



Pipavav Shipyard Limited

RED HERRING PROSPECTUS

Dated September 5, 2009

Please read Section 60B of the Companies Act, 1956

100% Book Built Issue

(The Company was incorporated as Pipavav Ship Dismantling and Engineering Limited on October 17, 1997 under the Companies Act, 1956, as amended (the "Companies Act"). Pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on April 19, 2005, the name of the Company was changed to Pipavav Shipyard Limited. The fresh certificate of incorporation to reflect the new name was issued on April 29, 2005 by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, located at Ahmedabad (the "RoC"). For details of change in name and registered office, see the section "History and Certain Corporate Matters" beginning on page 104 of the Red Herring Prospectus.)

Registered Office: Pipavav Port, Post Uchhaya, Via Rajula, Rajula - 365 560, Gujarat, India; **Telephone:** +91 2794 286200; **Facsimile:** +91 2794 286373

Corporate Office: SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai - 400 023, Maharashtra, India; **Telephone:** +91 22 6619 9000; **Facsimile:** +91 22 2265 6022

Contact Person: Mr. Ajit Dabholkar, Company Secretary and Compliance Officer; **Email:** company.secretary@pipavavshipyard.com; **Website:** www.pipavavshipyard.com

PUBLIC ISSUE OF 85,450,225 EQUITY SHARES OF RS.10 EACH ("EQUITY SHARES") OF PIPAVAV SHIPYARD LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS.(●) PER EQUITY SHARE, AGGREGATING RS.(●) MILLION (THE "ISSUE"). THE ISSUE WILL CONSTITUTE 12.83% OF THE POST-ISSUE EQUITY SHARE CAPITAL OF THE COMPANY. UP TO 600,000 EQUITY SHARES OF RS.10 EACH WILL BE RESERVED IN THE ISSUE FOR SUBSCRIPTION BY EMPLOYEES (AS SPECIFICALLY DEFINED HEREIN IN THE SECTION "DEFINITIONS AND ABBREVIATIONS") AT THE ISSUE PRICE (THE "EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION SHALL BE HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE NET ISSUE WILL CONSTITUTE 12.74% OF THE POST-ISSUE EQUITY SHARE CAPITAL OF THE COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS.10 EACH.

THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY THE COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGERS, AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

THE PROMOTERS OF THE COMPANY ARE SKIL INFRASTRUCTURE LIMITED, GREVEK INVESTMENTS AND FINANCE PRIVATE LIMITED AND PUNJ LLOYD LIMITED.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Bombay Stock Exchange Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs"), the Co-Book Running Lead Managers ("CBRLMs") and at the terminals of the other members of the Syndicate.

Pursuant to Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), this Issue is for less than 25% of the post Issue share capital of the Company and is therefore being made through a 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In addition, in accordance with Rule 19(2)(b) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate at least Rs.1,000 million. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The QIB portion includes the Anchor Investor portion (as defined in the section "Definitions and Abbreviations") and the Company may consider participation by Anchor Investors in the Net Issue for up to 15,273,040 Equity Shares in accordance with the SEBI Regulations (as defined in the section "Definitions and Abbreviations"). Further, up to 600,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Issue Price is (●) times the face value. The Issue Price (as determined and justified by the BRLMs, the CBRLMs and the Company as stated in the section "Basis for Issue Price" beginning on page 57 of the Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of the Red Herring Prospectus. Specific attention of the investors is invited to the statements in the section "Risk Factors" beginning on page xiii of the Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Red Herring Prospectus contains all information with regard to the Company and the Issue that is material in the context of the Issue, that the information contained in the Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING




In 2008, Credit Analysis and Research Limited ("CARE"), a credit rating agency registered with SEBI, through its letter dated February 18, 2008 and IPO Grading report dated February 19, 2008, had assigned a "CARE IPO Grade 3" to our proposed Issue, indicating average fundamentals. This grading expired within two months from the date of such report. The IPO grading is assigned on a five point scale from 1 to 5 with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. On August 27, 2009, CARE has reaffirmed that the proposed Issue has been graded CARE IPO Grade 3. CARE IPO Grade 3 indicates average fundamentals. For details regarding the grading of the Issue, see the section "General Information" beginning on page 14 of the Red Herring Prospectus.

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. The Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated March 11, 2008 and February 29, 2008, respectively. For the purposes of this Issue, the NSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS

JM FINANCIAL		
JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point, Mumbai - 400 021, India Tel: +91 22 6630 3030 Fax: +91 22 2204 7185 Email: pipavav.ipo@jmfinancial.in Investor Grievance ID: grievance.ibd@jmfinancial.in Contact Person: Mr. Kunal Jain Website: www.jmfinancial.in SEBI registration number: INM000010361	Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar Nariman Point, Mumbai - 400 021, India Tel: +91 22 6631 9999 Fax: +91 22 6646 6054 Email: pipavav.ipo@citi.com Investor Grievance ID: investors.cgmb@citi.com Contact Person: Mr. Ashish Adukia Website: www.citibank.co.in SEBI registration number: INM000010718	Enam Securities Private Limited 801/802, Dalamal Towers Nariman Point, Mumbai - 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email and Investor Grievance ID: pipavavshipyard.ipo@enam.com Contact Person: Ms. Dipali Dalal Website: www.enam.com SEBI registration number: INM000006856

BOOK RUNNING LEAD MANAGERS	CO-BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
 SBI Capital Markets Limited	 Kotak[®] Investment Banking	 MOTILAL OSWAL Investment Advisors Private Limited	 KARVY Karvy Computershare Private Limited
SBI Capital Markets Limited 202, Maker Towers "E" Cuffe Parade, Mumbai - 400 005, India Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: pipavav.ipo@sbicaps.com Investor Grievance ID: investor.relations@sbicaps.com Contact Person: Mr. Nishit Mathur Website: www.sbicaps.com SEBI registration number: INM000003531	Kotak Mahindra Capital Company Limited 3rd Floor, Bakhtawar 229, Nariman Point, Mumbai - 400 021, India Tel: +91 22 6634 1100 Fax: +91 22 2284 0492 Email: pipavav.ipo@kotak.com Investor Grievance ID: kmccredressal@kotak.com Contact Person: Mr. Chandrakant Bhole Website: www.kotak.com SEBI registration number: INM000008704	Motilal Oswal Investment Advisors Private Limited 113/114, Bajaj Bhawan, 11th Floor Nariman Point, Mumbai - 400 021, India Tel: +91 22 3980 4380 Fax: +91 22 3980 4315 Email and Investor Grievance ID: pipavav.ipo@motilaloswal.com Contact Person: Ms. Nisha Shah Website: www.motilaloswal.com SEBI registration number: INM000011005	Karvy Computershare Private Limited Plot No. 17-24, Vittal Rao Nagar, Madhapura Hyderabad - 500 081, India Tel: +91 40 2342 0815 Fax: +91 40 2343 1551 Email: pipavav_ipo@karvy.com Contact Person: Mr. M. Murali Krishna Website: www.karvy.com SEBI registration number: INR00000221

BID / ISSUE PROGRAM

BID/ISSUE OPENING ON : SEPTEMBER 16, 2009	BID/ISSUE CLOSING ON : SEPTEMBER 18, 2009
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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or requires in the Red Herring Prospectus, the following terms have the meanings given below.

Company Related Terms

Term	Description
The Company, the Issuer, Pipavav Shipyard Limited or PSL	Pipavav Shipyard Limited, a public limited company incorporated under the Companies Act and whose registered office is at Pipavav Port, Post Uchchaya, Via Rajula, Rajula - 365 560, Gujarat, India.
We, our or us	The Company, and where the context requires, its Subsidiary, on a consolidated basis.
ABN AMRO	ABN AMRO Asia Merchant Bank (Singapore) Limited.
Articles or Articles of Association	The articles of association of the Company, as amended.
Auditors	Chaturvedi & Shah, Chartered Accountants, the statutory auditors of the Company.
AVGI	AVGI Maritime Group.
Board of Directors or Board	The board of directors of the Company or a committee constituted thereof.
CEFL	Citadel Equity Fund Ltd.
Director(s)	The director(s) on the Board of the Company.
Equity Shares	Equity shares of the Company with a face value of Rs.10 each.
EXIM Bank	Export-Import Bank of India.
Golden Ocean	Golden Ocean Group Limited.
GPPL	Gujarat Pipavav Port Limited.
Grevek Investments	Grevek Investments and Finance Private Limited, a private limited company incorporated under the Companies Act and a Promoter of the Company.
HUDCO	Housing and Urban Development Corporation Limited.
IDBI	IDBI Bank Limited.
IL&FS	Infrastructure Leasing & Financial Services Limited.
KOMAC	Korea Maritime Consultants Co. Limited.
Memorandum or Memorandum of Association	The memorandum of association of the Company, as amended.
New York Life	New York Life Investment Management India Fund (FVCI) II, LLC.
Offshore Business	The business of fabrication or construction of offshore platforms, rigs, jackets, vessels, etc., for the upstream oil and gas sector excluding all kinds of sub-sea pipelines.
Order book	Contracts entered into by the Company with its customers for construction and repair of ships and other products, including for the Offshore Business.
Pipavav Shipyard	A shipbuilding, ship repair and offshore fabrication complex being constructed by the Company at Pipavav in the State of Gujarat, India. The complex is spread over an aggregate area of 198.92 hectares (approximately 491.53 acres), comprising an SEZ unit spread over 95 hectares (approximately 234.75 acres) and an EOU spread over 103.92 hectares (approximately 256.79 acres). The two sites are connected by a dedicated corridor road of approximately 4.5 km length built by the Company partly on land owned by ECPL, the wholly-owned subsidiary of the Company, and partly on land leased to the Company by GPPL. The current phase of the construction of the Pipavav Shipyard includes:

Term	Description
	<ul style="list-style-type: none"> conversion of one of the two existing wet docks into a dry dock measuring 662 meters in length and 65 meters in width, and which is capable of accommodating ships of up to 400,000 DWT and/or multiple combinations of smaller vessels, including vessels catering to offshore activities such as offshore supply vessels (“OSV”), anchor handling tug supply vessels and multi-purpose support vessels; the construction of a fabrication and block assembly facility for shipyard operations; the establishment of dedicated facilities comprising an offshore yard with load out facilities for our Offshore Business Products; and the installation of two Goliath cranes, each having a lifting capacity of up to 600 tonnes, including fit out berths, for building and repairing vessels, including naval vessels and coast guard vessels.
Promoters	The promoters of the Company specified in the section “Our Promoters and Promoter Group Companies” beginning on page 138 of the Red Herring Prospectus.
Promoter Group or Promoter Group Companies	The companies, entities or individuals mentioned in the section “Our Promoters and Promoter Group Companies” beginning on page 138 of the Red Herring Prospectus.
Punj Lloyd or PLL	Punj Lloyd Limited, a public limited company incorporated under the Companies Act and a Promoter of the Company.
Registered Office	The registered office of the Company, which is at Pipavav Port, Post Uchchaya, Via Rajula, Rajula - 365 560, Gujarat, India.
SembCorp	SembCorp Marine Limited.
Setaf	Setaf s.a.s.
SKIL	SKIL Infrastructure Limited, a public limited company incorporated under the Companies Act and a Promoter of the Company.
Sneha Metals	Sneha Metals Private Limited.
Subsidiary or E Complex or ECPL	E Complex Private Limited, a private limited company incorporated under the Companies Act and a wholly-owned subsidiary of the Company.
Trinity	Trinity Capital (Nine) Limited.

Issue Related Terms

Term	Description
Advisor to the Issue	HSBC InvestDirect (India) Limited.
Allot, Allotment, Allotted, allot or allotment	Unless the context otherwise requires or implies, the issue or allotment of Equity Shares pursuant to the Issue.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, who has Bid for Equity Shares for an amount of at least Rs.100 million.
Anchor Investor Margin Amount	An amount equal to 25% of the Bid Amount payable by an Anchor Investor at the time of submission of its Bid.
Anchor Investor Portion	The portion of the Net Issue being up to 15,273,040 Equity Shares.
Anchor Investor Bid/Issue Date	The date one day prior to the Bid/Issue Opening Date on which bidding by Anchor Investors shall open and shall be completed.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by a Resident Retail Individual Investor to make a Bid authorizing an SCSB to block the Bid Amount in its specified bank account maintained with such SCSB.

Term	Description
ASBA Bidder	Any Resident Retail Individual Investor who intends to apply through ASBA and (a) is Bidding at the Cut-off Price, with a single option as to the number of Equity Shares; (b) is applying through blocking of funds in a bank account with an SCSB; (c) has agreed not to revise its Bid; and (d) is not Bidding under any of the reserved categories.
ASBA Bid-cum-Application Form	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus.
ASBA Public Issue Account	A bank account of the Company under Section 73 of the Companies Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders.
Banker(s) to the Issue	The Escrow Collection Banks.
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe for the Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For the purposes of ASBA Bidders, it means an indication to make an offer during the Bidding Period by a Resident Retail Individual Investor to subscribe for the Equity Shares at the Cut-off Price.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder upon submission of the Bid.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe for the Equity Shares and which will be considered as the application for Allotment pursuant to the terms of the Red Herring Prospectus.
Bid/Issue Closing Date	The date after which the members of the Syndicate or SCSBs (in case of ASBA Bidders) shall not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Gujarati newspaper.
Bid/Issue Opening Date	The date on which the members of the Syndicate or SCSBs (in case of ASBA Bidders) start accepting Bids for the Issue, which date shall be notified in a widely circulated English national newspaper, a widely circulated Hindi national newspaper and a widely circulated Gujarati newspaper.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which prospective Bidders (other than Anchor Investors) can submit their Bids.
Book Building Process	The book building process as described in Schedule XI to the SEBI Regulations, in terms of which the Issue is being made.
BRLMs or Book Running Lead Managers	JM Financial Consultants Private Limited, Citigroup Global Markets India Private Limited, Enam Securities Private Limited and SBI Capital Markets Limited.
BSE	Bombay Stock Exchange Limited.
Business Day	Any day other than a Saturday or Sunday on which commercial banks in Mumbai are open for business.
CAN or Confirmation of Allocation Note	The note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalized and above which no Bids will be accepted.
CARE	Credit Analysis and Research Limited.
CBRLMs or the Co-Book	Kotak Mahindra Capital Company Limited and Motilal Oswal Investment

Term	Description
Running Lead Managers	Advisors Private Limited.
CDSL	Central Depository Services (India) Limited.
Citi	Citigroup Global Markets India Private Limited.
Companies Act	The Companies Act, 1956, as amended.
Controlling Branches	Such branches of the SCSBs which coordinate with the BRLMs, the CBRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in .
Cut-off Price	Any price within the Price Band finalized by the Company, in consultation with the BRLMs and the CBRLMs. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid. Only Retail Individual Bidders and Eligible Employees are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended.
Depository Participant or DP	A depository participant as defined under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid-cum-Application Forms used by ASBA Bidders and a list of which is available at http://www.sebi.gov.in .
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, following which the Board Allots Equity Shares to successful Bidders.
Designated Stock Exchange	The NSE.
Draft Red Herring Prospectus	The draft red herring prospectus dated January 16, 2008, issued in accordance with Section 60B of the Companies Act, which did not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue.
ECS	Electronic Clearing System.
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby.
Employee, Employees or Eligible Employees (in the Employee Reservation Portion)	A permanent and full-time employee or a Director of the Company, as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid- cum-Application Form. They do not include employees of the Promoters and the Promoter Group.
Employee Reservation Portion	The portion of the Issue, being a maximum of 600,000 Equity Shares, available for allocation to the Employees.
Enam	Enam Securities Private Limited.
Escrow Account	The account opened with Escrow Collection Bank(s) for the Issue and in whose favour the Bidder (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Margin Amount when submitting a Bid and the remainder of the Bid Amount, if any, collected thereafter.
Escrow Agreement	The agreement to be entered into among the Company, the Registrar to the Issue, the BRLMs, the CBRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, for remitting refunds of the amounts collected to the Bidders

Term	Description
	(excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	The banks that are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account(s) will be opened, comprising Axis Bank Limited, BNP Paribas, Central Bank of India, Citibank NA, Deutsche Bank AG, ICICI Bank Limited, IDBI Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited, Punjab National Bank, State Bank of India, The Hongkong and Shanghai Banking Corporation Limited and UCO Bank.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign Direct Investment, as understood under applicable laws and regulations in India.
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder.
FIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA Bid-cum-Application Form.
Fiscal, Financial Year or FY	A period of twelve months ended March 31 of that particular year, unless otherwise stated.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted.
FVCIs	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with SEBI.
GIR Number	General Index Registry Number.
Indian GAAP	Generally accepted accounting principles in India.
Industrial Policy	The policy and guidelines relating to industrial activity in India issued by the Ministry of Commerce and Industry, Government of India, as updated, modified or amended from time to time.
IFSC	Indian Financial System Code.
Issue	The public issue of an aggregate of 85,450,225 Equity Shares.
Issue Price	The final price at which Equity Shares will be Allotted in the Issue, as determined by the Company, in consultation with the BRLMs and the CBRLMs, on the Pricing Date.
JM Financial	JM Financial Consultants Private Limited.
KMCC	Kotak Mahindra Capital Company Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, which may range between 10% and 100% of the Bid Amount, as applicable.
MFs or Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended.
MICR	Magnetic Ink Character Recognition.
Monitoring Agency	IDBI Bank Limited.
Motilal Oswal	Motilal Oswal Investment Advisors Private Limited.
Mutual Fund Portion	5% of the QIB Portion, equal to a minimum of 2,545,507 Equity Shares, available for allocation to Mutual Funds from the QIB Portion.
NEFT	National Electronic Fund Transfer.
Net Issue	The Issue other than the Equity Shares included in the Employee Reservation Portion, subject to any addition of Equity Shares pursuant to any under-subscription under the Employee Reservation Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and have Bid for an amount greater than Rs.100,000.
Non-Institutional Portion	The portion of the Issue being not less than 10% of the Net Issue

Term	Description
	consisting of 8,485,022 Equity Shares, available for allocation to Non-Institutional Bidders.
Non-Residents	All eligible Bidders that are persons resident outside India, as defined under FEMA, including Eligible NRIs, FIIs and FVCIs.
NRE Account	Non-Resident External Account.
NRI or Non-Resident Indian	A person resident outside India, as defined under FEMA, and who is a citizen of India or a person of Indian origin, as such terms are defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue.
PAN	Permanent Account Number.
Pay-in Date	The Bid/Issue Closing Date with respect to the Bidders whose Margin Amount is 100% of the Bid Amount and the last date specified in the CAN with respect to the Bidders whose Margin Amount is less than 100% of the Bid Amount, provided however, for Anchor Investors, the Pay-in Date shall be within two days of the Bid/Issue Closing Date, in accordance with the SEBI Regulations.
Pay-in Period	<p>(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the Bid/Issue Closing Date; and</p> <p>(ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date specified in the CAN, provided however, for Anchor Investors, the Pay-in Period shall mean the period from the Anchor Investor Bid/Issue Date until two days after the Bid/Issue Closing Date.</p>
Pre-IPO Placing	The private placement of Equity Shares for cash consideration in Indian Rupees to selected investors completed prior to filing the Red Herring Prospectus with the RoC.
Price Band	The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs and the CBRLMs, and advertised in all editions of the Economic Times in English, Navbharat Times in Hindi, Financial Express in Gujarati and Maharashtra Times in Marathi, at least two working days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which the Issue Price is finalized by the Company, in consultation with the BRLMs and the CBRLMs.
Prospectus	The prospectus to be filed with the RoC after the Pricing Date containing, <i>inter alia</i> , the Issue Price, the size of the Issue and certain other information.
Public Issue Account	The account opened with the Bankers to the Issue to receive monies from the Escrow Account(s) on the Designated Date.
QIBs or Qualified Institutional Buyers	As defined under the SEBI Regulations and includes public financial institutions (defined under Section 4A of the Companies Act), FIIs and sub-accounts registered with SEBI (other than a sub-account which is a

Term	Description
	foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs.250 million, pension funds with a minimum corpus of Rs.250 million and the National Investment Fund.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount, which QIBs are required to pay at the time of submission of a Bid.
QIB Portion	The portion of the Issue being at least 60% of the Net Issue consisting of 50,910,135 Equity Shares, to be allotted to QIBs on a proportionate basis.
Refund Account	An account opened with the Refund Bank, from which refunds of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank	Axis Bank Limited.
Registrar or Registrar to the Issue	Karvy Computershare Private Limited.
Resident Retail Individual Investor	A Retail Individual Bidder who is a person resident in India (as defined under the FEMA) and who has not Bid for Equity Shares for an amount more than Rs.100,000 in any of the bidding options in the Issue.
Retail Individual Bidders	Bidders (including HUFs and Eligible Employees) who have bid for an amount less than or equal to Rs.100,000.
Retail Portion	The portion of the Issue being not less than 30% of the Net Issue consisting of 25,455,068 Equity Shares, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Form or any previous Revision Form.
RHP or Red Herring Prospectus	This red herring prospectus dated September 5, 2009, issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered, and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the Pricing Date.
RoC or Registrar of Companies	The Registrar of Companies, Gujarat, Dadra and Nagar Haveli located at Ahmedabad.
RTGS	Real Time Gross Settlement.
SBI CAPS	SBI Capital Markets Limited.
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended.
SCSBs or Self Certified Syndicate Banks	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services of ASBA, including blocking of funds in bank accounts, are recognized as such by the SEBI and a list of which is available at http://www.sebi.gov.in .
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Guidelines	The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Securities Act	The U.S. Securities Act of 1933, as amended.
SICA	The Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

Term	Description
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders).
Syndicate Members	JM Financial Services Private Limited, SBICAP Securities Limited, Kotak Securities Limited, Motilal Oswal Securities Limited and SMC Global Securities Limited.
Syndicate or members of the Syndicate	The BRLMs, the CBRLMs and the Syndicate Members.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
TRS or Transaction Registration Slip	The slip or document issued by any of the members of the Syndicate or the SCSB (only on demand) to a Bidder as proof of registration of the Bid.
Underwriters	The BRLMs, the CBRLMs and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.
US GAAP	Generally accepted accounting principles in the United States of America.
VCFs	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended) registered with SEBI.

Industry Related Terms

Term	Description
Aframax	An oil tanker with capacity between 80,000 DWT and 120,000 DWT largely used in the basins of the Black Sea, the North Sea, the Caribbean Sea, the China Sea and the Mediterranean.
AHTS	Anchor Handling Tug Supply.
Capesize	Cargo ships that are too large to traverse either the Suez Canal or the Panama Canal, and that have to traverse either through the Cape of Good Hope or Cape Horn.
Caisson Gate	It is a watertight double membrane structure placed across the entrance of a basin, dry dock, etc., to exclude water from the dry dock or maintain differential water level in a wet dock. The caisson gate is a structure with ballast tanks built into it, so that when positioned across the entrance sill, it can form a watertight gate on ballasting. When necessary to flood the dry dock for launching of a vessel, water is pumped into the dry dock, the caisson is floated and moved away from the entrance of the dry dock to let the ship pass through to the sea. The caisson is then floated back into its position at the entrance of the dock, and lowered into position, after which water is pumped out of the dry dock.
DWT	Dead weight tonnage.
GMB	Gujarat Maritime Board, an authority constituted by the Government of Gujarat pursuant to the Gujarat Maritime Board Act, 1981.
IMO	International Maritime Organization.
LNG	Liquefied Natural Gas.
Malaccamax	The maximum size of a ship capable of transiting the straits of Malacca.
MSV	Multi-purpose Support Vessel.
NMDP	National Maritime Development Programme.
OSV	Offshore supply/support vessel.
Panamax	The maximum size of a ship capable of transiting the Panama Canal.
Suezmax	The maximum size of a ship capable of transiting the Suez Canal.
ULCC	Ultra large crude carrier.

Term	Description
VLCC	Very large crude carrier.

Other Abbreviations/Terms

Term	Description
A/c	Account.
AGM	Annual general meeting.
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
Bonus Act	The Payment of Bonus Act, 1965, as amended.
BPLR	Below Prime Lending Rate.
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970, as amended.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization.
EGM	Extraordinary general meeting.
EPS	Earnings per share.
ESI Act	The Employees State Insurance Act, 1948, as amended.
Factories Act	The Factories Act, 1948, as amended.
FIPB	The Foreign Investment Promotion Board of the Government of India.
GOI or Government	Government of India.
Gratuity Act	The Payment of Gratuity Act, 1972, as amended.
HUF	Hindu Undivided Family.
IPO	Initial Public Offering.
IT	Information technology.
I.T. Act	The Income Tax Act, 1961, as amended.
I.T. Rules	The Income Tax Rules, 1962, as amended.
LIBOR	London Interbank Offered Rate.
NA	Not Applicable.
NAV	Net Asset Value.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime Lending Rate.
RBI	The Reserve Bank of India.
RoNW	Return on Net Worth.
sq. ft.	Square feet.
Water Act	The Water (Prevention and Control of Pollution) Act 1974, as amended.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA, CURRENCY OF PRESENTATION AND EXCHANGE RATES

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” in the Red Herring Prospectus are to the Republic of India, together with its territories and possessions, all references to the “US”, the “USA”, the “United States” or the “U.S.” are to the United States of America, together with its territories and possessions and all references to “UK” or “U.K.” are to the United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions.

Financial Data

Unless indicated otherwise, the financial data in the Red Herring Prospectus is derived from our restated stand alone financial statements prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations included in the section “Financial Statements” beginning on page F-1 of the Red Herring Prospectus.

Our fiscal year commences on April 1 and ends on March 31 of the next year, so all references to a particular fiscal year are to the twelve month period ended on March 31 of that year. In the Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and US GAAP; accordingly, the degree to which the Indian GAAP financial statements (consolidated or unconsolidated) included in the Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in the Red Herring Prospectus should accordingly be limited. The Company has not attempted to quantify those differences or their impact on the financial data included herein, and you should consult your own advisors regarding such differences and their impact on our financial data. For more information on these differences, see the section “Summary of Significant Differences between Indian GAAP and US GAAP” beginning on page 214 of the Red Herring Prospectus.

Industry and Market Data

Unless stated otherwise, market and industry related data used in the Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Although the Company believes that the industry data used in the Red Herring Prospectus is reliable, it has not been verified by us or any other person connected with the Issue.

Further, the extent to which the market and industry data used in the Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different industry sources.

Currency of presentation

All references to “Rupees”, “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America. All references to “EURO”, “euro” or “Euro” are to the official currency of the European Union. All references to “KZT” are to Kazakhstan Tenge, the official currency of the Republic of Kazakhstan. All references to “SGD” are to Singapore Dollars, the official currency of the Republic of Singapore. All references to “Riyal” are to the official currency of the Kingdom of Saudi Arabia. All references to “JPY” are to the official currency of Japan.

Exchange Rates

The Red Herring Prospectus contains translations of certain U.S. Dollar, Euro and other currency amounts into Indian Rupees. These have been presented solely to comply with the requirements of Item VIII.(G) of Part A of Schedule VIII to the SEBI Regulations. These translations should not be construed as a representation that such currency could have been, or could be, converted into Indian Rupees, at any particular rate or at all.

