with high pressure nozzles for heavy dust cleaning applications in air compressors.
- Use of Auto Delta Star Converter (ADSC) for Vacuum machine motors in blast cell.
- Control of Air leakages by conducting Ultrasonic Leak detection survey on half-yearly basis.
- Modification of existing automatic power factor correction (APFC) panels by installing superior quality of capacitors and Harmonics Filters for maintaining system power factor upto 0.995.

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

The energy conservation measures listed above have resulted in reduction of energy charges, leading to savings in cost of production.

d) Total energy consumption and energy consumption per unit of production as per Form ‘A’:

Form ‘A’ of the Annexure to the above mentioned rules is not applicable to the Company.

B. TECHNOLOGY ABSORPTION

Information with respect to technology absorption is furnished below in prescribed Form B.

Research and Development (R&D)

a) Areas in which R&D carried out by the Company:

- Detailed hydrographic survey to explore the littoral/ sedimentation pattern in the vicinity of the shipyard has been carried out, to reduce siltation problems.
- Special launching procedure (Deep Sea launching) for vessels is being explored, to save the dry docking time, costs and to cater to increased number of running projects. A launching barge and the load-out mechanism from jetty to barge are being designed for the purpose.
- Formation of Quality circles for paint optimization and preparation of as-fitted drawings by use of 3D scanning technology.

b) Benefits derived as a result of above R&D:

- Considerable reduction in dredging expense on account of lower siltation problems.

- Improvement in profitability and flexibility of building program in future due to employment of deep sea launching methodology. This technique is also highly useful for offshore platform launching.
 - Considerable financial savings by reduction in paint consumption.
 - Improvement in quality of drawings and a sharp reduction in delivery time, due to use of As-fitted drawings.
- c) Future Plan of Action:**
- Working along with leading Marine Technological Institutes on Ship Design and building process problems like Welding distortion prediction and control, designing of green ships.
- d) Expenditure on R & D:**
- No incremental expenses other than normal manpower expenses of personnel engaged in R&D initiatives.

Technology Absorption, Adaptation and Innovation

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

- Technical Collaboration Agreement with IIT Kharagpur.
- Continuous internal training process.
- Shifting to state-of-the-art Ship Design softwares.

b) Benefits derived as a result of the above efforts

- Better and more efficient ship design.

c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) : Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in lacs)

Particulars	2011-12	2010-11
Foreign Exchange earned	1,20,077.61	51,922.60
Foreign Exchange used	16,192.68	3,374.10

During the year under review, the Company imported Raw Materials & Components and Stores & Spares on CIF basis of ₹ 44,978.48 lacs (Previous Year ₹ 39,529.66 lacs). Similarly, the Company imported Capital Goods worth ₹ 404.99 lacs (Previous Year ₹ 941.56 lacs).

Management's Discussion and Analysis Report

Annexure "B" to Directors' Report

The Management of your Company is pleased to present below its analysis on the performance of the Company for the financial year 2011-12 and its outlook for the future.

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

The Company is engaged in the business of building assets in various segments including (i) Defence Shipbuilding; (ii) Offshore Oil & Gas Exploration and Production Assets Construction; (iii) Commercial Shipbuilding and Repairs; (iv) Defence hardware & services for the Indian Armed Forces; and (v) Heavy Engineering.

(i) Defence Shipbuilding

Geopolitical equations are rapidly changing globally, with the emergence of new powers, upheavals in many strategic regions and economic crisis in the developed world. India's size, strategic location, trade interests and dynamic global security environment underpin the critical need to bolster the country's defence preparedness and infrastructure to safeguard its security interests.

In the Union Budget 2012-13, the Finance Minister allocated ₹ 1,93,407 Crore for defence spending, representing 1.9% of Gross Domestic Product (GDP) of the country. The defence outlay represents growth of 13.15% over the previous year's revised outlay. Defence sector capital expenditure allocation of close to ₹ 80,000 Crore includes ₹ 24,766 Crore towards naval capital expenditure which is 72% higher compared to last year with the focus being on modernization of fleet of the Indian Navy.

The substantial increase in allocation to the naval capital expenditure is based on the

realization that India has to modernize its fleet to face the challenges thrown by other countries seeking to establish presence in the Indian Ocean, a region of strategic importance connecting the developed West with the emerging East, in order to further its emergence as a key player in global trade.

The present fleet of the Indian Navy consists of 132 ships including submarines, to which about 49 ships will be added in the next five years. According to reports available in public domain, the Indian Navy requires over 100 ships of different varieties including aircraft carriers, submarines, destroyers, patrol vessels etc. over the next two decades. In continuation to the Defence Procurement Procedure (DPP) 2011 promoting 'Buy Indian, Make Indian' and public private partnerships for development of indigenous defence industry, the Ministry of Defence, Government of India, issued guidelines *for establishing Joint Venture Companies by Defence Public Sector Undertakings (DPSUs)* with the objective to achieve substantive self-reliance in the defence sector and to augment national effort of producing state-of-the-art defence products with globally competitive prices and timelines. Now, it is up to the private sector players, looking to establish their presence in this space, to demonstrate their technologies, capabilities and infrastructure developed by them.

Your Company is at the forefront of this opportunity having become the first private sector company which has been selected by Mazagon Dock Limited, the premier defence shipyard of the Ministry of Defence, as its partner for formation of the joint venture to build

warships for the Indian Navy. Your Company has been awarded with the contract for construction of 5 warships viz. Naval Offshore Patrol Vessels worth ₹ 2,975 Crore by the Indian Navy and is in the process of executing the same.

(ii) Offshore Oil & Gas Exploration & Production Assets Construction

Demand for crude oil in the world is expected to rise to 95 million barrels per day by 2015 and 118 million barrels per day by 2030, compared to the current level of 87 million barrels per day. Demand will be driven by emerging markets on the back of surge in development and industrialization resulting in significant increase in per capita consumption of petroleum products.

India consumes about 3.1 million barrels per day and is expected to consume 4.3 million barrels per day by 2030 at a compounded annual growth rate of 1.8%. Currently, India is the fourth largest oil consumer in the world and the fifth largest importer of crude oil and is expected to surpass Japan and Russia to become the world's third largest consumer by 2030. India only produces about 20% of its total crude oil requirement. To meet demand supply gap, the Government of India has taken various initiatives and has enacted various policies such as New Exploration Licensing Policy (NELP). Government of India under the 9th round of NELP offered 33 oil and gas exploration blocks. With increased oil & gas exploration activity in India post NELP particularly in deep water blocks, there is increased demand for advanced offshore structures, subsea architecture and advanced drilling technologies leading to higher efficiency and reduced production costs. Your Company is well-equipped to fabricate offshore structures covering mobile offshore drilling units (MODU), mobile offshore production units (MOPU), jackets, offshore platforms, topside modules,

floating production, storage & offloading units (FPSO), floating storage and regasification vessels (FSRU) etc. required to meet the growing demand for crude oil including oil equivalent products and natural gas.

Indian players are also set to benefit from the huge replacement demand which is expected to come over the next few years. Globally, 68% of rigs, 73% of anchor handling tug, supply vessels (AHTSVs) and 62% of the platform supply vessels (PSVs) are more than 20 years old. This will translate into huge potential to service and revamp/ upgrade large number of these assets by Indian private shipyards.

(iii) Commercial Shipbuilding and Repairs

The commercial shipbuilding industry globally is dependent on several key drivers including world GDP which drives economic activity; the break down in geographical barriers driving trade; increasing demand for crude oil and oil tankers for its transportation; and steel production driven by importers like China, the United States and South East Asia which accounts for 42% of global dry bulk trade.

The outlook for the global shipbuilding industry remains subdued with global shipyard capacity close to its historical high and the global order book almost half the recent peak and expected to remain so in the near future. Several shipping segments are seeing pressure on freight rates, declining asset values and the risk of increasing overcapacity in the near term. In this scenario, demand is focused on new, quality, fuel-efficient, competitively priced and eco-friendly vessels.

The ship building industry in India is estimated to touch ₹ 9,200 Crore by 2015 from ₹ 7,310 Crore at present, growing at a compounded rate of about 8% as highlighted by the industry body ASSOCHAM. The global shipbuilding industry currently stands at ₹ 7.3 lacs Crore.

The Indian Commercial shipbuilding depends on 8 Public Sector and 20 Private Sector shipyards in the country. India has a competitive advantage from its global peers like low labor cost, strong domestic demand, technically skilled qualified labor force, established steel and manufacturing industry and coastline as long as 7,517 kms. strategic location close to the Indian Ocean, Arabian Sea and the Bay of Bengal making it easily accessible from three directions. India offers endless opportunity in the commercial shipbuilding and repair industry. India's ship building industry currently is about 1.5% of the global ship building market and the Union Shipping Minister is targeting a global market share of 5% by 2017.

In India, major shipyards carry out both repair and ship building activities. Unlike the shipbuilding industry, which experiences cyclical downturns and upturns, the repair industry is evergreen. Yards generally have a continuous and consistent flow of business and revenue generation from repairs business.

With the growing fear of pollution and stricter norms and regulations, repairing services are in demand. Indian shipyards have the competitive advantages including proximity to international shipping routes.

(iv) Defence Hardware & Services for the Indian Armed Forces

The Government of India is making all efforts to strengthen its defence requirements be it the army, navy or air force. The entire defence gamut is the key focus for India right now and your Company is well-equipped to seize all the opportunities offered in this space.

(v) Heavy Engineering

The heavy engineering sector in India has been growing tremendously on account of the Government's increased thrust on infrastructure development. Continuous investment in

sectors such as power, oil & gas exploration & production, etc. coupled with robust industrial activity is expected to drive the growth momentum in the heavy engineering industry in the near term.

II. OPPORTUNITIES & THREATS

Opportunities

Public Private Partnerships

The Indian Government has an increased requirement for construction of defence vessels which needs to be fulfilled in a short period of time. Public shipyards already have very strong order books. In such a situation public shipyards are leaning more towards private shipyards for meeting their order book requirements and keeping in mind the DPP which urges companies to make and buy in India.

The DPP reform and offset incentive is aiming to increase production of ships by private and public companies simultaneously to meet the high demand of our country's defence forces. Pipavav is recognized as one of the finest players in the sector with world class infrastructure and technological tie-ups and your Company is first to benefit from such demand having become the first private sector company which has been selected by Mazagon Dock Limited, the premier defence shipyard of the Ministry of Defence, as its partner for formation of the joint venture to build warships for the Indian Navy.

Export to foreign countries

India is making considerable development within the Indian defence sector especially with new reforms like the DPP but is also taking a step forward in the form of exports. India exported approx. \$93 million worth of defence equipment to countries such as Nepal and Mauritius in 2004. During fiscal year 2010-11 exports stood at \$ 1.11 billion and in the first 3 quarters of fiscal 2011-12 exports have already surged pass that number. With the ever increasing demand from foreign nations, we expect to benefit from exports in the future.

Govt. focus on Defence and high allocation in Budget

The defence budget has increased to ₹ 1,93,407 Crore i.e. growth of 17.63% over the previous year. The Government clearly marks the need for additional defence spending and realizes its importance as high priority. PDOC is expected to be a frontrunner in this segment.

Threats

Dependency on Government to determine order flow

Where defence orders are concerned, it is always a sensitive issue for the nation and the Government has to go through intense due diligence before any commitment. At times, this could slow down the process. We are in a position to execute at a quick pace but that is only if the process of order confirmation takes place smoothly.

Competition from larger players entering the market

We do not rule out the competition from large conglomerates who may resort to aggressive price strategy. However, we will always have an edge due to early mover advantage. It is evident to all how the Defence industry has panned out in the last few years and opportunities it offers. We believe that the opportunity is so huge that it has enough room for all players.

III. OUTLOOK

Your Company completed the first full year of operations in 2011-12, during which it successfully delivered two Panamax vessels, the largest bulk carriers of its class built in India till date, to its international customers.

Going forward, in fiscal year 2012-13 we expect to accelerate the process of production. Your Company has the capability to develop high quality and state-of-the-art ships for the military as well as for commercial

demand at its global standard facility. The Company has commenced the construction of second dry dock. Our infrastructure and world class fabrication facilities along with technological tie-ups provide testament of the confidence shown in us by our partners. We are confident of utilizing our strengths viz. high quality, high technology ship building processes and systems as a platform for enhanced growth.

Your Company is gaining leadership in its space and with all differentiating factors in our favor, we are optimistic that we will capitalize on opportunities provided by the defence, offshore, oil and gas assets space and witness sustained growth and profitability going forward.

IV. RISKS AND CONCERNS

Your Company is exposed to risks like industry risk factors such as competition, economic cycle, uncertainties in the international and domestic markets, foreign exchange fluctuation risk, liquidity and credit risks. The Company mitigates these risks by following prudent business and risk management practices. The risk management framework establishes risk management processes, identifies, assesses and mitigates risks that could materially impact the Company's performance in achieving its business objectives. The risk management framework ensures compliance with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

V. FINANCIAL PERFORMANCE

During the financial year 2011-12, your Company registered the operating income of ₹ 1,867.06 Crore i.e. increase of 117.12% over the financial year 2010-11. Your Company earned profit before tax of ₹ 72.70 Crore as compared to previous year profit of ₹ 47.95 Crore. Operationally, the interest cost was at ₹ 203.20 Crore compared to the previous year interest cost of ₹ 93.40 Crore.

VI. INDUSTRIAL RELATIONS & HUMAN RESOURCES

The management of your Company and the talent is continuously strengthened. The relationship between the management and employees is very pleasant and without any industrial disputes. Your Company has a strong management team consisting of able leaders who have experience in managing similar facilities in India or abroad. The management established HR Policies for its employees and Welfare, health and safety of employees is given utmost priority. Furthermore HR initiatives in the area of training are enhancing the effectiveness of its employees.

VII. INTERNAL CONTROL SYSTEMS

The Company has put in place adequate systems of internal controls as a safety measure and to protect from loss, unauthorized use or disposition of its assets. All transactions are duly recorded and reported to the management. The Company observes all the applicable Accounting Standards prescribed for proper maintenance of books of accounts and reporting of financial statements. The appointed independent internal auditors review various areas of operations and the Audit Committee of the Board of Directors periodically reviews the Internal Audit reports as well as action taken on the matters reported therein.

REPORT ON CORPORATE GOVERNANCE

Annexure “C” to Directors’ Report

1. Company’s Philosophy on Code of Corporate Governance

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

The 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 individuals, corporation and society. With the adoption of Whistle Blower Policy, the Company has moved forward in its pursuit of excellence in corporate governance.

2. Board of Directors

- i) The Company has always maintained a transparent Board policy. The Board consists of esteemed personalities from various fields. The Executive Vice-Chairman looks after the day-to-day activities of the Company, while the Non-Executive Independent Directors, with their rich and varied experience provide a wider perspective for the scheme of things and bring in independence in decision making.
- ii) As on March 31, 2012, the Board of Directors of the Company consists of seven Directors including one Non-Executive Chairman, one Executive Vice-Chairman, one Nominee Director appointed by Export-Import Bank of

India (“EXIM Bank”) and four Independent Directors. The number of Non-Executive Directors and Independent Directors on the Board is more than 50% of the total number of Directors. The Company is in compliance with Clause 49 of the Listing Agreement pertaining to composition of the Board of Directors.

- iii) None of the Directors on the Board is a Member of more than ten Committees or Chairman of more than five Committees across all the companies in which they are Directors. The necessary disclosures regarding Committee positions in other public companies as on March 31, 2012, have been made by the Directors.
- iv) During the year under review, EXIM Bank has appointed Mr. David Rasquinha as its Nominee Director on the Board of Directors of the Company, in place of Mr. R. M. V. Raman w.e.f. April 25, 2011.
- v) During the year, the Company has paid ₹ 7.00 lacs to Mr. S. Venkiteswaran towards fees for rendering professional services to the Company as a Senior Advocate. Apart from this, none of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.
- vi) 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.
- vii) During the year under review, seven Board Meetings were held on May 20, 2011; May 28, 2011; August 12, 2011; September 6, 2011; September 12, 2011; November 11, 2011 and February 10, 2012.

- viii) 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) as also number of other directorships in Indian public limited companies and membership of the Committees of the Boards of such companies is given below. Other Directorships exclude alternate directorships, Indian private limited companies, Section 25 companies and foreign companies. Memberships of Board Committees include only Audit Committee and Shareholders'/ Investors' Grievance Committee.

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	3	7	---	6	2	NO
Mr. Bhavesh Gandhi	Executive Vice-Chairman Non-Independent Director	1	4	---	1	6	YES
Mr. Ajai Vikram Singh	Non-Executive Independent Director	---	1	---	---	3	NO
Mr. David Rasquihna*	Nominee Director Non-Executive Independent Director	---	3	1	---	7 [#]	NO
Mr. Ramunni Menon Premkumar	Non-Executive Independent Director	1	4	---	---	7	YES
Mr. Samar Ballav Mohapatra	Non-Executive Independent Director	---	1	1	---	4	NO
Mr. Venkiteswaran Subramaniam	Non-Executive Independent Director	1	4	---	5	4	NO

*Appointed w.e.f. April 25, 2011.

[#]Mr. David Rasquihna attended Board Meeting held on September 6, 2011 through teleconferencing.

3. Procedure adopted by the Board

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

Important decisions taken at the Board/ Committee Meetings are promptly communicated to the 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.

4. Audit Committee

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

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

- Oversight of the Company's financial reporting process and to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with the management, performances of statutory and internal auditors.
- Recommending to the Board the appointment and removal of Statutory Auditors and remuneration payable to the Statutory Auditors and also approval of payment for any other services rendered by Statutory Auditors.
- Reviewing with the management the financial statements before submission to the Board, with reference to:
 - Matters required to be included in Director's Responsibility Statement in terms of Section 217(2AA) of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices;
 - Compliance with Accounting Standards;
 - Major accounting entries involving estimates based on exercise of judgment by the management;
 - Compliance with legal requirements relating to financial statements;
 - Significant adjustments made in the financial statements arising out of audit findings; and
 - Disclosure of any related party transactions that may have potential conflict of interest with the Company.
- Reviewing the adequacy of internal audit function including the structure,

staffing, reporting structure, coverage and frequency of Internal Audit.

- Discussion with the Internal Auditors for any significant finding and follow-up thereon.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature, which require reporting the matter to the Board.
- Reviewing with the Statutory Auditors scope of audit and any area of concern.
- Looking into any other matter, as may be required, as per the provisions of the Companies Act, 1956 or The Securities and Exchange Board of India Act, 1992 and rules framed under the said Acts.

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

(b) Composition:

The Audit Committee is comprised of six 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	2
Mr. Bhavesh Gandhi	Non-Independent	Member	4
Mr. David Rasquihna [#]	Independent	Member	3
Mr. S. Venkiteswaran	Independent	Member	2
Mr. Samar Ballav Mohapatra	Independent	Member	2

[#]appointed as member w.e.f. May 28, 2011.

During the year under review, the Audit Committee met four times on May 28, 2011; August 12, 2011; November 11, 2011 and February 10, 2012.

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

5. Remuneration Committee

(a) Terms of Reference:

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

- To review the remuneration payable to the Executive Directors.
- To determine Employees Stock Option Policy of the Company.
- To determine eligibility of employees for participation in the Employees Stock Option Plans, number of options/ shares to be granted to each eligible employee, etc.

(b) Composition:

Remuneration Committee of the Company is comprised of four Directors of the Company. The Committee met once on May 28, 2011 and details of composition of the Committee and attendance at the meeting of the Remuneration Committee are as follows:

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

(c) Remuneration Policy:

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

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

The Company doesn't pay any remuneration to its Non-Executive Directors except sitting fee for attending meetings of the Board and the Committees thereof. The members of the Company at the 14th AGM have approved increase in payment of sitting fees to Non-Executive Directors of the Company from ₹ 10,000/- to ₹ 20,000/- for attending each meeting of Board of Directors or Committees thereof w.e.f. every meeting held after October 5, 2011.

(d) Details of Remuneration of the Directors for the financial year 2011-12:

i) Executive Directors

(₹ in lacs)

Executive Vice-Chairman	Salary	Performance Incentive*	Retirement Benefits#
Mr. Bhavesh Gandhi	240.00	150.00	17.28

*Payment of Performance Incentive is subject to the approval of Central Government.

#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.

- All the above remuneration components except Performance Incentive are fixed in nature. The payment of performance incentive is considered and approved by the Remuneration Committee and the Board of Directors, based on the Company's business plans, current market trends and contribution of the Executive Director in achieving objectives of the Company.
- The Company does not have any Stock Option Scheme.
- The term of appointment of Mr. Bhavesh Gandhi is upto March 31, 2013.

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 year 2011-12 and the number of equity shares held by them are as follows:

Name of the Director	Sitting Fees (₹)	No. of Shares held
Mr. Ajai Vikram Singh	70,000	NIL
Mr. Nikhil Gandhi	1,40,000	NIL
Mr. R. M. Premkumar	1,60,000	NIL
Mr. David Rasquinha*	1,40,000	NIL
Mr. Samar Ballav Mohapatra	90,000	NIL
Mr. S. Venkiteswaran	1,30,000	NIL
Mr. P. Krishnamurthy (Alternate Director)	40,000	1,50,000

*The sitting fees for EXIM Bank Nominee were paid directly to EXIM Bank.

6. Shareholders'/ Investors' Grievance Committee

(a) Terms of Reference:

The Shareholders'/ Investors' Grievance Committee was formed to monitor the expeditious redressal of shareholders'

grievances such as non-receipt of refund orders and dividend warrants, non-receipt of Annual Report and other matters related to shares.

(b) Composition:

The Committee is comprised of three Directors. The Committee met once on November 11, 2011. 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	0
Mr. Bhavesh Gandhi	Non-Independent	Member	1
Mr. S. Venkiteswaran	Independent	Member	1

Mr. Ajit Dabholkar, 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 69,432 investors as on March 31, 2012. During the year under review, the status of requests and complaints was as follows:

Particulars	Opening Balance	Received	Resolved	Closing Balance
Requests	0	281	281	0
Complaints	0	15	15	0

7. General Body Meetings

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

Financial Year	Day and Date	Time	Venue
2010-11	Wednesday, October 5, 2011	10.00 A.M.	Pipavav Port, Post Uchchaiya,
2009-10	Wednesday, August 25, 2010	12.00 P.M.	Via-Rajula, Dist. Amreli,
2008-09	Tuesday, August 11, 2009	12.30 P.M.	Gujarat – 365 560

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

AGM held on October 5, 2011

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

AGM held on August 25, 2010

- To approve allotment of 2,54,00,000 Compulsorily Convertible Unsecured Debentures of the face value of ₹ 70/- each.
- To approve alteration of Article of Association of the Company.
- To approve payment of Performance Incentive of ₹ 1.50 Crore to Mr. Bhavesh Gandhi, Executive Vice-Chairman for the financial year 2009-10, in addition to remuneration already approved.

AGM held on August 11, 2009

- To approve payment of Performance Incentive of ₹ 1.50 Crore to Mr. Bhavesh Gandhi, Executive Vice-Chairman for the financial year 2008-09, in addition to remuneration already approved.

(iii) Postal Ballot:

During the previous financial year 2011-12, the Company sought consent of its members for passing Special Resolutions by means of postal ballot, pursuant to provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules,

2001, vide Postal Ballot Notice dated May 20, 2011. Results of postal ballot were declared on June 25, 2011 at the Registered Office of the Company.

The Board of Directors of the Company had appointed Ms. Amrita D.C. Nautiyal, Practising Company Secretary, as the Scrutinizer for conducting postal ballot process in fair and transparent manner.

Declared results of the postal ballot were published through newspaper, posted on the Company's website and communicated to the Stock Exchanges where shares of the Company are listed. Details of the same are given below:

Particulars of Special Resolutions passed on June 25, 2011

- Change of name of the Company from Pipavav Shipyard Limited to **"Pipavav Defence and Offshore Engineering Company Limited"**.
- Alteration in the Main Objects Clause of the Memorandum of Association of the Company.

Voting Pattern

Particulars	Total Valid Votes cast	Total Valid Votes cast in favour of the Resolution	Total Valid Votes cast against the Resolution
Resolution 1	42,75,45,158	42,75,09,531 (99.99%)	35,627 (0.01%)
Resolution 2	42,76,40,804	42,76,40,804 (99.99%)	29,515 (0.01%)

8. Disclosures

- There are no materially significant transactions with the related parties viz. promoters, directors, relatives, the management, subsidiaries, etc. that may have a potential conflict with the interests of the Company at large.
- No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities in any matter related to capital markets, during the last 3 years.
- Your Company is fully compliant with the mandatory requirements of Clause 49 of the Listing Agreement and has adopted following non-mandatory requirements:

- a) Maintenance of the office of Non-Executive Chairman.
- b) The Company has constituted the Remuneration Committee.
- c) The Company has adopted Whistle Blower Policy and has established necessary mechanism for reporting concerns about unethical behaviour.

9. Means of Communication

The quarterly, half yearly and annual financial results of the Company are published in leading English and Gujarati daily newspapers viz. Economic Times and Gujarat Samachar/ Divya Bhaskar. The results are also displayed on the Company's website at www.pipavavdoc.com. Management Discussion and Analysis Report forms part of the Company's Annual Report.

10. Code of Conduct & Ethics

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

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

11. General Shareholders' Information:

(i) 15th AGM

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

Time: 10:00 A. M.

Day & Date: Tuesday, September 25, 2012

(vi) Distribution of shareholding as on March 31, 2012

No. of Equity Shares held	No. of Shareholders	% of total Shareholders	No. of Shares held	% of total Shares
1 to 500	59,833	86.17	87,79,730	1.27
501 to 1000	5,900	8.50	44,22,981	0.64
1001 to 5000	2,639	3.80	61,50,765	0.89
5001 to 10000	429	0.62	33,37,173	0.48
10001 to 100000	456	0.66	1,46,39,401	2.12
100001 to 500000	102	0.15	2,37,83,797	3.44
500001 & above	73	0.11	63,00,84,541	91.16
Total	69,432	100.00	69,11,98,388	100.00

(ii) Tentative Financial Calendar

Event	Date
Mailing of Annual Report	First Week of September 2012
First Quarter Results	By Mid August 2012
Half Yearly Results	By Mid November 2012
Third Quarter Results	By Mid February 2013
Audited Annual Results (2012-13)	May 2013

(iii) Book Closure

The register of members and share transfer books of the Company shall remain closed from Thursday, September 20, 2012 till Monday, September 24, 2012 (both days inclusive).

(iv) Dividend Payment Date: Not Applicable

(v) Listing on Stock Exchanges and Stock codes

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

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

The Company has paid annual listing fees for the year 2012-13 to BSE and NSE.

Details of Shareholding as on March 31, 2012

Sr. No.	Category	No. of shares held	Shareholding (%)
1	Promoters and Promoter Group	29,95,76,180	43.34
2	Financial Institutions, Banks & Mutual Funds	4,37,08,606	6.32
3	Insurance Company	2,19,42,696	3.18
4	Foreign Institutional Investors	5,30,37,037	7.67
5	Foreign Venture Capital/ Foreign Companies/ Foreign Nationals/ NRIs	5,35,76,382	7.75
6	Bodies Corporate/ Trusts	17,91,77,993	25.92
7	Indian Public and others	4,01,79,494	5.82
	Total	69,11,98,388	100.00

(vii) Share Transfer System

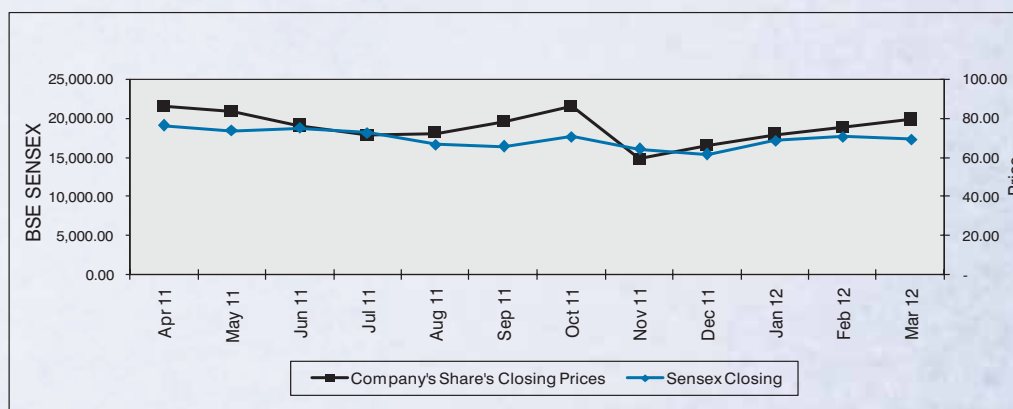
The Company has delegated its powers to effect the transfer of shares to the Registrar and Transfer Agents of the Company.

(viii) Market price data

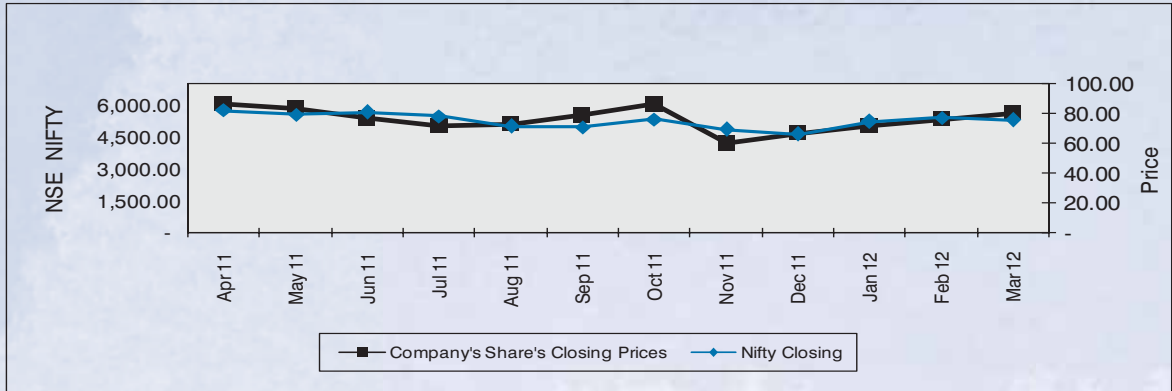
High and low of market prices of the Company's equity shares traded on BSE and NSE during the last financial year were as follows:

(Amount in ₹)

Month	BSE		NSE	
	High	Low	High	Low
April 2011	92.25	79.00	92.15	78.50
May 2011	87.40	80.35	87.45	80.10
June 2011	84.50	72.00	84.50	72.35
July 2011	79.50	71.15	79.80	70.90
August 2011	77.00	61.20	75.40	61.20
September 2011	92.60	68.25	92.70	68.50
October 2011	87.90	70.00	87.85	70.05
November 2011	86.70	50.65	86.60	50.10
December 2011	70.35	59.25	69.65	59.20
January 2012	75.00	65.25	72.45	65.00
February 2012	78.70	71.50	78.70	71.25
March 2012	83.20	75.00	83.20	75.15

Share Performance of the Company in comparison to BSE Sensex

Share Performance of the Company in comparison to NSE Nifty



(ix) Registrar and Transfer Agents

Karvy Computershare Private Limited
17-24, Vittalrao Nagar,
Madhapur, Hyderabad – 500 081
Tel: 040 23420838
Fax: 040 23420814
E-mail: einward.ris@karvy.com
Contact Person: Mr. S. Krishnan

(x) Dematerialization of Shares and Liquidity

The Company's equity shares are compulsorily traded in electronic form. As on March 31, 2012, 67,36,89,422 equity shares or 97.47% 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 are part of BSE-200 and S&P CNX 500 Index.

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

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

As on March 31, 2012, there are 2,05,00,000 outstanding convertible warrants ("Warrant") of ₹ 78/- each. Each Warrant is convertible

into one equity share of face value of ₹ 10/- each within a period of 18 months from the date of allotment of Warrants, on payment of balance consideration of ₹ 58.50 per Warrant. Upon conversion of Warrants, paid-up equity share capital of the Company will increase by ₹ 20.50 Crore.

(xii) Plant Location

- Pipavav Port, Post Uchhaiya, Via-Rajula, District Amreli – 365 560, Gujarat.
- Village Rampara-II, Taluka Rajula & Village Lunsapur, Taluka Jafrabad, District Amreli – 365 560, Gujarat.

(xiii) Address for Correspondence

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

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

(xiv) Reconciliation of Share Capital Report

As stipulated by the SEBI, Reconciliation of Share Capital Audit is carried out by a qualified Practising Company Secretary to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital of the Company. This audit is carried out every quarter and the report thereon is submitted

to the stock exchanges and is also placed before the Board of Directors. The audit, *inter alia*, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total number of shares in dematerialized form and total number of shares in physical form.

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

The Company has a Code of Conduct for Prevention of Insider Trading in Securities of the Company. The Code, *inter-alia*, prohibits

purchase/ sale of shares of the Company by the Directors, Officers and designated employees while in possession of unpublished price sensitive information in relation to the Company. Under this Code, Directors, Officers and designated employees are also prevented from dealing in the shares during the closure of trading window. Directors and designated employees who buy and sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions.

DECLARATION OF EXECUTIVE VICE-CHAIRMAN

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Bhavesh Gandhi, Executive Vice-Chairman of Pipavav Defence and Offshore Engineering Company Limited, declare that all Board Members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct and Ethics during the financial year 2011-12.

Place : Mumbai

Date : May 30, 2012

Bhavesh Gandhi

Executive Vice-Chairman

Chief Executive Officer and Chief Financial Officer – Certification

We, Bhavesh Gandhi, Executive Vice-Chairman and Jigar Shah, Chief Financial Officer, of Pipavav Defence and Offshore Engineering Company Limited (“the Company”), certify that:

- a) We have reviewed financial statements and cash flow statement for the financial year 2011-12 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (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 2011-12 which are fraudulent, illegal or violative of the Company’s code of conduct.
- c) We, are responsible for establishing and maintaining internal controls for financial reporting, and we have:
 - (i) evaluated the effectiveness of the Company’s internal control systems pertaining to financial reporting; and
 - (ii) disclosed to the auditors and Audit Committee through internal audit reports, action taken reports, etc. the deficiencies in the design or operation of internal controls of which we are aware and 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 during the financial year 2011-12;
 - (ii) significant changes in accounting policies during the financial year 2011-12 and the same have been disclosed in the notes to the financial statements; and
 - (iii) no instances of significant fraud and the involvement therein of the management or an employee having a significant role in the Company’s internal control system over financial reporting, have come to our notice.

Jigar Shah
Chief Financial Officer

Bhavesh Gandhi
Executive Vice-Chairman

Place : Mumbai

Date : May 30, 2012

CERTIFICATE OF CORPORATE GOVERNANCE

To,
The Members,
Pipavav Defence and Offshore Engineering Company Limited
(Formerly known as Pipavav Shipyard Limited)

We have examined the compliance of conditions of Corporate Governance by Pipavav Defence and Offshore Engineering Company Limited ('the Company'), for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with the 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 Chaturvedi & Shah
Chartered Accountants
Firm Reg. No. – 101720W

Place : Mumbai
Date : May 30, 2012

R. Koria
Partner
Membership No. – 35629

AUDITORS' REPORT

To

The Members of

Pipavav Defence and Offshore Engineering Company Limited

(formerly known as Pipavav Shipyards Limited)

1. We have audited the attached Balance Sheet of Pipavav Defence and Offshore Engineering Company Limited as at March 31, 2012, and also the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. Without qualifying our opinion attention is drawn to the:
 - Note no. 21.2 regarding recognition of revenue in respect of certain Panamax vessels under construction, wherein the matter is under arbitration, for the reasons explained therein.
 - Note no. 26.1 regarding Managerial Remuneration, which is subject to the approval of Central Government.
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
5. Further to our Comments in paragraph 3 above and in the Annexure referred to in Paragraph 4 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books;
 - c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors as on March 31, 2012, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant accounting policies and notes there on, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - (ii) in the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

R. Koria
Partner

Membership No. – 35629

Place : Mumbai
Date : May 30, 2012

ANNEXURE TO AUDITOR'S REPORT**(Referred to in paragraph 4 of our report of even date)**

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

- i. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, the Company has physically verified certain assets, in accordance with a phased program of verification, which in our opinion is reasonable, having regard to the size of the Company.
 - c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii. In respect of its inventories:
 - a. As explained to us, all the inventories at EOU and SEZ unit except steel profiles/angles have been physically verified by the management during the year. In respect of inventories in transit and lying with the Job Workers, we have relied on the certificates and other documents provided by the management.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories needs to be further strengthened to make it commensurate with the size of the Company.
 - c. The Company has maintained records of inventories which needs to be strengthened. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii. In respect of Loans, secured or unsecured, granted or taken by the Company to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has granted unsecured loan to a wholly-owned subsidiary Company. The maximum amount outstanding at any time during the year was ₹ 4363.08 Lacs and the year end balance was ₹ 4158.13 Lacs.
 - b. In our opinion and according to the information and explanations given to us, the aforesaid loan is interest free and other terms and conditions are not prima facie prejudicial to the interest of the Company.
 - c. The said loan is repayable on demand and there is no repayment schedule.
 - d. As the said loan is repayable on demand, the question of overdue amount does not arise.
 - e. The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of sub-clauses (f) and (g) of paragraph 4 of the order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an internal control system for the purchases of inventory and fixed assets and for the sale of goods and services which needs to be strengthened. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- b. The transactions, made in pursuance of the contracts or arrangements, entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to ₹ 5 lacs or more in respect of each party, have been made at prices, which are reasonable. The Company has not made any similar transactions with any other party.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under are not applicable for the year under audit.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of the business of the Company.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix. According to the information and explanations given to us in respect of statutory dues:
- a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year except in some cases.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
- c. The disputed statutory dues aggregating to ₹ 795.30 Lacs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount* (₹ in lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2007-08	5.46	C.I.T. (A)
		2004-05	32.64	ITAT
		2007-08 to 2010-11	757.20	ITO (TDS)
Total			795.30	

* Net of amount deposited under protest as mentioned in Note no. 32 to the financial statements.