Unless otherwise stated, we have in the Red Herring Prospectus used a conversion rate of Rs.47.87 for one U.S. Dollar, Rs. 67.69 for one Euro and Rs.0.50 for one JPY as of June 30, 2009 which is the RBI reference rate for such date. On August 31, 2009, the RBI reference rate was Rs. 48.88 for one U.S. dollar (*Source: Reserve Bank of India available at <http://www.rbi.org.in/scripts/ReferenceRateArchive.aspx>*).

FORWARD LOOKING STATEMENTS

The Red Herring Prospectus contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to raise finances to fund our planned capital expenditures;
- Our ability to successfully implement our strategy;
- Our ability to complete the construction of the Pipavav Shipyard as per schedule and the construction of ships and vessels in accordance with contracted terms;
- Our limited operating history or our lack of prior experience in ship building, ship repair or the Offshore Business;
- Our reliance on third party contractors and contract partners;
- Changes in the availability and price of our raw materials;
- Our dependence on a small number of customers and loss of business from significant customers;
- Changes in the interest rates and the exchange rates;
- Changes in laws and regulations that apply to ship building industries;
- Increasing competition in and the conditions of the Indian and global ship building industry;
- Increase in labor costs;
- Labor unrest or other difficulties; and
- General economic and business conditions in India and other countries.

For a further discussion of factors that could cause our actual results to differ, see the sections “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages xiii, 76 and 194, respectively, of the Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Forward looking statements speak only as of the date of the Red Herring Prospectus. None of the Company, its Directors, its officers, any Underwriter, or any of their respective affiliates or associates has any obligation to update or otherwise revise any statement reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. The Company, the BRLMs and the CBRLMs will ensure that investors in India are informed of material developments until the commencement of listing and trading.

SECTION II: RISK FACTORS

RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in the Red Herring Prospectus, including the risks described below before making an investment decision. If any of the risks described below actually occur, our business, prospects, financial condition and results of operations could be seriously harmed, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

Any potential investor in, and purchaser of, our Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United States and other countries. In addition, the risks set out in the Red Herring Prospectus may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. This section has been numbered solely for convenience only and the order in which the risks appear does not reflect the prioritization of any risk.

Risks Relating to Our Company and Its Business

1. There are criminal proceedings pending against certain of our Directors and Promoter Group entities.

There are criminal proceedings pending against certain of our Directors and Promoter Group entities. The proceedings are pending at different levels of adjudication before various courts, tribunals and enquiry officers. These matters include: (i) a criminal proceeding against one of our Directors, Mr. Nikhil P. Gandhi, in which it is alleged that he and another individual committed forgery of bills and that they conspired and connived with each other to commit such forgery; (ii) a criminal proceeding against two of our Directors, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi and Metropolitan Industries, one of our Promoter Group entities, in which it is alleged that they and two other parties fraudulently evaded paying Rs. 20,000,000 in customs duties; and (iii) a criminal proceeding against Mr. Nikhil P. Gandhi alleging that he dishonoured cheques. All of these allegations have been contested by the relevant Directors and Promoter Group entity. For further details on these proceedings, see the section “Outstanding Litigation and Material Developments” beginning on page 225 of the Red Herring Prospectus.

An adverse outcome in any of these proceedings could have a material adverse effect on the Directors and our Promoter Group entity, as well as on our business, prospects, financial condition and results of operations. Further, any adverse outcome in any of these proceedings may affect the reputation and standing of our Company and may impact future business. No assurances can be given that these matters will be settled in favour of the relevant Directors or Promoter Group entity or that no further liability will arise out of these claims.

2. There are certain legal proceedings and regulatory actions involving us, our Subsidiary, our Directors, our Promoters and certain Promoter Group companies.

There are outstanding legal proceedings involving us, our Subsidiary, our Directors, our Promoters and Promoter Group companies. These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers and appellate tribunals. A classification of the legal proceedings instituted against us, our Subsidiary, our Directors, our Promoters and Promoter Group companies and the monetary amount involved in these cases is mentioned in brief below:

Nature of cases	Number of cases	Approximate total amount involved (Rs in Million)
Proceedings involving our Company		
Criminal	Nil	Nil
Civil	4	7,337.71
Tax/Show Cause Notices	1	3.76
Regulatory	Nil	Nil
Proceedings involving our Subsidiary		
Criminal	Nil	Nil
Civil	Nil	Nil
Tax/Show Cause Notices	1	2.73
Regulatory	Nil	Nil
Proceedings involving our Directors		
Criminal	3	23.58
Civil	5	1,265.32
Tax/Show Cause Notices	Nil	Nil
Regulatory	Nil	Nil
Proceedings involving our Promoters		
Criminal	9	11.13
Civil	23	4,986.96
Tax/Show Cause Notices	4	457.67
Proceedings involving our Promoter Group companies		
Criminal	1	20
Civil	20	2,219.33
Tax/Show Cause Notices	5	42.45
Regulatory	1	Nil

Note: (i) The amounts indicated in the column above are approximate amounts, wherever quantifiable; (ii) in respect of Punj Lloyd and the Promoter Group companies in relation to Punj Lloyd, only litigation which involves an amount of Rs. 10 million or more are reflected in the table above.

An adverse outcome in any of these proceedings could have a material adverse effect on us, our Subsidiary, our Directors, Promoters or Promoter Group companies, as well as on our business, prospects, financial condition and results of operations and that of the Promoter Group companies. Further, no assurances can be given that these matters will be settled in our favour or in favour of our Subsidiary, our Directors or our Promoters or Promoter Group companies or that no further liability will arise out of these claims. For further details on these proceedings, see the section “Outstanding Litigation and Material Developments” beginning on page 225 of this Red Herring Prospectus.

3. *We have assigned documents pertaining to the Pipavav Shipyard and government approvals and licenses relating to the Pipavav Shipyard in favour of our lenders.*

Documents pertaining to the Pipavav Shipyard, including the Sub-Lease Agreement with GPPL under which the Pipavav Shipyard is being constructed and operated by us, and related governmental approvals and licenses have been assigned in favor of our lenders and may be assigned to other lenders in the future, as security for their loans to us. In the event of a default by us on any of our loans that are secured by such assignments, the lender would be able to, among other things, take possession of our rights under the Sub-Lease Agreement and the government approvals and licenses relating to the Pipavav Shipyard or invoke any legal remedies available to dispossess us of our rights under those documents, government approvals and licenses. If we lose possession or clear title to our rights under the Sub-Lease Agreement or the government approval and licenses relating to the Pipavav Shipyard and are unable to construct and/or operate the Pipavav Shipyard, our financial condition and results of operations will be adversely affected. Further, our Company has assigned the right to receive all receivables from one of the Panamax bulk carriers of 74,500 DWT being constructed for Golden Ocean Group Limited (“Golden Ocean”) to the Bank of India pursuant to a Deed of Assignment. In addition, our working capital credit facilities are secured by stocks of raw materials, semi-finished and finished goods, stores and spares not relating to plant and

machinery (consumable stores and spares), receivables, debts owed to us and all other movable assets of the Company. There is also a second mortgage and charge in favor of our working capital lenders ranking after the charges made in favour of our term lenders on our immovable properties (other than current assets) both present and future.

4. *Our Company has been subject to search and seizure proceedings by the Department of Revenue Intelligence.*

The Department of Revenue Intelligence instituted search and seizure proceedings against our Company in April 2004 in respect of alleged non-payment of customs duties for certain equipment imported into India by our Company. On August 21, 2007, our Company received a final order from the Commissioner of Customs (Adjudication) whereby penalty proceedings against the Company were dropped. As a result, there is no contingent liability or other outstanding liability regarding this matter as of the date of this Red Herring Prospectus. However, there can be no assurance that the Department of Revenue Intelligence will not institute new search and seizure proceedings against our Company in respect of this matter in the future or that any such matter would be settled in our favour.

Further, the Department of Revenue Intelligence carried out search and seizure proceedings against our Company on August 27, 2008, September 23, 2008 and October 14, 2008 in respect of alleged non-payment of excise duties and customs duties in respect of steel used by our Company in the construction of the dry dock at the Pipavav Shipyard. We believe that we were exempt from paying excise duties and custom duties on steel used in the construction of the dry dock because as a certified Export Oriented Unit (“EOU”) we are exempt from paying excise duties and customs duties on goods used for the production of capital goods, raw materials, goods used in the manufacture of export products and raw materials used for making capital goods. We further believe that there is precedent for a plant that is required for the manufacture and production of goods to be considered capital goods and that our dry dock constitutes a plant that qualifies as capital goods. In contrast, the Department of Revenue Intelligence believes that a dry dock is a civil construction and that therefore the aforesaid exemptions were not applicable. This matter is now pending before the High Court of Gujarat. In the interim the Supreme Court of India has permitted us to use the seized material for construction of the dry dock subject to us (i) having deposited a sum of Rs. 35 million, (ii) furnishing a bond in the amount of Rs. 135 million in favour of the Department of Revenue Intelligence through our executive director, and (iii) fulfilling certain other obligations. There can be no assurance that the High Court of Gujarat will rule in our favour. If the High Court of Gujarat determines that the dry dock is civil construction, the deposit of Rs. 35 million will not be refunded to us and we may be liable to pay an additional sum of approximately Rs. 135 million together with interest on account of excise duties and customs duties payable on the steel used to construct the dry dock, which could have an adverse effect on our financial condition and results of operation.

5. *We may not be in compliance with certain of our obligations to the Gujarat Maritime Board and Gujarat Pipavav Port Limited.*

In response to a request for consent to commence construction activities for the Pipavav Shipyard at Pipavav Port, the GMB, by its letter dated June 25, 2007, granted its consent which imposed certain conditions including, among others, the requirement of statutory environmental clearances from the relevant regulatory authorities, no-objection certificates from customs authorities, payment of applicable charges to GMB, submission of periodic progress reports, execution of a sub-concession agreement, clearance for acquisition of direct or indirect interests of more than 10% in our Company (subject to a right to withhold such approval, should GMB or the Government of Gujarat opine that the acquisition would be prejudicial to national interests), and for any direct or indirect change in our management or ownership, mergers or acquisition, or substantial change in directors. Based on the conditions attaching to the consent, Punj Lloyd’s investment in us, which is an acquisition of more than 10% direct interest in us, may require the consent of GMB. We have received legal advice that certain of these conditions in the consent by GMB will not apply to us since we operate under the Sub-Lease Agreement. However, pursuant to an undertaking given by us and by IL&FS, we are in discussions with GMB to finalize a sub-concession agreement. There can be no assurance that GMB will concur with the legal advice relied upon by us and will not take appropriate action against us in this regard including seeking to terminate the Sub-Lease

Agreement. If GMB does proceed to take such action against us, our business, financial condition and results of operations may be materially and adversely affected.

Further, under the subscription and shareholders' agreement dated September 15, 2007 among SKIL, the Company, Punj Lloyd and other parties, we are required to enter into a sub-concession agreement with GPPL and/or GMB no later than December 31, 2007, or such other date as may be mutually agreed on terms no less favourable than those contained in the Concession Agreement. Pursuant to a letter dated July 30, 2009, Punj Lloyd consented to an extension of time until December 31, 2009, in relation to entering into the sub-concession agreement. However, we have not yet entered into any sub-concession agreement with GPPL and/or GMB. We cannot assure you that we will succeed in entering into the sub-concession agreement with GPPL and/or GMB or that Punj Lloyd will not exercise its right under the subscription and shareholders' agreement in respect of our breach of our obligations under such agreement, which would result in Punj Lloyd terminating such agreement. In the event of such termination, Punj Lloyd would not be obligated to conduct its Offshore Business through us and our business, financial condition and results of operation would be materially and adversely affected.

Further, under the Deed of Sub-Lease dated May 31, 2008 entered into with GPPL, we were required to enter into a sub-concession agreement with GPPL by August 31, 2008, failing which such Deed would become invalid. Even though the sub-concession agreement has not been signed, we currently occupy and use such land on some portion of which part of the dedicated corridor road is constructed and have been paying GPPL rent at the rate specified under the Deed of Sub-Lease. However, because the Deed is now technically invalid, GPPL could at any time terminate our usage of such land, which could materially and adversely affect our business, financial condition and results of operation.

6. *We have in the past rescheduled our indebtedness through a Corporate Debt Restructuring ("CDR") scheme.*

Changes in the IMO regulations relating to the phasing out of single hull tankers resulted in the original ship dismantling facility becoming unfeasible and our management deciding to change our business from ship dismantling to ship building in the fiscal year 2002-2003. Accordingly, we requested that our lenders extend the moratorium period as well as for a rescheduling of the payments on loans which we had taken out to finance the construction of the ship dismantling facility. In effect, the change in scope of the shipyard project and rescheduling of such loan facilities was carried out through the CDR mechanism. We have since prepaid the lenders under the CDR scheme and we are currently not subject to the terms thereof.

7. *We currently do not generate sufficient cash flow to service our indebtedness and we may not be able to generate sufficient cash flow to meet our debt service obligations.*

As we only commenced commercial production on April 1, 2009, we have no operating history from which you can evaluate our ability to generate cash flow. You should consider our business and prospects in light of the risks, expenses and challenges that we will face as an early-stage company seeking to develop and operate a new shipyard project in an intensely competitive market.

On a standalone restated basis, our net loss for fiscal year 2007 was Rs. (60.13) million while our net profit for fiscal year 2008 and fiscal year 2009 was Rs. 49.25 million and Rs. 49.24 million, respectively. However, our net cash flows from/(used in) operating activities for the period ended March 31, 2007, fiscal 2008 and fiscal 2009 was Rs. (16.28) million, Rs. 5,593.95 million and Rs. (173.71) million. We have incurred net losses and negative cash flows during these fiscal years primarily because we have expended funds to construct the Pipavav Shipyard during these fiscal years while not yet having any commercial operations.

Our ability to make scheduled payments due on our current and anticipated debt obligations and to fund planned capital expenditures and development efforts will depend on our ability to generate cash in the future. We will require timely completion of the Pipavav Shipyard and generation of operating cash flow from the Pipavav Shipyard to service our indebtedness. Our ability to generate cash to service our debt is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors,

many of which are beyond our control. If we do not generate sufficient cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot assure you that any refinancing or restructuring would be possible, that any assets could be sold, or, if sold, of the timing of the sales or the amount of proceeds that would be realized from those sales. We cannot assure you that additional financing could be obtained on acceptable terms, or at all, or would be permitted under the terms of our various debt instruments then in effect. Our failure to generate sufficient cash flow to service or satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have an adverse effect on our business, financial condition and results of operations.

8. *SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and Punj Lloyd have certain rights, including affirmative rights over reserved matters, that will continue after the listing of our Equity Shares in the Issue.*

Pursuant to a subscription and shareholders' agreement dated September 15, 2007 among SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi (collectively referred to as the "Founders" in the agreement), Punj Lloyd and the Company, the Founders and Punj Lloyd have certain rights including the right of first refusal, tag-along rights, anti-dilution rights and rights in relation to further purchase of Equity Shares in the Company. In addition, decisions at meetings of the Board can only be taken by a simple majority of the Directors present. However, with respect to reserved matters, there shall be no quorum at the meeting of the respective committees of the Board without the presence of the Punj Lloyd Director and the Founder Director who are the members of such committees, unless prior written consent for the reserved matter has already been received. Reserved matters consist of the following:

- any amendment to the Memorandum and Articles of the Company;
- any action that would adversely affect the rights, preferences, powers and privileges attached to the Equity Shares;
- any new issuance of Equity Shares or securities entitling the holder to Equity Shares, other than permitted by the agreement;
- indebtedness (or the creation or incurrence of any mortgage, pledge, lien, charge or encumbrance) in excess of an aggregate limit of Rs.15 billion, where the facility is a fund-based facility, and non-fund-based facilities that are outside the ordinary course of business. It is clarified for the avoidance of doubt that the provision of guarantees and availing of non-fund-based facilities in the ordinary course of business shall not constitute a reserved matter;
- approval of any capital expenditure plan;
- acquisitions (including without limitation leasing or licensing) of significant assets outside the capital expenditure resulting in a deviation by more than 10% of the envisaged capital expenditure;
- assignment, transfer or sale of any property of the Company or all or of substantially the undertaking of the Company subject to Section 293 of the Companies Act;
- commencement, termination, withdrawal or settlement of, or consent to, any claim, arbitration or lawsuit, which materially and adversely affect the Company;
- any scheme of arrangement such as mergers, de-mergers, or change of control of the Company, whether in one or a series of transactions by the Company;
- acquisition of the equity shares of other companies or any other form of investment by the

Company having a value in excess of Rs.1 billion;

- decisions regarding funding of new activities which are outside the purview of the existing and forecast future activities of the Company;
- entering into any joint venture agreements, other than those necessary for the business of the Company;
- transactions with affiliates, agents of the shareholders or relatives of the Directors, or the payment by the Company (whether in cash, property or services) or any transactions with interested or related parties;
- appointment, re-appointment or any change in the Company's auditors;
- material change in the accounting methods or policies of the Company;
- capitalisation of reserves;
- voluntary winding up or dissolution of the Company; and
- appointment of any additional directors of the Company except for directors to be nominated by lenders of the Company.

The rights of Punj Lloyd and the Founders in relation to the reserved matters shall terminate in the event of the shareholding percentage of such party falling below 10% in the paid up equity share capital of the Company.

For further details of this agreement, see the section "History and Certain Corporate Matters – Certain Agreements" beginning on page 113 of the Red Herring Prospectus.

9. *SEBI is conducting preliminary investigations into price movements of equity shares and transactions in equity shares of companies in which some of our directors hold directorships or controlling interests. SEBI has also initiated proceedings for violation of disclosure obligations against one of our Promoter Group companies.*

In the past the NSE took regulatory action against Horizon Infrastructure Limited ("Horizon"), a company in which Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and Mr. Ajai Vikram Singh hold directorships. The equity shares of Horizon were listed on the NSE on October 9, 1996. Subsequently, trading of its shares on the NSE was suspended due to non-compliance with technical and procedural requirements under certain clauses of its listing agreement with the NSE. Following satisfactory redressal of instances of non-compliance by Horizon with provisions of its listing agreement, the NSE ended the suspension of trading in Horizon's equity shares effective January 25, 2008.

Between January 25, 2008 and May 5, 2008, the price of the equity shares of Horizon increased significantly. The extent of the share price increase during this period led SEBI to initiate an investigation in 2009 into the price movements of, and dealing in, Horizon's equity shares during this period. Any outcome adverse to Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and/or Mr. Ajai Vikram Singh resulting from this investigation could have a material adverse effect on the relevant Directors, as well as on our reputation, business, prospects, financial condition and results of operations and that of our Promoter Group companies.

Further, SEBI has initiated proceedings alleging that one of our Promoter Group companies, Spectra Punj Lloyd Limited ("Spectra Punj"), has violated disclosure requirements under the Takeover Code. Two of the Company's Directors, Mr. Vimal Kishore Kaushik, is also a director of Spectra Punj. SEBI has proposed a consent order subject to the payment of a Rs.175,000 penalty by Spectra Punj and advised it to execute and

provide to SEBI a consent letter in a prescribed format. Spectra Punj has agreed to the payment of such penalty and has provided SEBI its consent by a letter dated November 3, 2004. However, Spectra Punj has not received any further communication from SEBI in relation to this matter thus far. For further details on these proceedings, see the section “Outstanding Litigation and Material Developments” beginning on page 225 of the Red Herring Prospectus.

10. *We have certain contingent liabilities that have not been provided for in the Company’s accounts, which may adversely affect our financial condition.*

Our contingent liabilities and commitments as of March 31, 2009, were as follows:

(Rs. in millions)	
Contingent Liabilities	As of March 31, 2009
Guarantees given by Company’s Banker	
Refund Guarantee given to customers (net of liabilities accounted for)	5,064.21
Other Bank Guarantees	103.56
Demand not acknowledged as debts	
Excise Duty	106.68
Custom Duty	13.88
Income Tax	0.18
Other claims related to geology and mining charges	8.54
Letter of credit opened in favour of Supplier	932.10
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,562.48
Total	7,791.63

We cannot assure you that any or all of these contingent liabilities and commitments will not become direct liabilities. In the event any or all of these contingent liabilities and commitments become direct liabilities, it may have an adverse effect on our business, financial condition and results of operations.

11. *We do not have definitive contractual arrangements with E Complex Private Limited for use of its facilities and our fabrication and block making capacity may be reduced in the event that E Complex facilities are no longer available to us.*

We are utilizing the facilities of E Complex Private Limited, or E Complex, for some of our fabrication and block making activities. E Complex is our wholly owned subsidiary and its facilities are located approximately 5 kilometers from the Pipavav Shipyard. The facilities of E Complex have been designated as a special economic zone for engineering and engineering related products, which gives companies which operate within the special economic zones (“SEZ”) certain tax benefits. E Complex is our wholly-owned subsidiary, and although we have entered into lease agreements with it in relation to 95 hectares of land on which the SEZ unit of the Company is located, we do not have any definitive contractual arrangements for use of its facilities. We have only entered into a memorandum of understanding dated March 31, 2009, as amended, which is subject to the execution of a final lease deed. The final lease deed has not been executed as of the date of the Red Herring Prospectus. Termination of the use of E Complex’s facilities would prevent us from utilizing the tax advantages arising from operating in the SEZ. In addition, part of the dedicated road corridor linking the facilities of E Complex to our shipyard to facilitate the transportation of the fabricated parts and blocks is built on land owned by E Complex. In the event that E Complex ceases to be our wholly-owned subsidiary, or a subsidiary of our Company, our ability to utilize its facilities for fabrication and block making or part of the dedicated road corridor may be terminated, restricted or subject to higher charges, which would adversely affect our business, financial condition and results of operations.

12. *Our substantial indebtedness and the conditions and restrictions imposed by our financing and other agreements could adversely affect our ability to conduct our business, financial condition and operations. We have rescheduled some of our debt obligations.*

We had outstanding long-term indebtedness in the aggregate principal amount of Rs. 7,745.90 million as of March 31, 2009. Further, our debt-to-equity ratio as of March 31, 2009 was 0.92. For information regarding

loans taken by us, see the sections “Financial Indebtedness” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 222 and 194 of this Red Herring Prospectus, respectively. We expect to incur additional substantial indebtedness in the future. Our outstanding term loans of Rs. 2,358.03 million from Housing and Urban Development Corporation Limited (“HUDCO”) were rescheduled in May 2006 and are currently payable in 37 quarterly installments commencing in February 2008. Our outstanding term loans of Rs. 437.50 million from Infrastructure Leasing & Financial Services Limited (“IL&FS”) were rescheduled in June 2006 and are currently payable in 29 quarterly installments commencing March 2008. Under our loan agreements with our term lenders, revenues of the Pipavav Shipyard have to be routed through a separate account called a “Trust and Retention Account” (“TRA Account”). Monies in the TRA Account can be disbursed to the term lenders on default by us under the loans. We have entered into an agreement with our term lenders in respect of the TRA Account (the “TRA Agreement”); however, our working-capital lenders have expressed a desire to become parties to the TRA Agreement as well. The Company, in consultation with its term lenders, is in the process of including its working-capital lenders as parties to the TRA Agreement and intends to finalize the amended TRA Agreement in consultation with its working-capital lenders. The documents pertaining to the Pipavav Shipyard, including the Sub-Lease Agreement with GPPL under which the Pipavav Shipyard is being constructed and operated by us, and related governmental approvals and licenses have been assigned in favor of our lenders and may be assigned to other lenders in the future, as security for their loans to us. Our Company has also been sanctioned non-fund based facilities from various banks aggregating to Rs. 21,312.50 million as on June 30, 2009.

Further, our Company has taken a loan from a consortium of banks led by Industrial Development Bank of India Limited (“IDBI”) pursuant to the Common Loan Agreement dated June 6, 2008 (“Common Loan Agreement”). The outstanding amount under the Common Loan Agreement as of June 30, 2009 is Rs. 4,536.20 million. We have drawn down 82.48% of the total sanctioned amount of Rs. 5,500 million. Our Company’s non-fund based facilities are secured by all of its current assets, which consist of stocks of raw materials, stocks-in-process, semi-furnished and furnished goods, stores and spares not relating to plant and machinery (i.e., consumable stores and spares), receivables, debts owed to us, and all other moveable current assets, both present and future, however or wherever in the possession of our Company. Our Company has also granted a second mortgage in favour of these lenders in all of its leasehold lands and plant and machinery whether movable or immovable.

Our indebtedness could have several important consequences, including but not limited to the following:

- we may be required to dedicate a portion of our cash flow towards repayment of our existing debt, which will reduce the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future may be impaired;
- fluctuations in market interest rates may adversely affect the cost of our borrowings, since the interest rates on certain of our borrowings are subject to changes based on the prime lending rate of the respective bank lenders, are renegotiated on a yearly basis and are not covered by interest rate hedge agreements;
- there could be a material adverse effect on our business, prospects, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial covenants of such indebtedness; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Our financing arrangements limit our ability to create liens or other encumbrances on our property, acquire other businesses, sell or otherwise dispose of assets, make certain payments and investments, and merge or

consolidate with other entities in certain circumstances. Further, our lenders have certain rights to determine how we operate our business, to appoint nominee directors on the Board, to convert at their option the whole or part of the defaulted amount into fully paid up equity shares of our Company, to convert the outstanding amount of the loans into non-convertible debentures, to terminate our working capital credit facilities, to seek early repayments of our loans and to charge penalties for prepayments or cancellations of our loans. Consent from these lenders is required for certain corporate and business actions, for the transfer of shares by our Promoters, material changes in our Board, changes in shareholdings and management decisions. Certain of our financing arrangements require us to maintain a specified debt-equity ratio. Certain unsecured loans taken by our Promoters, Promoter Group Companies and associates may be recalled by their respective lenders at any time. Any failure to service our indebtedness, maintain the required security interests, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities, which may adversely affect our business, financial condition and results of operations.

13. We may not be able to execute our plan to complete the construction of the Pipavav Shipyard as scheduled.

A key part of our strategy is dependent upon the timely completion of the Pipavav Shipyard, which is expected to be completed in all respects by October 2009 (except for the offshore yard that is expected to be completed by March 2010). However, we cannot assure you that the construction of the Pipavav Shipyard will be completed as scheduled, or that, either now that operations have commenced from April 1, 2009 or once the Pipavav Shipyard is completed in all respects, that it will operate as efficiently as planned. The construction and timely completion of Pipavav Shipyard will be subject to engineering, construction and other commercial risks, including:

- the availability of financing on acceptable terms;
- reliance on third parties to construct and complete, among other things, the fabrication, block building and dry dock facilities as well as the facilities required for the Offshore Business;
- reliance on arrangements with certain contract partners for technical assistance and other operational needs;
- reliance on Punj Lloyd Limited (“Punj Lloyd”) and others to facilitate our entry into the Offshore Business;
- construction and development delays or defects, including to critical equipment such as the Goliath cranes;
- engineering design and technological changes;
- mobilizing the required resources, including housing and training a large workforce;
- failure to obtain necessary governmental and other approvals;
- changes in market conditions;
- disputes with and defaults by contractors and subcontractors;
- environmental, health and safety issues, including site accidents;
- infrastructure and transport delays;

- actions of our competitors;
- accidents, natural disasters and weather-related delays;
- time and cost overruns and unanticipated expenses; and
- regulatory changes.

We intend to concurrently undertake the remaining construction of our fabrication, assembly and dry docks facilities with the construction of vessels for our customers. In addition, the failure to complete the Pipavav Shipyard on a timely basis could also adversely affect pending bids for contracts for our Offshore Business products and ships for the Indian navy and coast guard or it could delay the completion of vessels and/or other products that we are contractually obligated to deliver and also result in refund guarantees being invoked. Accordingly, any delay in the construction of the Pipavav Shipyard would have an adverse impact on our reputation and could have a material adverse effect on our business, financial condition, results of operation and prospects.

14. Our customers have sought to cancel, renegotiate, arbitrate or otherwise modify contracts for vessels in our order book, which could materially harm our cash flow position, financial conditions and results of operations.

Our order book does not indicate or guarantee that future earnings will be earned relating to the performance of that work. Accordingly, you should not consider our order book to represent future revenues. Our order book represents business that is considered likely, but cancellations or scope or schedule adjustments may and do occur. Also, most of the contracts in our current order book are being negotiated.

As of the date of this Red Herring Prospectus, we:

- have firm order agreements with Golden Ocean and AVGI Maritime Group (“AVGI”) for the construction of 10 Panamax bulk-carriers of 74,500 DWT each, having an aggregate value of US\$ 373.52 million (Rs. 17,880 million), scheduled for delivery from April 2010 to May 2012;
- remain in discussions with Golden Ocean to amend two additional firm order agreements for Panamax bulk-carriers of 74,500 DWT each so as to grant Golden Ocean options under those agreements, exercisable by December 31, 2010, to take delivery of each vessel, with such options having an aggregate value of US\$ 71.26 million (Rs. 3,411 million) if both are exercised, and an option fee of US\$ 7.0 million (Rs. 335.09 million) if the options are not exercised;
- are in discussions with AVGI to amend six additional firm order agreements for Panamax bulk-carriers of 74,500 DWT so as to grant AVGI unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of one or more of those vessels if it is unable to arrange funding for the relevant vessel, such vessels having an aggregate value of US\$ 231 million (Rs. 11,058 million);
- are engaged in arbitration with Setaf s.a.s. (“Setaf”) regarding whether it has the right to cancel one or more of four firm order agreements for Panamax bulk-carriers of 74,500 DWT each, such orders having an aggregate value of US\$ 144 million (Rs. 6,893 million), but we are also engaged in simultaneous discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders; and
- received notification from ONGC on June 26, 2009 of the award of contract for construction of 12 OSVs scheduled for delivery from June 2011 to December 2011, with an aggregate contract value of US\$ 111.85 million (Rs. 5,354 million). We were obliged to execute a definitive contract within one month from the date of award of contract; however, we have not yet entered into a definitive contract

with ONGC. Pursuant to this notification of award of contract, ONGC requires us to construct and supply the vessels from our SEZ Unit in “technical collaboration” with Jurong Shipyard, Singapore. The contract is a fixed priced contract that does not allow for an escalation of contract price on any grounds.

Definitive agreements reflecting the above and amending the terms of our existing contracts, have yet to be entered into with Golden Ocean, AVGI or Setaf. In addition, although we have received notification from ONGC of the award of contract for construction of the 12 OSVs, we have yet to enter into a definitive agreement with ONGC. There can be no assurance that we will enter into agreements with these customers on terms described above or satisfactory to us, or whether such contracts will be entered into on time or at all, or will not result in additional litigation or arbitration.

15. Delays in the manufacturing and delivery of vessels to customers may result in our being liable to pay our customers damages or otherwise adversely affect our reputation, business, financial condition, results of operation and prospects.

In the past, longer-than-normal monsoon seasons, delays in the mobilization of foreign technical workers due to visa issues, global economic conditions and design delays have caused delays in the manufacturing and delivery of the vessels and may do so in the future. We have already been delayed in delivering two vessels whose contracted delivery date were on or prior to April 30, 2009 and one other vessel whose contracted delivery date was on or prior to June 30, 2009.

We may encounter problems executing the projects as ordered, or executing them on a timely basis. Moreover, factors beyond our control may cause a project to be delayed, including delays or failures to obtain necessary authorizations, permissions or permits in a timely manner, and other types of difficulties or obstructions. Any delay in the completion and delivery of the vessels that we are constructing under our shipbuilding contracts will result in our being liable to pay our customers damages, liquidated or otherwise.

If the delay continues beyond the time stipulated in the contracts, our customers may terminate their vessel construction contracts. Even relatively short delays or surmountable difficulties in the execution of a project could result in our failure to receive, on a timely basis or at all, all payments otherwise due to us on a project. Moreover, any significant delay in the manufacture and delivery of vessels to customers could result in a delay of revenue recognition, additional funding requirements, cost overruns, increased debt service obligations and additional financing and operating covenants contained in new loan documents that would restrict our operations. Accordingly, any delay in the manufacturing and delivery of vessels to customers would have an adverse impact on our reputation and could have a material adverse effect on our business, financial condition, results of operation and prospects.

16. The terms of our ship building and Offshore Business contracts could expose us to unforeseen costs and costs not within our control, which may not be recoverable and could adversely affect our results of operations and financial condition.

Due to the nature of the ship building and Offshore Business industries, most of our commercial contracts are executed on a fixed-price basis. Under fixed-price contracts, we agree to perform the contract for a fixed price and, as a result, can improve our expected profit by superior contract performance, productivity and other factors resulting in cost savings. However, we could incur cost overruns above the approved contract price, which may not be recoverable.

Fixed-price contract prices are established based largely upon estimates and assumptions relating to project scope and specifications, personnel and material needs. These estimates and assumptions may be inaccurate or conditions may change due to factors out of our control, resulting in cost overruns, which we may be required to absorb and that could have a material adverse effect on our business, financial condition and results of our operations. In addition, our profits from these contracts could decrease and we could experience losses if we incur difficulties in performing the contracts or are unable to secure fixed-pricing commitments from our suppliers and subcontractors at the time we enter into fixed-price contracts with our customers.

Many of contracts require us to satisfy specified progress milestones or performance standards in order to receive a payment. Under these types of arrangements, we may incur significant costs for labor, equipment and supplies prior to receipt of payment. If the customer fails or refuses to pay us for any reason, there is no assurance we will be able to collect amounts due to us for costs previously incurred. Whilst we may be able to recoup some or all of the cost overruns by entering into a claims recovery process, there can be no assurance that we would be able to recover some or all of the cost overruns, which could adversely affect our results of operations and financial condition.

17. Factors beyond our control or the control of our customers may cause our customers to postpone or cancel purchases from us or default on payments owed to us, which may adversely affect our business, financial condition and results of operations.

Factors beyond our control or the control of our customers may cause our customers to postpone or cancel purchases from us. Due to the possibility of cancellations or changes in project scope and schedule as a result of exercises of our customers' discretion or reasons outside the control of our customers, we cannot predict with certainty when, if or to what extent a project will be performed.

Even where a project proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. Any reduction in scope, cancellation, payment postponement or payment default in regard to order book projects or disputes with customers in respect of any of the foregoing could materially harm our financial condition, results of operations and cash flows.

18. We may be unable to raise finances to fund our planned capital expenditure.

We expect that the proceeds received in connection with the Issue will cover approximately 14.13% of our planned capital expenditure assuming that the entire proceeds as indicated in the "Objects of the Issue – Project Cost – Cost to be financed from the Net Proceeds" are raised in the Issue. We plan to use internal accruals, additional bank financing and future equity issuances to fund our remaining planned capital expenditure and future expansion (including the development of the second dry dock), operational needs and debt service payments. The amount of such additional required funding will depend on whether the shipyard construction project is completed within budget, the timing of completion of the construction of the Pipavav Shipyard and expansion of our revenue generating operations, any further investments we may make, and the amount of cash flow from our operations in the future. If delays and cost overruns are significant, the additional funding we would require could be substantial. Additional bank financing may not be available as and when required and, if incurred, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations. The sale of additional equity securities could result in additional dilution to our shareholders.

Our ability to obtain required funding on acceptable terms is subject to a number of uncertainties, including:

- Limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit arrangements;
- Investors' and lenders' perception of, and demand for, debt and equity securities of shipbuilding companies and companies engaged in the Offshore Business, as well as the offerings of competing financing and investment opportunities in India by our competitors;
- Conditions in the Indian and international capital markets in which we may seek to raise funds;
- Our future results of operations, financial condition and cash flows; and
- Economic, political and other conditions in India and internationally.

Without required funding, we may not be able to:

- complete the development of the Pipavav Shipyard;
- continue our operations;
- hire, train and retain employees;
- obtain or complete any vessel construction orders or orders for our Offshore Business products or orders from the navy or coast guard;
- market our products; or
- respond to competitive pressures or unanticipated funding requirements.

We cannot assure you that necessary financing will be available in amounts or on terms acceptable to us, or at all. If we fail to raise additional funds in such amounts and at such times as we may need, we may be forced to reduce our capital expenditures and construction to a level that can be supported by our currently available funding sources and delay the construction of the Pipavav Shipyard, which may result in our inability to meet drawing conditions under our current loan facilities or default and exercise of remedies by the lenders under our loan facilities. In that event, we may be unable to complete our projects under construction and could suffer a partial or complete loss of our investments in our projects.

19. Our commercial shipping customers have sought to renegotiate their agreements with us and we are engaged in arbitration with one of them in respect of our agreements with it.

Each of our commercial shipbuilding customers have sought to renegotiate their agreements with us following the global economic downturn in 2008, which, among other things, has contributed to our customers having difficulty obtaining funding or resulted in insolvency issues for our customers' customers. The process of legally documenting our revised commercial understanding, which include downward revision of price, revision of delivery dates, changes in specifications, conversion of certain firm orders into options exercisable at the customer's discretion in consideration for an option fee payable to us and the granting of unilateral rights to terminate the obligation to accept delivery of a vessel, is currently underway as of the date of this Red Herring Prospectus. Further, we are engaged in arbitration proceedings with our customer Setaf in respect of all four vessels that it has ordered from us. While we expect the agreements with Golden Ocean and AVGI to be amended satisfactorily, we cannot assure you that such amendments will eventually be signed, or if signed, that they will correspond to the commercial understandings that we believe that we have reached with them. We also cannot assure you that the outcome of the arbitration proceedings with Setaf will be favourable for our Company. Failure to amend agreements with AVGI and/or Golden Ocean and/or an unfavourable outcome with respect to our arbitration with Setaf could have an adverse effect on our business, profitability and financial condition.

20. We expect to be dependent on a small number of customers, particularly in the offshore and defence sector businesses.

We have a limited operating history and we are yet to demonstrate our ability to build and deliver vessels or fabricate structures for the Offshore Business. We currently do not have any existing customers or vessel construction orders from potential customers other than those comprising our order book as of the date of the Red Herring Prospectus.

We expect to be dependent on a small number of customers which could subject us to, among other factors, pricing pressures. Our business and operations may be adversely affected if we are unable to establish or maintain relationships with customers. We cannot assure you that we will be able to re-establish a customer base or replace customers we may lose. There are a number of factors, other than our performance, that could cause the loss of a customer and that may not be predictable. Further, if any of our

customers (or their customers) become bankrupt or insolvent, we may lose some or all of our business from that customer and our receivables from that customer may have to be written off. Our business could also be adversely affected by the merger, acquisition or restructuring of our customers if the new entity chooses not to engage us. Any of the foregoing events or any delay or default in payment by our clients for services rendered, may adversely impact our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

21. We rely heavily on third-party contractors and their sub-contractors for the timely completion of our shipyard. Any default by our contractors or suppliers could materially and adversely affect our ability to execute our shipbuilding and Offshore Business orders and contracts.

We rely upon third-party contractors for the construction of the proposed facilities at the Pipavav Shipyard. We also expect to sub-contract certain portions of our vessel construction and Offshore Business fabrication projects. Although we may sub-contract work, in accordance with the terms of the contracts with our customers, we will be responsible for the deliverables by such sub-contractors. Accordingly, any acts or omissions by our sub-contractors could expose us to liability including for delays, sub-standard workmanship, injury and damage and those arising from termination of these construction contracts. Our contractors and sub-contractors may face difficulties and competition in finding qualified construction labor or materials and sub-components at acceptable prices and consequently use sub-standard or defective materials and sub-components or the employment of under-qualified or less skilled workers. Further, our contractors and sub-contractors may be adversely affected by the global economic downturn, which may have a consequent impact on their ability to perform under their contracts with us.

We also intend to use third-party providers for the supply of most of our raw materials. Transportation strikes by members of various truckers' unions have had in the past, and could have in the future, an adverse effect on our receipt of raw materials and equipment and our ability to deliver our products in a timely manner. We may be similarly affected by strikes by other transportation workers. In addition, transportation costs have been steadily increasing. Continuing increases in transportation costs may have an adverse effect on our business and results of operations. Our reliance on third-party contractors, sub-contractors and other third party providers may subject us to construction delays which are beyond our control. Any such delay may lead to cost overruns. Furthermore, any default on part of our sub-contractors and providers may expose us to liability.

We have placed bulk orders for the supply of parts for the ships to be built by us with a limited number of suppliers. Any failure on the part of one or more of our suppliers to make timely delivery in accordance with our specifications would expose us to the risk of default under our shipbuilding contracts, which could give rise to liquidated damages, other liability and cost overruns and harm our reputation. Any of the foregoing may have a material adverse effect on our business, results of operations and financial condition.

22. Neither we nor certain of our Promoters have any track record or prior experience in shipbuilding or repair activities, or in the Offshore Business.

Neither we nor certain of our Promoters have any prior experience in shipbuilding or repair activities or in the Offshore Business. We will face managerial, technical and logistical challenges while implementing our construction projects, and in the absence of prior experience, we may not be able to efficiently handle such challenges. Any failure on our part to effectively meet the challenges posed by technical and other processes involved in our shipbuilding or repair activities and the Offshore Business could cause disruptions to our business and could be detrimental to our long-term business outlook. Additionally, in view of the factors stated above, we may not be able to meet our vessel construction schedules and may face delays in the delivery of vessels to our customers. Similar delays could occur in relation to the Offshore Business. We may also face difficulties qualifying as an approved supplier which could require us to discount in order to win business, thereby adversely affecting our results of operations. Any of the foregoing may have a material adverse effect on our business, prospects, results of operations and financial condition.

23. *We have a very limited operating history, which may make it difficult for investors to evaluate our historical performance or future prospects.*

As we only commenced commercial operations on April 1, 2009, we have a very limited operating history from which you can evaluate our business, future prospects and viability and you should not evaluate our prospects and viability based on the performance of our Promoters and Promoter Group Companies, existing shareholders or contract partners. As a result, our future revenue and profitability are difficult to estimate and could fluctuate significantly and, as a result, the price of our Equity Shares may be volatile. While we expect to complete the construction of the Pipavav Shipyard (other than the offshore yard) in October 2009, our prospects must be considered in light of the risks and uncertainties related to completion of our shipyard facilities and our ability to successfully expand or commence, as the case may be, and maintain our shipbuilding and repair business and the Offshore Business. Many of the factors which will affect the foregoing are beyond our control. For example, our business and results of operations may be adversely affected by:

- economic downturns or stagnant economies in India and global markets;
- a decrease in demand for our vessels in the Indian and global markets;
- fluctuations in global freight rates;
- a decrease in the demand for offshore platforms, rigs, jackets, vessels for offshore exploration and production by the oil and gas sector;
- reduction in the price of oil and gas in the global market;
- fluctuations in the price and availability of key raw materials, including steel;
- an increase in interest rates at which we can raise debt financing or increases in our existing floating interest rate liabilities;
- adverse fluctuations in the exchange rate of the rupee versus major international currencies, including the U.S. dollar;
- strikes or work stoppages by our employees;
- competition from global and Indian shipbuilders and providers of facilities to the offshore oil and gas sector and increased shipbuilding capacity;
- changes in government policies affecting the shipbuilding industry and/or the upstream oil and gas business in India and/or the policies pertaining to defence industry production, procurement and spending in India; and
- accidents, natural disasters or outbreaks of diseases.

Unfavorable changes in any of the above factors may significantly and adversely affect our business and results of operations, which may vary significantly from the expectations of shareholders, market analysts and the investing public.

24. *Our construction costs may exceed our budgeted amounts.*

The anticipated costs of construction of our facilities are based on budgets, estimates and numerous assumptions. The cost of construction of certain facilities expected at the Pipavav Shipyard was initially appraised and valued at Rs. 15,787.00 million by the IDBI in July 2006. However, following such

appraisal, we decided to include additional facilities in our construction plan which resulted in a further increase in our capital expenditure plans compared to the project costs originally appraised by IDBI. In light of the expansion of the scope of our construction plan, the cost of construction of certain facilities expected at the Pipavav Shipyard were re-appraised and valued at Rs. 26,033.90 million (including the long term working capital margin) by IDBI in June 2009. Our current estimates of project costs and allocation of such costs, as set forth in section “Objects of the Issue,” beginning on page 48 of the Red Herring Prospectus, are higher than the June 2009 IDBI appraised cost by Rs. 3,917.91 million, and this incremental amount is based on management estimates as well as estimates obtained from third party contractors that are needed to further enhance our offshore and naval shipbuilding capabilities, and has not been appraised by any bank, financial institution or other independent organization. The actual costs of construction of our facilities may exceed such budgeted amounts due to a variety of factors such as construction delays, adverse changes in raw material costs, interest rates, labor costs, foreign exchange rates, regulatory and environmental factors, weather conditions and our financing needs. We are yet to place orders for plant and machinery worth approximately Rs.1,201.01 million, which is approximately 16.85% of the total value of the plant and machinery to be ordered (i.e., mechanical and production equipment and other equipment as mentioned in the section “Objects of the Issue”). Our financial condition, results of operations and liquidity would be materially and adversely affected if our project or construction costs materially exceed such budgeted amounts.

25. *The information memorandum prepared by IDBI in connection with its June 2009 re-appraisal of our cost of construction identifies possible risk factors that could adversely affect our Company and its prospects, business, results of operation and financial condition.*

In connection with its June 2009 re-appraisal of our construction costs, IDBI prepared an information memorandum that, among other things, identified possible risks factors that could adversely affect our Company and its prospects, business, results of operation and financial condition. The possible risk factors identified by the IDBI information memorandum, which may affect us include risks relating to project funding and cost overruns, risks pertaining to our technical abilities and technical expertise, market risks relating to the commercial ship building, naval shipbuilding and offshore structure sectors, and risks relating to the construction and completion of the Pipavav Shipyard and our offshore yard.

26. *Cyclical trends in the shipbuilding, offshore business and related industries may adversely affect our businesses, profitability and financial condition.*

The demand for ships and offshore facilities will be dependent upon many factors, including the financial condition of companies in the shipping, shipbuilding, offshore oil and gas and petrochemical industries, including companies that purchase marine ships and require marine repair and conversion services. Companies in these industries are subject to significant fluctuations in their revenue and profitability due to a variety of factors, including general economic conditions and factors affecting each of these industries individually. Due to the cyclical nature of these industries, we may also get excess orders which we cannot service when there is a boom and may have fewer orders and excess production capacity when there is a downturn in a particular industry. Further, the recent economic downturn, which has affected business globally, and other risks and trends in the world economy and the timing, speed and magnitude of any economic recovery will have an impact on our businesses, profitability and financial condition.

We expect that freight rates will affect our shipbuilding business. The demand for ships based on freight rates is cyclical in nature and can be difficult to predict. When freight rates are on the rise, ship owners generally place orders for new ships. This generates additional capacity and eventually results in over-capacity. This over-capacity then exerts a downward pressure on freight rates which in turn reduces demand for new ships and causes fleets to shrink. The cycle begins again when shrinking fleets create a capacity shortage, which once again leads to an increase in freight rates and results in an increase in orders for new ships. We may be unable to accurately predict these cycles and this may have an adverse effect on our business. For example, we may incur substantial costs to increase our shipbuilding capacity in anticipation of a rise in freight rates and resultant demand for new ships and, if demand for new ships does not increase or if we are unable to secure sufficient orders for our enhanced shipbuilding capacity, we will

be subject to significant operational costs and our revenues could be inadequate to meet our operational needs. Conversely, if we do not expand our capacity sufficiently to meet increased demand, we may be unable to take advantage of market growth. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Oil prices generally affect the Offshore Business directly, and the shipbuilding industry indirectly. An increase in oil prices often leads to considerable growth in deepwater and sub-sea activity and demand for ships as oil companies increase their oil exploration and production activities. Conversely, when oil and gas prices fall, upstream oil and gas sector companies reduce their offshore exploration and production investments, and also often results in a decrease in demand for ships. We expect to manufacture some vessels that are used in the oil exploration industry. Declining oil or gas prices or declining demand for oil or gas can depress offshore exploration, development and production activities and result in a decline in the demand for the products of our Offshore Business by our offshore oil and gas customers, which would have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, significant increases in the price of oil and gas could result in lower worldwide consumption and thus, a decline in demand for crude oil tankers and gas carriers, which could also materially and adversely affect our business, prospects, financial condition and results of operations.

27. We will rely on our contract partners for construction of our shipyard and for our Offshore Business.

One of our key business strategies is to leverage the technical expertise and experience of our contract partners in the start-up and development of our shipbuilding and ship repair business and the Offshore Business. We have executed agreements with, among other companies, SembCorp Marine Limited (“SembCorp”) and Korea Maritime Consultants Co. Limited (“KOMAC”), each of which has significant experience in the shipbuilding business. In addition, we have entered into a subscription and shareholders’ agreement with Punj Lloyd pursuant to which Punj Lloyd has invested in our Company as a promoter and has agreed to assist us with the start-up and development of our Offshore Business by providing us with expertise and resources in this sector. Because we do not have any prior experience in building or repairing ships or providing facilities required for the Offshore Business, we will rely heavily on our contract partners for the development of our facilities, technical assistance, market share and customer base development, human resource requirements and other operational needs. If any of our contract partners discontinues its arrangements with us, is unable to provide expected expertise, resources or assistance, or competes with us for business opportunities that are attractive to us, we may not be able to find a substitute for such strategic partner immediately or at all. As a result, we may not be able to qualify for shipbuilding contract and/or complete our existing projects or obtain new projects, which will adversely affect our business, prospects, financial condition and results of operations.

28. Certain properties, including the land on which we are constructing the Pipavav Shipyard and our registered and corporate offices, are not owned by us and we enjoy only a leasehold right over certain of these properties.

The land on which the Pipavav Shipyard and related facilities are being constructed currently measures approximately 198.92 hectares (approximately 491.53 acres), comprising land measuring approximately 10.505 hectares (approximately 25.95 acres) pursuant to a sub-lease agreement, land measuring approximately 16.73 hectares (approximately 41.34 acres) pursuant to an agreement to agree, land measuring approximately 18.8284 hectares (approximately 46.52 acres) pursuant to a Deed of Sub-Lease dated May 31, 2008, land measuring approximately 95 hectares (approximately 234.75 acres) pursuant to the Lease Deed dated January 8, 2008 with E Complex, reclaimed land measuring approximately 39.06 hectares (approximately 96.52 acres) and land under reclamation measuring approximately 18.8 hectares (approximately 46.45 acres).

Pursuant to a lease agreement dated September 30, 1998 (the “Lease Agreement”) between the Gujarat Maritime Board (the “GMB”) and Gujarat Pipavav Port Limited (“GPPL”), GMB leased to GPPL land measuring approximately 423 hectares and 69 square meters (approximately 1,056 acres) located in village Rampara, District Amreli, State of Gujarat, for a term of 30 years, together with the right to use the

foreshore land and the waterfront. We entered into a sub-lease agreement with GPPL on October 7, 1998 (the “Sub-Lease Agreement”), which granted us leasehold rights over land measuring approximately 10.505 hectares (approximately 25.95 acres) and the right to use the foreshore land and the waterfront. We are required to use such land and the waterfront for shipyard activities and for which we have the right to reclaim, excavate, enclose and raise any part of the foreshore land and the waterfront.

The term of the Sub-Lease Agreement is one day less than the term of the Lease Agreement, which is subject to termination or renewal of the concession agreement among the Government of Gujarat, GMB and GPPL dated September 30, 1998 (the “Concession Agreement”). Upon termination of the Concession Agreement, the Lease Agreement and the Sub-Lease Agreement will automatically terminate. Further, pursuant to the terms of the Sub-Lease Agreement, we are required to comply with the provisions of the Concession Agreement. The obligations and restrictions of GPPL under the terms of the Concession Agreement and the Lease Agreement have been incorporated by reference into the Sub-Lease Agreement as obligations and restrictions of our Company. In addition, upon termination of the Sub-Lease Agreement, whether upon expiry or early termination, the immoveable properties on the Pipavav Shipyard will be transferred to GMB through GPPL in accordance with the procedure specified in the Concession Agreement.

We have reclaimed land measuring approximately 39.06 hectares (approximately 96.52 acres) and are in the process of reclaiming land measuring approximately 18.8 hectares (approximately 46.45 acres). Our wet basin that is being converted into a dry dock is located on the reclaimed land. The land under reclamation will be occupied and used by the Company for shipyard activities and other incidental activities. Under the terms of the Concession Agreement, ownership of reclaimed land and land under reclamation vests with GMB and no lease rentals are required to be paid for occupation and use of this land. This land has not been notified under the revenue records of the Government of Gujarat and we do not pay rent for occupation and use of this land. We rely upon the provisions set forth in the Sub-Lease Agreement to claim rights to occupy and use the reclaimed land and land under reclamation during the subsistence of the Sub Lease Agreement. Upon termination of the Sub-Lease Agreement and the Lease Agreement, this land shall revert to GMB. There can be no assurance that the Government of Gujarat, GMB or GPPL will not require us to enter into additional contracts or arrangements to specify our rights over any area of reclaimed land or land under reclamation or requires us to pay fees or charges in connection with the occupation and use of such land.

Since the term of the Sub-Lease Agreement is one day less than the term of the Lease Agreement and Concession Agreement, and the Sub-Lease Agreement is co-terminus with the Lease Agreement and Concession Agreement, if any of the Lease Agreement or Concession Agreement expire or terminate, we will not be entitled to use the reclaimed land or reclaim additional land.