- x. The Company does not have any accumulated losses as at March 31, 2012 and has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company as on March 31, 2012 has not defaulted in the repayment of dues to banks, financial institutions and debenture holders except for overdue amount of loans and interest aggregating to ₹ 7365.31 lacs to banks and financial institutions.
- xii. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- xiv. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investment. The Company has maintained proper records of transactions and contracts in respect of shares, securities, debentures, and other investments and timely entries have been made therein. All shares, securities, debentures, and other investments have been held by the Company in its own name.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The Company has raised new term loans during the year. To the best of our knowledge and according to the information and explanations given to us, the term loans outstanding at the beginning of the year and those raised during the year were prima facie been either used for the purposes for which they were raised or pending utilization been temporarily kept with the banks.
- xvii. On the basis of review of utilization of fund, which is based on overall examination of the Balance Sheet of the Company as at March 31, 2012, related information as made available to us and as represented by the management, we are of the opinion that fund raised on short term basis have not prima facie been used during the year for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any secured debentures, hence the provisions of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xx. During the year covered by our report, the Company has not raised any money by public issue.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

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

R. Koria
Partner

Membership No. – 35629

Place : Mumbai
Date : May 30, 2012

Balance Sheet as at March 31, 2012

₹ in lacs

Particulars	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) Share Holders' Funds			
Share Capital	2	69,119.84	66,579.84
Reserves and Surplus	3	124,773.73	101,426.59
Monies received against Convertible Share Warrants	4	3,997.50	6,254.96
		197,891.07	174,261.39
(2) Non Current Liabilities			
Long Term Borrowings	5	100,177.22	93,498.97
Deferred Tax Liabilities (Net)	6	6,246.33	794.20
Other Long Term Liabilities	7	19,436.59	14,983.07
		125,860.14	109,276.24
(3) Current Liabilities			
Short Term Borrowings	8	172,319.58	75,976.18
Trade Payables	9	43,090.62	16,134.21
Other Current Liabilities	10	54,231.99	67,760.45
Short Term Provisions	11	2,501.34	9,000.68
		272,143.53	168,871.52
TOTAL		595,894.74	452,409.15
II. ASSETS			
(1) Non Current Assets			
Fixed Assets			
	12		
Tangible Assets		220,131.09	122,322.28
Intangible Assets		281.23	177.20
Capital Work-in-Progress		56,535.86	147,244.92
Intangible Assets under development		-	119.87
		276,948.18	269,864.27
Non Current Investments	13	2,050.26	1,896.78
Long Term Loans and Advances	14	61,604.76	16,059.85
		340,603.20	287,820.90
(2) Current Assets			
Current Investments	15	900.00	2,299.74
Inventories	16	33,910.19	24,534.79
Trade Receivables	17	90,942.09	20,499.33
Cash and Bank Balances	18	27,825.25	42,562.57
Short Term Loans and Advances	19	33,954.06	31,244.65
Other Current Assets	20	67,759.95	43,447.17
		255,291.54	164,588.25
TOTAL		595,894.74	452,409.15
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 43		

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

For and on behalf of the Board of Directors

R. Koria
Partner

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2012

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2012

₹ in lacs

Particulars	Note	For the year ended March 31, 2012	For the year ended March 31, 2011	
REVENUE				
I	Gross Revenue from Operations	21	186,723.37	85,993.41
	Less: Service Tax recovered		16.90	-
	Net Revenue from Operations		186,706.47	85,993.41
II	Other Income	22	2,440.24	6,355.69
	Total Revenue (I + II)		189,146.71	92,349.10
EXPENSES				
	Cost of Materials Consumed	23	49,877.97	28,283.20
	Purchase of Traded Goods	24	51,662.25	25,758.80
	Changes in Inventories of Work-in-Progress and Scrap	25	113.02	2,235.06
	Employee Benefits Expenses	26	4,578.09	2,739.93
	Finance Costs	27	25,768.18	11,934.38
	Depreciation and Amortisation Expenses		10,589.16	4,873.26
	Other Expenses	28	39,288.08	11,729.28
	Total		181,876.75	87,553.91
	Profit Before Tax		7,269.96	4,795.19
	Tax Expense - Current Tax		1,471.30	1,127.65
	- MAT credit entitlement		(1,471.30)	(1,127.65)
	- Deferred Tax		5,452.13	794.20
	- Income Tax for Earlier Years		(33.75)	11.39
	Profit After Tax		1,851.58	3,989.60
	Earnings per equity share of ₹ 10/- each	29		
	- Basic (₹)		0.27	0.60
	- Diluted (₹)		0.27	0.60
	Significant Accounting Policies	1		
	Notes to Financial Statements	2 to 43		

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

For and on behalf of the Board of Directors

R. Korla
 Partner

Nikhil P. Gandhi
 Chairman

Bhavesh P. Gandhi
 Executive Vice Chairman

Place :- Mumbai
 Date :- May 30, 2012

Jigar Shah
 Chief Financial Officer

Ajit Dabholkar
 Company Secretary

Cash Flow Statement for the year ended March 31, 2012

₹ in lacs

Sr. No.	Particulars	2011-2012	2010-2011
A	Cash Flow from Operating Activities		
	Net Profit before Tax	7,269.96	4,795.19
	Adjustments for :		
	Depreciation and Amortisation Expenses	10,589.16	4,873.26
	Interest Income	(2,087.32)	(3,676.33)
	Dividend on Current Investments	(22.83)	(337.88)
	Profit on Sale of Current Investments	(96.72)	(326.71)
	Loss / (Profit) on Sale of Fixed Assets (Net)	(74.74)	4.13
	Finance Costs	25,768.18	11,934.38
	Provision for Wealth Tax	2.40	2.45
	Provision for estimated cost over contract revenue	567.36	(2,931.79)
	Cost Estimated for Revenue Recognised	(7,245.62)	(3,028.47)
	Liability No Longer Required (Written Back)	-	(413.72)
	Foreign Exchange Difference	(976.10)	(572.68)
	Operating profit before working capital changes	33,693.73	10,321.83
	Adjusted for :		
	Inventories	(9,375.40)	(11,232.47)
	Trade and other receivables	(105,164.45)	(46,864.44)
	Trade Payables	18,497.25	(2,400.19)
	Cash Generated from Operations	(62,348.87)	(50,175.27)
	Direct Taxes Paid / Refund	26.35	166.90
	Net Cash used in Operating Activities	(62,322.52)	(50,008.37)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work-in-Progress	(51,379.16)	(31,667.73)
	Sale of Fixed Assets	84.85	1.27
	Advance to Subsidiary (Net)	(367.90)	79.17
	Purchase of Investments	(10,472.03)	(273,115.35)
	Sale of Investments	11,815.00	271,927.87
	Dividend Received on Current Investments	22.83	331.23
	Interest Received	2,538.14	4,411.37
	Fixed Deposits held for maturity period more than 3 months placed	-	(1,832.39)
	Fixed Deposits held for maturity period more than 3 months matured	1,832.39	-
	Net Cash used in Investing Activities	(45,925.88)	(29,864.56)

Cash Flow Statement for the year ended March 31, 2012

₹ in Lacs

Sr. No.	Particulars	2011-2012	2010-2011
C	Cash Flow from Financing Activities		
	Issue of Convertible Share Warrants	3,997.50	6,254.96
	Proceeds from Compulsorily Convertible Debentures	-	17,780.00
	Security Issue Expenses	-	(1,148.45)
	Proceeds from Long Term Borrowings	33,418.12	20,604.91
	Repayment of Long Term Borrowings	(13,056.71)	(10,184.42)
	Short Term Borrowings (Net)	100,530.75	41,184.23
	Interest Paid	(29,546.19)	(17,884.87)
	Margin Money (Net)	5,078.48	21,172.50
	Net Cash Flow from Financing Activities	100,421.95	77,778.86
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(7,826.45)	(2,094.07)
	Cash & Cash Equivalents - Opening balance	10,949.69	13,043.76
	Cash & Cash Equivalents - Closing balance	3,123.24	10,949.69

Notes:

- (1) The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash Flow Statement.
- (2) Figures in brackets indicate outflow.
- (3) Previous Year figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.

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

For and on behalf of the Board of Directors

R. Koria
 Partner

Nikhil P. Gandhi
 Chairman

Bhavesh P. Gandhi
 Executive Vice Chairman

Place :- Mumbai
 Date :- May 30, 2012

Jigar Shah
 Chief Financial Officer

Ajit Dabholkar
 Company Secretary

Notes to Financial Statements

Note - 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

b. USE OF ESTIMATES:

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

c. FIXED ASSETS:

- i. Fixed Assets are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including finance costs till commencement of commercial production attributable to the fixed assets are capitalised.
- ii. Expenses incurred relating to project, net of income earned during project development stage prior to commencement of commercial operation, are considered as project development expenditure 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 five years. Amortization is done on straight line basis.

e. DEPRECIATION:

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

f. INVESTMENTS:

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

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.

Notes to Financial Statements

h. INVENTORY:

The inventories i.e. Raw Materials, Stores and Spares, Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprise of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. The cost of 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 for shipbuilding contracts are recognized using the percentage of completion method as under:
 - a. In respect of commercial vessels, including bulk carriers, tankers, container vessels, etc. and floating platforms, revenue is recognized on the basis of percentage of actual cost incurred thereon as against the total estimated cost of the shipbuilding contract under execution.
 - b. In respect of other vessels, including offshore support vessels, revenue is recognized in proportion to the stage of completion. The stage of completion is measured by reference to the percentage of proportion of the contract work completed as determined by technical experts. As soon as the outcome of the construction contract can be estimated reliably, contract revenue and expenses are recognized in the Statement of Profit and Loss in proportion to the degree of completion of the contract.

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

- ii. Revenue from ship repairs is recognized on the basis of job completion.
- iii. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.

j. GOVERNMENT SUBSIDY:

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

k. FOREIGN CURRENCY TRANSACTIONS:

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
- ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of items, which are covered by forward exchange contracts, the difference between the year end rate and rate

Notes to Financial Statements

on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.

- iii. Non monetary foreign currency items are carried at cost.
- iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

I. FINANCIAL DERIVATIVES:

In respect of Derivative Contracts, premium paid and losses/gain on settlement 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/project development expenditure of the year in which the related service is rendered.
- ii. Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss/project development expenditure for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Statement of Profit and Loss/project development expenditure.

n. PROVISION FOR CURRENT AND DEFERRED TAX:

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

o. IMPAIRMENT OF ASSETS:

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

p. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

q. PRELIMINARY AND ISSUE EXPENSES:

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

Notes to Financial Statements

Note - 2

SHARE CAPITAL

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Equity Shares		
Authorised		
800,000,000 (Previous Year 800,000,000) equity shares of ₹ 10/- each	80,000.00	80,000.00
Issued, Subscribed and fully paid up		
691,198,388 (Previous Year 665,798,388) equity Shares of ₹ 10/- each fully paid-up	69,119.84	66,579.84
Total	69,119.84	66,579.84

2.1 Reconciliation of Number of equity shares outstanding at the beginning and at the end of the year

₹ in lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
No. of shares at the beginning of the year	665,798,388	66,579.84	665,798,388	66,579.84
Add: Shares issued during the year on conversion of debentures	25,400,000	2,540.00	-	-
No. of shares at the end of the year	691,198,388	69,119.84	665,798,388	66,579.84

2.2 Shareholders holding more than 5% Shares in the Company

Shares held by	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% Holding	No. of Shares	% Holding
SKIL Infrastructure Limited	257,266,685	37.22%	257,266,685	38.64%
Ovira Logistics Limited	-	-	51,100,000	7.67%
Smallcap World Fund, Inc.	35,731,000	5.17%	35,925,000	5.25%
IL&FS Marine Infrastructure Company Limited	53,423,871	7.73%	-	-

2.3 Reserved Shares

The Convertible Share Warrant Holders have the option to convert their share warrants into 2,05,00,000 Equity Shares (Previous Year 2,52,21,612) of ₹ 10/- each at the terms and conditions as referred in note no. 4.2

2.4 Terms and Rights attached to Equity Shares

The Company has only one class of Equity Share having a 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 shareholders will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportionate to the number of equity shares held by the shareholders.

Notes to Financial Statements

Note - 3

RESERVES AND SURPLUS

₹ in lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Capital Reserve		
Balance as per last Balance Sheet	-	-
Add:- On forfeiture of preferential convertible warrants (refer note no. 4.1)	6,254.96	-
Total	6,254.96	-
Securities Premium Account		
Balance as per Last Balance Sheet	102,501.56	103,650.01
Add :- On Issue of Shares on Conversion of Debentures	15,240.00	-
Less :- Securities Issue Expenses	(0.60)*	1,148.45
Total	117,742.16	102,501.56
Surplus		
Balance as per last Balance Sheet	(1,074.97)	(5,064.57)
Add:- Profit for the year	1,851.58	3,989.60
Total	776.61	(1,074.97)
Grand Total	124,773.73	101,426.59

* Reversal of provision made during the Financial Year 2010-11.

Note - 4

MONIES RECEIVED AGAINST CONVERTIBLE SHARE WARRANTS

- 4.1 2,52,21,612 Convertible Share Warrants were issued by the Company in the Financial Year 2010-11 on preferential basis to one of the promoter Company. Subsequently on the due date warrant holder didn't exercise the option against said warrants, accordingly ₹ 6,254.96 Lacs being the amount received against these Convertible Share Warrants has been forfeited by the Company and credited to the Capital Reserve.
- 4.2 As approved by the Shareholders in the Annual General Meeting held on October 5, 2011, the Company has allotted 1,05,00,000 Convertible Warrants to individual investors and 1,00,00,000 Convertible Warrants to a promoter Group Company @ ₹ 78 each. Each Warrant is convertible into one fully paid-up equity share of the Company of ₹ 10 each at a premium of ₹ 68 per equity share at any time prior to 18 months from the date of allotment of warrants. Against the above warrants the Company has received ₹ 3,997.50 Lacs being 25% of the total consideration as at March 31, 2012, which has been fully utilised for the purpose for which they have been issued.

Notes to Financial Statements

Note - 5

LONG TERM BORROWINGS

₹ in lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
Secured Loans				
Rupee Term Loans from:				
- Banks	63,055.63		60,378.12	
- Financial Institutions	37,093.27	100,148.90	33,068.82	93,446.94
Vehicle Loans		28.32		52.03
	Total	100,177.22		93,498.97

5.1 Rupee Term loan from Banks and Financial Institutions referred to above and ₹ 28,479.48 Lacs included in current maturities of long term debt in note no. 10 are secured as under:

- ₹ 101,456.38 Lacs by way of First charge & mortgage on all the immovable properties, both present & future & hypothecation of all movable properties, both present and future.
- ₹ 5,500 Lacs by way of subservient charge on Fixed Assets, both present & future.
- ₹ 11,672.00 Lacs by way of subservient charge on Fixed Assets and Current Assets.
- ₹ 10,000 Lacs by way of first pari-passu charge on entire moveable and immoveable properties, both present & future, second pari-passu charge on Current Assets of the Company.

5.2 Repayment Terms:

- The above Rupee Term Loans including ₹ 28,479.48 Lacs included in current maturities of Long Term Debts carry an interest rate ranging from 11.00% to 14.25%. Out of the above Rupee Term Loan ₹ 44,018.63 Lacs are repayable in 40 equal quarterly instalments commencing from 1st April 2010 to 1st January 2020, ₹ 20,535 Lacs in 40 quarterly structured instalments commencing from 31 August 2005 to 28th February 2017, ₹ 4,500 Lacs in 40 equal quarterly instalments commencing from 1st October 2009 to 1st July 2019, ₹ 30,777.75 Lacs in 36 equal quarterly instalments commencing from 1st April 2011 to 1st January 2020, ₹ 1,625 Lacs in 32 quarterly equal instalments commencing from 1st October 2010 to 1st July 2018, ₹ 5,500 Lacs in 4 quarterly equal instalments commencing from 29th September 2012 to 29th June 2013, ₹ 11,672 Lacs in 6 quarterly equal instalments commencing from 1st July 2012 to 1st December 2013 and ₹ 10,000 Lacs in 20 equal half yearly instalments commencing from 20th February 2015 to 31 August 2024.
- The maturity profile, period and amount of instalments of Rupee Term Loans as referred above including Current Maturities of Rupee Term Loans referred to in note no. 10 are as under:

₹ in lacs

Financial Year	Rupee Term Loans from		Total
	Banks	Financial Institutions	
2012-13	20,413.48	8,066.00	28,479.48
2013-14	14,185.89	7,016.00	21,201.89
2014-15	8,638.89	8,013.00	16,651.89
2015-16	8,638.89	5,900.00	14,538.89
2016-17	8,638.89	6,040.00	14,678.89

Notes to Financial Statements

₹ in lacs

Financial Year	Rupee Term Loans from		Total
	Banks	Financial Institutions	
2017-18	8,638.89	3,900.00	12,538.89
2018-19	8,159.47	3,900.00	12,059.47
2019-20	6,154.70	2,324.28	8,478.98
Total	83,469.10	45,159.28	128,628.38

- 5.3 All Rupee Term Loans are guaranteed by a promoter group Company and rupee Term Loan of ₹ 1,11,456.38 Lacs are further secured by pledge of 133,999,994 shares of the Company held by the promoters.
- 5.4 Rupee Term Loans of ₹ 97,850.63 Lacs (Previous Year: ₹ 79,773.49 Lacs) are also guaranteed by some of the directors in their personal capacities.
- 5.5 Lenders in respect of secured loans aggregating to ₹ 1,01,456.38 Lacs (Previous Year: ₹ 1,08,237.83 Lacs) have right to convert the loans at their option into fully paid-up equity shares of the Company if the Company is in default for a period more than what is specified in the respective loan agreements.
- 5.6 Vehicle Loans referred to above are secured by the hypothecation of the specific vehicles financed. The loans are repayable in monthly equal instalments (including interest) as per repayment schedule starting from 1st May, 2010 to 1st April, 2015.
- 5.7 As on March 31, 2012, the Company has overdue of ₹ 1,437.59 Lacs and ₹ 948.77 Lacs being the loan amount and interest thereon respectively.