Pursuant to an agreement dated March 30, 2005 between our Company and GPPL (the “Provisional Agreement”), we and GPPL agreed to enter into definitive agreements as soon as practicable to record certain arrangements including (a) a release deed pursuant to which we will release land measuring approximately 8.5 hectares (approximately 21 acres) to GPPL; and (b) sub-lease agreements pursuant to which GPPL will sub-lease (i) land measuring approximately 13.5 hectares (approximately 33.36 acres) in lieu of the land released by us; (ii) land measuring approximately 2.5 hectares (approximately 6.18 acres); and (iii) land measuring approximately 0.73 hectares (approximately 1.8 acres) occupied by the housing colony of our workers. Pursuant to a survey report prepared by an independent chartered engineer/surveyor, the total area of the land proposed to be sub-leased to our Company by GPPL, as contemplated under the Provisional Agreement, is approximately 16.73 hectares (approximately 41.34 acres).

We have entered into a deed of sub-lease dated May 31, 2008 with GPPL (the “May 2008 Deed”) for land measuring approximately 18.8284 hectares (approximately 46.45 acres) (excluding the rights to the waterfront and the foreshore land adjacent to the sub-leased land) on which we have built part of the dedicated corridor road between the E Complex facilities and the Pipavav Shipyard. The term of the sub-lease is valid until September 29, 2028 (i.e., one day less than the term of the Lease Agreement). However, the May 2008 Deed contains a provision that states that such deed shall be subject to the terms and

conditions of the Concession Agreement, the Lease Agreement and the terms of the proposed sub-concession agreement and further that if the proposed sub-concession agreement is not entered into on or before August 31, 2008 or such further date as may be mutually agreed, the May 2008 Deed shall become null and void. The proposed sub-concession agreement has not been executed as yet nor has any extension been agreed. Accordingly, unless the parties reach a definitive written understanding, the sub-lease pursuant to which the Company is occupying and using the land is null and void. Under the May 2008 Deed, the Company is required to restore the land to its original condition, failing which GPPL remains free to restore such land to its original position at the Company's cost. As of the date of the Red Herring Prospectus, we continue to occupy and use part of such land as the dedicated corridor road between the E Complex facilities and the Pipavav Shipyard and have been paying GPPL rent at the rate specified under the May 2008 Deed. There can be no assurance that GPPL will not seek to exercise its rights under the May 2008 Deed. If we are unable to occupy and use this land, it may have a material adverse effect on the business, financial condition and results of operations of our Company.

As of the date of this Red Herring Prospectus, no definitive agreements, including the release deed and the sub-lease agreements, have been entered into as contemplated under the Provisional Agreement. Although we do not have leasehold rights to approximately 35.5584 hectares (approximately 87.87 acres) of land (including possibly the land under the May 2008 Deed), we currently occupy and use such land for shipyard activities, housing development, infrastructure development and other incidental activities and purposes and have been paying GPPL rent at the rate specified under the Lease Agreement and the May 2008 Deed.

There can be no assurance that the Government of Gujarat or GMB will not terminate the existing arrangements with GPPL, or GPPL will not terminate its arrangements with us. We may also be subject to additional restrictions or charges or material increases in rent with respect to such land. The occurrence of any of these events may have a material adverse effect on the business, financial condition and results of operations of our Company.

Pursuant to a letter dated June 25, 2007, GMB directed us to enter into a sub-concession agreement with GPPL, which is consistent with the terms of the Concession Agreement. Under the subscription and shareholders' agreement dated September 15, 2007, among SKIL Infrastructure Limited ("SKIL"), the Company, Punj Lloyd and other parties, we are required to enter into a sub-concession agreement with GPPL and/or GMB no later than December 31, 2007, or such other date as may be mutually agreed, on terms no less favourable than those contained in the Concession Agreement. Pursuant to a letter dated July 30, 2009, Punj Lloyd has consented to an extension of time until December 31, 2009 in relation to the sub-concession agreement. No definitive sub-concession agreement has been entered into as of the date of filing this Red Herring Prospectus. It is intended that this sub-concession agreement shall record all arrangements relating to the approximately 103.92 hectares of land that we occupy and use at the EOU site, although there can be no assurance that such agreement will be entered into in the near future or at all, and if entered into, there can be no assurance that such agreement will be on terms that are not materially adverse to us. Additionally, in the event that we do not enter into the sub-concession agreement within the allotted timeframe, we would be in breach of our obligations under the subscription and shareholders' agreement, which could result in Punj Lloyd terminating the agreement. In the event of such termination, Punj Lloyd would not be obligated to conduct its Offshore Business through us and our business, financial condition, results of operation would be materially and adversely affected.

In addition, we have entered into three sets of leave and license agreements effective as of August 1, 2008 February 1, 2009 and April 1, 2009, respectively, with Awaita, in which Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are directors, in relation to the premises constituting our corporate office located at Mumbai. Pursuant to two of the sets of agreements, a monthly license fee of Rs.887,000 and a deposit of Rs.10,000,000 is payable by the Company to Awaita and under the third set of agreements a monthly license fee of Rs.443,500 and a deposit of Rs.5,000,000 is payable by the Company to Awaita. Each of the sets of agreements will expire on May 31, 2010. There can be no assurance that the term of such agreements shall be renewed at all or on terms that are more onerous to us. For further details, see the section "Our Management - Interest of Promoters, Directors and Key Managerial Personnel" beginning on page 128 of the Red Herring Prospectus.

29. *Our ability to bid for and win projects may be limited due to a number of factors, including our lack of experience.*

We intend to submit bids for various shipbuilding and Offshore Business projects. Such contracts are usually awarded on a competitive bid basis as well as by direct negotiations with customers. There may be delays in the bid selection process owing to a variety of reasons, including those outside our control. Our bids, may not be selected or, if selected, may not be finalised within the expected time frame or on expected terms or at all.

Further, in selecting contractors for major projects, customers generally limit the tender to contractors they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although the price competitiveness of the bid is the most important selection criterion. Pre-qualification is key to our winning such major projects. Despite Punj Lloyd being a co-promoter of the Company and our intention to work with other contract partners such as SembCorp, in the initial stages, we may only be qualified to bid for projects up to a certain value and therefore may not be able to compete for larger projects. In order to bid for such larger projects, we may need to enter into memoranda of understanding and joint venture agreements with partner companies to meet capital adequacy, technical and other requirements that may be required to qualify to bid for projects up to a certain value. We may also be forced to lower prices and we could incur losses in order to establish a track record to enable us to qualify for future projects. There is no assurance that we will be successful in forging an alliance with partner companies to meet such requirements or otherwise gaining the relevant track record. Our ability to bid for and win such projects is dependent on our ability to demonstrate experience working on such projects. There is no assurance that we will be able to demonstrate such experience in view of our limited operating history.

30. *Our quality control department and quality control assurance and monitoring procedures may not identify all defects, poor workmanship or non-conformities to client specifications, which could adversely affect our reputation, business, prospects, financial condition and results of operations.*

In addition to the classification society certification, we have established a quality control department comprising of engineers and support personnel with significant experience in the shipbuilding industry and we intend to further strengthen this department. We expect to establish a set of quality control assurance and monitoring procedures applicable to every stage of the vessel construction process. Testing and sea trials are also expected to be conducted prior to delivery of the vessel to our customers. However, there can be no assurances that our quality control department and quality control assurance and monitoring procedures will identify all defects, poor workmanship or non-conformities to our customers' specifications in respect of vessels and Offshore Business structures built by us. If our quality control department and quality control assurance and monitoring procedures do not identify any defects, poor workmanship or non-conformity to our customers' specifications, claims arising from such defects, poor workmanship or non-conformities could be substantial. Such claims could also adversely affect our reputation, business, prospects, financial condition and results of operations.

31. *We may face claims and incur additional rectification costs for defects and warranties in respect of our vessels and Offshore Business structures.*

We may face claims by our customers in respect of defects, poor workmanship or non-conformity to our customers' specifications in respect of vessels and Offshore Business structures built by us and such claims could be substantial. Such claims could also adversely affect our reputation and ability to grow our business. We generally extend a warranty period of 12 to 18 months to our customers for new vessels from the date of delivery. We are also generally required to give additional warranties for the time period between the completion of construction and delivery of our vessels. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. We cannot assure that our warranty provisions will be sufficient to cover the costs incurred for defects. If the

costs of any rectification works exceed the warranty provisions we have made, our business, financial condition, results of operations and prospects may be adversely affected.

32. *We may be unable to immediately undertake shipbuilding contracts and other activities for the defence sector due to foreign direct investment (“FDI”) restrictions.*

Under India’s FDI Guidelines, FDI in a company engaged in defence sector production is subject to an overall limit of 26% of the share capital of such company and requires prior approval of the Foreign Investment Promotion Board (“FIPB”) of the Government of India. Consequently a company that has FDI investment in excess of the 26% is ineligible to enter into production of defence related equipment, including, among other things, naval warships. We intend to engage in the building of naval vessels and coast guard vessels for the Ministry of Defence. For more details, please refer to the section “Our Business” beginning on page 76 of this Red Herring Prospectus.

As on the date of this Red Herring Prospectus, the aggregate foreign investment in our Company is 28.62% of the share capital of our Company. If FDI in our Company is in excess of 26% subsequent to the Issue or if we fail to obtain the required FIPB approval, our Company would be ineligible to directly undertake defence sector business. Our Company is evaluating options to become compliant with the FDI Guidelines applicable to companies engaged in the defence sector, but there can be no assurance that our Company will become compliant with the FDI Guidelines or receive any FIPB approval within any specific time, which would prevent us from winning defence sector business.

33. *We may not be successful in effectively diversifying our operations*

We intend to have diversified operations by focusing on opportunities in a range of sectors such as commercial shipbuilding, ship repair, Offshore Business and the building of ships for the navy and coast guard. We expect to have the flexibility to timely adjust our allocation of resources to various products and services offered and/or produced by us according to prevailing market conditions in such sectors. However, we may not be successful in establishing ourself in one or more of these sectors if we are unable to forge alliances with partner companies when necessary, or we are only able to gain access to a limited number of opportunities or we are otherwise unable to gain the relevant track record. This could have an adverse effect on our financial condition and results of operations. Moreover, even if we are successful in establishing ourself in each of the sectors in which we intend to operate, we may not be able to predict optimally when to switch from one product to another or to do so as quickly as we anticipated, which could also have an adverse effect on our financial condition and results of operations.

34. *We have planned capital expenditures which may not yield the benefits intended.*

Our operations require capital expenditures to increase capacity. Our capital expenditure plans are subject to a number of variables, including among others possible cost overruns; construction/development delays or defects; receipt of critical governmental approvals; availability of financing on acceptable terms; and changes in management’s review of the desirability of current plans. In view of the reasons stated above, we cannot assure you that we will be able to execute our capital expenditure plans as contemplated. There could be significant delays and cost overruns if we experience significant delays or mishaps in the implementation of our capital expenditure plans. Due to these time and/or cost overruns, the overall benefit of such plans to our future revenues and profitability may decline. To the extent that completed and/or planned capital expenditure do not produce anticipated or desired revenue or cost-reduction outcomes, we may not be able to earn revenue, make profits and our profitability and financial condition could be negatively affected.

35. *Changes in the availability and price of our raw materials may adversely affect our business and results of operations.*

Steel, based on our Company’s estimates, and depending upon the cost of steel and other equipment in the global market, can constitute between 35% and 50% of the total cost of raw materials used in the type of

Panamax bulk carriers that we are currently building and is the principal raw material that we require in the construction of our ships. Steel is also needed in the various structures we expect to manufacture as part of the Offshore Business. Between the first quarter of 2007 and the second quarter of 2008, average global steel prices rose by 125% from around US\$ 600 to around US\$ 1,350 per tonne, but subsequently fell to under US\$ 600 per tonne in the fourth quarter of 2008, and remains at between US\$ 600 and US\$ 650 per tonne as of the date of this Red Herring Prospectus. The price of steel generally varies with global commodity prices and can increase or fluctuate rapidly and significantly due to a number of factors which are beyond our control. As we expect most of our contracts to be fixed price contracts, we could be exposed to changes in the price of steel during the construction period after the fixed price has been agreed. In addition, any decrease in the availability of raw materials which we require, including steel and other metals, or increase in the price at which these raw materials are available to us, may significantly and adversely affect our business, financial condition and results of our operations if we are unable to proportionately increase the sale price of our products.

36. Our business will be dependent primarily on the Pipavav Shipyard. The loss of or shutdown of operations at the Pipavav Shipyard would have a material adverse effect on our business, financial condition and results of operations.

Our shipbuilding and Offshore Business facilities are located principally at the Pipavav Shipyard. Accordingly, we will rely exclusively on our facilities at the Pipavav Shipyard to earn revenues, pay our operating expenses and service our debt. Any significant interruption to, or loss or shutdown of, operations at Pipavav Shipyard would adversely affect our business. Our shipbuilding and Offshore Business facilities may be subject to unexpected interruptions, including from natural and man-made disasters. Our facilities and operations could be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labor disputes, natural disasters, raw material shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities. Any significant interruption to our operations (directly or indirectly) as a result of industrial accidents, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity from the State of Gujarat or in our water supply could substantially increase our manufacturing costs. We do not maintain business interruption insurance and will not be covered for any claims or damages for such disruptions. Any disruption of our existing supply of basic infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected, particularly if such event is not adequately covered by our insurance or at all.

37. We have entered into transactions with related parties, which creates conflicts of interest for certain of our management and Directors.

We have entered into certain transactions with related parties, including our Promoters, the Promoter Group, shareholders, Directors and our employees and may continue to do so. For more information see “Related Party Transactions” beginning on page 191 of this Red Herring Prospectus. There can be no assurance that our transactions with such related parties have been, or will be, entered into on an arm's-length basis. Such agreements give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favor. For more information on our controlling shareholders’ ability to exercise a controlling influence over our business, see “Risk Factors — We will continue to be controlled by our Promoters and certain other principal shareholders following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting” on page xliii of this Red Herring Prospectus.

38. *We face growing and new competition that may adversely affect our competitive position and our profitability.*

We operate in a highly competitive environment. In addition to public sector shipyards, which the Government of India has taken an interest in developing, we also face competition from various private sector shipyards in the Indian and international markets. In the Indian market, among other shipbuilders, we face competition from private and public sector shipyards. Some of our competitors from India or other countries may enjoy many of the same advantages that we do and may even have lower cost structures, enabling them to compete vigorously on price. Contracts for the construction of ships as well as those relating to the Offshore Business are usually awarded on a competitive bid basis. Although we believe that customers consider, among other things, the availability and technical capabilities of equipment and personnel, efficiency, condition of equipment, safety records and reputation, we believe timely delivery and price competition are currently the primary factors in determining which qualified shipbuilder is awarded a contract. We may face competition from shipbuilders that manufacture ships for prices which are lower than ours. Because we have no operating history and have not yet developed a reputation among domestic and international ship owners for our shipbuilding and repair business, we expect that initially our ability to succeed in competitive bidding processes will also depend significantly on the price competitiveness of our bids and we could incur losses in order to establish a track record to enable us to qualify for future projects.

We are new entrants in the Offshore Business segment, and have not yet developed a reputation among domestic and international upstream oil and gas companies. While we expect to rely on the experience of one of our co-promoters, Punj Lloyd, and of other contract partners such as SembCorp, in bidding for all Offshore Business contracts, our initial ability to succeed in competitive bidding processes in the Offshore Business will also depend significantly on the price competitiveness of our bids.

Consequently, we may need to offer low profit margins or discounts to potential customers in both our shipbuilding and repair business and the Offshore Business to be able to succeed in the competitive bidding process in these markets. This could significantly reduce our profitability or involve our incurrence of losses, particularly during the initial years of our operations.

Additionally, in most of our export markets, global producers are significantly larger than us and have significantly stronger market positions, larger production capacities and greater financial resources than we do. China currently is emerging as one of the major players in the shipbuilding industry and is extremely competitive on cost. Taken together, Japan and South Korea at present control a majority of the ships on order worldwide in terms of deadweight tonnage. Our business may also be adversely affected if we are unable to compete against these competitors.

39. *An increase in labor costs may reduce our competitive advantage and result in lower profit margins.*

Employee compensation in India has historically been lower than employee compensation in the United States and Western Europe and in Asian countries such as Korea, Japan and Singapore for comparably skilled professionals, which has been one of our competitive strengths. However, compensation increases in India may reduce some of this competitive advantage and may negatively affect our profit margins. Although labor costs in India are still lower than in the United States, Western Europe and in certain Asian countries such as Korea, Japan and Singapore, employee compensation in India is increasing at a faster rate than in those countries and regions, which could result in increased costs relating to engineers, managers and other mid-level professionals. Additionally, we expect to face significant competition from China, which has labor costs similar to or lower than India. We may need to continue to increase the levels of our employee compensation to retain key employees and manage attrition. Such increase may have an adverse effect on our business, profitability and financial condition.

40. *Drawdowns under performance or refund guarantees by our customers could impact our results of operation and we may face potential liabilities from lawsuits or claims by customers in the future.*

As is customary in the industry, we are generally required to give performance guarantees to our customers and rectify any defects that may arise in the operation of an offshore structure/vessel constructed by us, during the period of the performance guarantee. If we fail to rectify any defects in a particular vessel or offshore structure within the time period of the performance guarantee, a customer can invoke the performance guarantee and recover its losses. If a performance guarantee is invoked, our financial condition will be negatively affected.

In addition, pursuant to the terms of our existing shipbuilding contracts, we are required to provide refund guarantees issued by a financial institution acceptable to our customers in respect of each installment of the contract price that is paid to us by our customers. If the customer rejects the vessel upon sea trial or the contract is terminated by the customer under certain circumstances, the customer has the right to invoke such refund guarantees and the entire amount that has been paid by the customer to us may become payable together with interest. If the refund guarantees are invoked by a customer, we would be required to repay these amounts to the financial institution which furnished such guarantees. There can also be no assurance that we will be able to obtain the necessary guarantees, letters of credit or other performance bonds we may require, on reasonable terms, or at all.

In addition, we face the risk of legal proceedings and claims being brought against us by our customers for any defects in the offshore structures/vessels sold to them for which performance or refund guarantees are issued by us. This may result in liabilities and/or financial claims against our Company as well as loss of business and reputation.

41. *Our results of operations could be adversely affected by strikes, work stoppages or increased wage demands by contract laborers employed by our third party contractors, or by our employees.*

We do not directly hire any laborers for the construction of our shipyard, but sub-contract the construction of our shipyard project to third-party contractors who hire laborers. The number of contract laborers vary from time to time based on the nature and extent of work contracted to independent contractors. We enter into contracts with independent contractors to complete specified assignments. All contract laborers engaged at our facilities are assured minimum wages that are fixed by the state government. Any upward revision of wages required by such state governments to be paid to such contract laborers, or the unavailability of the required number of contract laborers, may adversely affect the operations of our subcontractors and their ability to fulfill their obligations under the terms of their agreements with us, which may result in delays to construction schedules for our shipyard construction project. Additionally, any such upward revisions may cause us to experience an increase in construction costs if our agreements with our sub contractors provide for such increases to be fully or partially passed on to us. There can be also no assurance that disruptions such as strikes and other work stoppages will not occur, which may adversely affect our business and results of operations. Further, we may also be directly affected by such upward revisions in wages, or by strikes and other work stoppages should we directly employ such laborers in the future.

42. *We are dependent on the expertise of our senior management and key personnel and the results of our operations may be adversely affected by the departure of our senior management and key personnel.*

We are dependent on our senior management team for setting our strategic direction and managing our business, both of which are crucial to our success. We do not maintain keyman life insurance for any of the senior members of our management team or other key personnel. Given the substantial experience of our senior management team, in the event any or all of them leave or are unable to continue to work with us, it may be difficult to find suitable replacements immediately or at all. Our ability to retain experienced personnel as well as senior management will also in part depend on us maintaining appropriate staff

remuneration and incentive schemes. The loss of any of the members of our senior management or other key personnel may adversely affect our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

43. *We may be unable to attract and retain skilled professionals.*

Our ability to implement our business strategy will depend, in large part, on our ability to attract, train, motivate and retain highly skilled personnel. Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. Our competitors may also expand their operations and may recruit skilled personnel by offering compensation and incentives that are more attractive than ours. An increase in the rate of attrition for our experienced employees would adversely affect our growth strategy. The availability of skilled and experienced labor may also be limited in the local market. If we are unsuccessful in fulfilling our hiring needs locally, we intend to hire and relocate employees from major and more established port cities that are traditionally known for shipbuilding and for the Offshore Business.

We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our technical personnel to keep pace with continuing changes in our business. While we believe our relationship with our employees is generally good, we cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future.

44. *An inability to renew or maintain our statutory and regulatory permits and approvals required to operate our businesses may have a material adverse effect on our business.*

We require certain statutory and regulatory permits and approvals to operate our business. In addition, the following approvals are currently pending before applicable regulatory authorities:

- Application dated September 9, 2008 to the Ministry of Corporate Affairs, Government of India seeking approval for the remuneration of Mr. Bhavesh P. Gandhi for the period of April 1, 2008 to March 31, 2009, which is in excess of the limits specified under Section 269 of the Companies Act.
- Application dated January 9, 2009 to the Ministry of Corporate Affairs, Government of India seeking approval for the remuneration of Mr. Bhavesh P. Gandhi for the period of January 1, 2009 to December 31, 2011, which is in excess of the limits specified under Section 269 of the Companies Act.

In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for our construction of one or more new shipyards and any proposed expansion. While we believe that we will be able to renew or obtain such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in the timeframe anticipated by us or at all or on terms that are not less favourable than current terms. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations or delay or prevent our expansion plans and may have a material adverse effect on our business, financial condition and results of operations.

45. *We may not be successful in tendering for shipbuilding or repair projects for our naval business.*

Although part of our business strategy includes focusing on the expected growth in the requirements of the Indian navy for new ships, we do not have any contractual arrangements with the Indian navy or GOI to construct or repair naval ships. While we have received requests for information from the Indian navy for certain projects and have already submitted our bids in response to RFPs issued by the Indian navy for the

construction of two cadet training ships and five naval offshore patrol vessels, we may not be successful in tendering for these and other similar projects due to applicable eligibility requirements for the selection of shipyards, FDI restrictions and our lack of experience in building and repairing vessels or for other reasons. Our failure to develop business in the Indian defence sector could have an adverse effect on our growth strategy and results of operations.

46. *Our results of operations could be adversely affected if we are not able to effectively schedule our block fabrication processes for ship building.*

We have employed a modular process of building ships which will enable us to simultaneously fabricate various parts of the ship and build several ships at once, depending on the size of the ships. The success of our business depends greatly on our ability to manage our shipbuilding schedules and fabrication processes. Any failure on our part to effectively manage our shipbuilding schedules or fabrication processes could adversely affect our vessel production capacity as well as the completion of construction of vessels in a timely manner. Any substantial delay in the completion and delivery of the vessels under our shipbuilding contracts may result in our being liable to pay liquidated or other damages to our customers. This could have a material adverse effect on our business, financial condition and results of operations.

47. *Taxes and other levies imposed by the Government of India or state governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.*

Taxes and other levies imposed by the central or state governments in India that affect our industry include:

- custom duties on imports of raw materials and components;
- excise duty on certain raw materials and components;
- central and state sales tax, value added tax and other levies; and
- other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

These taxes and levies affect the cost of building and prices of our ships, as well as our offshore products, and therefore demand for our ships and offshore products. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition.

48. *As a certified EOU, we are required to comply with certain conditions, the non-fulfillment of which may expose us to penalties.*

We have been certified as an EOU and have been granted permission for the establishment of a new undertaking under the EOU scheme in respect of shipbuilding, ship repair and refit facility services. Under the terms of the EOU certificate, we are required to comply with certain conditions such as the achievement of positive Net Foreign Exchange for a period of five years from the date of commencement of commercial production, which is April 1, 2009. Failure to meet these conditions may result in penalties against us under the provisions of the Foreign Trade (Development and Regulation) Act, 1992 and the rules and regulations made thereunder, which may have an adverse effect on our reputation, business and results of operations.

49. *Our net income would decrease if the Government of India reduces or withdraws tax benefits and other incentives currently available to us.*

We may derive significant benefits from being certified as an EOU. Our EOU status is currently valid for the five-year period beginning from the date of commencement of commercial production which is April 1,

2009. Such benefits include an exemption from excise tax and customs duties on goods used for the procurement of capital goods, raw materials, goods used in the manufacture of export products and raw materials used for making capital goods. Also, certain land of our subsidiary E Complex has been designated as an SEZ for engineering and engineering related products, which gives companies which operate within the SEZs certain tax benefits. The Company has a unit in the SEZ which has approval for a five-year period from April 1, 2009. We cannot assure you that such tax exemptions or benefits will be available to us in the future, which may impede the execution of our business plan.

50. *Unexpected production interruptions may adversely affect our financial condition and results of operations.*

Our manufacturing processes will depend upon certain critical shipyard facilities, such as dry docks, fit out berths and cranes, that will be subject to unexpected interruptions, including from natural and man-made disasters. In order to reduce the risk of shipyard facility production interruptions, we intend to maintain a comprehensive maintenance and loss prevention program, on-site maintenance and repair facilities, and an inventory of spare parts and machinery. Our shipyard operations, nevertheless, could be adversely affected by events such as the breakdown of equipment, difficulties or delays in obtaining spare parts and equipment, labor disputes, raw material shortages, floods, fire, natural disasters, civil disorders, industrial accidents and the need to comply with government directives concerning matters such as hygiene, safety and environmental protection. Any major disruption or disaster at our production facilities could have a material adverse effect on our results of operations and financial condition.

51. *Shipbuilding and the Offshore Business expose us to potential liabilities that may not be covered by insurance.*

Our Company's and its customers' businesses are subject to inherent risks, such as equipment defects, malfunctions and failures, equipment misuse and natural disasters that can result in uncontrollable flows of gas or well fluids, fires and explosions. Our Company's activities also involve the fabrication and refurbishment of large steel structures, the operation of cranes and other heavy machinery and other operating hazards. These risks could expose us substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damages. Our insurance may not be adequate to cover its liabilities. Further, there is no assurance that insurance will be generally available in the future or, if available, that premiums will be commercially justifiable. If our Company incurs substantial liability and the damages are not covered by insurance or exceed policy limits, or if the Company is not able to obtain liability insurance, our Company's business, results of operations and financial condition could be materially adversely affected.

52. *We are subject to risks arising from currency exchange rate fluctuations, which could adversely affect our business, financial condition and results of operations.*

Changes in currency exchange rates may influence our results of operations. A substantial part of all worldwide ship sales transactions and purchase of offshore structures is generally conducted in U.S. dollars. Since substantial portion of our sales revenues is expected to be generated and paid in U.S. dollars and a significant part of our costs are incurred in Rupees, appreciation of the Rupee versus the U.S. dollar will result in lower revenues in Rupee terms, which could adversely affect our profitability. As a result, appreciation of the Rupee against the U.S. dollar may have a material adverse effect on our results of operations.

Our future capital expenditures, including any imported equipment and machinery, may be denominated in currencies other than Rupees. In addition, we may also incur borrowings in U.S. dollars or other foreign currencies. Therefore, declines in the value of the Rupee against the U.S. dollar or other foreign currencies would increase the Rupee cost of servicing and repaying those borrowings and their value in our balance sheet. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Although we may in the future enter into hedging arrangements against currency exchange rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in currency exchange rates.