Note - 6

DEFERRED TAX LIABILITIES (NET)

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

₹ in lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liabilities		
Related to Fixed Assets	22,600.72	7,321.39
Deferred Tax Assets		
Unabsorbed Depreciation	16,259.31	6,454.24
Disallowance under Income Tax Act, 1961	95.08	72.95
	16,354.39	6,527.19
Deferred Tax Liabilities (Net)	6,246.33	794.20

Notes to Financial Statements

Note - 7

OTHER LONG TERM LIABILITES

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Advances from Customers	19,436.59	14,983.07
Total	19,436.59	14,983.07

Note - 8

SHORT TERM BORROWINGS

₹ in Lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Secured Loans		
- from Banks	85,367.94	42,650.00
Unsecured Loans		
- from Banks	86,951.64	33,326.18
Total	172,319.58	75,976.18

8.1 Secured Loans from Banks referred to above includes:

- i) ₹ 5,000 Lacs secured by way of first charge on the current assets of the Company and second charge on Fixed Assets of the Company.
- ii) ₹ 20,000 Lacs secured by way of subservient charge on fixed assets and current assets of the Company both present and future.
- iii) ₹ 20,000 Lacs secured by way of first pari-passu charge on fixed assets both present and future of the Company with existing lenders.
- iv) ₹ 32,355.30 Lacs secured by way of first pari-passu charge on entire current assets of the Company, second pari-passu charge on the entire fixed assets of the Company.
- v) ₹ 5,482.76 Lacs secured by way of hypothecation of stock and receivables.
- vi) ₹ 2,529.88 Lacs secured by way of hypothecation of entire stock of raw materials, stock in process, finished goods, consumables, stores and spares, inward RR's/GR's receivables and all other current assets of the borrower on pari-passu basis with other consortium banks.

8.2 Secured loans of ₹ 42,500.21 Lacs are further guaranteed by a promoter group Company and some of the directors in their personal capacity.

8.3 As on March 31, 2012, the Company has overdue of ₹ 4,561.05 Lacs and ₹ 417.90 Lacs being the loan amount and interest thereon respectively.

Notes to Financial Statements

Note - 9

TRADE PAYABLES

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Dues to Micro, Small and Medium Enterprises	875.37	458.66
Dues to Others	42,215.25	15,675.55
Total	43,090.62	16,134.21

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	2011 - 2012	2010 - 2011
Principal amount remaining unpaid	875.37	458.66
Interest due thereon	69.39	-
Interest paid by the Company in term of Section 16	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid	69.39	-
Interest remaining due and payable even in succeeding years	-	-

Note - 10

OTHER CURRENT LIABILITES

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Current Maturities of Long Term Debts	28,503.19	32,600.02
Interest Accrued and due on borrowings	1,366.67	-
Interest Accrued but not due on borrowings	1,839.23	2,616.72
Unclaimed Share Application Money *	6.01	6.01
Creditors for Capital Goods	8,534.30	4,031.75
Advance from Customers	10,885.09	26,814.89
Statutory Dues	662.32	467.71
Deferred Forward Premium	211.33	101.40
Other Payables **	2,223.85	1,121.95
Total	54,231.99	67,760.45

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

** Mainly includes payables to employees and provision for expenses.

Notes to Financial Statements

Note - 11

SHORT TERM PROVISIONS

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
for Employee Benefits	293.07	264.32
for Income Tax (Net)	150.22	-
for Wealth Tax (Net)	2.40	2.45
Other Provisions [#]	2,055.65	8,733.91
Total	2,501.34	9,000.68

[#]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, 2011 was ₹ 361.59 lacs and ₹ 8,372.32 lacs respectively, which was incurred during the year. Liability outstanding under this clause as at March 31, 2012 is ₹ 928.95 Lacs and ₹ 1,126.70 lacs respectively. Actual outflow is expected in the subsequent financial years.

Notes to Financial Statements

Note - 12 FIXED ASSETS

₹ in lacs

Particulars	Gross Block		Depreciation and Amortisation			Net Block				
	As on 1-Apr-11	Additions during the year	Deductions/ Adjustments	As on 31-Mar-12	Upto 31-Mar-11	For the year	Deductions/ Adjustments	Upto 31-Mar-12	As at 31-Mar-11	As at 31-Mar-12
Tangible Assets										
Owned Assets										
Buildings	45,047.59	2,189.17	-	47,236.76	2,273.16	1,518.68	-	3,791.84	43,444.92	42,774.43
Plant and Equipments	62,837.13	105,621.45	4.52	168,454.06	4,214.04	7,747.14	0.81	11,960.37	156,493.69	58,623.09
Furniture and Fixtures	602.34	202.40	3.62	801.12	225.80	44.66	1.53	268.93	532.19	376.54
Office Equipments	184.46	108.56	4.54	288.48	43.40	17.29	2.04	58.65	229.83	141.06
Vehicles	499.14	10.97	2.73	507.38	143.17	46.18	0.93	188.42	318.96	355.97
Total	109,170.66	108,132.55	15.41	217,287.80	6,899.57	9,373.95	5.31	16,268.21	201,019.59	102,271.09
Leased Assets										
Leasehold Land	22,332.08	207.69	-	22,539.77	2,280.89	1,147.38	-	3,428.27	19,111.50	20,051.19
Total	22,332.08	207.69	-	22,539.77	2,280.89	1,147.38	-	3,428.27	19,111.50	20,051.19
Total Tangible Assets	131,502.74	108,340.24	15.41	239,827.57	9,180.46	10,521.33	5.31	19,696.48	220,131.09	122,322.28
Intangible Assets										
Computer Softwares*	277.66	171.86	-	449.52	100.46	67.83	-	168.29	281.23	177.20
Total Intangible Assets	277.66	171.86	-	449.52	100.46	67.83	-	168.29	281.23	177.20
Total	131,780.40	108,512.10	15.41	240,277.09	9,280.92	10,589.16	5.31	19,864.77	220,412.32	122,499.48
Previous Year	109,238.82	22,550.01	8.43	131,780.40	4,410.68	4,873.26	3.02	9,280.92	122,499.48	-
Capital Work in Progress									56,535.86	147,244.92
Intangible Assets under development									-	119.87

* Other than Internally Generated

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

Notes to Financial Statements

12.2 Capital Work-in-Progress includes:

₹ in lacs		
Particulars	2011 - 2012	2010 - 2011
- Material at site	525.16	582.27
- Assets under construction and installation	35,605.34	103,349.12
- Preoperative expenses	20,405.36	43,313.53

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

12.4 Details of Preoperative expenses are as under:

₹ in lacs		
Particulars	2011 - 2012	2010 - 2011
Opening Balance	43,313.53	38,316.49
Add:		
Salaries Wages and Allowances	819.09	817.82
Contribution to PF and Other Fund	20.23	14.91
Staff Welfare Expenses	22.99	36.02
Rent	55.94	96.61
Professional and Consultancy Charges	158.56	172.27
Conveyance, Travelling and Vehicle Expenses	121.43	158.11
Rates and Taxes	-	56.77
Insurance	50.61	77.85
Communication Expenses	10.18	16.50
Repairs & Maintenance – Building	-	29.37
Repairs & Maintenance – Others	27.20	82.35
Miscellaneous Expenditure	96.17	156.59
Interest Expenses	4,065.54	7,784.42
Other Borrowing Costs	301.65	125.50
Sub-total	49,063.12	47,941.58
Less :		
Balances Written Back	-	145.59
Allocated to Fixed Assets	28,657.76	4,482.46
Sub-total	28,657.76	4,628.05
Closing Balance (Total)	20,405.36	43,313.53

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

Notes to Financial Statements

12.6 Additions in the Fixed Assets include interest and financial charges of ₹ 9,436.70 Lacs (Previous Year : ₹ 985.60 Lacs) as detailed below:

Particulars	₹ in lacs	
	2011 - 2012	2010 - 2011
Land and Site Development	24.49	2.91
Buildings	86.99	111.75
Plant and Machinery	9,317.76	870.94
Software	7.46	-
Total	9,436.70	985.60

Note - 13

NON CURRENT INVESTMENTS

Particulars	Face Value (₹)	Numbers		₹ in lacs	
		31-Mar-12	31-Mar-11	As at	
				March 31, 2012	March 31, 2011
Long Term Trade Investments (Unquoted)					
In Equity shares of Subsidiary Company					
E Complex Pvt. Ltd. (Fully paid-up)	10.00	21,709,327	21,709,327	1,896.73	1,896.73
				1,896.73	1,896.73
In Associate Company					
Conceptia Software Technologies Pvt. Ltd. (Fully paid-up)	10.00	112,200	-	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				2,050.26	1,896.78

13.1 Refer note no. 1(f) for basis of valuation.

Notes to Financial Statements

Note - 14

LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Capital Advances	42,718.93	153.20
Security Deposits with		
- Related Parties	7,355.00	7,355.00
- Others	2,318.43	1,705.94
Cenvat / VAT recoverable	7,120.96	5,718.06
MAT credit entitlement	2,091.44	1,127.65
Total	61,604.76	16,059.85

14.1 Details of Deposits to Related Parties

₹ in lacs

Company Name	Nature of Relationship	As at	
		March 31, 2012	March 31, 2011
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

14.2 Cenvat / VAT recoverable represents the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project and operations. The Company has been legally advised that such amounts are recoverable. Any unrealized 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.

14.3 Presently the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961 ("the Act") and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115JB, in next ten years. Based on the future projection of the performances, the Company will be liable to pay the Income Tax as per provisions, other than under section 115JB, of the Act. Accordingly as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India, ₹ 1,471.30 Lacs (Previous Year: ₹ 1,127.65 Lacs) being the excess of tax payable under section 115JB of the Act over tax payable as per the provisions other than section 115JB of the Act has been considered as MAT credit entitlement and credited to statement of Profit and Loss. The aggregate MAT credit entitlement available to the Company as on March 31, 2012 is ₹ 2,091.44 Lacs. (Previous Year: ₹ 1,127.65 Lacs) net of reversal of excess provision of ₹ 507.51 Lacs made in previous year.

Notes to Financial Statements

Note - 15

CURRENT INVESTMENTS (Unquoted)

₹ in lacs

Particulars	Face Value (₹)	Numbers 31-Mar-12	Amount	Numbers 31-Mar-11	Amount
In Units of Mutual Funds					
Kotak Floater Long Term Growth	10.00	-	-	5,469,316.83	792.90
SBI-Magnum Insta Cash Fund-Dividend	10.00	-	-	2,985,637.76	500.10
Religare Ultra Short Term Fund-Institutional Dividend	10.00	-	-	100,501.41	1,006.74
SBI Debt Fund Series- 90 Days-60-Growth	10.00	5,600,000.00	560.00	-	-
SBI Debt Fund Series- 367 Days-18- Growth	10.00	3,400,000.00	340.00	-	-
Total			900.00		2,299.74

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

15.2 Investments in Mutual Fund has been pledged with Banks for financial facilities availed from them.

Note - 16

INVENTORIES

₹ in lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Raw Materials	28,671.01	18,713.68
Raw Materials in Transit	2,795.54	4,773.89
Stores and Spares	2,010.58	501.14
Scrap	433.06	546.08
Total	33,910.19	24,534.79

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

Note - 17

TRADE RECEIVABLES

(Unsecured and considered good)

₹ in lacs

Particulars	As at March 31, 2012	As at March 31, 2011
- Due for a period exceeding six months	37,147.93	0.90
- Others	53,794.16	20,498.43
Total	90,942.09	20,499.33

Notes to Financial Statements

Note - 18

CASH AND BANK BALANCES

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	3,113.96	5,440.15
- Fixed Deposits having maturity period less than 3 months	-	5,500.00
Cash on Hand	9.28	9.54
	3,123.24	10,949.69
Other Bank Balances		
Share Application Money Refund account	6.01	6.01
Fixed Deposits with Banks as margin money *	24,696.00	29,774.48
Fixed Deposits Others	-	1,832.39
	24,702.01	31,612.88
Total	27,825.25	42,562.57

* Includes ₹ 9,273.32 Lacs (Previous Year : ₹ 13,805.87 Lacs) having maturity period more than 12 months.

Note - 19

SHORT TERM LOANS AND ADVANCES

(Unsecured & considered good)

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Loans and Advances to Related Parties	4,158.13	3,790.23
Advance Taxes (Net)	-	808.61
Security Deposits	393.26	387.89
Advance recoverable in cash or in kind or for the value to be received (Subject to Confirmation)		
- Against purchase of material / services	23,339.14	23,765.33
- Others *	6,063.53	2,492.59
Total	33,954.06	31,244.65

* Mainly includes prepaid expenses, interest and cenvat receivable.

19.1 Details of Loans and Advances to Related Parties

₹ in lacs

Company Name	Nature of Relationship	As at	
		March 31, 2012	March 31, 2011
E Complex Private Limited	Subsidiary	4,158.13	3,790.23

Notes to Financial Statements

Note - 20

OTHER CURRENT ASSETS

(Unsecured & considered good)

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Shipbuilding Contracts Receivables	38,682.85	27,138.13
Subsidy Receivable	29,062.58	16,309.04
Other Receivables	14.52	-
Total	67,759.95	43,447.17

Note - 21

REVENUE FROM OPERATIONS

₹ in lacs

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Ship building and Repairs	119,896.63	51,942.69
Subsidy on Shipbuilding	12,753.54	7,494.13
Rig Repairs	180.98	-
Trading of Steel Items (Steel Plates, Pipes & Rolled Products)	52,335.92	26,556.26
Other Operating Revenue		
- Sales of Scrap	1,556.30	0.33
Total	186,723.37	85,993.41

- 21.1 As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on 25th March 2009, the Company is eligible for subsidy at the rate of 30% of the contract price, in respect of the export order received for vessels for which the contracts with the customers were signed on or before 14th August 2007. Accordingly Government Subsidy of ₹ 12,753.54 Lacs for the year ended March 31, 2012 (Previous Year ₹ 7,494.13 Lacs) has been recognised as revenue including in respect of Ships under construction on proportionate completion basis.
- 21.2 The Company has order for building several panamax sister vessels. The Company has initiated arbitration proceedings as per terms of contract for four panamax vessels & subsequently, the Company has received alleged cancellation notices for these vessels. The Company is of the view that it has a strong case. However, since most of the panamax vessels are sister vessels, the Company can deliver these vessels against orders for balance panamax vessels. Therefore the Company continues to recognise the revenue on these vessels and during the year the Company has recognised revenue of ₹ 29,047.63 Lacs (Previous Year: ₹ 9,792.32 Lacs) on these vessels and subsidy of ₹ 8,714.29 Lacs (Previous Year: ₹ 2,937.70 Lacs).

Notes to Financial Statements

Note - 22

OTHER INCOME

₹ in lacs

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Interest Income	2,087.32	3,695.63
Project consultancy	-	300.00
Profit on Sale of Fixed Assets (Net)	74.74	-
Profit on Sale of Current Investments	96.72	326.71
Dividend on Current Investments	22.83	337.88
Foreign Exchange Differences (Net)	97.64	1,227.30
Liability No Longer Required Written Back	-	413.72
Miscellaneous Income	60.99	54.45
Total	2,440.24	6,355.69

Note - 23

COST OF MATERIALS CONSUMED

₹ in lacs

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Steel Plates and Profiles	22,676.56	7,528.06
Equipment and Components	27,201.41	20,755.14
Total	49,877.97	28,283.20

23.1 Value of Raw Materials Consumed includes:

₹ in lacs

Particulars	For the year ended		For the year ended	
	March 31, 2012		March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	11,772.73	23.60%	4,282.36	15.14%
Imported	38,105.24	76.40%	24,000.84	84.86%
	49,877.97	100.00%	28,283.20	100.00%

Notes to Financial Statements

Note - 24

PURCHASE OF TRADED GOODS

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Steel Items (Steel Plates, Pipes & Rolled Products)	51,662.25	25,758.80
Total	51,662.25	25,758.80

Note - 25

CHANGES IN INVENTORIES OF WORK IN PROGRESS AND SCRAP

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
At the end of the year		
Scrap	433.06	546.08
Work in progress	-	-
	433.06	546.08
Less :- At the beginning of the year		
Scrap	546.08	221.98
Work in progress	-	2,559.16
	546.08	2,781.14
Changes in Inventories	113.02	2,235.06

Note - 26

EMPLOYEE BENEFITS EXPENSES

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Salaries, Wages and Allowances	4,116.19	2,472.70
Contribution to Provident and Other Fund	106.57	91.31
Staff Welfare Expenses	355.33	175.92
Total	4,578.09	2,739.93

26.1 Salary, wages and allowances includes performance incentive to Executive Vice Chairman of ₹ 150.00 Lacs (Previous Year: ₹ 150.00 Lacs) subject to approval of the Central Government.

Notes to Financial Statements

26.2 Employee Benefits

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

Defined Contribution Plan		₹ in lacs	
Particulars	2011 - 2012	2010 - 2011	
Employers Contribution to Provident Fund	85.18	75.10	
Employers Contribution to Pension Fund	23.44	18.98	
	108.62	94.08	

Defined Benefit Plan

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

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.

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

		₹ in lacs	
Particulars	2011 - 2012	2010 - 2011	
Defined Benefit Obligation at beginning of the year	95.09	84.46	
Current & Past Service Cost	53.43	14.58	
Current Interest Cost	8.20	6.06	
Actuarial (Gain) / Loss	(52.50)	14.48	
Benefits paid	-	24.49	
Defined Benefit Obligation at end of the year	104.22	95.09	

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

		₹ in lacs	
Particulars	2011 - 2012	2010 - 2011	
Fair Value of Plan Assets at the beginning of the year	51.02	45.11	
Expected Return on Plan Assets	4.25	3.85	
Actuarial Gain / (Loss)	(0.09)	2.06	
Contributions	-	-	
Benefits Paid	-	-	
Fair Value of the Assets at the end of the year	55.18	51.02	

Notes to Financial Statements

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

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Fair Value of Plan Assets at the end of the year	55.18	51.02
Present Value of Defined Benefit Obligation at end of the year	104.22	95.09
Liabilities / (Assets) recognised in the Balance Sheet	49.04	44.07

iv) Expenses recognised during the year

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Current & Past Service Cost	53.43	14.58
Interest Cost	8.20	6.06
Expected Return on Plan Assets	(4.25)	(3.85)
Actuarial (Gain) / Loss	(52.40)	12.42
Net Cost Recognised in statement of Profit and Loss	4.98	29.21

v) Assumptions used to determine the defined benefit obligations

Particulars	2011 - 2012	2010 - 2011
Mortality Table (LIC)	(1994 – 96 ultimate)	
Discount Rate (p.a.)	8.62%	8.39%
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 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	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008
Defined Benefit Obligation	104.22	95.09	84.46	46.85	18.81
Plan Assets	55.18	51.02	45.11	63.66	40.37
Surplus/(Deficit)	(49.04)	(44.07)	(39.35)	16.81	21.56
Experience adjustment on plan assets (Gain)/Loss	*	*	*	*	*
Experience adjustment on plan Liabilities Gain/ (Loss)	*	*	*	*	*

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

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

Notes to Financial Statements

Note - 27

FINANCE COSTS

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Interest Expenses	20,319.81	9,340.40
Other Borrowing Costs	5,448.37	2,593.98
Total	25,768.18	11,934.38

Note - 28

OTHER EXPENSES

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Stores and Spares Consumed	3,449.59	2,073.93
Power, Fuel and Water	2,112.63	1,496.37
Repairs and Maintenance	1,769.45	1,036.90
Labour Charges	8,822.73	2,772.95
Equipment Hire Charges	2,081.92	587.02
Rent	943.02	704.81
Infrastructure Facility Charges	940.00	940.00
Fabrication Expenses	17,052.43	1,628.68
Design and Drawing Fees	609.43	539.48
Insurance	314.02	205.52
Cost Estimated for Revenue Recognised (Reversal)	(7,245.62)	(3,028.47)
Provision for estimated cost over contract revenue	567.36	(2,931.79)
Rates and Taxes	3.00	3.30
Communication Expenses	136.67	91.71
Travelling, Conveyance and Vehicle Hire Charges	1,859.36	1,008.32
Legal and Professional Charges	1,935.46	2,149.36
Payment to Auditors	71.90	56.60
Advertising / Publicity Expenses	465.44	524.39
Business Promotion Expenses	1,115.27	234.00
Miscellaneous Expenses	2,265.52	1,631.26
Loss on Sale of Fixed Assets (Net)	-	4.13
Donations	18.50	0.81
Total	39,288.08	11,729.28

Notes to Financial Statements

28.1 Value of Stores and Spares Consumed includes:

₹ in lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	2,768.69	80.26%	1,588.42	76.59%
Imported	680.90	19.74%	485.51	23.41%
Total	3,449.59	100.00%	2,073.93	100.00%

28.2 Payment to Auditors

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Audit Fees	42.00	35.00
Tax Audit Fees	10.00	5.00
Certification Charges	19.90	16.60
Total	71.90	56.60

Note - 29

Earnings per share (Basic and Diluted)

₹ in lacs

Particulars		2011 - 2012	2010 - 2011
Net Profit after Tax		1,851.58	3,989.60
Amount available for calculation of Basic and Diluted EPS	(a)	1,851.58	3,989.60
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	675,444,836	665,798,388
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	0.27	0.60

Note: The effects of Convertible Share Warrants on Earnings Per Share are anti dilutive and hence, they are not considered for the purpose of calculation of diluted earnings per share.

Note - 30

Prior Period Items

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Income		
Interest Income	-	19.30
Miscellaneous Income	-	0.21
Total	-	19.51

Notes to Financial Statements

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Expenses		
Legal and Professional Expenses	2.98	5.34
Travelling, Conveyance and Vehicle Hire Charges	5.94	1.72
Insurance Premium	2.74	-
Miscellaneous Expenses	2.72	-
Total	14.38	7.06
Total	(14.38)	12.45

Note - 31

Expenditure in Foreign Currency

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Legal and Professional Charges	813.40	1,719.67
Travelling Expenses	106.77	74.64
Fabrication and Contract Charges	13,710.55	852.19
Interest and Bank Charges	938.89	217.66
Design and Drawing Fees	609.43	483.45
Others	13.64	26.49
Total	16,192.68	3,374.10

Note - 32

CONTINGENT LIABILITIES AND COMMITMENTS

32.1 CONTINGENT LIABILITIES

(No Cash Outflow is expected except stated otherwise)

₹ in lacs

	2011 - 2012	2010 - 2011
a) Guarantees given by Company's Bankers		
i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	14,815.31	17,539.84
ii) Other Bank Guarantees (Bank Guarantees are provided under Contractual/ Legal obligations.)	22,842.57	9,065.85

Notes to Financial Statements

₹ in lacs

	2011 - 2012	2010 - 2011
b) Demands not acknowledged as Debts		
i) Income Tax	1,116.81	397.32
(The Company has deposited under protest ₹ 321.51 Lacs (Previous Year ₹ 288.67 Lacs) out of total demand)		
ii) Service Tax and Excise Duty	71.83	58.45
(Relates to disallowance of CENVAT Credit taken by the Company)		
iii) Other Claims	220.35	192.10
(Relates to claims of suppliers and demand raised by vendor for Service Tax etc.)		
c) Letters of Credit opened in favour of suppliers	1,308.97	23,388.51
(Cash Flow is expected on receipt of materials from Suppliers)		

32.2 COMMITMENTS

a) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances).	91,862.47	3,377.20
(Cash flow is expected on execution of such Capital Contracts on progressive basis)		
b) Other Commitments	159.24	-
(for investment in an Associate)		

Note - 33

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 - 34

The Company has issued, a Bond cum legal undertaking for ₹ 44,400 Lacs (Previous Year: ₹ 24,400 Lacs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, a General Bond in favour of the President of India for a sum of ₹ 15,300 Lacs (Previous Year : ₹ 15,300 Lacs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

Note - 35

The Company has received thirteen show cause notices in its 100% EOU unit from the Office of the Commissioner of Central Excise, Bhavnagar and Directorate of Revenue Intelligence which mainly relates to wrong availment of Cenvat/ Customs Duty/Service Tax Credit availed on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Notes to Financial Statements

Note - 36

On October 12, 2011 the Income Tax Authorities carried out search and seizure operations at the Company premises. Given the information provided so far and the investigation carried out at the time of this operation, the Company believes that there will be no material tax liability for the year. The amount of tax liability, if any shall be determined upon completion of the process by the Tax Authorities.

Note - 37

Segment Reporting

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

Information provided in respect of revenue items for the year ended March 31, 2012 and in respect of assets / liabilities as at March 31, 2012.

I Information about Primary (Product wise) segments:

₹ in lacs					
Sr. No.	Particulars	Shipbuilding & Repairs	Trading	Unallocated	Total
1.	NET REVENUE	134,370.55 (59,437.15)	52,335.92 (26,556.26)	- -	186,706.47 (85,993.41)
2.	RESULTS				
	Segment Results	39,181.14 (12,724.77)	673.67 (797.46)	- -	39,854.81 (13,522.23)
	Unallocated Corporate Expenses	- (-)	- (-)	9,159.27 (3,148.35)	9,159.27 (3,148.35)
	Operating Profit	39,181.14 (12,724.77)	673.67 (797.46)	-9,159.27 (-3,148.35)	30,695.54 (10,373.88)
	Finance Cost	- (-)	- (-)	25,768.18 (11,934.38)	25,768.18 (11,934.38)
	Interest Income	- (-)	- (-)	2,087.32 (3,695.63)	2,087.32 (3,695.63)
	Dividend Received	- (-)	- (-)	22.83 (337.88)	22.83 (337.88)
	Unallocated Corporate Income	- (-)	- (-)	232.44 (2,322.18)	232.44 (2,322.18)
	Profit from Ordinary Activities	39,181.14 (12,724.77)	673.67 (797.46)	-32,584.85 (-8,727.04)	7,269.96 (4,795.19)
	Provision for Income-tax - Net	- (-)	- (-)	5,418.38 (805.59)	5,418.38 (805.59)
	Net Profit	39,181.14 (12,724.77)	673.67 (797.46)	-38,003.23 (-9,532.63)	1,851.58 (3,989.60)

Notes to Financial Statements

₹ in lacs

Sr. No.	Particulars	Shipbuilding & Repairs	Trading	Unallocated	Total
3.	OTHER INFORMATION				
	Segment Assets	535,613.75 (389,212.60)	18,339.70 (7,923.76)	- (-)	553,953.45 (397,136.36)
	Unallocated Corporate Assets	- (-)	- (-)	41,941.30 (55,272.78)	41,941.30 (55,272.78)
	Total Assets	535,613.74 (389,212.60)	18,339.70 (7,923.76)	41,941.30 (55,272.78)	595,894.74 (452,409.14)
	Segment Liabilities	77,626.58 (65,129.49)	6,835.13 (5,568.35)	- (-)	84,461.71 (70,697.84)
	Unallocated Corporate Liabilities	- (-)	- (-)	313,541.97 (207,449.92)	313,541.97 (207,449.92)
	Total Liabilities	77,626.57 (65,129.49)	6,835.13 (5,568.35)	313,541.97 (207,449.92)	398,003.67 (278,147.76)

₹ in lacs

Particulars	Shipbuilding & Repairs	Trading	Unallocated	Total
Capital Expenditure	60,178.64 (31,129.49)	- (-)	70.26 (100.30)	60,248.90 (31,229.79)
Depreciation and amortisation	10,544.74 (4,835.94)	- (-)	44.42 (37.32)	10,589.16 (4,873.26)
Non-cash Expenses other than Depreciation	- (-)	- (-)	- (-)	- (-)

Figures in brackets represents previous year's amounts.

II Information about Secondary Segment:

Geographical Segment :

₹ in lacs

Particulars	31.03.2012	31.03.2011
Revenue by Geographical Segment		
Within India	74,819.66	47,536.35
Outside India	111,886.81	38,457.06
Total Revenue	186,706.47	85,993.41
Carrying Amount of Segment Assets		
Within India	489,852.53	414,905.27
Outside India	106,042.21	37,503.88
Total Assets	595,894.74	452,409.15
Capital Expenditure		
Within India	60,248.90	31,229.79
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 and reported taking into account the differing risks and returns, nature of products, the organisational structure and the internal reporting system of the Company.

III Segment Composition:

Shipbuilding and Repairs comprises of Ship-Building and Repair activities carried out by the Company at or from its Shipyard located at Pipavav, Gujarat.

Trading includes steel trading activities carried out by the Company.

Note - 38

Related Party Disclosures

a) List of Related parties

1. Subsidiary Company

E Complex Private Limited

2. Associates

SKIL Infrastructure Limited

Conceptia Software Technologies Pvt. Ltd.

3. Key Managerial Personnel

Mr. Nikhil P. Gandhi

Mr. Bhavesh P. Gandhi

Mr. M. Jitendran (upto September 2011)

Mr. Jigar Shah

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

Awaita Properties Private Limited

Grevek Investments and Finance Private Limited

Notes to Financial Statements

b) Transactions with related parties for the year ended March 31, 2012

₹ in lacs

Nature of Transactions	Subsidiary Company	Associates		Key Managerial Personnel			Other Related Parties		Total	
	E Complex Pvt. Ltd.	SKIL Infrastructure Ltd.	Conceptia Software Technologies Pvt. Ltd.	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr. M. Jitendran (CEO)	Mr. Jigar Shah (CFO)	Grevek Investments and Finance Pvt. Ltd.		Awaita Properties Pvt. Ltd.
Expenditure										
Lease Rent	251.50	-	-	-	-	-	-	-	394.31	645.81
	(251.50)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(394.93)	(646.43)
Infrastructure	940.00	-	-	-	-	-	-	-	-	940.00
Facility Charges	(940.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(940.00)
Engineering and Design Fees	-	-	14.54	-	-	-	-	-	-	14.54
Directors Sitting fees	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
	-	-	-	1.40	-	-	-	-	-	1.40
	(-)	(-)	(-)	(0.90)	-	-	-	(-)	(-)	(0.90)
Remuneration	-	-	-	-	407.28	81.33	50.00	-	-	538.61
	(-)	(-)	(-)	(-)	(397.60)	(109.46)	(34.89)	(-)	(-)	(518.95)
Expenses reimbursed to	53.05	463.59	-	-	-	-	-	-	41.75	558.39
	(107.82)	(192.44)	(-)	(-)	(-)	(-)	(-)	(-)	(43.81)	(344.07)
Expenses reimbursed from	76.61	-	-	-	-	-	-	-	-	76.61
	(128.28)	(8.80)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(137.08)
Lease Deposits - Non Current	7,030.00	-	-	-	-	-	-	-	325.00	7,355.00
	(7,030.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(325.00)	(7,355.00)
as on 31.03.2012										
Loans and Advances										
Balance as at 01.04.2011	3,790.23	-	-	-	-	-	-	-	-	3,790.23
	(3,869.40)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3,869.40)
Given during the Year	1,493.30	-	-	-	-	-	-	-	-	1,493.30
	(1,269.00)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,269.00)
Returned during the Year	1,125.40	-	-	-	-	-	-	-	-	1,125.40
	(1,348.17)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,348.17)
Balance as at 31.03.2012	4,158.13	-	-	-	-	-	-	-	-	4,158.13
	(3,790.23)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(3,790.23)
Trade Payables	-	334.59	7.17	-	-	-	-	-	98.37	440.13
	(-)	(154.52)	(-)	(-)	(-)	(-)	(-)	(-)	(3.06)	(157.58)
Share Warrants										
Issued during the year	-	-	-	-	-	-	-	1,950.00	-	1,950.00
	(-)	(6,254.96)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(6,254.96)
Balance as at 31.03.2012	-	-	-	-	-	-	-	1,950.00	-	1,950.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Non Current Investment										
Balance as at 01.04.2011	1,896.73	-	-	-	-	-	-	-	-	1,896.73
	(1,896.73)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(1,896.73)
Balance as at 31.03.2012	1,896.73	-	-	-	-	-	-	-	-	2,050.22
	(1,896.73)	(-)	153.49	(-)	(-)	(-)	(-)	(-)	(-)	(1,896.73)

Note: Figures in brackets pertain to previous year.

Note - 39

Value of Imports calculated on CIF Basis:

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Raw Material and Components	44,167.94	39,228.10
Stores and Spares	810.54	301.56
Capital Goods	404.99	941.56
Total	45,383.47	40,471.22

Notes to Financial Statements

Note - 40

Income in Foreign Currency

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Ship Building and Repairs	119,896.63	51,922.60
Rig Repairs	180.98	-
Total	120,077.61	51,922.60

Note - 41

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

₹ in lacs

Sr. No.	Particulars	2011 - 2012	2010 - 2011
a	The contract revenue recognised in the year	53,523.21	39,172.66
b	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress	104,346.96	77,082.62
c	Amount of advance received from the customers for contracts in progress	75,387.50	74,527.96
d	The retention amount due from customers for contracts in progress as at the end of financial year	-	-

Note - 42

Financial and Other Derivative Instruments:

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

For Hedging Currency related risks

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Forward Contract	7,673.48	3,572.00

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

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

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Receivables	117,142.35	46,975.90
Payables	71,477.25	79,694.65

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 and on behalf of the Board of Directors

For Chaturvedi and Shah

Chartered Accountants

R. Korla

Partner

Nikhil P. Gandhi

Chairman

Bhavesh P. Gandhi

Executive Vice Chairman

Place :- Mumbai

Date :- May 30, 2012

Jigar Shah

Chief Financial Officer

Ajit Dabholkar

Company Secretary

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

Name of the subsidiary company	E Complex Pvt.Ltd.
Financial year of the subsidiary company ended on	31.03.2012
Number of Equity Shares in the subsidiary company held by Pipavav Defence and Offshore Engineering Company Limited ("the Company") at the above date	2,17,09,327
Extent of Shareholding in the Subsidiary Company	100%
(₹ in lacs)	
The net aggregate of profit, less losses, of the subsidiary company so far as it concerns the members of the Company	
(i) Dealt within the accounts of the Company amounted to :	
(a) for the subsidiary's financial year ended March 31, 2012	NIL
(b) for previous financial years of the subsidiary since it became subsidiary of the Company	NIL
(ii) not dealt within the accounts of the Company amounted to :	
(a) for the subsidiary's financial year ended March 31, 2012	289.67
(b) for previous financial years of the subsidiary since it became subsidiary of the Company	(591.19)
Note: The Financial Year of the subsidiary coincides with that of the Company.	