53. *We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, financial condition and results of operations.*

Changes in interest rates could significantly affect our financial condition and results of operations. The interest rates of certain of our borrowings are subject to changes based on the prime lending rate of the respective lenders, which are subject to renegotiation on a yearly basis. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Although we may in the future enter into hedging arrangements against interest rate risks, there can be no assurance that these arrangements will successfully protect us from losses due to fluctuations in interest rates.

54. *Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, prospects, financial condition and results of operations.*

Due to the nature of the shipbuilding and Offshore Business industries, we and third parties upon whom we depend expect to be or continue to be subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labor, workplace and related laws and regulations. Some of our operations and the third parties upon whom we depend are, and will be, subject to risks generally associated with the storage and transportation of fuels and waste materials, including the discharge of toxic or hazardous substances, which can cause personal injury, loss of life, environmental damage and severe damage to property. We are also subject to environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the operations of our businesses. These laws and regulations include the Environment (Protection) Act, 1986, the Air (Prevention and Control of Pollution) Act, 1981, the Water (Prevention and Control of Pollution) Act, 1974 and other regulations promulgated by the Ministry of Environment and Forests and the Pollution Control Boards of the relevant states.

The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted. The costs and management time required to comply with these requirements could be significant. The measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed our estimates. In addition, some of these laws and regulations may require our facilities to operate under permits that are subject to renewal or modification. If we fail to meet safety, health and environmental requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by environmental groups and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit or halt our construction or operations and could include us being required to incur substantial clean up costs. Penalties imposed by regulatory authorities on us or third parties upon whom we depend may also disrupt our business and operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, the costs of which could be material. Clean-up and remediation costs, as well as damages, payment of fines or other penalties, closure of production facilities for non-compliance, other liabilities and related litigation, could adversely affect our business, prospects, financial condition and results of operations.

55. *Equity Shares held by our Promoters, SKIL and Grevek Investments and Finance Private Limited ("Grevek Investments"), will be pledged with certain lenders subsequent to the Issue.*

112,250,000 Equity Shares held by SKIL and 10,000,000 Equity Shares held by Grevek Investments, our Promoters, had been pledged in favor of certain lenders prior to the date of filing the Red Herring Prospectus. The pledged Equity Shares, at the request of the Company and with the specific consent of the lenders and with a view to enabling the Company to comply with the requirements of the SEBI Regulations, have been temporarily released from the pledge with the specific understanding and

agreement by and among the Company, SKIL, Grevek Investments and IL&FS Trust Company Limited, acting on behalf of the lenders, that unless the Company has repaid all amounts due and outstanding, these Equity Shares shall be re-pledged in favour of IL&FS Trust Company Limited, as the security trustee for lenders, by October 31, 2009, unless otherwise agreed in writing by the lenders or IL&FS Trust Company Limited. All the Equity Shares held by SKIL and Grevek Investments are also proposed to be pledged in favour of a consortium of lenders led by IDBI subsequent to the Issue. The Equity Shares have been temporarily released from the pledge subject to certain conditions imposed by our lenders and will remain in the custody of IL&FS Trust Company Limited. Such Equity Shares will be pledged back in accordance with the terms of the loans sanctioned for the purpose of financing one or more of the objects of the Issue in compliance with the SEBI Regulations. There can be no assurance that we will be able to fulfill our obligations pursuant to the loan documentation. In the event of default by our Company and subject to any lock-up arrangements pursuant to SEBI requirements, the lenders shall have the right to sell or otherwise dispose of the Equity Shares pledged by the Promoters, which could have the effect of reducing the price of our Equity Shares and adversely affect our business, financial condition and results of operations. For further details, see the section “Capital Structure” beginning on page 29 of the Red Herring Prospectus. Following the offering, we will be a public company and would not expect such personal guarantees to be available to us for future indebtedness, which could adversely affect our ability to borrow.

56. *Certain of our Directors have interests in us other than reimbursement of expenses incurred or normal remuneration or normal benefits.*

Mr. Bhavesh P. Gandhi and Mr. Nikhil P. Gandhi, the Executive Vice Chairman and the Non-Executive Chairman of the Company, respectively, are deemed to be interested in certain properties acquired by us. We have entered into three sets of leave and license agreements effective as of August 1, 2008, February 1, 2009 and April 1, 2009, respectively, with Awaita, in which Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are directors, in relation to the premises constituting our corporate office located at Mumbai. Pursuant to two of the sets of agreements, a monthly license fee of Rs.887,000 and a deposit of Rs.10,000,000 is payable by the Company to Awaita and under the third set of agreements a monthly license fee of Rs.443,500 and a deposit of Rs.5,000,000 is payable by the Company to Awaita. Each of the sets of agreements will expire on May 31, 2010. Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi have also extended personal guarantees for credit facilities granted to our Company in an amount of Rs.23,887.5 million and Rs.20,477.5 million, respectively. For details, see the sections “Our Management – Interest of Promoters, Directors and Key Managerial Personnel”, “Related Party Transactions” and “Financial Statements” beginning on pages 128, 191 and F-1 of the Red Herring Prospectus, respectively.

57. *Currently, there is no subsidy available to shipbuilding companies in India for contracts entered into after August 14, 2007. Our profitability may be adversely affected if we do not receive a shipbuilding subsidy from the GOI.*

Until August 14, 2007, the GOI provided a ship building subsidy that, when applicable, provided a subsidy benefit of 30% to shipbuilding companies in respect of (i) ocean-going merchant ships that were over 80 meters in length and manufactured for the domestic market and (ii) ships of all types that were manufactured for export, subject to fulfillment of certain conditions. Under that policy, the subsidy was available to private shipyards in respect of ships that met the GOI eligibility requirements upon completion of construction and delivery of eligible ships. Pursuant to that policy we filed eligibility applications with the GOI in respect of 22 Panamax bulk carriers comprising our order book at that time. However, on August 14, 2007, the shipbuilding policy of the GOI expired. In March 2009, the Government of India issued a notification clarifying that all shipbuilding contracts entered into prior to August 14, 2007 would be eligible for the subsidy that expired on August 14, 2007. Consequently, our original application for the subsidy in respect of the 22 Panamax bulk carriers comprising our order book as of that date are being processed and are eligible for the subsidy. However, the notification issued by the Government of India in March 2009 also stipulated that the total benefits accruing to shipyards located in SEZs from the subsidy plus any other benefits and incentives from the Government of India available to shipyards would be capped at 30% instead of the shipyards being entitled to a 30% subsidy in addition to any other available benefits and incentives, as was our previous understanding of the subsidy. This stipulation affects us because we already enjoy certain benefits as a result of part of our fabrication and block making activities

being conducted in an SEZ. We have informed the Government of India of our concerns about the fairness of this retrospective change. However, we cannot assure you that the Government of India will forego this retroactive change. If the Government of India continues with the retrospective change, the sum total of subsidies and incentives available to our Company in respect of all the orders that we had in place before August 14, 2007 will be limited to 30%. A reduced subsidy in respect of these 22 Panamax bulk carriers upon their delivery rather than the full subsidy may adversely affect our results of operation.

In respect of shipbuilding contracts entered into after August 14, 2007, there is currently no shipbuilding subsidy policy in place and there is no assurance that the Government of India will provide any subsidy or other incentives in the future that would be applicable to such orders. If the Government of India does not declare a new policy or declares a new subsidy policy with reduced value of subsidies or less favorable eligibility requirements compared to the old subsidy policy, the lack of a subsidy or the benefit from the reduced subsidy may adversely affect our results of operation. If any shipbuilding contract were to be cancelled and a new contract were to be entered into with respect to the vessel that would have been built under the cancelled shipbuilding contract, the subsidy would no longer be applicable in respect of such yet to be constructed vessel.

58. *Our wholly-owned subsidiary, E Complex, has incurred losses during each of the last three years.*

E Complex, our wholly-owned subsidiary, incurred losses as set forth below:

Name of the subsidiary	Profit (loss) in the year ended March 31,		
	2007	2008	2009
E Complex	(0.61)	(1.01)	(1.87)

(Rs. in million)

For further information, see the section “History and Certain Corporate Matters – Subsidiaries - E Complex Private Limited” beginning on page 107 of the Red Herring Prospectus.

59. *One of our Promoters, Grevek Investments, and certain members of our Promoter Group have incurred losses during one or more of the last three fiscal years.*

Grevek Investments, one of our Promoters, has incurred losses as set forth below:

Name of the Promoter	Profit (loss) in the year ended March 31,		
	2006	2007	2008
Grevek Investments	9.29	(13.54)	12.37

(Rs. in million)

The following entities that form part of our Promoter Group have incurred losses as set forth below:

Name of the Promoter Group entity	Profit (loss) in the year ended March 31,		
	2006	2007	2008
Montana Infrastructure Limited	(0.017)	(0.86)	(0.98)
Metropolitan Industries	2.96	(0.15)	(1.90)
Urban Infrastructure Holdings Private Limited	53.49	(13.39)	34.42
Arooshi Enterprises Private Limited	(17.53)	(9.26)	(4.87)
Global Health Private Limited	(31.63)	5.27	(8.78)

(Rs. in million)

Name of the Promoter Group entity	Profit (loss) in the year ended March 31,		
	2007	2008	2009
Atna Investments Limited	(21.44)	(0.05)	(11.89)
Punj Lloyd Industries Limited	0.45	0.50	(0.38)
Spectra Punj Lloyd Limited	0.73	(31.84)	(7.37)

Name of the Promoter Group entity	Profit (loss) in the year ended March 31,		
	2007	2008	2009
Punj Lloyd Infrastructure Limited	NA	(42.81)	(0.46)
Punj Lloyd Upstream Limited	NA	(11.89)	(3.13)
Punj Lloyd Aviation Limited	NA	(6.59)	(43.71)
PT Punj Lloyd Indonesia	182.57	108.43	(317.27)
Punj Lloyd International Limited	0.07	(3.95)	(2.23)
Punj Lloyd Kazakhstan LLP	3.33	(123.36)	19.10
PT Sempec Indonesia	140.97	12.17	(97.87)
Thiruvananthapuram Road Development Company Limited	Nil	(9.48)	(42.04)
Dayim Punj Lloyd Construction Contracting Company Limited	(3.34)	0.00	(40.81)
Ramprastha Punj Lloyd Developers Private Limited	NA	(0.03)	(0.03)
Punj Lloyd Systems Limited	3.83	4.92	(3.26)
Spectra ISP Networks Private Limited	(0.03)	(0.02)	(0.03)

For further information, see the section “Our Promoters and Promoter Group Companies” beginning on page 138 of this Red Herring Prospectus.

60. *One of our Directors, Mr. Mahesh Gandhi, who was nominated to our Board by Trinity Capital (Nine) Limited, was formerly a director of Krishna Filaments Limited, a company that appears on the RBI Defaulters List.*

One of our Directors, Mr. Mahesh Gandhi, was a director of Krishna Filaments Limited (“Krishna”) from September 27, 1996 to May 25, 2000. Krishna currently appears on the RBI Defaulters List. Any liability on the part of Mr. Mahesh Gandhi resulting from Krishna’s appearance on the RBI Defaulters List could have a material adverse effect on Mr. Gandhi and on our reputation, business, prospects, financial condition and results of operations.

61. *Details of disclosure regarding certain step-down subsidiaries, joint ventures and associate companies of our Promoter Punj Lloyd, have not been disclosed.*

Punj Lloyd has several subsidiaries, JVs and Associate companies. Further some of these entities, like Sembawang Engineers & Constructors Pte Limited (“Sembawang”), have step-down subsidiaries, joint ventures and associate companies. The historical financial information of such entities may not be comparable with current financial information. Further, since some of these entities are incorporated outside of India in various jurisdictions, it is difficult for Punj Lloyd to procure information in relation to such companies. Any liability on the part of Punj Lloyd arising from its ownership of the step-down subsidiaries or its indirect interest in the joint ventures and associate companies in which Sembawang owns an interest could have a material adverse effect on the Promoter Group companies, which in turn could have a material adverse effect on our reputation, business, prospects, financial condition and results of operations.

Risks relating to our Shareholders and the Equity Shares

62. *We will continue to be controlled by our Promoters and certain other principal shareholders following this Issue and our other shareholders may not be able to affect the outcome of shareholder voting.*

After the completion of the Issue, our Promoters, SKIL, Grevek Investments, Punj Lloyd and our Promoter Group company, SKIL Shipyard Holdings Private Limited, will hold in the aggregate approximately

39.56% of our fully diluted post-Issue equity capital. Consequently, our Promoters, and certain other principal shareholders, acting jointly, may exercise substantial control over us and may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investment policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions. Our Promoters will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our Directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving our annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our controlling shareholders could conflict with the interests of our other shareholders, including the holders of the Equity Shares, and the controlling shareholders could make decisions that materially adversely affect your investment in the Equity Shares.

63. *There is no existing market for our Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.*

Prior to the Issue, there has not been a public market for our Equity Shares. Our Company will apply to the Stock Exchanges for final listing and trading approvals after the allotment of our Equity Shares in the Issue. There can be no assurance that our Company will receive such approvals on time or at all. We cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling Equity Shares that you have purchased. The Issue Price may not be indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the price you paid in the Issue. The market price of our Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- volatility in the Indian and other global securities markets;
- the performance of the Indian and global economy;
- risks relating to our business and industry, including those discussed in this Red Herring Prospectus;
- strategic actions by us or our competitors;
- perceptions about our future performance or the performance of Indian ship building companies or companies engaged in the Offshore Business generally;
- adverse media reports about us, our shareholders or Promoters;
- future sales of our Equity Shares;
- variations in our quarterly results of operations;
- differences between our actual financial and operating results and those expected by investors and analysts;
- our future expansion plans;

- performance of our competitors and the perception in the market about investments in the ship building and Offshore Business sectors;
- significant developments in the regulation of ship building and Offshore Business in our key markets;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

There has been significant volatility in the Indian stock markets in the recent past, and our share price could fluctuate significantly as a result of market volatility. A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

64. There can be no assurance that our Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final listing and trading approval of our Equity Shares will not be applied for, or granted until after those Equity Shares have been issued and allotted. There could be a failure or delay in listing our Equity Shares on the BSE and the NSE.

65. Certain rights of our current shareholders under their respective investment agreements can adversely affect the interest of other shareholders.

We have entered into agreements with certain shareholders of our Company, which provide them with special rights, including management rights and the right to veto certain actions of our Company.

Currently, certain of our shareholders have nominated Directors to our Board. There can be no assurance that such nominee Directors will not have conflicts of interest with our other shareholders or Directors. Any such conflict of interest, or a perception of such conflict, may have an adverse effect on our business and the trading price of our Equity Shares.

Certain shareholders have agreed to the Issue and/or the termination of their respective investment agreements subject to the commencement of trading of our Equity Shares on the BSE and the NSE pursuant to the Issue within a specified time. If any of these conditions are not met or cease to exist, then the consent for the Issue shall be deemed withdrawn and the respective investment agreements shall not be terminated.

For further details of these agreements, see the section "History and Certain Corporate Matters – Certain Agreements" beginning on page 109 of the Red Herring Prospectus.

66. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures and may also be restricted for a certain period of time by the terms of proposed debt financing.

We have not previously paid annual dividends and we have no specified dividend policy. The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures applicable Indian legal restrictions and other factors. There can be no assurance that we will be able to pay dividends. Additionally, we may be prohibited by the terms of our proposed debt financing to make any dividend payments until certain time period as may be agreed with lenders.

- 67. *Any future equity offerings by us or sales by certain significant shareholders could lead to dilution of your shareholding or adversely affect the market price of our Equity Shares. Our fourth largest shareholder, who will own 6.01% of our post-issue paid up equity share capital, can freely sell most of its Equity Shares immediately upon commencement of trading.***

If we do not have sufficient internal resources to fund our investment requirements or working capital needs in the future, we may need to raise funds through equity financing. In addition, pursuant to certain of our financing agreements, our lenders have the right to convert, at their option, the whole or part of the defaulted amount into fully paid up equity shares of the company. As a purchaser of Equity Shares in the Issue, you could experience dilution to your shareholding in the event that we conduct future equity offerings, whether to our customers or otherwise. Such dilution can adversely affect the market price of our Equity Shares and could impact our ability to raise capital through an offering of our equity securities. Furthermore, the market price of our Equity Shares could decline if some of our existing shareholders sell a substantial number of Equity Shares subsequent to listing or the perception that such sales or distributions could occur. This, in turn, could make it difficult for you to sell Equity Shares in the future at a time and at a price that you deem appropriate.

For instance, 2i Capital PCC, our fourth largest shareholder, is an FVCI and will hold 6.01% of our post-Issue paid up equity share capital. 33,600,000 Equity Shares held by 2iCapital PCC, representing 5.05% of our post-Issue paid up equity share capital, are not subject to the lock-in requirements under the SEBI Regulations and accordingly, 2i Capital PCC is permitted to sell such Equity Shares immediately after completion of the Issue and commencement of trading.

In addition, any perception by investors that such issuance or sales will occur could also affect the trading price of our Equity Shares.

- 68. *You will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares that you purchase in the Issue.***

Under the SEBI Regulations, we are permitted to allot Equity Shares within 15 days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can start trading in our Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. Further, there can be no assurance that our Equity Shares allocated to you will be credited to your demat account, or that trading in our Equity Shares will commence within the specified time periods.

External Risk Factors

- 69. *Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.***

The Indian Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms. The current coalition-led central government, which came to power in May 2009, has also announced that it will implement policies and take initiatives that support the economic liberalization policies that have been pursued by previous governments.

The central government has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, since the present government is a multi-party coalition depending upon the support of other parties, there can be no assurance that it will be

able to generate sufficient cross-party support to implement any liberalization policies adopted by the previous central government or that such policies will continue in the future. Corruption and protests against privatizations, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and adversely affect our business, prospects, financial condition and results of operations.

70. *Terrorist attacks and other acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.*

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid, London, New York and Washington, D.C. and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

71. *If communal disturbances or riots erupt in India, or if regional hostilities increase, this would adversely affect the Indian economy, the health of which our business depends on.*

The Asian region, including India, has from time to time experienced instances of civil unrest and hostilities among neighbouring countries. Hostilities and tensions may occur in the future and on a wider scale. Also, since 2003, there have been military hostilities and continuing civil unrest and instability in Iraq and Afghanistan. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy, create a greater perception that investments in Indian companies involve a higher degree of risk and could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

72. *Outbreak of contagious diseases in India may have a negative impact on the Indian Shipbuilding industry.*

Recently, there have been threats of epidemics, including the H1N1 virus that causes "swine flu" and which the World Health Organization has declared a pandemic, in the Asia Pacific region, including India, and in other parts of the world. If any of our people are suspected of having contracted any of these infectious diseases, we may be required to quarantine such people or the affected areas of our facilities and temporarily suspend part or all of our operations. Further, the fear of contracting such contagious diseases could prevent our clients from traveling to India or to other parts of Asia Pacific and could restrict our people from traveling outside India, which would have a material adverse effect on our business, prospects, financial condition and results of operations and could cause the price of our Equity Shares to decline.

73. *A slowdown in economic growth in India could cause our business to suffer.*

Our performance and growth is dependent on the health of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions, commodity and energy prices or various other factors. Any slowdown in the Indian economy may adversely affect our business and financial performance and the trading price of our Equity Shares.

74. The acquisition of Equity Shares beyond specified limits or acquisition of control of our Company will be subject to the Takeover Code.

There are provisions in Indian law that may discourage a third party from attempting to take control over our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you.

Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control of our company. Any person desirous of acquiring an interest (either on his own or together with parties acting in concert with him) in 15% or more of our Equity Shares or "control" of our Company must for that purpose make an open offer to acquire at least another 20% of our outstanding Equity Shares (in addition to the Equity Shares already held by him, if any). A takeover offer to acquire at least another 20% of our outstanding Equity Shares also must be made if a person (either on his own or together with parties acting in concert with him) holding 15% or more but less than 55% of our Equity Shares, acquires an additional 5% of our Equity Shares in any fiscal year (ending on March 31). Subject to certain exceptions, a takeover offer must also be made if a person (either on his own or together with persons acting in concert with him) holding 55% or more but less than 75% of our Equity Shares, acquires any additional Equity Shares in our company. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of us.

75. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and results of operations.

Notes to Risk Factors

1. Public Issue of 85,450,225 Equity Shares for cash at a price of Rs.[●] per Equity Share aggregating Rs.[●] million. The Issue will constitute 12.83% of the fully diluted post-Issue equity share capital of our Company.
2. The net worth of our Company was Rs. 12,550.76 million as of March 31, 2009 as per the restated financial statements of our Company, on a stand alone basis, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations. For more information, see the section "Financial Statements" beginning on page F-1 of the Red Herring Prospectus.
3. The book value per Equity Share was Rs.21.63 as of March 31, 2009, as per the restated financial statements of our Company, on a stand alone basis, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Regulations. For more information, see the section "Financial Statements" beginning on page F-1 of the Red Herring Prospectus.
4. The average cost of acquisition of our Equity Shares by our Promoters, SKIL, Grevek Investments and Punj Lloyd, is Rs. 10, Rs. 10 and Rs.27 per Equity Share, respectively. The average cost of acquisition of Equity Shares by our Promoters has been calculated by taking the average of the amount paid by them to acquire the Equity Shares issued by the Issuer. For details, see the section "Capital Structure" beginning on page 29 of the Red Herring Prospectus.

5. For related party transactions, see the section “Related Party Transactions” beginning on page 191 of the Red Herring Prospectus. The year-wise aggregate amounts of the related party transactions on a standalone basis are set out below:

(in Rs. Million)

S.No.	Name of Related Party	2008–2009	2007–2008	2006–2007	2005–2006	2004–2005
1.	E Complex	1,424.28	1,846.37	-	-	-
2.	SKIL	24.60	228.44	38.04	113.03	2,428.10
3.	Punj Lloyd	-	-	-	-	-
4.	Mr. Nikhil P. Gandhi	0.09	0.11	0.13	-	-
5.	Mr. Bhavesh P. Gandhi	69.72	12.59	3.00	1.75	-
6.	Mr. Raymond Stewart	19.18	36.26	5.42	-	-
7.	Mr. J P Rai	2.05	-	-	-	-
8.	Awaita Properties Private Limited	29.99	21.41	13.90	-	0.17
9.	Grevek Investments	-	-	-	-	15.06
10.	Cmde V G Honnavar	-	-	-	0.98	0.90
11.	Montana Infrastructure Limited (formerly known as Montana Valves and Compressors Limited)	-	-	-	-	-
	Total	1,569.91	2,125.74	60.49	115.76	2,444.23

Note: The transaction amounts reflect the aggregate of all transactions during the period. Lease deposit amount, if given, during the year also is included in aggregate amount.

The year-wise aggregate amounts of the related party transactions on a consolidated basis are set out below:

(in Rs. Million)

S.No.	Name of Related Party	2008–2009	2007–2008	2006–2007
1.	SKIL	24.60	228.44	38.04
2.	Punj Lloyd	-	-	-
3.	Mr. Nikhil P. Gandhi	0.09	0.11	0.13
4.	Mr. Bhavesh P. Gandhi	69.72	12.59	3.00
5.	Mr. Raymond Stewart	19.18	36.26	5.42
6.	Mr. J. P. Rai	2.05	-	-
7.	Awaita Properties Private Limited	29.99	21.41	13.90
	Total	145.63	279.37	60.49

Note: The transaction amounts reflect the aggregate of all transactions during the period. Lease deposit amount given during the year is also included in the aggregate amount.

6. Our Company has not issued any Equity Shares for consideration other than cash.
7. There have been no transactions in the securities of our Company by the Promoters, the Promoter Group and Directors in the last six months.
8. Our Company was incorporated as Pipavav Ship Dismantling and Engineering Limited on October 17, 1997 under the Companies Act. Pursuant to a special resolution of the shareholders of our Company at an extraordinary general meeting held on April 19, 2005, the name of our Company was changed to Pipavav Shipyard Limited, to reflect our Company’s shift of its primary business focus from ship dismantling and engineering to shipbuilding. The fresh certificate of incorporation to reflect the new name of our Company was issued by the RoC on April 29, 2005. No amendment was required in the objects clause of our Company’s Memorandum of Association at the time of the change of name, as shipbuilding was already included in the Memorandum of Association as one of the main objects of our Company. For information on changes in our Company’s name, registered offices and objects clause of the Memorandum of Association of our Company, see the section “History and Certain Corporate Matters” beginning on page 104 of the Red Herring Prospectus.

9. In terms of Rule 19(2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue share capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue will be allotted on a proportionate basis to Qualified Institutional Buyers (“QIBs”), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. The QIB Portion includes the Anchor Investor Portion and the Company may consider participation by Anchor Investors in the Net Issue for up to 15,273,040 Equity Shares in accordance with the SEBI Regulations. For further details, see the sections “Issue Structure” and “Issue Procedure” beginning on pages 274 and 279, respectively of the Red Herring Prospectus.
10. Our Promoters, Directors and key managerial personnel are interested in our Company by virtue of their shareholding, if any, in us. See the sections “Capital Structure” and “Our Management” beginning on pages 29 and 121, respectively, of the Red Herring Prospectus.
11. The Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any and in any dividend and distributions which may be made by our Company in future and to the extent of the related party transactions disclosed in the sections “Related Party Transactions” and “Our Management- Interest of Promoters, Directors and Key Managerial Personnel” beginning on pages 191 and 128 of the Red Herring Prospectus, respectively.
12. Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
13. Any clarification or information relating to the Issue shall be made available by the BRLMs, CBRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
14. Investors may note that in case of over-subscription in the Issue, allotment to Qualified Institutional Bidders, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, please refer to the section “Issue Procedure – Basis of Allotment” beginning on page 302 of the Red Herring Prospectus.
15. Investors are advised to refer to the section “Basis for Issue Price” beginning on page 57 of the Red Herring Prospectus.
16. Investors may contact JM Financial Consultants Private Limited, Citigroup Global Markets India Private Limited, Enam Securities Private Limited, SBI Capital Markets Limited, Kotak Mahindra Capital Company Limited and Motilal Oswal Investment Advisors Private Limited for any complaints pertaining to the Issue.

SECTION III: INTRODUCTION

SUMMARY

You should read the following summary together with the Risk Factors and the more detailed information about us and our financial statements included in the Red Herring Prospectus.

Industry Overview

Shipbuilding, Offshore Fabrication and Defence Industries

Our Company believes that, until mid-2008, economic growth and wider trade patterns resulted in longer voyages and increased tonnage per mile, which caused a shortage of ships and a consequent increase in freight rates. The increase in freight rates encouraged ship owners to place orders for more new ships, as demonstrated by the global increase in the placement of new vessel orders until mid-2008. Since June 2008, however, there has been a decline in new orders and it is difficult to estimate current prices for new vessels.

Although shipbuilding is a global industry, China, South Korea and Japan controlled approximately 88.5% of the total market share measured in gross tonnage as of the end of 2008.

The Indian shipbuilding industry is small by global standards, and Indian shipyards currently account for 1% of the global order book in 2009. (*Source: Maritime Gateway January 2009*). The structure of the Indian shipbuilding industry can be divided into three distinct segments: public sector, defence and private sector.

Although India occupies a small percentage of the global shipbuilding market, our Company believes that Indian shipyards have certain advantages over shipyards in more developed nations and that the Indian shipbuilding industry is well-positioned for growth.

Offshore Oil & Gas Sector

After the recent global economic slow down, upstream oil companies are once again beginning to increase investments and this is evident in the capital expenditure planned to create new offshore assets and replace existing ones. Oil and gas equipment and services companies are enjoying this strong operating environment. Recovery of oil reserves and production from ultra deepwater fields, marginal fields and other previously unviable fields has now become relatively more economically viable, resulting in increased demand for offshore oil equipment and services.

The Indian offshore market is also expanding rapidly and domestic players will make a substantial investment in infrastructure to establish new platforms and to replace assets. Reliance Industries Limited has announced an increase to its capital expenditure in its D6 Block to US\$ 8.8 billion to be spent in two phases. The Indian company with a significant interest in oil and natural gas discovery, Oil & Natural Gas Corporation Ltd (“ONGC”), has projected capital expenditure for its Eleventh Plan to be US\$21 billion. Substantial investment is also expected for enhancement of recovery from existing fields.

Defence

In May 2001 the Government of India opened the defence procurement industry up to 100% private sector participation with a permissible FDI of 26%, subject to licensing requirements. With a view to further enhancing the participation of the private sector in defence production and procurement, the GoI established the Kelkar Committee to suggest measures to improve defence acquisitions and procurement. The committee submitted its report to the GoI in November 2005 and the report is currently under consideration. In addition, the Indian Navy issued a 15 year indigenisation plan for the years 2008 to 2022 on October 15, 2008. This indigenisation plan states, in part, that industry, including the private sector, can

play a vital role in meeting the sophisticated needs of the armed forces through cost-effective utilization of its know-how and existing infrastructure.

The Company believes that it is well-positioned to take advantage of these and other opportunities to supply vessels and ancillary products and services to the defence sector both domestically and internationally.

For further details see “Shipbuilding, Offshore Fabrication and Defence Industries” beginning on page 68 of the Red Herring Prospectus.

Business Overview

We are currently completing the construction of the Pipavav Shipyard, located on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Upon completion of construction, the Pipavav Shipyard will be capable of ship construction and repairs for a range of vessels of different sizes and types, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, rigs, jackets and vessels (but excluding sub-sea pipelines) for oil and gas companies, which we intend to offer in our Offshore Business (“Offshore Business Products”). Commercial operations at the Pipavav Shipyard commenced on April 1, 2009. We are currently constructing vessels while simultaneously completing construction of the offshore yard and installation of two Goliath cranes at the Pipavav Shipyard. The remaining construction of the Pipavav Shipyard (excluding the offshore yard) is expected to be completed in October 2009. We have commenced construction of four vessels, the first of which we expect to deliver in April 2010, with subsequent deliveries expected to occur at intervals ranging from one to three months thereafter.

Our Company was established in 1997. The Pipavav Shipyard was originally planned and developed by us as a ship-dismantling facility, in order to meet anticipated demand arising from International Maritime Organization (“IMO”) regulations that were expected to be implemented in 2002 and which would have resulted in an increased rate of retirement of older tankers by shipowners. When implementation of the IMO regulations was deferred, we decided to convert the ship-dismantling facility then under construction into a shipyard in order to meet expected increase in demand for new vessels. Most of the existing infrastructure from the ship-dismantling facility, including two wet docks of approximately 680 meters in length and 60-65 meters in width, is being incorporated into the construction of the Pipavav Shipyard. The construction of the Pipavav Shipyard includes:

- conversion of one of the two existing wet docks into a dry dock measuring 662 meters in length and 65 meters in width, and which is capable of accommodating ships of up to 400,000 DWT and/or multiple combinations of smaller vessels including vessels catering to offshore activities such as offshore supply vessels (“OSV”), anchor handling tug supply vessels and multi-purpose support vessels;
- the construction of a fabrication and block assembly facility for shipyard operations;
- the establishment of dedicated facilities comprising an offshore yard with load out facilities for our Offshore Business Products; and
- the installation of two Goliath cranes, each having a lifting capacity of up to 600 tonnes, including fit out berths, for building and repairing vessels, including naval vessels and coast guard vessels.

As of the date of this Red Herring Prospectus, we:

- have firm order agreements with Golden Ocean Group Limited (“Golden Ocean”) and AVGI Maritime Group (“AVGI”) for the construction of 10 Panamax bulk-carriers of 74,500 DWT each, having an aggregate value of US\$ 373.52 million (Rs. 17,880 million), scheduled for delivery from April 2010 to May 2012;

- remain in discussions with Golden Ocean to amend two additional firm order agreements for Panamax bulk-carriers of 74,500 DWT each so as to grant Golden Ocean options under those agreements, exercisable by December 31, 2010, to take delivery of each vessel, with such options having an aggregate value of US\$ 71.26 million (Rs. 3,411 million) if both are exercised and an option fee of US\$ 7.0 million (Rs. 335.09 million) if the options are not exercised;
- are in discussions with AVGI to amend six additional firm order agreements for Panamax bulk-carriers of 74,500 DWT so as to grant AVGI unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of one or more of those vessels if it is unable to arrange funding for the relevant vessel, such vessels having an aggregate value of US\$ 231 million (Rs. 11,058 million);
- are engaged in arbitration with Setaf s.a.s. (“Setaf”) regarding whether it has the right to cancel one or more of four firm order agreements for Panamax bulk-carriers of 74,500 DWT each, such orders having an aggregate value of US\$ 144 million (Rs. 6,893 million), but we are also engaged in simultaneous discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders; and
- received notification from Oil and Natural Gas Corporation Limited (“ONGC”) on June 26, 2009 of the award of contract for construction of 12 OSVs scheduled for delivery from June 2011 to December 2011, with an aggregate contract value of US\$ 111.85 million (Rs. 5,354 million). We were obliged to execute a definitive contract within one month from the date of award of contract, however, we have not yet entered into a definitive contract with ONGC. Pursuant to this notification of award of contract, ONGC requires us to construct and supply the vessels from our SEZ Unit in “technical collaboration” with Jurong Shipyard, Singapore. The contract is a fixed priced contract that does not allow for an escalation of contract price on any grounds.

We are led by a team of qualified and experienced managers, both from India and abroad, who are focused on different aspects of shipbuilding. We have also executed cooperation agreements with various companies that have substantial experience in the shipbuilding business. In particular, we have entered into agreements with KOMAC, a Korean ship design consulting firm, to provide our Company with ship design, drawings, plans and documents, procurement support for supply of non-Indian sourced shipbuilding materials, shipboard machineries and equipments, production management services related to the start-up and initial operation of the Pipavav Shipyard, and technical support services related to the construction of the Panamax bulk carriers. We have also entered into agreements with PILS Co. Limited of South Korea, a procurement and logistics firm, to assist us with the procurement of certain component parts for production, and have also executed a technical assistance agreement with SembCorp, a company which operates shipyards and offshore construction and fabrication facilities in Singapore. In November 2007, SembCorp acquired a strategic equity stake of 17,500,000 Equity Shares in our Company, representing approximately a 3.02% shareholding interest as of the date of the Red Herring Prospectus.

The Pipavav Shipyard was originally promoted by SKIL and Grevek Investments, which hold in the aggregate shareholding interests of approximately 23.09% in our Company as of the date of the Red Herring Prospectus. These original promoters have been joined by Punj Lloyd through its acquisition of 129,361,538 Equity Shares of our Company, representing an equity interest of approximately 22.29% as of the date of the Red Herring Prospectus. SKIL has a track record of promoting infrastructure projects in India and Punj Lloyd is an engineering and offshore construction company in India providing integrated design, engineering, procurement, construction and project management services for energy and infrastructure projects.

As regards commercial shipbuilding, we intend to initially focus on the serial construction of large vessels built to standard specifications and widely used by shipowners, such as the Panamax bulk carriers, which currently comprise our commercial shipbuilding order book. By focusing on construction of multiple Panamax bulk carriers in the initial stages of our shipbuilding operations, we believe that we should be able to achieve efficiency and cost competitiveness in our manufacturing process through economies of scale

and develop effective shipbuilding techniques such as “just-in-time” production methods that are consistent with those generally used by international shipyards.

We also intend to capitalize on expected growth in offshore oil and gas exploration and production activities by providing offshore fabrication facilities at the Pipavav Shipyard. As a co-promoter, Punj Lloyd has agreed to conduct all of its offshore business (excluding the construction and fabrication of sub-sea pipelines) in India through us and is expected to provide us with access to opportunities in the Offshore Business industry, which includes business opportunities in the fabrication and construction of offshore platforms, rigs, jackets and vessels for the oil and gas industry.

In order to mitigate the effects of the cyclical nature of commercial shipbuilding, we also intend to focus on building ships for the military and the government, initially focusing on vessels for the Indian navy and coast guard. In addition, we intend to utilize our shipbuilding facilities to repair a wide range of vessels, including VLCCs and OSVs, as well as naval, coast guard and other specialty vessels such as LNG carriers.

The construction of the Pipavav Shipyard is substantially complete. The installation of two Goliath cranes, each capable of lifting up to 600 tonnes, is currently underway and the construction of the Pipavav Shipyard (other than the offshore yard) is expected to be completed by October 2009. The offshore yard, which is currently being developed to cater to business opportunities in the fabrication and construction of Offshore Business Products, is expected to be ready for full utilisation by the end of March 2010. Based on information on other shipyards’ websites as to their actual capacity and their capacity under construction and assuming no further increases in such capacity, we believe that, upon completion, Pipavav Shipyard will have the largest dockyard in India, with a capacity to build and repair ships of up to 400,000 DWT, together with facilities for fabrication / assembly of products for the offshore sector.

As of June 30, 2009, we had already placed orders for certain raw materials, equipment and other components required for the construction of vessels in amounts aggregating US\$210.31 million (Rs. 10,067.54 million). We have placed orders in a variety of currencies, including Indian Rupees, Japanese Yen, U.S. Dollars and Euros. The aggregate amount of placed orders has been converted into U.S. Dollars at the exchange rate prevailing at the date on which orders are placed.

The Pipavav Shipyard enjoys strategic locational advantages and favourable marine conditions and is located adjacent to the Pipavav Port, a modern seaport which was promoted and constructed by GPPL, which originally was a subsidiary of SKIL that was jointly promoted by SKIL and GMB. The Pipavav Port is now owned, operated and managed by the A.P. Møller Group of Denmark following its acquisition of GPPL. The Pipavav Port has connecting rail and road links, including a 273 km railway completed in 2003 (the “Pipavav Railway”) and a link road completed in 2001 (the “Pipavav Link Road”).

Our Subsidiary, E Complex, is involved in the development of a sector-specific Special Economic Zone (“SEZ”). Pipavav Shipyard Limited has established a unit in the SEZ developed by E Complex (“SEZ Unit”). This SEZ Unit was approved on January 8, 2008 and was established to carry out our fabrication and block assembly activities within the SEZ in order to benefit from certain advantages available to companies that operate within such SEZs. The Office of the Development Commissioner of KASEZ had confirmed that the Letter of Approval granted to our SEZ Unit shall be valid for a period of five years commencing from the date of commencement of commercial production, i.e., April 1, 2009. The shipyard itself is an Export Oriented Unit (“EOU”). The Office of the Development Commissioner of KASEZ had confirmed that Letter of Permission granted to our EOU shall be valid for a period of five years commencing from the date of commencement of commercial production, i.e., April 1, 2009. The E Complex facilities and the Pipavav Shipyard are linked by a 4.5 km dedicated road that was developed by the Company in 2008.

Our Competitive Strengths

We believe that our key competitive strengths include the following:

- ***We expect to be able to leverage the experience and resources of our co-promoters.***

We believe that one of our strengths is the combined resources of our promoter SKIL and our co-promoter Punj Lloyd. We intend to leverage the experience of each of SKIL and Punj Lloyd in their respective fields of infrastructure construction and offshore construction.

SKIL, our promoter, has experience in the owner-managed construction of infrastructure projects in India, including the Pipavav Port, which received its first vessel in 1996, the Pipavav Railway and the Pipavav Link Road. The Pipavav Port was developed by GPPL, which originally was a subsidiary of SKIL that was jointly promoted by SKIL and GMB. The A.P. Møller Group of Denmark, an international maritime conglomerate, acquired SKIL's interests in GPPL in 2005 and now operates and manages the Pipavav Port. SKIL's interests in the Pipavav Railway were also acquired by the A.P. Møller Group in 2005. SKIL also initially led the conceptualization and development of the Mumbai Special Economic Zone as one of the largest SEZs in India, as well as the Navi Mumbai Special Economic Zone, which was co-promoted by the City and Industrial Development Corporation of Maharashtra Limited. In 2005, a majority interest in both SEZs was acquired by the Reliance Group through Mumbai SEZ Limited and Navi Mumbai SEZ Private Limited, respectively. SKIL still owns equity interests in each of these SEZs. We believe that SKIL's extensive experience in the development of infrastructure projects in India on an owner-managed basis will help us achieve the timely construction of our shipbuilding facility to meet our current and future order book delivery obligations.

Punj Lloyd, our co-promoter, provides integrated design, engineering, procurement, construction and project management services for energy and infrastructure projects. Punj Lloyd has executed and is working on a number of engineering, procurement and construction projects in the oil and gas sector within and outside India including the Heera Field Redevelopment offshore platform project for ONGC in India, the Betara Complex Development project in Indonesia, the Poleng Process Platform project in Indonesia and a hydrocracker and hydrogen generation unit at Haldia Refinery for Indian Oil Corporation Limited in India. We expect Punj Lloyd's experience and engineering and construction capabilities will be of substantial benefit to us in connection with our entry into the Offshore Business (including in pre-qualifying for Offshore Business tenders, which generally require a substantial track record).

- ***Experience of our strong management team with international experience and contract partners should facilitate the start-up and development of our shipbuilding and offshore businesses.***

We are led by a team of qualified and experienced managers, both from India and abroad, who are focused on different aspects of shipbuilding, engineering and fabrication, including design, manufacturing, marketing, quality control and finance. See the section "Our Management" beginning on page 121 of this Red Herring Prospectus for a description of the members of our senior management team. In addition, we have executed agreements with companies that have substantial experience in the shipbuilding business, including SembCorp, which operates shipyards and offshore construction and fabrication facilities in Singapore, KOMAC, a Korean ship design consulting firm with substantial experience in ship design, materials procurement and production planning and PILS Co. Limited, a procurement and logistics firm. In addition, we expect to leverage the technical expertise and experience of our contract partners in the start-up and development of our shipbuilding and offshore business.

- ***Upon completion of construction, we believe that the Pipavav Shipyard will have a competitive advantage available in terms of its capability to handle large vessels at competitive cost.***

Pipavav Shipyard is expected to have a dry dock facility of approximately 662 meters in aggregate length, with the capacity to accommodate vessels of up to 400,000 DWT and capable of handling merchant ships such as VLCCs and large naval vessels and coast guard vessels, such as aircraft carriers, together with facilities for fabrication / assembly of products for the offshore sector. Based on information on other shipyards' websites as to their actual capacity and their capacity under construction and assuming no further increases in such capacity, we believe that, upon completion, Pipavav Shipyard will have the largest dockyard in India. We believe that we will have a competitive advantage available in terms of our capability to handle large vessels at competitive cost.

- ***Our manufacturing platform should provide a flexible product-mix, marketing and execution capability.***

We believe that the size of the Pipavav Shipyard will provide us with the ability to optimize the marketing of our product mix by providing us the production capability to execute orders for the construction of a wide variety of ships ranging from VLCCs to OSVs as well as naval, coast guard and other specialty vessels such as LNG carriers. Moreover, once completed, our offshore yard will have facilities to manufacture offshore structures. These products generally require advanced design and production technologies, well-coordinated logistics planning and huge production scale. As a result, profit margins on these high value-added products are generally attractive. As we seek to focus on higher margin products, we believe that optimizing product mix to focus on these high value products will help generate diversified sales growth and profitability.

- ***Advanced shipbuilding technology.***

We intend to manufacture vessels of different sizes and types and provide offshore structures utilizing technologically advanced design and production systems, including automation systems and digital technology. We believe that leveraging advanced design and production technologies should give us the flexibility to manufacture a wide variety of vessels and offshore structures in a cost-efficient manner.

- ***Strategic geographic location.***

The Pipavav Shipyard is strategically located along the west coast of India on the sea route connecting the Persian Gulf to Asia, and is approximately 150 nautical miles from Mumbai, a busy international maritime route that is suitably located for the ship repair business. In addition, the Pipavav Shipyard is located relatively close to the offshore oil fields on the western coast of India and not too far from the Middle East, which we believe will be an advantage in tapping the offshore fabrication market. The Pipavav Shipyard is situated adjacent to the Pipavav Port, which is a modern sea port possessing technologically advanced port facilities and infrastructure. Due to its proximity to the Pipavav Port, the Pipavav Shipyard is positioned to benefit from the Pipavav Port's infrastructure facilities, such as approach channel and navigation facilities, water, power, utilities, roads, rails and means of communication. The Pipavav Shipyard also enjoys other strategic locational advantages, such as natural breakwater, tranquil marine conditions, short navigation channel and deep drafts. We believe that the strategic location of the Pipavav Shipyard should provide us with significant advantages and efficiencies, thereby resulting in lower management overheads and increasing cost effectiveness.

- ***Competitive cost structure.***

Because our operations are based in India, we believe that our labour, land and overhead costs will generally be lower than many of our foreign competitors with manufacturing operations in countries such as South Korea and Japan. We also intend to leverage the expected size of our shipbuilding facilities and vessel construction orders to obtain quantity discounts when buying materials and components for our products.

- ***We have confirmed orders to utilize our shipbuilding capacity.***

As described above, we have firm orders for the construction of 10 Panamax bulk carriers of 74,500 DWT each along with options to construct additional Panamax vessels. We have also received notification of award of contract for construction of 12 OSVs. We believe that the construction of these vessels gives us valuable experience and expertise for future projects, as well as provide stable cash flows for the purposes of financing our operations. For a discussion of certain risks relating to our order book, see “Risk Factors” beginning on page xiii of the Red Herring Prospectus.

Our Strategy

- ***Diversified Business Strategy***

We intend to continue to diversify our business by focusing on opportunities across a range of areas and not solely on commercial shipbuilding. For example, we plan to engage in:

- Merchant shipbuilding of sizes and specifications other than Panamax bulk carriers;
- Offshore Business;
- Shipbuilding and repair for navy and coast guard vessels; and
- Ship repair.

We intend to enhance our shipbuilding, ship repair and offshore fabrication facilities and leverage such enhanced facilities to further gain access to the offshore oil and gas exploration and production sector as well as the military and governmental sectors while continuing to expand our shipbuilding and ship repair businesses. We expect that such diversification will enable us to utilize opportunities in each sector without being overly dependent on any one sector.

- ***Develop and enhance product quality and customer service in order to gain market share in our core products.***

We believe quality customer service will be critical to customer retention and repeat-order flow. We will seek to emphasize customer service as an important factor in attracting and retaining shipping companies as customers. We intend to have close interaction with our customers in a bid to strengthen our relationships with them. For example, we intend to work closely with our customers at the very early stages of the product development process to fully understand our customers’ needs and specific requirements, particularly regarding the technology and engineering aspects of the vessels. We have developed a dedicated marketing team to obtain feedback for further improvements.

- ***Exploit the expected increase in volume of Indian domestic business.***

We expect demand for our products and services from commercial shipping companies, oil companies and the defence sector. As offshore oil and gas exploration and production is becoming an important source of oil supply, major global and domestic oil companies have increased their investment in this sector in India. The potential for larger reserves, improved economics, declining development costs and better risk and reward profile have contributed to the growth of offshore oil and gas exploration and production activities in India. Subject to improving conditions, we expect an increase in demand for offshore supply and utility ships as well as an increase in the Offshore Business. Similarly, we expect an increase in demand for new, specialized and larger commercial ships in India. We believe that the expected growth in international trade by Indian companies should provide Indian shipowners with opportunities to

expand their fleets and businesses, thereby creating opportunities for us in the shipbuilding business. We intend to capitalize on expected growth in offshore oil and gas exploration and production activities as evidenced by notification of award of contract for construction of 12 OSVs awarded to the Company by ONGC. Further, as co-promoter, Punj Lloyd has agreed to conduct all of its offshore business in India through us and is expected to provide us with access to business opportunities in the fabrication and construction of Offshore Business Products in India.

In addition, increased demand for ships for the Indian navy and Indian coast guard has led to a potential market for defence sector shipbuilding. Both the Indian navy and Indian coast guard have shown interest in utilising our facilities and infrastructure to meet their needs, and we have submitted bids for the construction of five naval offshore patrol vessels and two cadet training ships to the Indian navy. For further information, see “Risk Factors - We may be unable to immediately undertake shipbuilding contracts and other activities for the defence sector due to FDI restrictions” on page xxxiii of this Red Herring Prospectus.

Risk Factors

An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section “Risk Factors” beginning on page xiii of the Red Herring Prospectus.

THE ISSUE

Equity Shares Offered by the Company through the Issue	85,450,225 Equity Shares
<i>Of which:</i>	
Employee Reservation Portion ⁽¹⁾	Up to 600,000 Equity Shares
Therefore,	
Net Issue to the Public ⁽³⁾	84,850,225 Equity Shares
<i>Of which:</i>	
QIB Portion ⁽²⁾⁽³⁾	At least 50,910,135 Equity Shares
<i>Of which:</i>	
Mutual Fund Portion	2,545,507 Equity Shares
Balance for all QIBs including Mutual Funds	48,364,628 Equity Shares
Non-Institutional Portion ⁽³⁾	Not less than 8,485,022 Equity Shares available for allocation
Retail Portion ⁽³⁾	Not less than 25,455,068 Equity Shares available for allocation
Equity Shares outstanding prior to the Issue	580,348,163 Equity Shares
Equity Shares outstanding after the Issue	665,798,388 Equity Shares
Use of proceeds	Please see “Objects of the Issue” beginning on page 48 of the Red Herring Prospectus.

- (1) For the definition of Employees, see the section “Definitions and Abbreviations – Employees” on page iv of the Red Herring Prospectus.
- (2) The Company may consider participation by Anchor Investors, who are all QIBs, for up to 15,273,040 Equity Shares in accordance with applicable SEBI Regulations. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date. Allocation to QIBs is proportionate as per the terms of the Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. **Further attention of all QIBs (other than Anchor Investors) is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date; and (b) each QIB, including a Mutual Fund, is required to deposit a Margin Amount of at least 10% with its Bid-cum-Application Form, provided however, QIBs that are Anchor Investors are required to pay 25% of their Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Bidding, shall be payable by the Anchor Investor within two days of the Bid/Issue Closing Date.** For further details, see the section “Issue Procedure – Anchor Investor Portion” beginning on page 308 of the Red Herring Prospectus.
- (3) Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from any other category at the discretion of the Company, in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting at least 10% of the post-Issue capital of the Company. If not less than 60% of the Net Issue can be allotted to QIBs, then the entire application money will be refunded forthwith.

Since the date of filing the Draft Red Herring Prospectus, the Company has completed a Pre-IPO Placing of 1,399,775 Equity Shares.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary standalone financial information derived from the restated standalone financial statements of the Company as of March 31, 2005, 2006, 2007, 2008 and 2009 and the summary consolidated financial information derived from the restated consolidated financial statements of the Company as of March 31, 2007, 2008 and 2009, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations as described in the Auditors' Report included in the section "Financial Statements" beginning on page F-1 of the Red Herring Prospectus. The standalone and consolidated financial information of the Company has been restated after making necessary adjustments and regrouping, with retrospective effect, to, *inter alia*, reflect changes in the significant accounting policies and restatement of prior period items. This restatement has resulted in changes in the financial information of the Company as compared to the financial information contained in the Draft Red Herring Prospectus. Investors are, therefore, advised to refer only to our restated financial information as contained in this Red Herring Prospectus before making an investment decision in the Equity Shares of the Company.

The summary standalone and consolidated financial information of the Company presented below should be read in conjunction with our restated standalone and consolidated financial statements prepared under Indian GAAP, including the notes thereto and the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 194 of the Red Herring Prospectus.

Indian GAAP differs in certain significant respects from US GAAP. For more information on these differences, see the section "Summary of Significant Differences between Indian GAAP and US GAAP" beginning on page 214 of the Red Herring Prospectus.

Summary statement of Consolidated Assets & Liabilities, as Restated			
(Amount Rs. in Millions)			
Particulars	As at 31st March		
	2009	2008	2007
(A) Fixed Assets			
Gross block	710.50	381.82	304.80
Less: Depreciation	80.68	51.37	42.69
Net block	629.82	330.45	262.11
Capital work in progress (including Capital Advances)	22,738.90	12,480.29	7,468.67
Total	23,368.72	12,810.74	7,730.78
(B) Intangible Assets (Net of Amortisation)	6.04	4.34	-
(C) Investment	484.51	1759.03	333.14
(D) Current Assets, Loans & Advances			
Inventories	3,182.93	571.37	-
Cash & Bank Balances	6,618.34	8,449.32	1,104.34
Loans & advances	1,604.82	1,143.80	40.69
Total	11,406.09	10,164.49	1,145.03
(E) Liabilities & Provisions			
Secured Loans	7,745.90	2,943.07	3,365.90
Unsecured Loans	3,790.15	982.08	1,297.44
Current Liabilities	11,060.58	8,281.79	355.76
Provisions	121.56	72.67	3.55
Share Application Money	-	-	250.00
Total	22,718.19	12,279.61	5,272.65
Net-worth (A+B+C+D-E)	12,547.17	12,458.99	3,936.30
(F) Represented by			
Equity Share capital	5,803.48	5,796.93	2,897.20

Preference Share Capital	-	-	45.20
Reserves & Surplus	6,743.68	6,707.55	1,087.63
Less:-Debit Balance of Profit & Loss Account	-	(45.49)	(93.73)
Net Worth	12,547.16	12,458.99	3,936.30

Note:

- (1) The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively).
- (2) For details on the increase in “other liabilities”, see the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 194 of the Red Herring Prospectus.