For and on behalf of the Board of Directors

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2012

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Statement pursuant to Section 212(8) of the Companies Act, 1956 relating to subsidiary Company for the year ended March 31, 2012

(₹ in Lacs)

Sr. No.	Particulars	Name of the Subsidiary Company
		E Complex Private Limited
(a)	Share Capital	2,170.93
(b)	Reserves	(301.52)
(c)	Total Assets	15,271.91
(d)	Total Liabilities	15,271.91
(e)	Details of Investments	-
(f)	Turnover	1,191.50
(g)	Profit before Taxation	397.27
(h)	Provision for Taxation	107.60
(i)	Profit after Taxation	289.67
(j)	Proposed Dividend	-

Auditors' Report on Consolidated Financial Statements

To The Board of Directors

Pipavav Defence and Offshore Engineering Company Limited

(formerly known as Pipavav Shipyard Limited)

1. We have audited the attached Consolidated Balance Sheet of Pipavav Defence and Offshore Engineering Company Limited (the Company) and its Subsidiary and associates (collectively referred to as "the Group") as at March 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit financial statements of the E Complex Private Limited, the subsidiary, whose Financial Statements reflect total assets of ₹ 15271.91 lacs as at March 31, 2012, total revenue of ₹ 1193.33 lacs and net cash out flows amounting to ₹ 207.03 lacs for the year ended on that date. These financial statements and the other financial information have been audited by other auditors whose report has been furnished to us by the Management, and our opinion is based solely on their report.
4. We did not audit the financial statements of Conceptia Software Technologies Private Limited, an associate Company, whose financial statements reflect group's share of profit of ₹ 23.43 lacs for the year ended March 31, 2012 as considered in the consolidated financial statements for the year then ended. These financial statements have been audited by other auditors whose report has been furnished to us by the Management, and our opinion is based solely on their report.
5. Without qualifying our opinion attention is drawn to the:
 - Note no. 22.2 regarding recognition of revenue in respect of certain Panamax vessels under construction, wherein the matter is under arbitration, for the reasons explained therein.
 - Note no. 27.1 regarding Managerial Remuneration, which is subject to the approval of Central Government.
6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard "(AS) 21, Consolidated Financial Statements, AS 23, Accounting for Investments in Associates in Consolidated Financial Statements," as notified by the Companies (Accounting Standards) Rules, 2006.
7. Based on our audit and on the consideration of reports of other auditors on separate financial statements and other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements read with together with notes there to give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the State of Affairs of the Group as at March 31, 2012;
 - (ii) in the case of the Consolidated Statement of Profit and Loss of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

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

R. Koria
Partner

Membership No.35629

Place : Mumbai
Date : May 30, 2012

Consolidated Balance Sheet as at March 31, 2012

₹ in lacs

Particulars	Note	As at March 31, 2012	As at March 31, 2011
I. EQUITY AND LIABILITIES			
(1) Share Holders' Funds			
Share Capital	2	69,119.84	66,579.84
Reserves and Surplus	3	125,715.63	102,055.37
Monies received against Convertible Share Warrants	4	3,997.50	6,254.96
		198,832.97	174,890.17
(2) Non Current Liabilities			
Long Term Borrowings	5	100,177.22	93,498.98
Deferred Tax Liabilities (Net)	6	6,717.90	1,158.17
Other Long Term Liabilities	7	19,936.59	15,483.07
Long Term Provisions	8	3.38	2.28
		126,835.09	110,142.50
(3) Current Liabilities			
Short Term Borrowings	9	172,330.10	75,987.78
Trade Payables	10	43,182.05	16,143.10
Other Current Liabilities	11	55,305.12	68,976.84
Short Term Provisions	12	2,503.77	9,002.68
		273,321.04	170,110.40
TOTAL		598,989.10	455,143.07
II. ASSETS			
(1) Non Current Assets			
Fixed Assets	13		
Tangible Assets		233,660.77	135,674.07
Intangible Assets		281.23	177.20
Capital Work-in-Progress		57,774.72	147,862.67
Intangible Assets under development		-	119.87
		291,716.72	283,833.81
Goodwill on Consolidation		1,017.96	1,017.96
Non Current Investments	14	176.97	0.05
Long Term Loans and Advances	15	54,644.23	9,050.85
		347,555.88	293,902.67
(2) Current Assets			
Current Investments	16	900.00	2,299.74
Inventories	17	33,910.19	24,534.79
Trade Receivables	18	90,942.12	20,499.33
Cash and Bank Balances	19	27,828.56	42,772.90
Short Term Loans and Advances	20	30,092.40	27,686.46
Other Current Assets	21	67,759.95	43,447.18
		251,433.22	161,240.40
TOTAL		598,989.10	455,143.07
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 44		

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

For and on behalf of the Board of Directors

R. Korla
Partner

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2012

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
Company Secretary

Statement of Consolidated Profit and Loss

for the year ended March 31, 2012

₹ in lacs

Particulars	Note	For the year ended March 31, 2012	For the year ended March 31, 2011
REVENUE			
I Gross Revenue from Operations	22	186,723.37	85,993.41
Less: Service Tax recovered		16.90	-
Net Revenue from Operations		186,706.47	85,993.41
II Other Income	23	2,442.07	6,360.78
Total Revenue (I + II)		189,148.54	92,354.19
EXPENSES			
Cost of Materials Consumed	24	49,877.97	28,283.20
Purchase of Traded Goods	25	51,662.25	25,758.80
Changes in Inventories of Work-in-Progress and Scrap	26	113.02	2,235.06
Employee Benefits Expenses	27	4,621.97	2,773.20
Finance Costs	28	25,768.28	11,934.45
Depreciation and Amortisation Expenses		11,028.09	5,198.09
Other Expenses	29	38,409.71	10,764.32
Total		181,481.29	86,947.12
Profit Before Tax		7,667.25	5,407.07
Tax Expense - Current Tax		1,533.19	1,127.65
- MAT credit entitlement		(1,533.19)	(1,127.65)
- Deferred Tax		5,559.73	796.83
- Income Tax for Earlier Years		(33.75)	228.66
Profit after tax before consolidated share in the profits of associate		2,141.27	4,381.58
Add:- Consolidated share in the profits of associate		23.43	-
Profit after tax		2,164.70	4,381.58
Earnings per equity share of ₹ 10/- each	30		
- Basic (In ₹)		0.32	0.66
- Diluted (In ₹)		0.32	0.66
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 44		

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

For and on behalf of the Board of Directors

R. Korla
 Partner

Nikhil P. Gandhi
 Chairman

Bhavesh P. Gandhi
 Executive Vice Chairman

Place :- Mumbai
 Date :- May 30, 2012

Jigar Shah
 Chief Financial Officer

Ajit Dabholkar
 Company Secretary

Consolidated Cash Flow Statement

for the year ended March 31, 2012

₹ in lacs

Sr. No.	Particulars	2011-2012	2010-2011
A	Cash Flow from Operating Activities		
	Net Profit before Tax	7,667.25	5,407.07
	Adjustments for :		
	Depreciation and Amortisation Expenses	11,028.09	5,198.09
	Interest Income	(2,087.82)	(3,696.63)
	Dividend on Current Investments	(22.83)	(341.20)
	Profit on Sale of Current Investments	(96.72)	(326.70)
	Loss / (Profit) on Sale of Fixed Assets (Net)	(74.74)	4.13
	Finance Costs	25,768.28	11,934.45
	Provision for Wealth Tax	2.40	2.45
	Provision for estimated cost over contract revenue	567.36	(2,931.79)
	Cost Estimated for Revenue Recognised	(7,245.62)	(3,028.47)
	Liability No Longer Required (Written Back)	-	(413.72)
	Foreign Exchange Difference	(976.10)	(572.69)
	Operating profit before working capital changes	34,529.55	11,234.99
	Adjusted for :		
	Inventories	(9,375.40)	(11,232.47)
	Trade and other receivables	(105,172.06)	(46,892.05)
	Trade Payables	18,580.81	(2,393.28)
	Cash Generated from Operations	(61,437.10)	(49,282.81)
	Direct Taxes Paid / Refund	(92.89)	164.27
	Net Cash used in Operating Activities	(61,529.99)	(49,118.54)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets and Capital Work-in-Progress	(52,745.93)	(33,716.12)
	Sale of Fixed Assets	84.86	1.28
	Purchase of Investments	(10,472.03)	(273,115.35)
	Sale of Investments	11,815.00	271,927.87
	Dividend Received on Current Investments	22.83	334.55
	Interest Received	2,538.63	4,431.61
	Fixed Deposits held for maturity period more than 3 months placed	-	(2,032.39)
	Fixed Deposits held for maturity period more than 3 months matured	2,032.39	-
	Net Cash used in Investing Activities	(46,724.25)	(32,168.55)

Consolidated Cash Flow Statement for the year ended March 31, 2012

₹ in lacs

Sr. No.	Particulars	2011-2012	2010-2011
C	Cash Flow from Financing Activities		
	Issue of Convertible Share Warrants	3,997.50	6,254.96
	Proceed from Compulsory Convertible Debentures	-	17,780.00
	Security Issue Expenses	-	(1,148.45)
	Proceeds from Long Term Borrowings	33,418.12	20,604.91
	Repayment of Long Term Borrowings	(13,056.71)	(10,184.42)
	Short Term Borrowings (Net)	100,529.67	42,599.41
	Interest Paid	(29,546.29)	(17,884.92)
	Margin Money (Net)	5,078.48	21,172.50
	Net Cash Flow from Financing Activities	100,420.77	79,193.99
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(7,833.47)	(2,093.10)
	Cash & Cash Equivalents - Opening balance	10,960.02	13,053.12
	Cash & Cash Equivalents - Closing balance	3,126.55	10,960.02

Notes:

- (1) The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash flow Statement.
- (2) Figures in brackets indicate outflow.
- (3) Previous Year figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year.

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

For and on behalf of the Board of Directors

R. Korla
Partner

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi
Executive Vice Chairman

Place :- Mumbai
Date :- May 30, 2012

Jigar Shah
Chief Financial Officer

Ajit Dabholkar
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 Company & associate Company. The consolidated financial statements have been prepared on the following basis:

- i. The financial statements of the Company and its subsidiary Company are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements.”
- ii. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, in the same manner as the Company's separate financial statements.
- iii. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill, which is not being amortised.
- iv. Investments in Associate Companies has been accounted under the equity method as per (AS 23) - “Accounting for Investments in Associates in Consolidated Financial Statements.”

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 Pipavav Defence and Offshore Engineering Company Limited.

1.1 Following Subsidiary Company has been considered in the Consolidated Financial Statements:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
E Complex Private Limited	India	100%

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

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

Notes to Consolidated Financial Statements

Note - 2

SHARE CAPITAL

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Equity Shares		
Authorised		
800,000,000 (Previous Year 800,000,000) Equity shares of ₹ 10/- each	80,000.00	80,000.00
Issued, Subscribed and fully paid up		
691,198,388 (Previous Year 665,798,388) Equity Shares of ₹ 10/- each fully paid-up	69,119.84	66,579.84
Total	69,119.84	66,579.84

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

₹ in lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
No. of shares at the beginning of the year	665,798,388	66,579.84	665,798,388	66,579.84
Add: Shares Issued during the year on conversion of debentures	25,400,000	2,540.00	-	-
No. of shares at the end of the year	691,198,388	69,119.84	665,798,388	66,579.84

2.2 Shareholders holding more than 5% Shares in the Company

Shares held by	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% Holding	No. of Shares	% Holding
SKIL Infrastructure Limited	257,266,685	37.22%	257,266,685	38.64%
Ovira Logistics Limited	-	-	51,100,000	7.67%
Smallcap World Fund, Inc.	35,731,000	5.17%	35,925,000	5.25%
IL & FS Marine Infrastructure Company Limited	53,423,871	7.73%	-	0.00%

2.3 Reserved Shares

The Convertible Share Warrant Holders have the option to convert their share warrants into 2,05,00,000 Equity Shares (Previous Year: 2,52,21,612) of ₹ 10/- each at the terms and conditions as referred in note no. 4.2

2.4 Terms and Rights attached to Equity Shares.

The Company has only one class of Equity Share having a 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 share held by the shareholders.

Notes to Consolidated Financial Statements

Note - 3

RESERVES AND SURPLUS

₹ in lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Capital Reserve		
Balance as per last Balance Sheet	-	-
Add:- On forfeiture of preferential convertible warrants (refer note no. 4.1)	6,254.96	-
Total	6,254.96	-
Securities Premium Account		
Balance as per Last Balance Sheet	102,501.56	103,650.01
Add :- On Issue of Shares on Conversion of Debentures	15,240.00	-
Less :- Securities Issue Expenses	(0.60)*	1,148.45
Total	117,742.16	102,501.56
Surplus		
Balance as per last Balance Sheet	(446.19)	(4,827.77)
Add:- Profit for the year	2,164.70	4,381.58
Total	1,718.51	(446.19)
Grand Total	125,715.63	102,055.37

* Reversal of provision made during the Financial Year 2010-11

Note - 4

MONIES RECEIVED AGAINST CONVERTIBLE SHARE WARRANTS

- 4.1 2,52,21,612 Convertible Share Warrants were issued by the Company in the Financial Year 2010-11 on preferential basis to one of the promoter Company. Subsequently on the due date warrant holder didn't exercise the option against said warrants, accordingly ₹ 6,254.96 lacs being the amount received against these Convertible Share Warrants has been forfeited by the Company and credited to the Capital Reserve.
- 4.2 As approved by the Shareholders in the Annual General Meeting held on October 5, 2011, the Company has allotted 1,05,00,000 Convertible Warrants to individual investors and 1,00,00,000 Convertible Warrants to a promoter Group Company @ ₹ 78 each. Each Warrant is convertible into one fully paid-up equity share of the Company of ₹ 10 each at a premium of ₹ 68 per equity share at any time prior to 18 months from the date of allotment of warrants. Against the above warrants the Company has received ₹ 3,997.50 lacs being 25% of the total consideration as at March 31 2012, which has been fully utilised for the purpose for which they have been issued.

Notes to Consolidated Financial Statements

Note - 5

LONG TERM BORROWINGS

₹ in lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
Secured Loans				
Rupee Term Loans from:				
- Banks	63,055.63		60,378.12	
- Financial Institutions	37,093.27	100,148.90	33,068.82	93,446.94
Vehicle Loans		28.32		52.04
Total		100,177.22		93,498.98

5.1 Rupee Term loan from Banks and Financial Institutions referred to above and ₹ 28,479.48 lacs included in current maturities of long term debt in note no. 11 are secured as under:

- i) ₹ 101,456.38 lacs by way of First charge & mortgage on all the immovable properties, both present & future & hypothecation of all movable properties, both present and future.
- ii) ₹ 5,500 lacs by way of subservient charge on Fixed Assets, both present & future.
- iii) ₹ 11,672.00 lacs by way of subservient charge on Fixed Assets and Current Assets.
- iv) ₹ 10,000 lacs by way of first pari-passu charge on entire moveable and immoveable properties, both present & future, second pari-passu charge on Current Assets of the Company.

5.2 Repayment Terms:

- i) The above Rupee Term Loans including ₹ 28,479.48 lacs included in current maturities of Long Term Debts carry an interest rate ranging from 11.00% to 14.25%. Out of the above Rupee Term Loan ₹ 44,018.63 lacs are repayable in 40 equal quarterly instalments commencing from 1st April 2010 to 1st January 2020, ₹ 20,535 lacs in 40 quarterly structured instalments commencing from 31 August 2005 to 28th February 2017, ₹ 4,500 lacs in 40 equal quarterly instalments commencing from 1st October 2009 to 1st July 2019, ₹ 30,777.75 lacs in 36 equal quarterly instalments commencing from 1st April 2011 to 1st January 2020, ₹ 1,625 lacs in 32 quarterly equal instalments commencing from 1st October 2010 to 1st July 2018, ₹ 5,500 lacs in 4 quarterly equal instalments commencing from 29th September 2012 to 29th June 2013, ₹ 11,672 lacs in 6 quarterly equal instalments commencing from 1st July 2012 to 1st December 2013 and ₹ 10,000 lacs in 20 equal half yearly instalments commencing from 20th February 2015 to 31 August 2024.
- ii) The maturity profile, period and amount of instalments of Rupee Term Loans as referred above including Current Maturities of Rupee Term Loan referred to in note no. 11 are as under:

₹ in lacs

Financial Year	Rupee Term Loans from		Total
	Banks	Financial Institutions	
2012-13	20,413.48	8,066.00	28,479.48
2013-14	14,185.89	7,016.00	21,201.89
2014-15	8,638.89	8,013.00	16,651.89

Notes to Consolidated Financial Statements

₹ in lacs

Financial Year	Rupee Term Loans from		Total
	Banks	Financial Institutions	
2015-16	8,638.89	5,900.00	14,538.89
2016-17	8,638.89	6,040.00	14,678.89
2017-18	8,638.89	3,900.00	12,538.89
2018-19	8,159.47	3,900.00	12,059.47
2019-20	6,154.70	2,324.28	8,478.98
Total	83,469.10	45,159.28	128,628.38

- 5.3 All Rupee Term Loans are guaranteed by a promoter group Company and rupee Term Loan of ₹ 1,11,456.38 lacs are further secured by pledge of 133,999,994 shares of the Company held by the promoters.
- 5.4 Rupee Term Loans of ₹ 97,850.63 lacs (Previous Year: ₹ 79,773.49 lacs) are also guaranteed by some of the directors in their personal capacities.
- 5.5 Lenders in respect of secured loans aggregating to ₹ 1,01,456.38 lacs (Previous Year: ₹ 1,08,237.83 lacs) have right to convert the loans at their option into fully paid-up equity shares of the Company if the Company is in default for a period more than what is specified in the respective loan agreements.
- 5.6 Vehicle Loans referred to above are secured by the Hypothecation of the specific vehicles financed. The loans are repayable in monthly equal instalments (including interest) as per repayment schedule starting from 1st May, 2010 to 1st April, 2015.
- 5.7 As on March 31, 2012, the Company has overdue ₹ 1,437.59 lacs and ₹ 948.77 lacs being the loan amount and interest thereon respectively.