Summary of Consolidated Statement of Profits and Losses, as Restated

Summary statement of Consolidated Profit & Loss Account, as Restated				
			(Amount Rs in Millions)	
			For the Year ended 31st March	
Particulars		2009	2008	2007
INCOME				
Other Income		617.78	277.49	-
Total Income (A)		617.78	277.49	-
EXPENDITURE				
Payments to and Provisions for Employees		76.77	50.27	-
Administrative, Selling and Other Expenses		315.80	109.31	-
Interest and Financial Charges		129.58	0.77	-
Depreciation		1.63	1.88	-
Total Expenditure (B)		523.78	162.23	-
Net Profit Before Tax and adjustments (A-B)		94.00	115.26	-
Provision For Tax				-
-Current Tax		41.20	64.20	0.92
-Fringe Benefit Tax		5.54	3.48	-
Net Profit after Tax but before adjustments		47.26	47.58	(0.92)
Adjustments (Refer to Note 1 of Annexure IV)		1.30	0.66	(59.82)
Net Profit, as restated		48.56	48.24	(60.74)
Balance brought forward		(45.49)	(93.73)	(32.99)
Amount Available for Appropriation		3.07	(45.49)	(93.73)
Appropriations		-	-	-
Balance carried forward, as restated		3.07	(45.49)	(93.73)

Note:

The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively).

Summary of Standalone Statement of Assets and Liabilities, as Restated

Summary statement of Unconsolidated Assets & Liabilities, as restated.					
	(Amount Rs. in millions)				
Particulars	As At 31st March				
	2009	2008	2007	2006	2005
(A) Fixed Assets					
Gross block	488.48	177.89	124.69	224.29	216.63
Less: Depreciation	74.63	46.47	38.17	64.70	53.85
Net block	413.85	131.42	86.52	159.59	162.78
Capital work in progress (Including Capital Advances)	21560.19	11,815.90	7,467.38	6,896.66	6,465.16
Total	21,974.04	11,947.32	7,553.90	7,056.25	6,627.94
(B) Intangible Assets (Net of Amortisation)	6.04	4.34	-	-	-
(C) Investment	665.50	1,940.57	510.77	-	-
(D) Current Assets, Loans & Advances					
Inventories	3182.93	571.37	-	-	-
Cash & Bank Balances	6618.00	8,382.32	1,102.02	0.93	0.44
Loans & advances	2550.93	1,449.39	39.86	14.11	3.89
Total	12,351.86	10,403.08	1,141.88	15.04	4.33
(E) Liabilities & Provisions					
Secured Loans	7745.90	2,943.07	3,365.90	3,504.37	1,146.97
Unsecured Loans	3790.15	982.08	1,297.44	-	2,560.05
Current Liabilities	10789.11	7835.40	350.98	650.40	674.31
Provisions	121.52	72.85	4.02	0.40	-
Share Application Money	-	-	250.00	687.83	8.44
Total	22,446.68	11,833.40	5,268.34	4,843.00	4,389.77
(F) Net-worth (A+B+C+D-E)	12,550.76	12,461.91	3,938.21	2,228.29	2,242.50
(G) Networth represented by					
Equity Share capital	5803.48	5,796.93	2,897.20	2,000.00	2,000.00
Preference Share Capital	-	-	45.20	260.00	260.00
Reserves & surplus	6747.28	6,707.55	1,087.63	-	-
Less:-Debit Balance of Profit and Loss Account	-	(42.57)	(91.82)	(31.69)	(17.48)
Less: Miscellaneous expenditure	-	-	-	0.02	0.02
Net Worth	12,550.76	12,461.91	3,938.21	2,228.29	2,242.50

Note:

- (1) The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively).
- (2) For details on the increase in “other liabilities”, see the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 194 of the Red Herring Prospectus.

Summary of Standalone Statement of Profits and Losses, as Restated

Summary Statement of Unconsolidated Profits and Losses, As Restated						
				(Amount Rs in Millions)		
		For the year ended 31st March				
	Particulars	2009	2008	2007	2006	2005
	INCOME					
	Other Income	617.78	277.49	-	-	-
	Total Income (A)	617.78	277.49	-	-	-
	EXPENDITURE					
	Payments to and Provisions for Employees	76.77	50.27	-	-	-
	Administrative, Selling and Other Expenses	313.97	108.67	-	-	-
	Interest and Financial Charges	129.58	0.77	-	-	-
	Depreciation	1.52	1.77	-	-	-
	Total Expenditure (B)	521.84	161.48	-	-	-
	Profit Before Tax & adjustments (A-B)	95.94	116.01	-	-	-
	Provision For Tax					
	- Current Tax	41.20	64.00	0.92	-	-
	- Fringe benefit tax	5.50	3.42	-	-	-
	Net Profit after Tax but before adjustments	49.24	48.59	(0.92)	-	-
	Adjustments (Refer Note No 1 of Annexure IV)	-	0.66	(59.21)	(14.21)	(9.40)
	Net Profit, as restated	49.24	49.25	(60.13)	(14.21)	(9.40)
	Balance brought forward	(42.57)	(91.82)	(31.69)	(17.48)	(8.08)
	Amount Available for Appropriation	6.67	(42.57)	(91.82)	(31.69)	(17.48)
	Appropriations	-	-	-	-	-
	Balance carried forward, as restated	6.67	(42.57)	(91.82)	(31.69)	(17.48)

Note:

The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively).

GENERAL INFORMATION

The Company was incorporated as Pipavav Ship Dismantling and Engineering Limited on October 17, 1997 under the Companies Act. Pursuant to a special resolution of the shareholders of the Company at an EGM held on April 19, 2005, the name of the Company was changed to Pipavav Shipyard Limited. The fresh certificate of incorporation to reflect the new name was issued by the RoC on April 29, 2005. For details of change in name and registered office, see the section “History and Certain Corporate Matters” beginning on page 104 of the Red Herring Prospectus.

Registered Office of the Company

Pipavav Port
Post Ucchaya, Via Rajula
Rajula - 365 560
Gujarat
India
Tel: +91 2794 286200
Fax: +91 2794 286373
Website: www.pipavavshipyard.com

Registration Number: 04-33193 of 1997-98
Corporate Identity Number: U35110GJ1997PLC033193

Corporate Office of the Company

SKIL House
209 Bank Street Cross Lane
Fort, Mumbai – 400 023
India
Tel: +91 22 6619 9000
Fax: +91 22 2269 6022

The Company is registered at the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, situated at ROC Bhavan, CGO Complex, Opposite Rupal Park Society, Near Ankur Cross Road, Navrangpura, Ahmedabad - 380013, Gujarat, India.

Board of Directors

The Company’s Board of Directors comprises the following:

Name, Designation and Occupation	Age (years)	Address
Mr. Nikhil P. Gandhi Designation: Non-Executive Chairman (Non-Independent) Occupation: Industrialist	50	Damodar Bhavan, 3rd Floor Sheela Building Enclosure Mahalaxmi Temple Lane Mumbai – 400 026 Maharashtra, India
Mr. Bhavesh P. Gandhi Designation: Executive Vice Chairman (Non-Independent) Occupation: Industrialist	43	D-4, 4 th Floor, New Breach Candy Apartment Breach Candy Mumbai – 400 026 Maharashtra, India
Mr. R.M.V. Raman Designation: Nominee Director (Independent) Occupation: Bank Executive	63	1504, Wallace Apartments-I Sleater Road Grant Road (West) Mumbai – 400 007 Maharashtra, India

Name, Designation and Occupation	Age (years)	Address
Mr. Mahesh M. Gandhi Designation: Non-Executive Director (Non-Independent) Occupation: Business	56	304, Sholay Apartments Raheja Complex Seven Buildings Versova Mumbai – 400 061 Maharashtra, India
Mr. Sunil Chawla Designation: Non-Executive Director (Non-Independent) Occupation: Service	46	C-41, Sector 44, NOIDA Uttar Pradesh – 201 303, India
Mr. Atul Punj Designation: Non-Executive Director (Non-Independent) and Co-Chairman Occupation: Industrialist	51	10, Prithviraj Road New Delhi – 110 001, India
Mr. Vimal Kishore Kaushik Designation: Non-Executive Director (Non-Independent) Occupation: Corporate Executive	61	S-27/1-D, DLF Qutab Enclave Phase III, Gurgaon Haryana – 122 002, India
Mr. S. Venkiteswaran Designation: Independent Director Occupation: Advocate	68	A/7-1&2, Lloyds Garden 7th Floor Appasaheb Marathe Marg Prabhadevi, Worli Mumbai – 400 025 Maharashtra, India
Mr. R.M. Premkumar Designation: Independent Director Occupation: Service	63	101, Praneet Dr. Jayant Palkar Marg Opposite Poddar Hospital Worli Mumbai – 400 030 Maharashtra, India
Mr. Ajai Vikram Singh Designation: Independent Director Occupation: Retired IAS officer	64	Baghsuri House Jaipur Road Ajmer -305 001 Rajasthan, India
Mr. Samar Ballav Mohapatra Designation: Independent Director Occupation: Retired IAS officer	65	Flat No. C – 15 DGS Housing Society, Sector 22 Plot No. 6, Dwarka New Delhi – 110 075, India
Mr. Michael Philip Pinto Designation: Independent Director Occupation: Professional management	66	405, Shalaka M.K. Road, Churchgate Mumbai - 400 021 Maharashtra, India

For further details regarding the Board of Directors, see the section “Our Management” beginning on page 121 of the Red Herring Prospectus.

Company Secretary and Compliance Officer

Mr. Ajit Dabholkar

SKIL House
209 Bank Street Cross Lane
Fort, Mumbai – 400 023, India
Tel: +91 22 6619 9139
Fax: +91 22 2269 6022
Email: company.secretary@pipavavshipyard.com

Investors can contact the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and refund orders.

Book Running Lead Managers

JM Financial Consultants Private Limited

141, Maker Chambers III
Nariman Point
Mumbai – 400 021, India
Tel: +91 22 6630 3030
Fax: +91 22 2204 7185
Email: pipavav.ipo@jmfinancial.in
Investor Grievance ID: grievance.ibd@jmfinancial.in
Contact Person: Mr. Kunal Jain
Website: www.jmfinancial.in
SEBI Registration Number: INM000010361

Citigroup Global Markets India Private Limited

12th Floor, Bakhtawar
Nariman Point
Mumbai – 400 021, India
Tel: +91 22 6631 9999
Fax: +91 22 6646 6054
Email: pipavav.ipo@citi.com
Investor Grievance ID: investors.cgmib@citi.com
Contact Person: Mr. Ashish Adukia
Website: www.citibank.co.in
SEBI Registration Number: INM000010718

Enam Securities Private Limited

801/802, Dalamal Towers
Nariman Point
Mumbai 400 021, India
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
Email and Investor Grievance ID: pipavavshipyard.ipo@enam.com
Contact Person: Ms. Dipali Dalal
Website: www.enam.com
SEBI Registration Number: INM000006856

SBI Capital Markets Limited

202, Maker Towers “E”
Cuffe Parade
Mumbai - 400 005, India
Tel: +91 22 2217 8300
Fax: +91 22 2218 8332
Email: pipavav.ipo@sbicaps.com
Investor Grievance ID: investor.relations@sbicaps.com
Contact Person: Mr. Nishit Mathur
Website: www.sbicaps.com
SEBI Registration Number: INM000003531

Co-Book Running Lead Managers

Kotak Mahindra Capital Company Limited

3rd Floor, Bakhtawar
229, Nariman Point
Mumbai – 400 021, India
Tel: +91 22 6634 1100
Fax: +91 22 2284 0492
Email: pipavav.ipo@kotak.com
Investor Grievance ID: kmccredressal@kotak.com
Contact Person: Mr. Chandrakant Bhole
Website: www.kotak.com
SEBI Registration Number: INM000008704

Motilal Oswal Investment Advisors Private Limited

113/114, Bajaj Bhawan
11th Floor, Nariman Point
Mumbai - 400 021, India
Tel: +91 22 3980 4380
Fax: +91 22 3980 4315
Email and Investor Grievance ID: pipavav.ipo@motilaloswal.com
Contact Person: Ms. Nisha Shah
Website: www.motilaloswal.com
SEBI Registration Number: INM000011005

Syndicate Members

JM Financial Services Private Limited

Apeejay House, Third Floor
3 Dinshaw Vaccha Road
Churchgate, Mumbai 400 020
Tel: +91 22 6704 3184
Fax: +91 22 6654 1511
Email: deepak.vaidya@jmfinancial.in
Contact Person: Mr. Deepak Vaidya

SBICAP Securities Limited

191, Maker Tower “F”
Cuffe Parade
Mumbai - 400 005, India
Tel: +91 22 3027 3301
Fax: +91 22 3027 3402
Email: prasad.chitnis@sbicapsec.com
Contact Person: Mr. Prasad Chitnis

Website: www.jmfinancial.in
SEBI Registration Number: INB011054831 (BSE),
INB231054835 (NSE)

Kotak Securities Limited

3rd Floor, Bakhtawar
229, Nariman Point
Mumbai – 400 021, India
Tel: +91 22 6634 1100
Fax: +91 22 2283 7517
Email: sanjeeb.das@kotak.com
Contact Person: Mr. Sanjeeb Das
Website: www.kotak.com
SEBI Registration Number: INB010808153 (BSE),
INB230808130 (NSE)

Website: www.sbicapsec.com
SEBI Registration Number: INB011053031
(BSE), INB231052938 (NSE)

Motilal Oswal Securities Limited

2nd Floor, Queens Mansion
44, A.K.Naik Marg
Behind Khadi Gram Udyog, Fort
Mumbai – 400 001, India
Tel: +91 22 3027 8090
Fax: +91 22 3027 8061
Email: anoop@motilaloswal.com
Contact Person: Mr. Anoop Tulsyan
Website: www.motilaloswal.com
SEBI Registration Number: INB 011041257 (BSE
Cash segment), INB231041238 (NSE Capital
Market segment)

SMC Global Securities Limited

11/6B, Shanti Chamber
Pusa Road
New Delhi – 110 005, India
Tel: +91 11 3011 1000
Fax: +91 11 2575 4365
Email: rakesh@smcindiaonline.com
Investor Grievance ID:
pipavavipo@smcindiaonline.com
Contact Person: Mr. Rakesh Gupta
Website: www.smcindiaonline.com
SEBI Registration Number: INB230771431 (NSE -
TM), INF230771431 (NSE - TM & CL),
INB011343937 (BSE- TM), INF011343937 (BSE –
TM & CL), INE260771431 (MCX)

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process and details relating to the Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at <http://www.sebi.gov.in>.

Advisor to the Issue

HSBC InvestDirect (India) Limited

HSBC Building, 6th Floor
52/60, Mahatma Gandhi Road, Fort
Mumbai - 400 001, India
Tel: +91 22 6155 2600
Fax: +91 22 6155 2665
Email: psl.ipo@hsbcinv.com
Contact Person: Mr. Bhavin Ranawat
Website: www.hsbcinvestdirect.co.in

Legal Advisors

Domestic Legal Counsel to the Company

J. Sagar Associates

Vakils House, 1st Floor
18 Sprott Road
Ballard Estate
Mumbai – 400 001, India
Tel: +91 22 6656 1500
Fax: +91 22 6656 1515

Domestic Legal Counsel to the Underwriters**S&R Associates**

64, Okhla Industrial Estate Phase III
New Delhi – 110 020, India
Tel: +91 11 4069 8000
Fax: +91 11 4069 8001

International Legal Counsel to the Underwriters

(Advising on the laws of the State of New York and the federal laws of the United States of America)

Dorsey & Whitney (Europe) LLP

21 Wilson Street
London EC2M 2TD
England
Tel: +44 20 7588 0800
Fax: +44 20 7588 0555

IPO Grading Agency**Credit Analysis and Research Limited**

4th Floor, Godrej Coliseum, Somaiya Hospital Road
Off Eastern Express Highway
Sion (East)
Mumbai - 400 022, India
Tel: +91 22 6754 3456
Fax: +91 22 6754 3457
Email: care@careratings.com
Contact Person: Mr. Mahendra Patil
Website: www.careratings.com
SEBI Registration Number: IN/CRA/004/1999

Registrar to the Issue**Karvy Computershare Private Limited**

Plot No. 17-24
Vittal Rao Nagar, Madhapura
Hyderabad – 500 081, India
Tel: +91 40 2342 0815
Fax: +91 40 2343 1551
Email: pipavav_ipo@karvy.com
Contact Person: Mr. M. Murali Krishna
Website: www.karvy.com
SEBI Registration Number: INR000000221

Bankers to the Issue and Escrow Collection Banks**Axis Bank Limited**

Universal Insurance Building
Sir P M Road, Fort

BNP Paribas

1 Forbes
6th Floor

Mumbai – 400 001, India
Tel: +91 22 6610 7353
Fax: +91 22 6610 7293
Email: rajesh.khandelwal@axisbank.com
Contact Person: Mr. Rajesh Khandelwal
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

Central Bank of India

General Manager (Treasury), 5th Floor
Chander Mukhi Building, Nariman Point
Mumbai – 400 021, India
Tel: +91 22 6638 7769, 2282 0182, 2263 0104
Fax: +91 22 2282 0989, 2266 0260
Email: cmmdbd@centralbank.co.in,
smmdbd@centralbank.co.in
Contact Person: Mr. S.P. Dhal
Website: www.centralbankofindia.co.in
SEBI Registration Number: INBI00000012

Deutsche Bank AG

Global Transaction Banking
Kodak House
222 Dr. D.N. Road, Fort
Mumbai – 400 001, India
Tel: +91 22 6658 4045
Fax: +91 22 6706 3860/61
Email: shyamal.malhotra@db.com
Contact Person: Mr. Shyamal Malhotra, Director,
Regional Head – Western India
Website: www.db.com
SEBI Registration Number: INBI00000003

ICICI Bank Limited

Capital Markets Group
No. 30, Mumbai Samachar Marg, Fort
Mumbai – 400 001, India
Tel: +91 22 3043 7000
Fax: +91 22 3043 7275
Email: venkataraghavan.t@icicibank.com
Contact Person: Mr. Venkataraghavan TA, Manager
Website: www.icicibank.com
SEBI Registration Number: INBI00000004

Kotak Mahindra Bank Limited

5th Floor, Dani Corporate Park 158
CST Road, Kalina, Santacruz (E)
Mumbai, India
Tel: +91 22 6605 6631
Fax: +91 22 6605 6642
Email: Ibrahim.sharief@kotak.com
Contact Person: Mr. Ibrahim Sharief
Website: www.kotak.com
SEBI Registration Number: INBI000000927

State Bank of India

Dr. V.B. Gandhi Marg
Mumbai – 400 023, India
Tel: +91 22 6618 2650
Fax: +91 22 6633 7521
Email: amar.kampani@asia.bnpparibas.com
Contact Person: Mr. Amar Kampani
Website: http://www.bnpparibas.co.in
SEBI Registration Number: INBI000000893

Citibank NA

Citigroup Centre
C-61, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai – 400 051, India
Tel: +91 (22) 4001-5694
Fax: +91 (22) 4001-5852
Email: zersis.irani@citi.com
Contact Person: Zersis Irani
SEBI Registration Number: INBI000000037

HDFC Bank Limited

Lodha – i Think Techno Campus
3rd Floor, Next to Kanjur Marg Railway Station
Kanjur Marg (E)
Mumbai – 400 042, India
Tel: +91 22 3075 2928
Fax: +91 22 2579 9801
Email: deepak.rane@hdfcbank.com
Contact Person: Mr. Deepak Rane
Website: www.hdfcbank.com
SEBI Registration Number: INBI000000063

IDBI Bank Limited

224-A, Mittal Court, Nariman Point
Mumbai – 400 021, India
Tel: +91 22 6658 8151
Fax: +91 22 6658 8130
Email: sg.nadkarni@idbi.co.in
Contact Person: Mr. S.G. Nadkarni
Website: www.idbi.com
SEBI Registration Number: INBI000000076

Punjab National Bank

Capital Markets Services Branch
2nd Floor, PNB House, P.M. Road, Fort
Mumbai – 400 001, India
Tel: +91 22 2262 1122
Fax: +91 22 2262 1124
Email: pnbcapsmumbai@pnb.co.in
Contact Person: Mr. K K Khurana, Assistant
General Manager
Website: www.pnbindia.com
SEBI Registration Number: INBI000000084

The Hongkong and Shanghai Banking

Capital Market Branch
Ground Floor, Mumbai Main Branch Building
Mumbai Samachar Marg, Fort
Mumbai – 400 023
Tel: +91 22 2269 1561
Fax: +91 22 2267 0745
Email: vidya.krishnan@sbi.co.in;
rajeev.kumar@sbi.co.in
Contact Person: Ms. Vidya Krishnan, AGM, Ms.
Surekha Shinde, Assistant Manager
Website: www.statebankofindia.com
SEBI Registration Number: INBI00000038

UCO Bank

MID Corporate Branch, UCO Bank Building
359, D. N. Road
Mumbai - 400 023, India
Tel: +91 22 4018 0201
Fax: +91 22 4018 0202
Email: bo.mccdnroad@ucobank.co.in
Contact Person: Mr. Chanchal Majumdar
Website: www.ucobank.com
SEBI Registration Number: INBI00000055

Auditors

Chaturvedi & Shah, Chartered Accountants

714-715, Tulsiani Chambers
212, Nariman Point
Mumbai - 400 021, India
Tel: +91 22 3021 8500
Fax: +91 22 3021 8595
Contact Person: Mr. Rajendra Koria; Mr. Nikhil Jain

Bankers to the Company

IDBI Bank Limited

IDBI Tower
WTC Complex
Cuffe Parade, Colaba
Mumbai – 400 005, India
Tel: +91 22 6655 3355
Fax: +91 22 2215 5742
Email: yashpal.gupta@idbi.co.in
Contact Person: Mr. Yashpal Gupta,
Deputy General Manager
Website: www.idbibank.com

Bank of India

Andheri Corporate Banking Branch
M.D.I. Building, 1st Floor
28, S.V. Road
Andheri (W), Mumbai – 400 058, India
Tel: +91 22 2671 3720
Fax: +91 22 2624 7655
Contact Person: Mr. S. Krishnan
Relationship Manager

Corporation Limited

HSBC, 52/60, M.G. Road, Fort
Mumbai – 400 001, India
Tel: +91 22 4035 7458
Fax: +91 22 4035 7657
Email: swapnilpavale@hsbc.co.in
Contact Person: Mr. Swapnil Pavale
Website: www.hsbc.co.in
SEBI Registration Number: INBI00000027

Union Bank of India

Industrial Finance Branch
Union Bank Bhavan
239, Vidhan Bhavan Marg, Nariman Point
Mumbai – 400 021, India
Tel: +91 22 2287 1055
Fax: +91 22 2285 5037
Email: vkshanbhogue@unionbankofindia.com
Contact Person: Mr. V. K. Shanbhogue
Senior Manager
Website: www.unionbankofindia.co.in

Oriental Bank of Commerce

Large Corporate Branch
18th Floor, Maker Tower “E”
Cuffe Parade, Mumbai 400 005, India
Tel: +91 22 2218 9337
Fax: +91 22 2215 3533
Contact Person: Mr. K. K. Acharya
Deputy General Manager
Website: www.obcindia.com

Website: www.bankofindia.com

UCO Bank

Mid Corporate Branch,
Mezzanine Floor, UCO Bank Building
359, Dr. D.N. Road
Mumbai – 400 001, India
Tel: + 91 22 4018 0201
Fax: + 91 22 4018 0202
Email: bo.mccdroad@ucobank.co.in
Contact Person: Mr. R. Seetharama,
Asst. General Manager
Website: www.ucobank.com

Punjab National Bank

PNB House, P.M. Road, Fort
Mumbai – 400 001, India
Tel: +91 22 2262 75 55
Fax: +91 22 2267 8515
Contact Person: Mr. S.K. Agarwal
Email: bo0062@pnb.oc.in
Asst. General Manager
Website: www.pnbindia.com

Axis Bank

Central Office: Maker Tower ‘F’
13th Floor, Cuffe Parade, Colaba
Mumbai – 400 005, India
Tel: +91 22 6707 1446
Fax: +91 22 2218 1429
Email: prashant.joshi@axisbank.com
Contact Person: Mr. Prashant Joshi
Vice President
Website: www.axisbank.com

Project Appraisal

IDBI Limited

PAD, 12th Floor, IDBI Tower
Cuffe Parade
Mumbai – 400 005, India
Tel: +91 22 6655 2081
Fax: +91 22 2215 5742
Website: www.idbi.com

Monitoring Agency

IDBI Bank Limited

SSD, 14th Floor, IDBI Tower
Cuffe Parade
Mumbai – 400 005, India
Tel: +91 22 6655 2081
Fax: +91 22 2215 5742
Email: raj.kumar@idbi.co.in
Contact Person: Mr. Rajeev Kumar
Website: www.idbi.com

State Bank of India

Overseas Branch 2nd Floor, “Arcade”
World trade Centre, Cuffe Parade
Mumbai – 400 005, India
Tel: +91 22 2218 3991
Fax: +91 22 2218 1518
Email: rm2.08965@sbi.co.in
Contact Person: Mr. Sanjay D Naik,
Assistant General Manager & Relationship Manager
Website: www.statebankofindia.com

State Bank of Patiala

Commercial Branch
Atlanta, 1st floor
Nariman Point
Mumbai – 400 021, India
Tel: +91 22 2282 2547
Fax: +91 22 6637 5703
Contact Person: Ms. Vibha Khanna
Chief Manager
Website: www.sbp.co.in

If the Issue size is above Rs. 5,000 million, the appointment of the Monitoring Agency shall be pursuant to Regulation 16 of the SEBI Regulations.

Statement of Responsibility of the Book Running Lead Managers and the Co-Book Running Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities among JM Financial Consultants Private Limited (“JM Financial”), Citigroup Global Markets India Private Limited (“Citi”), Enam Securities Private Limited (“Enam”) and SBI Capital Markets Limited (“SBI CAPS”) as the Book Running Lead Managers, and Kotak Mahindra Capital Company Limited (“KMCC”) and Motilal Oswal Investment Advisors Private Limited (“Motilal Oswal”) as the Co-Book Running Lead Managers for the Issue:

S.No.	Activity	Responsibility	Coordinator
1.	Capital structuring with relative components and formalities.	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	JM Financial
2.	Drafting and approval of all statutory advertisements.	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	JM Financial
3.	Due diligence of the Company including its operations/management/business/plans/legal, etc. Drafting and design of the Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLMs and CBRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, the RoC and SEBI including finalisation of the Prospectus and RoC filing.	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	JM Financial
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned above, including corporate advertisements, brochures, etc.	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	Citi
5.	Appointment of other intermediaries including Registrar to the Issue, printers, advertising agency and Bankers to the Issue.	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	Citi
6.	Non-institutional and retail marketing of the Issue, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> Finalising media, marketing and public relations strategy; Finalising centres for holding conferences for brokers, etc.; Follow-up on distribution of publicity and Issue material including forms, the Prospectus and deciding on the quantum of Issue material; and Finalising collection centres. 	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	JM Financial
7.	Domestic institutional marketing of the Issue, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> Finalising the list and division of investors for one to one meetings, institutional allocation. 	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	JM Financial
8.	International institutional marketing of the Issue, which will cover, <i>inter alia</i> : <ul style="list-style-type: none"> Finalising the list and division of investors for one-to-one meetings; and Finalising the road show schedule and the investor meeting schedules. 	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	Citi
9.	Pricing, managing the book, co-ordination with the Stock Exchanges and allocation to QIB Bidders.	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	Citi

S.No.	Activity	Responsibility	Coordinator
10.	<p>Post-Bidding activities including management of Escrow Accounts, co-ordination of non-institutional allocation, announcement of allocation and dispatch of refunds to Bidders, etc.</p> <p>The post-Issue activities will involve essential follow up steps, including the finalisation of trading, dealing of instruments, and demat delivery of shares with the various agencies connected with the work such as the Registrars to the Issue, the Bankers to the Issue, the bank handling refund business and the SCSBs. The BRLMs and CBRLMs shall be responsible for ensuring that these agencies fulfill their functions and discharge this responsibility through suitable agreements with the Company.</p>	JM Financial, Citi, Enam, SBI CAPS, KMCC, Motilal Oswal	Citi

Credit Rating

As the Issue is of equity shares, a credit rating is not required.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

IPO Grading

Our proposed Issue was graded by CARE, a credit rating agency registered with SEBI. CARE, through its letter dated February 18, 2008 and IPO Grading report dated February 19, 2008, had assigned a “CARE IPO Grade 3” to the Issue. CARE IPO Grade 3 indicates average fundamentals. The IPO grading is assigned on a five point scale from 1 to 5 with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. This grading expired within two months from the date of the report. A summary of the rationale for the grading assigned by CARE in its report dated February 19, 2008 is reproduced below:

“Grading factors in strong order book position, SEZ approval to the subsidiary of the company (E Complex Pvt. Ltd.), professionally qualified & experienced management and strategic tie up with Punj Lloyd Ltd. (PLL). However, grading is constrained by absence of track record in shipbuilding, project execution risk associated with the green-field expansion, past CDR history of company and concentration of order book to main line shipping sector. Inherent cyclicity in the ship building sector and execution of long orders within timeframe are the key grading sensitivities.”