Note - 6

DEFERRED TAX LIABILITIES (NET)

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

₹ in lacs

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred Tax Liabilities		
Related to Fixed Assets	23,690.26	8,237.56
Deferred Tax Assets		
Unabsorbed Depreciation	16,875.39	7,005.02
Disallowance under Income Tax Act 1961	96.97	74.37
	16,972.36	7,079.39
Deferred Tax Liabilities (Net)	6,717.90	1,158.17

Notes to Consolidated Financial Statements

Note - 7

OTHER LONG TERM LIABILITES

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Advances from Customers	19,436.59	14,983.07
Deposits Received	500.00	500.00
Total	19,936.59	15,483.07

Note - 8

LONG TERM PROVISIONS

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Employee Benefits	3.38	2.28
Total	3.38	2.28

Note - 9

SHORT TERM BORROWINGS

₹ in lacs

Particulars	As at	As at
	March 31, 2012	March 31, 2011
Secured Loans		
- from Banks	85,367.94	42,650.00
Unsecured Loans		
- from Banks	86,962.16	33,337.78
Total	172,330.10	75,987.78

9.1 Secured Loans from Banks referred to above includes:

- i) ₹ 5,000 lacs secured by way of first charge on the current assets of the Company and second charge on Fixed Assets of the Company.
- ii) ₹ 20,000 lacs secured by way of subservient charge on fixed assets and current assets of the Company both present and future.
- iii) ₹ 20,000 lacs secured by way of first pari-passu charge on fixed assets both present and future of the Company with existing lenders.
- iv) ₹ 32,355.30 lacs secured by way of first pari-passu charge on entire current assets of the Company, second pari-passu charge on the entire fixed assets of the Company.
- v) ₹ 5,482.76 lacs secured by way of hypothecation of stock and receivables.
- vi) ₹ 2,529.88 lacs secured by way of hypothecation of entire stock of raw materials, stock in process, finished goods, consumables, stores and spares, inward RR's/GR's receivables and all other current assets of the Company on pari-passu basis with other consortium banks.

Notes to Consolidated Financial Statements

- 9.2 Secured loans of ₹ 42,500.21 lacs are further guaranteed by a promoter group Company and some of the directors in their personal capacity
- 9.3 As on March 31, 2012, the Company has overdue ₹ 4,561.05 lacs and ₹ 417.90 lacs being the loan amount and interest thereon respectively.

Note - 10

TRADE PAYABLES

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Dues to Micro Small and Medium Enterprises	875.37	458.66
Dues to Others	42,306.68	15,684.44
Total	43,182.05	16,143.10

- 10.1 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	2011 - 2012	2010 - 2011
Principal amount remaining unpaid	875.37	458.66
Interest due thereon	69.39	-
Interest paid by the Company in term of Section 16	-	-
Interest due and payable for the period of delay in payment	-	-
Interest accrued and remaining unpaid.	69.39	-
Interest remaining due and payable even in succeeding years.	-	-

Note - 11

OTHER CURRENT LIABILITIES

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
Current Maturities of Long Term Debts	28,503.19	32,600.02
Interest Accrued and due on borrowings	1,366.67	-
Interest Accrued but not due on borrowings	1,839.23	2,616.72
Unclaimed Share Application Money *	6.01	6.01
Creditors for Capital Goods	9,598.06	5,238.25
Advance from Customers	10,885.09	26,814.89
Statutory Dues	668.02	477.48
Deferred Forward Premium	211.33	101.40
Other Payables **	2,227.52	1,122.07
Total	55,305.12	68,976.84

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

** Mainly includes payables to employees and provision for expenses.

Notes to Consolidated Financial Statements

Note - 12

SHORT TERM PROVISIONS

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31, 2011
for Employee Benefits	295.50	266.32
for Income Tax (Net)	150.22	-
for Wealth Tax (Net)	2.40	2.45
Other Provisions [#]	2,055.65	8,733.91
Total	2,503.77	9,002.68

[#]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, 2011 was ₹ 361.59 lacs and ₹ 8,372.32 lacs respectively, which was incurred during the year. Liability outstanding under this clause as at March 31, 2012 is ₹ 928.95 lacs and ₹ 1,126.70 lacs respectively. Actual outflow is expected in the subsequent financial years.

Notes to Consolidated Financial Statements

Note - 13 FIXED ASSETS

₹ in lacs

Particulars	Gross Block			Depreciation and Amortisation			Net Block			
	As on 1-Apr-11	Additions during the year	Deductions/ Adjustments 31-Mar-12	As on 31-Mar-12	Upto 31-Mar-11	For the year	Deductions/ Adjustments 31-Mar-12	Upto 31-Mar-12	As at 31-Mar-11	As at 31-Mar-12
Tangible Assets										
Owned Assets										
Land and Site Development	3,074.15	36.10	3,110.25	3,110.25	-	-	-	-	3,110.25	3,074.15
Buildings	47,659.09	2,716.68	-	50,375.77	2,351.09	1,566.36	-	3,917.45	46,458.31	45,308.00
Plant and Equipments	70,910.92	105,674.68	4.52	176,581.08	4,600.09	8,133.61	0.80	12,732.89	163,848.18	66,310.83
Furniture and Fixtures	675.38	202.40	3.62	874.16	255.51	48.45	1.52	302.44	571.72	419.87
Office Equipments	207.02	108.56	4.54	311.04	52.94	18.29	2.04	69.20	241.84	154.08
Vehicles	499.14	10.97	2.73	507.38	143.17	46.18	0.93	188.42	318.96	355.96
Total	123,025.70	108,749.39	15.41	231,759.68	7,402.80	9,812.89	5.29	17,210.40	214,549.26	115,622.88
Leased Assets										
Leasehold Land	22,332.08	207.69	-	22,539.77	2,280.89	1,147.37	-	3,428.26	19,111.51	20,051.19
Total	22,332.08	207.69	-	22,539.77	2,280.89	1,147.37	-	3,428.26	19,111.51	20,051.19
Total Tangible Assets	145,357.78	108,957.08	15.41	254,299.45	9,683.69	10,960.27	5.29	20,638.66	233,660.77	135,674.07
Intangible Assets										
Computer Softwares*	277.66	171.86	-	449.52	100.46	67.83	-	168.29	281.23	177.20
Total Intangible Assets	277.66	171.86	-	449.52	100.46	67.83	-	168.29	281.23	177.20
Total	145,635.43	109,128.94	15.41	254,748.96	9,784.15	11,028.09	5.29	20,806.95	233,942.00	135,851.27
Previous Year	117,712.52	27,931.34	8.43	145,635.43	4,589.08	5,198.08	3.01	9,784.15	135,851.27	-
Capital Work in Progress									57,774.72	147,862.67
Intangible Assets under development									-	119.87

* Other than Internally Generated

13.1 The Leasehold Land represents the lease premium and the cost incurred for reclaiming and development of the Land.

Notes to Consolidated Financial Statements

13.2 Capital Work-in-Progress includes:

Particulars	₹ in lacs	
	2011 - 2012	2010 - 2011
- Material at site	525.16	582.27
- Assets under construction and installation	36,916.40	104,039.06
- Preoperative expenses	20,333.16	43,241.34

13.3 Buildings and Plant & equipments aggregating to ₹ 215,690.82 lacs are constructed /installed on leasehold land.

13.4 Details of Preoperative expenses are as under:

Particulars	₹ in lacs	
	2011 - 2012	2010 - 2011
Opening Balance	43,241.33	38,309.67
Add:		
Salaries Wages and Allowances	819.09	817.82
Contribution to PF and Other Fund	20.23	14.91
Staff Welfare Expenses	22.99	36.02
Rent	55.94	92.92
Professional and Consultancy Charges	158.56	172.27
Conveyance, Travelling and Vehicle Expenses	121.43	158.11
Rates and Taxes	-	56.77
Insurance	50.61	77.85
Communication Expenses	10.18	16.50
Repairs & Maintenance – Building	-	29.37
Repairs & Maintenance – Others	27.20	82.35
Miscellaneous Expenditure	96.17	156.59
Interest Expenses	4,065.54	7,784.42
Other Borrowing Costs	301.65	125.50
Sub-total	48,990.92	47,931.07
Less :		
Balances Written Back	-	145.59
Allocated to Fixed Assets	28,657.76	4,544.15
Sub-total	28,657.76	4,689.74
Closing Balance	(Total) 20,333.16	43,241.33

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

Notes to Consolidated Financial Statements

13.6 Additions in the Fixed Assets include interest and financial charges of ₹ 9,436.70 lacs (Previous Year : ₹ 985.60 lacs) as detailed below:

Particulars	₹ in lacs	
	2011 - 2012	2010 - 2011
Land and Site Development	24.49	2.91
Buildings	86.99	111.75
Plant and Machinery	9,317.76	870.94
Software	7.46	-
Total	9,436.70	985.60

Note - 14

NON CURRENT INVESTMENTS

Particulars	Face Value (₹)	Numbers		₹ in lacs	
		31-Mar-12	31-Mar-11	As at	As at
				March 31, 2012	March 31 2011
Trade, Unquoted					
In Associate Company					
Conceptia Software Technologies Pvt. Ltd. (Fully paid-up)	10.00	112,200	-	176.92	-
				176.92	-
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				176.97	0.05

14.1 The carrying amount of investment in Associates includes Goodwill of ₹ 110.21 lacs.

Note - 15

LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

Particulars	₹ in lacs	
	As at March 31, 2012	As at March 31 2011
Capital Advances	42,724.38	172.56
Security Deposits with		
- Related Parties	325.00	325.00
- Others	2,320.56	1,707.58
Cenvat / VAT recoverable	7,120.96	5,718.06
MAT credit entitlement	2,153.33	1,127.65
Total	54,644.23	9,050.85

Notes to Consolidated Financial Statements

15.1 Details of Deposits to Related Parties

₹ in lacs

Company Name	Nature of Relationship	As at	As at
		March 31, 2012	March 31 2011
Awaita Properties Private Limited	Enterprises in which Directors are able to exercise significant influence	325.00	325.00

15.2 Cenvat / VAT recoverable represents the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project and operations. The Company has been legally advised that such amounts are recoverable. Any unrealized 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.

15.3 Presently the Company is liable to pay Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act, 1961 ("the Act") and the amount paid as MAT is allowed to be carried forward for being set off against the future tax liabilities computed in accordance with the provisions of the Act, other than section 115JB, in next ten years. Based on the future projection of the performances, the Company will be liable to pay the Income Tax as per provisions, other than under section 115JB, of the Act. Accordingly as advised in Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by The Institute of Chartered Accountants of India, ₹ 1,533.19 lacs (Previous Year: ₹ 1,127.65 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 31 March 2012 is ₹ 2,153.33 lacs. (Previous Year: ₹ 1,127.65 lacs) net of reversal of excess provision of ₹ 507.51 lacs made in previous year.

Note - 16

CURRENT INVESTMENTS

₹ in lacs

Particulars	Face Value	Numbers	Amount	Numbers	Amount
	(₹)	31-Mar-12		31-Mar-11	
Unquoted					
In Units of Mutual Funds					
Kotak Floater Long Term Growth	10.00	-	-	5,469,316.83	792.90
SBI-Magnum Insta Cash Fund-Dividend	10.00	-	-	2,985,637.76	500.10
Religare Ultra Short Term Fund-Institutional Dividend	10.00	-	-	100,501.41	1,006.74
SBI Debt Fund Series- 90 Days-60-Growth	10.00	5,600,000.00	560.00	-	-
SBI Debt Fund Series- 367 Days-18- Growth	10.00	3,400,000.00	340.00	-	-
Total			900.00		2,299.74

16.1 Investments in Mutual Funds have been pledged with Banks for financial facilities availed from them.

Notes to Consolidated Financial Statements

Note - 17

INVENTORIES

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31 2011
Raw Materials	28,671.01	18,713.69
Raw Materials in Transit	2,795.54	4,773.88
Stores and Spares	2,010.58	501.14
Scrap	433.06	546.08
Total	33,910.19	24,534.79

Note - 18

TRADE RECEIVABLES

(Unsecured and considered good)

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31 2011
- Due for a period exceeding six months	37,147.93	0.90
- Others	53,794.19	20,498.43
Total	90,942.12	20,499.33

Note - 19

CASH AND BANK BALANCES

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31 2011
Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	3,116.30	5,449.78
- Fixed Deposits having maturity period less than 3 months	-	5,500.00
Cash on Hand	10.25	10.24
	3,126.55	10,960.02
Other Bank Balances		
Share Application Money Refund account	6.01	6.01
Fixed Deposits with Banks as margin money *	24,696.00	29,774.48
Fixed Deposits Others	-	2,032.39
	24,702.01	31,812.88
Total	27,828.56	42,772.90

* Includes ₹ 9,273.32 lacs (Previous Year : ₹ 13,805.87 lacs) having maturity period more than 12 months.

Notes to Consolidated Financial Statements

Note - 20

SHORT TERM LOANS AND ADVANCES

(Unsecured & considered good)

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31 2011
Advance Taxes (Net)	250.90	1,002.17
Security Deposits	393.26	387.89
Advance recoverable in cash or in kind or for the value to be received (Subject to Confirmation)		
- Against purchase of material / services	23,339.14	23,765.32
- Others *	6,109.10	2,531.08
Total	30,092.40	27,686.46

* Mainly includes prepaid expenses, interest and cenvat receivable.

Note - 21

OTHER CURRENT ASSETS

(Unsecured & considered good)

₹ in lacs

Particulars	As at	
	March 31, 2012	March 31 2011
Shipbuilding Contracts Receivables	38,682.85	27,138.14
Subsidy Receivable	29,062.58	16,309.04
Other Receivables	14.52	-
Total	67,759.95	43,447.18

Note - 22

REVENUE FROM OPERATIONS

₹ in lacs

Particulars	For the	
	year ended March 31, 2012	year ended March 31, 2011
Ship building and Repairs	119,896.63	51,942.69
Subsidy on Shipbuilding	12,753.54	7,494.13
Rig Repairs	180.98	-
Trading of Steel Items (Steel Plates, Pipes & Rolled Products)	52,335.92	26,556.26
Other Operating Revenue		
- Sales of Scrap	1,556.30	0.33
Total	186,723.37	85,993.41

22.1 As per the Revised Guidelines for the Shipbuilding Subsidy issued by the Government of India on 25th March 2009,

Notes to Consolidated Financial Statements

the Company is eligible for subsidy at the rate of 30% of the contract price, in respect of the export order received for vessels for which the contracts with the customers were signed on or before 14th August 2007. Accordingly Government Subsidy of ₹ 12,753.54 lacs for the year ended March 31, 2012 (Previous Year ₹ 7,494.13 lacs) has been recognised as revenue including in respect of Ships under construction on proportionate completion basis.

22.2 The Company has order for building several panamax sister vessels. The Company has initiated arbitration proceedings as per terms of contract for four panamax vessels & subsequently, the Company has received alleged cancellation notices for these vessels. The Company is of the view that it has a strong case. However, since most of the panamax vessels are sister vessels, the Company can deliver these vessels against orders for balance panamax vessels. Therefore the Company continues to recognise the revenue on these vessels and during the year the Company has recognised revenue of ₹ 29,047.63 lacs (Previous Year ₹ 9,792.32 lacs) on these vessels and subsidy of ₹ 8,714.29 lacs (Previous Year ₹ 2,937.70 lacs).

Note - 23

OTHER INCOME

₹ in lacs

Particulars	For the	For the
	year ended	year ended
	March 31, 2012	March 31, 2011
Interest Income	2,087.82	3,696.63
Project consultancy	-	300.00
Profit on Sale of Fixed Assets (Net)	74.74	-
Profit on Sale of Current Investments	96.72	326.70
Dividend on Current Investments	22.83	341.20
Foreign Exchange Differences (Net)	97.64	1,227.30
Liability No Longer Required Written Back	-	413.72
Miscellaneous Income	62.32	55.23
Total	2,442.07	6,360.78

Note - 24

COST OF MATERIALS CONSUMED

₹ in lacs

Particulars	For the	For the
	year ended	year ended
	March 31, 2012	March 31, 2011
Steel Plates	21,893.27	6,859.26
Steel Profiles	783.29	668.80
Equipment and Components	27,201.41	20,755.14
Total	49,877.97	28,283.20

Notes to Consolidated Financial Statements

24.1 Value of Raw Materials Consumed includes:

₹ in lacs

Particulars	For the year ended March 31, 2012		For the year ended March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	11,772.73	23.60%	4,282.36	15.14%
Imported	38,105.24	76.40%	24,000.84	84.86%
	49,877.97	100.00%	28,283.20	100.00%

Note - 25

PURCHASE OF TRADED GOODS

₹ in lacs

Particulars	For the	For the
	year ended March 31, 2012	year ended March 31, 2011
Steel Items (Steel Plates, Pipes & Rolled Products)	51,662.25	25,758.80
	Total	51,662.25
		25,758.80

Note - 26

CHANGES IN INVENTORIES OF WORK IN PROGRESS AND SCRAP

₹ in lacs

Particulars	For the	For the
	year ended March 31, 2012	year ended March 31, 2011
At the end of the year		
Scrap	433.06	546.08
Work in progress	-	-
	433.06	546.08
Less :- At the beginning of the year		
Scrap	546.08	221.98
Work in progress	-	2,559.16
	546.08	2,781.14
Changes in Inventories	113.02	2,235.06

Notes to Consolidated Financial Statements

Note - 27

EMPLOYEE BENEFITS EXPENSES

₹ in lacs

Particulars	For the	For the
	year ended	year ended
	March 31, 2012	March 31, 2011
Salaries, Wages and Allowances	4,158.05	2,502.72
Contribution to Provident and Other Fund	108.57	92.83
Staff Welfare Expenses	355.35	177.65
Total	4,621.97	2,773.20

27.1 Salary, wages and allowances includes performance incentive to Executive Vice Chairman of ₹ 150.00 lacs (Previous Year: ₹ 150.00 lacs) subject to approval of the Central Government.

27.2 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	2011 - 2012	2010 - 2011
	Employers Contribution to Provident Fund	85.97
Employers Contribution to Pension Fund	23.81	19.30
Total	109.78	94.94

Defined Benefit Plan

The Employees Gratuity Fund Scheme, which is a defined benefit plan is managed by the trust maintained with Life Insurance Corporation of India (LIC) except for E Complex Pvt. Ltd., the subsidiary Company which is non-funded. The Company has made contribution to the above mentioned trust upto the financial year ended March 31, 2009 and thereafter no contributions have been made.

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.

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

₹ in lacs

Particulars	2011 - 2012		2010 - 2011	
	Funded	Non Funded	Funded	Non Funded
Defined Benefit Obligation at beginning of the year	95.09	2.31	84.46	1.75
Current & Past Service Cost	53.43	0.68	14.58	0.52
Current Interest Cost	8.20	0.20	6.06	0.14

Notes to Consolidated Financial Statements

₹ in lacs

Particulars	2011 - 2012		2010 - 2011	
	Funded	Non Funded	Funded	Non Funded
Actuarial (Gain) / Loss	(52.50)	(0.17)	14.48	(0.10)
Benefits paid	-	-	24.49	-
Defined Benefit Obligation at end of the year	104.22	3.02	95.09	2.31

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

₹ in lacs

Particulars	2011 - 2012		2010 - 2011	
	Funded	Non Funded	Funded	Non Funded
Fair Value of Plan Assets at the beginning of the year	51.02	-	45.11	-
Expected Return on Plan Assets	4.25	-	3.85	-
Actuarial Gain / (Loss)	(0.09)	-	2.06	-
Contributions	-	-	-	-
Benefits Paid	-	-	-	-
Fair Value of the Assets at the end of the year	55.18	-	51.02	-

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

₹ in lacs

Particulars	2011 - 2012		2010 - 2011	
	Funded	Non Funded	Funded	Non Funded
Fair Value of Plan Assets at the end of the year	55.18	-	51.02	-
Present Value of Defined Benefit Obligation at end of the year	104.22	3.02	95.09	2.31
Liabilities / (Assets) recognised in the Balance Sheet	49.04	3.02	44.07	2.31

iv) Expenses recognised during the year

₹ in lacs

Particulars	2011 - 2012		2010 - 2011	
	Funded	Non Funded	Funded	Non Funded
Current & Past Service Cost	53.43	0.68	14.58	0.52
Interest Cost	8.20	0.20	6.06	0.14
Expected Return on Plan Assets	(4.25)	-	(3.85)	-
Actuarial (Gain) / Loss	(52.40)	(0.17)	12.42	(0.10)
Net Cost Recognised in statement of Profit and Loss	4.98	0.71	29.21	0.56

Notes to Consolidated Financial Statements

- v) Assumptions used to determine the defined benefit obligations

Particulars	2011 - 2012		2010 - 2011	
	Funded	Non Funded	Funded	Non Funded
Mortality Table (LIC)	(1994 – 96 ultimate)		(1994 – 96 ultimate)	
Discount Rate (p.a.)	8.62%	8.62%	8.39%	8.01%
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 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	2011 - 2012	2010 - 2011	2009 - 2010	2008 - 2009	2007 - 2008
Defined Benefit Obligation	104.22	95.09	84.46	46.85	18.81
Plan Assets	55.18	51.02	45.11	63.66	40.37
Surplus/(Deficit)	(49.04)	(44.07)	(39.35)	16.81	21.56
Experience adjustment on plan assets (Gain)/Loss	*	*	*	*	*
Experience adjustment on plan Liabilities Gain/ (Loss)	*	*	*	*	*

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

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

Note - 28

FINANCE COSTS

₹ in lacs

Particulars	For the	For the
	year ended	year ended
	March 31, 2012	March 31, 2011
Interest Expenses	20,319.81	9,340.41
Other Borrowing Costs	5,448.47	2,594.04
Total	25,768.28	11,934.45

Notes to Consolidated Financial Statements

Note - 29

OTHER EXPENSES

₹ in lacs

Particulars	For the	For the
	year ended March 31, 2012	year ended March 31, 2011
Stores and Spares Consumed	3,449.59	2,073.93
Power, Fuel and Water	2,148.78	1,496.57
Repairs and Maintenance	1,781.26	1,047.39
Labour Charges	8,822.73	2,772.95
Equipment Hire Charges	2,081.92	587.02
Rent	731.78	569.33
Fabrication Expenses	17,052.43	1,628.68
Design and Drawing Fees	609.43	539.48
Insurance	314.02	205.52
Cost Estimated for Revenue Recognised (Reversal)	(7,245.62)	(3,028.47)
Provision for estimated cost over contract revenue	567.36	(2,931.79)
Rates and Taxes	13.65	12.82
Communication Expenses	136.67	91.71
Travelling, Conveyance and Vehicle Hire Charges	1,906.13	1,008.41
Legal and Professional Charges	1,964.79	2,176.79
Payment to Auditors	71.90	56.60
Advertising / Publicity Expenses	465.44	524.39
Business Promotion Expenses	1,148.37	237.80
Miscellaneous Expenses	2,370.58	1,690.26
Loss on Sale of Fixed Assets (Net)	-	4.13
Donations	18.50	0.81
Total	38,409.71	10,764.33

29.1 Value of Stores and Spares Consumed includes:

₹ in lacs

Particulars	As at March 31, 2012		As at March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	2,768.69	80.26%	1,588.42	76.59%
Imported	680.90	19.74%	485.51	23.41%
Total	3,449.59	100.00%	2,073.93	100.00%

Notes to Consolidated Financial Statements

29.2 Payment to Auditors

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Audit Fees	42.00	35.00
Tax Audit Fees	10.00	5.00
Certification Charges	19.90	16.60
Total	71.90	56.60

Note - 30

Earnings per share (Basic and Diluted)

₹ in lacs

Particulars		2011 - 2012	2010 - 2011
Net Profit after Tax		2,141.27	4,381.58
Amount available for calculation of Basic and Diluted EPS	(a)	2,141.27	4,381.58
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(b)	675,444,836	665,798,388
Basic and Diluted Earnings per share of ₹ 10/- each (in ₹)	(a) / (b)	0.32	0.66

Note: The effects of Convertible Share Warrants on Earnings Per Share are anti dilutive and hence, they are not considered for the purpose of calculation of diluted earnings per share.

Note - 31

Prior Period Items

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Income		
Interest Income	-	19.30
Miscellaneous Income	-	0.21
Total	-	19.51
Expenses		
Legal and Professional Expenses	4.47	5.34
Travelling, Conveyance and Vehicle Hire Charges	5.94	1.72
Insurance Premium	2.74	-
Miscellaneous Expenses	2.72	-
Total	15.87	7.06
Total	(15.87)	12.45

Notes to Consolidated Financial Statements

Note - 32

Expenditure in Foreign Currency

₹ in lacs

Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Legal and Professional Charges	813.41	1,719.67
Travelling Expenses	106.77	74.64
Fabrication and Contract Charges	13,710.55	852.19
Interest and Bank Charges	938.89	217.66
Design and Drawing Fees	609.43	483.45
Others	13.64	26.49
Total	16,192.69	3,374.10

Note - 33

CONTINGENT LIABILITIES AND COMMITMENTS

33.1 CONTINGENT LIABILITIES

(No Cash Outflow is expected except stated otherwise)

₹ in lacs

	2011 - 2012	2010 - 2011
a) Guarantees given by Company's Bankers		
i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	14,815.31	17,539.84
ii) Other Bank Guarantees (Bank Guarantees are provided under Contractual/ Legal obligations.)	22,842.57	9,065.85
b) Demands not acknowledged as Debts		
i) Income Tax (The Company has deposited under protest ₹ 321.51 lacs (Previous Year ₹ 288.67 lacs) out of total demand.)	1,130.35	397.32
ii) Service Tax and Excise Duty (Relates to disallowance of CENVAT Credit taken by the Company)	71.83	58.45
iii) Other Claims (Relates to claims of suppliers and demand raised by vendor for Service Tax etc.)	863.79	192.10
c) Letters of Credit opened in favour of suppliers (Cash Flow is expected on receipt of materials from Suppliers)	1,308.97	23,388.51
33.2 COMMITMENTS		
a) Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances) (Cash flow is expected on execution of such Capital Contracts on progressive basis)	92,211.28	3,693.81
b) Other Commitments (for investment in an Associate)	159.24	-

Notes to Consolidated 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

The Company has issued, a Bond cum legal undertaking for ₹ 53,400 lacs (Previous Year: ₹ 33,400 lacs) in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone for setting up a SEZ unit for availing exemption from payment of duties, taxes or cess or drawback and concession etc, a General Bond in favour of the President of India for a sum of ₹ 15,300 lacs (Previous Year : ₹ 15,300 lacs) as Security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

Note - 36

The Company has received thirteen 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 avilment of Cenvat/ Customs Duty/Service Tax Credit availed on inputs/services used for Construction of Dry Dock and Goliath Cranes and non-submission of original evidences/documents and some procedural non-compliances. The Company does not foresee any losses on this account.

Note - 37

On October 12, 2011 the Income Tax authorities carried out search and seizure operations at the Company premises. Given the information provided so far and the investigation carried out at the time of this operation, the Company believes that there will be no material tax liability for the year. The amount of tax liability, if any shall be determined upon completion of the process by the Tax Authorities.

Note - 38

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, 2012 and in respect of assets / liabilities as at March 31, 2012.

I Information about Primary (Product wise) segments:

					₹ in lacs
Sr. No.	Particulars	Shipbuilding & Repairs	Trading	Unallocated	Total
1	NET REVENUE	134,370.55	52,335.92	-	186,706.47
		(59,437.15)	(26,556.26)	-	(85,993.41)
2.	RESULTS				
	Segment Results	39,578.53	673.67	-	40,252.20
		(13,335.31)	(797.46)	-	(14,132.77)
	Unallocated Corporate Expenses	-	-	9,159.27	9,159.27
		(-)	(-)	(3,152.04)	(3,152.04)
	Operating Profit	39,578.53	673.67	-9,159.27	31,092.93
		(13,335.31)	(797.46)	(-3,152.04)	(10,980.73)

Notes to Consolidated Financial Statements

₹ in lacs

Sr. No.	Particulars	Shipbuilding & Repairs	Trading	Unallocated	Total
	Finance Cost	-	-	25,768.28	25,768.28
		(-)	(-)	(11,934.45)	(11,934.45)
	Interest Income	-	-	2,087.32	2,087.32
		(-)	(-)	(3,696.63)	(3,696.63)
	Dividend Received	-	-	24.66	24.66
		(-)	(-)	(337.88)	(337.88)
	Unallocated Corporate Income	-	-	230.61	230.61
		(-)	(-)	(2,326.27)	(2,326.27)
	Profit from Ordinary Activities	39,578.53	673.67	-32,584.95	7,667.25
		(13,335.32)	(797.46)	(-8,725.71)	(5,407.07)
	Provision for Income-tax - Net	-	-	5,525.98	5,525.98
		(-)	(-)	(1,025.49)	(1,025.49)
	Consolidated share in the profits of an Associate	-	-	23.43	23.43
		(-)	(-)	(-)	(-)
	Net Profit	39,578.53	673.67	-38,087.50	2,164.70
		(13,335.31)	(797.46)	(-9,751.20)	(4,381.57)
3.	OTHER INFORMATION				
	Segment Assets	544,015.53	18,339.70	-	562,355.23
		(400,911.75)	(7,923.76)	(-)	(408,835.51)
	Unallocated Corporate Assets	-	-	36,633.87	36,633.87
		(-)	(-)	(46,307.56)	(46,307.56)
	Total Assets	544,015.53	18,339.70	36,633.87	598,989.10
		(400,911.75)	(7,923.76)	(46,307.56)	(455,143.07)
	Segment Liabilities	78,735.05	6,835.13	-	85,570.18
		(66,858.08)	(5,568.35)	(-)	(72,426.43)
	Unallocated Corporate Liabilities	-	-	314,585.96	314,585.96
		(-)	(-)	(207,826.48)	(207,826.48)
	Total Liabilities	78,735.05	6,835.13	314,585.96	400,156.14
		(66,858.08)	(5,568.35)	(207,826.48)	(280,252.91)

₹ in lacs

Particulars	Shipbuilding & Repairs	Trading	Unallocated	Total
Capital Expenditure	61,402.67	-	70.26	61,472.93
	(31,824.40)	(-)	(100.30)	(31,924.70)
Depreciation and amortisation	10,983.67	-	44.42	11,028.09
	(5,160.77)	-	(37.32)	(5,198.09)
Non-cash Expenses other than Depreciation	-	-	-	-
	(-)	(-)	(-)	(-)

Figures in brackets represents previous year's amounts.

Notes to Consolidated Financial Statements

II Information about Secondary Segment:

Geographical Segment :

Particulars	31.03.2012	31.03.2011
Revenue by Geographical Segment		
Within India	74,819.66	47,536.35
Outside India	111,886.81	38,457.06
Total Revenue	186,706.47	85,993.41
Carrying Amount of Segment Assets		
Within India	492,946.90	417,639.19
Outside India	106,042.20	37,503.88
Total Assets	598,989.10	455,143.07
Capital Expenditure		
Within India	61,443.63	31,935.62
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 and reported taking into account the differing risks and returns, nature of products, the organisational structure and the internal reporting system of the Company.

III Segment Composition:

Shipbuilding and Repairs comprises of Ship-Building and Repair activities carried out by the Company at or from its Shipyard located at Pipavav, Gujarat.

Trading includes steel trading activities carried out by the Company.

Note - 39

Related Party Disclosures

a) List of Related parties

1. Associates

SKIL Infrastructure Limited
Conceptia Software Technologies Pvt. Ltd.

2. Key Managerial Personnel

Mr. Nikhil P. Gandhi
Mr. Bhavesh P. Gandhi
Mr. M. Jitendran (upto September 2011)
Mr. Jigar Shah

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

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, 2012

₹ in lacs

Nature of Transactions	Associates		Key Managerial Personnel			Other Related Parties		Total	
	SKIL Infrastructure Ltd	Conceptia Software Technologies Pvt. Ltd.	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr. M. Jitendran (CEO)	Mr. Jigar Shah (CFO)	Grevek Investments and Finance Pvt. Ltd.		Awaita Properties Pvt. Ltd.
Expenditure									
Lease Rent	-	-	-	-	-	-	-	394.31	394.31
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(394.93)	(394.93)
Engineering and Design Fees	-	14.54	-	-	-	-	-	-	14.54
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Directors Sitting fees	-	-	1.40	-	-	-	-	-	1.40
	(-)	(-)	(0.90)	(-)	(-)	(-)	(-)	(-)	(0.90)
Remuneration	-	-	-	407.28	81.33	50.00	-	-	538.61
	(-)	(-)	(-)	(397.60)	(109.46)	(34.89)	(-)	(-)	(541.95)
Expenses reimbursed to	463.59	-	-	-	-	-	-	41.75	505.34
	(192.44)	(-)	(-)	(-)	(-)	(-)	(-)	(43.81)	(236.25)
Expenses reimbursed from	-	-	-	-	-	-	-	-	-
	(8.80)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(8.80)
Lease Deposits - Non Current as on 31.03.2012	-	-	-	-	-	-	-	325.00	325.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(325.00)	(325.00)
Trade Payables	334.59	7.17	-	-	-	-	-	98.37	440.13
	(154.52)	(-)	(-)	(-)	(-)	(-)	(-)	(3.06)	(157.58)
Share Warrants									
Issued during the year	-	-	-	-	-	-	1,950.00	-	1,950.00
	(6,254.96)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(6,254.96)
Balance as at 31.03.2012	-	-	-	-	-	-	1,950.00	-	1,950.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Non Current Investment									
Balance as at 01.04.2011	-	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Balance as at 31.03.2012	-	176.92	-	-	-	-	-	-	176.92
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-

Note: Figures in brackets pertain to previous year.

Note - 40

Value of Imports calculated on CIF Basis:

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Raw Material and Components	44,167.94	39,228.10
Stores and Spares	810.54	301.56
Capital Goods	404.99	941.56
Total	45,383.47	40,471.22

Notes to Consolidated Financial Statements

Note - 41

Income in Foreign Currency

₹ in lacs

Particulars	2011 - 2012	2010 - 2011
Shipbuilding and Repairs	119,896.63	51,922.60
Rig Repairs	180.98	-
Total	120,077.61	51,922.60

Note - 42

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

₹ in lacs

Sr. No.	Particulars	2011 - 2012	2010 - 2011
a	The contract revenue recognised in the year	53,523.21	39,172.66
b	The aggregate amount of cost incurred and recognised profits (less recognised losses) upto the end of year for all contracts in progress	104,346.96	77,082.62
c	Amount of advance received from the customers for contracts in progress	75,387.50	74,527.96
d	The retention amount due from customers for contracts in progress as at the end of financial year	-	-

Note - 43

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	2011 - 2012	2010 - 2011
Forward Contract	7,673.48	3,572.00

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

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

₹ In lacs

Particulars	2011 - 2012	2010 - 2011
Receivables	117,142.35	46,975.90
Payables	71,477.25	79,694.65

Note - 44

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

As per our report of even date

For Chaturvedi and Shah

Chartered Accountants

For and on behalf of the Board of Directors

R. Korla

Partner

Nikhil P. Gandhi

Chairman

Bhavesh P. Gandhi

Executive Vice Chairman

Place :- Mumbai

Date :- May 30, 2012

Jigar Shah

Chief Financial Officer

Ajit Dabholkar

Company Secretary



Pipavav Defence and Offshore Engineering Company Limited

Registered Office: Pipavav Port, Post Ucchaiya, Via-Rajula, District Amreli – 365 560, Gujarat, India

ATTENDANCE SLIP

I hereby record my presence at the **15th 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 Tuesday, September 25, 2012 at 10.00 a.m.

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

Name of the Member in BLOCK letters: _____

Member's Signature: _____

Name of the Proxy in BLOCK letters: _____

Proxy's Signature: _____

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

Tear Here

FORM OF PROXY

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

I/We _____ of _____

_____ in the district of _____

being a Member/ Members of Pipavav Defence and Offshore Engineering Company Limited hereby appoint _____

_____ of _____

_____ in the district of _____ or

failing him _____ of _____

in the district of _____ as my/our proxy to vote for me/us on my/our behalf

at the 15th Annual General Meeting of the Company to be held on the 25th day of September, 2012 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of _____, 2012.

Affix 15 paise Revenue Stamp

Signature



 **DET NORSKE VERITAS**
MANAGEMENT SYSTEM CERTIFICATE
Certificate No. 0400-000-00000000-0000

PIPAAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

DESIGN, DEVELOPMENT AND REPAIR, MAINTENANCE AND REPAIR

ISO 9001:2008

SCOPE OF CERTIFICATION:
DESIGN, DEVELOPMENT AND REPAIR, MAINTENANCE AND REPAIR OF OFFSHORE STRUCTURES

ISSUE DATE: 11/08/2010
EXPIRES: 11/08/2012

DNV VERITAS

 **DET NORSKE VERITAS**
MANAGEMENT SYSTEM CERTIFICATE
Certificate No. 0400-000-00000000-0000

PIPAAV DEFENCE AND OFFSHORE ENGINEERING COMPANY LIMITED

DESIGN, DEVELOPMENT AND REPAIR, MAINTENANCE AND REPAIR

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ISSUE DATE: 11/08/2010
EXPIRES: 11/08/2012

DNV VERITAS



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