On August 27, 2009, CARE has reaffirmed that the proposed Issue has been graded CARE IPO Grade 3. CARE IPO Grade 3 indicates average fundamentals.

For the disclaimer of CARE, see the section “Other Regulatory and Statutory Disclosures” beginning on page 260 of the Red Herring Prospectus.

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of the Red Herring Prospectus. The Issue Price is finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. The Book Running Lead Managers;
3. The Co-Book Running Lead Managers;
4. The Syndicate Members;
5. The Registrar to the Issue; and
6. SCSBs.

The Equity Shares are being offered to the public through the 100% Book Building Process in accordance with Rule 19(2)(b) of the SCRR and the SEBI Regulations, wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Under the SEBI Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. In addition, QIBs are required to pay the QIB Margin Amount, representing 10% of the Bid Amount, upon submission of their Bid, provided however, QIBs that are Anchor Investors are required to pay 25% of their Bid Amount at the time of submission of the Bid and the remaining amount within two days of the Bid/Issue Closing Date. Allocation to QIBs will be on a proportionate basis. For details, see the section “Issue Structure” beginning on page 274 of the Red Herring Prospectus.

The Company will comply with the SEBI Regulations issued by SEBI for this Issue. In this regard, the Company has appointed JM Financial, Citi, Enam and SBI CAPS as the BRLMs and KMCC and Motilal Oswal as the CBRLMs to manage the Issue and to procure subscriptions to the Issue.

The process of Book Building under the SEBI Regulations is subject to change. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid in the Issue.

Steps to be taken by the Bidders for bidding:

- Check eligibility for making a Bid, see the section “Issue Procedure” beginning on page 279 of the Red Herring Prospectus;
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number together with necessary documents providing proof of address. For details, see the section “Issue Procedure” beginning on page 279 of the Red Herring Prospectus.

Illustration of Book Building and Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20 to Rs.24 per share, an offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below indicates the demand for the shares offered to the public at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs.22 in the above example. The issuer, in consultation with the book running lead managers and the co-book running lead managers, will finalize the issue price at or below such cut-off price, i.e., at or below Rs.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Withdrawal of the Issue and Conditions Subsequent to Allotment

The Company, in consultation with the BRLMs and the CBRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If the Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI.

We are also required to obtain the final RoC acknowledgement of the Prospectus after it is filed with the RoC. Notwithstanding the foregoing, subsequent to Allotment, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for only after Allotment.

Bid/Issue Program

BID/ISSUE OPENING ON	September 16, 2009
BID/ISSUE CLOSING ON	September 18, 2009

The Company may consider participation by Anchor Investors for up to 15,273,040 Equity Shares in accordance with the SEBI Regulations on the Anchor Investor Bid/Issue Date. For details, see the section “Issue Procedure – Anchor Investor Portion” beginning on page 308 of the Red Herring Prospectus.

Bids and any revision in Bids will be accepted only between **10:00 a.m. and 3:00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned in the Bid-cum-Application Form except that on the Bid/Issue Closing Date, Bids and any revision in Bids (excluding the ASBA Bidders) will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until (i) 4:00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and (ii) 5:00 p.m. or such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees where the Bid Amount is up to Rs. 1,00,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are advised that in the event a large number of Bids are received on the Bid/Issue Closing Date, as has been typically experienced in certain public offerings, this may lead to some Bids not being uploaded due to lack of sufficient time to upload, and such Bids that cannot be uploaded will not be considered for allocation in the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid-cum-Application form for a particular Bidder, the details as per the physical application form of that Bidder will be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid-cum-Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall request rectified data from the SCSB.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of

Bids received until the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLMs and the CBRLMs to the Stock Exchange(s) within half an hour of such closure.

The Company, in consultation with the BRLMs and the CBRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations, provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after revision of the Price Band, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, as applicable, shall be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs, the CBRLMs and at the terminals of the other members of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with the RoC, the Company intends to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be sold in the Issue. Pursuant to the terms of the Underwriting Agreement, the BRLMs and the CBRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
Book Running Lead Managers		
JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point Mumbai – 400 021, India Tel: +91 22 6630 3030 Fax: +91 22 2204 7185 Email: pipavav.ipo@jmfinancial.in	[●]	[●]
Citigroup Global Markets India Private Limited 12 th Floor, Bakhtawar Nariman Point Mumbai – 400 021, India Tel: +91 22 6631 9999 Fax: +91 22 6646 6054 Email: pipavav.ipo@citi.com	[●]	[●]
Enam Securities Private Limited 801/802, Dalamal Towers Nariman Point Mumbai 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: pipavav.ipo@enam.com	[●]	[●]
SBI Capital Markets Limited 202, Maker Towers “E” Cuffe Parade	[●]	[●]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
Mumbai – 400 005, India Tel: +91 22 2217 8300 Fax: +91 22 2218 8332 Email: pipavav.ipo@sbicaps.com		
Co-Book Running Lead Managers		
Kotak Mahindra Capital Company Limited 3 rd Floor, Bakhtawar 229, Nariman Point Mumbai - 400 021, India Tel: +91 22 6634 1100 Fax: +91 22 2284 0492 Email: pipavav.ipo@kotak.com	[●]	[●]
Motilal Oswal Investment Advisors Private Limited 113/114, Bajaj Bhawan 11 th Floor, Nariman Point Mumbai - 400 021, India Tel: +91 22 3980 4380 Fax: +91 22 3980 4315 Email: pipavav.ipo@motilaloswal.com	[●]	[●]
Syndicate Members		
JM Financial Services Private Limited Apeejay House, Third Floor 3 Dinshaw Vaccha Road Churchgate, Mumbai 400 020 Tel: +91 22 6704 3184 Fax: +91 22 6654 1511 Email: deepak.vaidya@jmfinancial.in	[●]	[●]
SBICAP Securities Limited 191, Maker Tower “F” Cuffe Parade Mumbai - 400 005, India Tel: +91 22 22188332 Fax: +91 22 3027 3402 Email: prasad.chitnis@sbicaps.com	[●]	[●]
Kotak Securities Limited 3rd Floor, Bakhtawar 229, Nariman Point Mumbai – 400 021, India Tel: +91 22 6634 1100 Fax: +91 22 2283 7517 Email: sanjeeb.das@kotak.com	[●]	[●]
Motilal Oswal Securities Limited 2 nd Floor, Queens Mansion 44, A.K.Naik Marg Behind Khadi Gram Udyog, Fort Mumbai – 400 001, India Tel: +91 22 3027 8090 Fax: +91 22 3027 8061 Email: anoop@motilaloswal.com	[●]	[●]
SMC Global Securities Limited 11/6B, Shanti Chamber Pusa Road New Delhi – 110 005, India Tel: +91 11 3011 1000 Fax: +91 11 2575 4365 Email: rakesh@smcindiaonline.com	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is an indicative underwriting and will be finalized after determination of the Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated [●] and has been approved by the Company's Board of Directors.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the BRLMs, the CBRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure or purchase the Equity Shares to the extent of the defaulted amount.

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above-mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

CAPITAL STRUCTURE

The Company's share capital, as of the date of filing the Red Herring Prospectus with SEBI, before and after the proposed Issue, is set forth below:

		Aggregate Nominal Value (Rs.)	Aggregate Value at Issue Price (Rs.)
A)	AUTHORIZED SHARE CAPITAL		
	800,000,000 Equity Shares of Rs.10 each	8,000,000,000	
B)	ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE		
	580,348,163 Equity Shares of Rs.10 each	5,803,481,630	
C)	PRESENT ISSUE IN TERMS OF THE RED HERRING PROSPECTUS		
	85,450,225 Equity Shares of Rs.10 each	854,502,250	[●]
	Of which: Employee Reservation Portion ⁽¹⁾ Up to 600,000 Equity Shares of Rs.10 each	6,000,000	[●]
	Net Issue to Public ⁽³⁾ 84,850,225 Equity Shares of Rs.10 each	848,502,250	[●]
	Of which: QIB Portion ⁽²⁾⁽³⁾ At least 50,910,135 Equity Shares	509,101,350	[●]
	Of which: Mutual Fund Portion 2,545,507 Equity Shares	25,455,070	[●]
	Balance for all QIBs including Mutual Funds 48,364,628 Equity Shares	483,646,280	[●]
	Non-Institutional Portion ⁽³⁾ Not less than 8,485,022 Equity Shares available for allocation	84,850,220	[●]
	Retail Portion ⁽³⁾ Not less than 25,455,068 Equity Shares available for allocation	254,550,680	[●]
D)	PAID-UP EQUITY CAPITAL AFTER THE ISSUE		
	665,798,388 Equity Shares of Rs.10 each	6,657,983,880	[●]
E)	SHARE PREMIUM ACCOUNT		
	Before the Issue	6,744,801,647 ⁽⁴⁾	
	After the Issue	[●]	

- (1) For the definition of Employees, see "Definitions and Abbreviations - Employees" on page iv of the Red Herring Prospectus.
- (2) The Company may consider participation by Anchor Investors for up to 15,273,040 Equity Shares in accordance with applicable SEBI Regulations. For further details, see the section "Issue Procedure – Anchor Investor Portion" beginning on page 308 of the Red Herring Prospectus. Allocation to QIBs is proportionate as per the terms of the Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.
- (3) Subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from any other category at the discretion of the Company in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting at least 10% of the post-Issue capital of the Company. If not less than 60% of the Net Issue can be allotted to QIBs, then the entire application money will be refunded forthwith.
- (4) This amount is the net amount of share premium after deduction of certain expenses amounting to Rs.50,478,749 which were written off against the share premium in accordance with Indian GAAP during Fiscal 2009.

Since the incorporation of the Company, the authorized share capital of the Company has been altered in the manner set forth below:

Date of Shareholders' Meeting	Authorized Share Capital Prior to the Increase	Authorized Share Capital after the Increase
March 19, 1999	Rs.500,000 divided into 50,000 Equity Shares of Rs.10 each	Rs.150,000,000 divided into 15,000,000 Equity Shares of Rs.10 each
October 6, 1999	Rs.150,000,000 divided into 15,000,000 Equity Shares of Rs.10 each	Rs.500,000,000 divided into 50,000,000 Equity Shares of Rs.10 each
September 20, 2000	Rs.500,000,000 divided into 50,000,000 Equity Shares of Rs.10 each	Rs.700,000,000 divided into 40,000,000 Equity Shares of Rs.10 each and 30,000,000 optionally convertible cumulative preference shares of Rs.10 each
July 10, 2002	Rs.700,000,000 divided into 40,000,000 Equity Shares of Rs.10 each and 30,000,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.765,000,000 divided into 47,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each
July 29, 2003	Rs.765,000,000 divided into 47,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.965,000,000 divided into 67,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each
September 1, 2003	Rs.965,000,000 divided into 67,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.1,065,000,000 divided into 77,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each
October 18, 2004	Rs.1,065,000,000 divided into 77,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.1,287,500,000 divided into 100,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each
December 22, 2004	Rs.1,287,500,000 divided into 100,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.2,287,500,000 comprising 200,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each
September 14, 2006	Rs.2,287,500,000 comprising 200,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.5,000,000,000 comprising 471,250,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each
July 13, 2007	Rs.5,000,000,000 comprising 471,250,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each	Rs.5,000,000,000 comprising 500,000,000 equity shares of Rs.10 each
September 11, 2007	Rs.5,000,000,000 comprising 500,000,000 equity shares of Rs.10 each	Rs.8,000,000,000 comprising 800,000,000 equity shares of Rs.10 each

Since the date of filing the Draft Red Herring Prospectus, the Company has completed a Pre-IPO Placing of 1,399,775 Equity Shares.

Notes to the Capital Structure

1. Share Capital History of the Company

(a) The following is the history of the equity share capital of the Company:

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Equity Shares allotted

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Equity Shares allotted
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	1,000	100	Mr. Nikhil P. Gandhi
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	2,000	200	Mr. Bhavesh P. Gandhi
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	3,000	300	Mr. Mahendra Vora
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	4,000	400	Mr. Avinash Mishra
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	5,000	500	Mr. Pares S. Dave
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	6,000	600	Mr. Kiran A. Patel
October 17, 1997	100	10	10	Cash	Subscription to the Memorandum and Articles of Association	Nil	7,000	700	Mr. Dilip C. Mehta
October 26, 1999	13,925,000	10	10	Cash	Preferential allotment	Nil	139,257,000	13,925,700	SKIL (formerly known as Sea King Infrastructure Limited)
October 26, 1999	4,500,000	10	10	Cash	Preferential allotment	Nil	184,257,000	18,425,700	Montana Infrastructure Limited (formerly known as Montana Valves and Compressors Limited)
October 26, 1999	11,730,500	10	10	Cash	Preferential allotment	Nil	301,562,000	30,156,200	Grevek Investments
August 30, 2000	1,393,800	10	10	Cash	Preferential allotment	Nil	315,500,000	31,550,000	Grevek Investments

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Equity Shares allotted
August 30, 2000	6,000,000	10	10	Cash	Preferential allotment	Nil	375,500,000	37,550,000	SKIL (formerly known as Sea King Infrastructure Limited)
July 31, 2003	28,000,000	10	10	Cash	Preferential allotment	Nil	655,500,000	65,550,000	SKIL (formerly known as Sea King Infrastructure Limited)
July 31, 2003	2,200,000	10	10	Cash	Preferential allotment	Nil	677,500,000	67,750,000	Grevek Investments
September 5, 2003	10,000,000	10	10	Cash	Preferential allotment	Nil	777,500,000	77,750,000	Grevek Investments
March 15, 2005	122,250,000	10	10	Cash	Preferential allotment	Nil	2,000,000,000	200,000,000	SKIL
September 14, 2006	17,210,000	10	10	Cash	Preferential allotment	Nil	2,172,100,000	217,210,000	EXIM Bank
March 8, 2007	45,900,000	10	25	Cash	Preferential allotment	688,500,000	2,631,100,000	263,110,000	Trinity
March 29, 2007	26,610,000	10	25	Cash	Preferential allotment	1,087,650,000	2,897,200,000	289,720,000	New York Life
May 28, 2007	4,520,000	10	10	Cash	Allotment pursuant to conversion of optionally convertible cumulative preference shares	1,087,650,000	2,942,400,000	294,240,000	UTI-ULIP
June 25, 2007	25,000,000	10	10	Cash	Preferential allotment	1,087,650,000	3,192,400,000	319,240,000	Sneha Metals
September 17, 2007	129,361,538	10	27	Cash	Preferential allotment	3,286,796,146	4,486,015,380	448,601,538	Punj Lloyd
September 27, 2007	23,000,000	10	45	Cash	Preferential allotment	4,091,796,146	4,716,015,380	471,601,538	CEFL
October 15, 2007	40,000,000	10	25	Cash	Allotment pursuant to conversion of convertible bonds	4,691,796,146	5,116,015,380	511,601,538	2i Capital PCC
November 7, 2007	17,500,000	10	10	Cash	Preferential allotment	4,691,796,146	5,291,015,380	529,101,538	IDBI
November 7, 2007	17,500,000	10	45	Cash	Preferential allotment	5,304,296,146	5,466,015,380	546,601,538	SembCorp
November 7, 2007	11,500,000	10	45	Cash	Preferential allotment	5,706,796,146	5,581,015,380	558,101,538	IL&FS Trust Company

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Equity Shares allotted
									Limited (Trustee of SCB Asian Infrastructure Fund)
November 30, 2007	4,700,000	10	80	Cash	Preferential allotment	6,035,796,146	5,628,015,380	562,801,538	The India Fund Inc.
December 6, 2007	300,000	10	80	Cash	Preferential allotment	6,056,796,146	5,631,015,380	563,101,538	The Asia Opportunities Offshore Market Fund Limited
December 24, 2007	4,000,000	10	80	Cash	Preferential allotment	6,336,796,146	5,671,015,380	567,101,538	Merrill Lynch International
December 24, 2007	50,000	10	80	Cash	Preferential allotment	6,340,296,146	5,671,515,380	567,151,538	J.M. Infocom & Property Investment Private Limited
December 24, 2007	75,000	10	80	Cash	Preferential allotment	6,345,546,146	5,672,265,380	567,226,538	Ms. Ashita Kantilal Sheth
December 24, 2007	25,000	10	80	Cash	Preferential allotment	6,347,296,146	5,672,515,380	567,251,538	Mr. Ratnesh Chand Jain
January 10, 2008	2,000,000	10	80	Cash	Preferential allotment	6,487,296,146	5,692,515,380	569,251,538	Galleon Special Opportunities Master Fund, SPC Limited – Galleon Asian Crossover Segregated Portfolio
January 10, 2008	1,000,000	10	80	Cash	Preferential allotment	6,557,296,146	5,702,515,380	570,251,538	Manz Retail Private Limited
January 10, 2008	2,000,000	10	80	Cash	Preferential allotment	6,697,296,146	5,722,515,380	572,251,538	Deutsche Bank AG
January 10, 2008	6,696,850	10	10	Cash	Preferential allotment	6,697,296,146	5,789,483,880	578,948,388	Mr. R.K. Vijayan and Mr. Yogendra Shah (Trustees of Pipavav Shipyard Limited Employees Welfare Trust)*
January 31, 2008	250,000	10	80	Cash	Preferential allotment	6,714,796,146	5,791,983,880	579,198,388	JM Financial Mutual Fund - JM Agri & Infra Fund
January 31, 2008	250,000	10	80	Cash	Preferential allotment	6,732,296,146	5,794,483,880	579,448,388	JM Financial Products Private Limited
March 24, 2008	50,000	10	80	Cash	Preferential allotment	6,735,796,146	5,794,983,880	579,498,388	Mrs. Smita Vinod Bengali jointly

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Equity Shares allotted
									with Mr. Vinod M. Bengali
March 24, 2008	62,500	10	80	Cash	Preferential allotment	6,740,171,146	5,795,608,880	579,560,888	Mr. Sujay N. Kantawala
March 24, 2008	100,000	10	80	Cash	Preferential allotment	6,747,171,146	5,796,608,880	579,660,888	Mr. Vishal Mahendra Bhammer jointly with Mr. Mahendra T. Bhammer
March 24, 2008	12,500	10	80	Cash	Preferential allotment	6,748,046,146	5,796,733,880	579,673,388	Mr. Prakash Gurbaxani
March 24, 2008	20,000	10	80	Cash	Preferential allotment	6,749,446,146	5,796,933,880	579,693,388	Ms. Miti K. Shah jointly with Ms. Khyati Milind Shah
April 17, 2008	62,500	10	80	Cash	Preferential allotment	6,753,821,146	5,797,558,880	579,755,888	Cadell Weaving Mill Company Private Limited
April 17, 2008	50,000	10	80	Cash	Preferential allotment	6,757,321,146	5,798,058,880	579,805,888	Mr. Sanjay Agarwal
April 17, 2008	5,000	10	80	Cash	Preferential allotment	6,757,671,146	5,798,108,880	579,810,888	Dhiren M. Patel (HUF)
April 17, 2008	30,900	10	80	Cash	Preferential allotment	6,759,834,146	5,798,417,880	579,841,788	Mr. Ketan P. Shah
April 17, 2008	5,000	10	80	Cash	Preferential allotment	6,760,184,146	5,798,467,880	579,846,788	Ms. Gita Jitendra Tamboli
April 17, 2008	100,000	10	80	Cash	Preferential allotment	6,767,184,146	5,799,467,880	579,946,788	Mr. Jasraj Baguji Jain
May 19, 2008	9,375	10	80	Cash	Preferential allotment	6,767,840,396	5,799,561,630	579,956,163	Ms. Jarna Jayantilal Patel
May 19, 2008	50,000	10	80	Cash	Preferential allotment	6,771,340,396	5,800,061,630	580,006,163	Mr. Jasraj B. Jain
May 19, 2008	1,000	10	80	Cash	Preferential allotment	6,771,410,396	5,800,071,630	580,007,163	Mr. Shashikant C. Vyas jointly with Ms. Jyoti S. Vyas
August 5, 2008	62,500	10	80	Cash	Preferential allotment	6,775,785,396	5,800,696,630	580,069,663	Ms. Gauri A. Bhosale
August 5, 2008	65,000	10	80	Cash	Preferential allotment	6,780,335,396	5,801,346,630	580,134,663	Mr. Vinod Bengali jointly with Mrs. Smita Bengali
August 5, 2008	81,000	10	80	Cash	Preferential allotment	6,786,005,396	5,802,156,630	580,215,663	Mr. Shailesh Nyalchand Tolia jointly with Ms.

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Equity Shares allotted
									Shefali S. Tolia
August 5, 2008	50,000	10	80	Cash	Preferential allotment	6,789,505,396	5,802,656,630	580,265,663	Udaykumar Kantilal Sheth – HUF
August 5, 2008	50,000	10	80	Cash	Preferential allotment	6,793,005,396	5,803,156,630	580,315,663	Mr. Anil V. Choksi jointly with Ms. Bharti Anil Choksi and Mr. Sunil Anil Choksi
August 5, 2008	7,500	10	80	Cash	Preferential allotment	6,793,530,396	5,803,231,630	580,323,163	Mr. Tamanlal Manilal Desai jointly with Mr. Jogen T. Desai
August 5, 2008	18,750	10	80	Cash	Preferential allotment	6,794,842,896	5,803,419,130	580,341,913	Mr. Nilesh C. Parekh jointly with Ms. Rita N. Parekh
August 5, 2008	6,250	10	80	Cash	Preferential allotment	6,795,280,396	5,803,481,630	580,348,163	Ms. Pushpa G. Patel
Total	580,348,163					6,744,801,647**	5,803,481,630	580,348,163	

* Pursuant to a deed of trust dated September 10, 2007 among the Company and Mr. R.M Bhatia, Mr. Sharad Mehta and Mr. R.K. Vijayan (collectively referred to as the “Trustees”), the Company constituted an irrevocable private trust named Pipavav Shipyard Limited Employees Welfare Trust. Pursuant to the terms of the trust deed, the beneficiaries of the trust include the employees, retainers and consultants of the Company as well as employees, retainers and consultants of the SKIL group of companies or any trust incorporated for the benefit of any such persons. GPS & Associates, the former statutory auditors of the Company, have issued a certificate dated March 4, 2008 in this regard.

** This amount is the net amount of share premium after deduction of certain expenses amounting to Rs.50,478,749 which were written off against the share premium in accordance with Indian GAAP during Fiscal 2009.

The Company has not issued any Equity Shares during the preceding one year prior to the date of the Red Herring Prospectus.

(b) The following is the history of the preference share capital of the Company:

Date of Allotment	Number of Preference Shares	Face Value per Preference Share (Rs.)	Issue Price per Preference Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Share Premium (Rs.)	Cumulative Share Capital (Rs.)	Cumulative Number of Shares	Individuals/entities to whom Preference Shares allotted
October 20, 2000	21,000,000*	10	10	Cash	Preferential allotment	Nil	210,000,000	21,000,000	Unit Trust of India
November 24, 2000	5,000,000*	10	10	Cash	Preferential allotment	Nil	260,000,000	26,000,000	Unit Trust of India

* 12.5% optionally convertible cumulative preference shares. 21,480,000 of such preference shares were redeemed on March 29, 2007 and the remaining shares were converted into Equity Shares on May 28, 2007. Currently, there are no outstanding preference shares.

(c) The following is the history of the interest bearing convertible bonds issued by the Company:

Date of Allotment	Number of Convertible Bonds	Face Value per Convertible Bond (Rs.)	Issue Price per Convertible Bond (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Individuals/ entities to whom Convertible Bonds allotted
September 20, 2006	840*	1,000,000	1,000,000	Cash	Preferential allotment	2i Capital PCC
February 8, 2007	160*	1,000,000	1,000,000	Cash	Preferential allotment	2i Capital PCC

* The convertible bonds were converted into 40,000,000 Equity Shares on October 15, 2007 and currently there are no outstanding convertible bonds.

2. Build up of Promoters' Capital, Promoters' Contribution and Lock-in

(a) Build up of Promoters' and Promoter Group's Shareholding in the Company

Indicated below is the capital build-up of the Promoters' shareholding in the Company:

Name of the Promoter	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made fully paid-up	Nature of consideration	Nature of transaction (Preferential allotment/ Transfer)
SKIL	June 19, 1998	694	10	10	June 19, 1998	Cash	Transferred by Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Mr. Paresh Dave, Mr. Kiran A. Patel, Mr. Mahendra P. Vora, Mr. Avinash Mishra and Mr. Dilip C. Mehta
	October 26, 1999	13,925,000	10	10	October 26, 1999	Cash	Preferential allotment
	August 30, 2000	6,000,000	10	10	August 30, 2000	Cash	Preferential allotment
	July 31, 2003	28,000,000	10	10	July 31, 2003	Cash	Preferential allotment
	March 15, 2005	122,250,000	10	10	March 15, 2005	Cash	Preferential allotment
	July 11, 2005	(66,000,000)	10	10	July 11, 2005	Cash	Transferred to IL&FS
	September 20, 2005	56,250,000	10	10	September 20, 2005	Cash	Transferred by IL&FS
	March 16, 2006	(38,775,194)	10	10	March 16, 2006	Cash	Transferred to IL&FS
Sub-total (A)		121,650,500					
Punj Lloyd Limited	September 17, 2007	129,361,538	10	27	September 17, 2007	Cash	Preferential allotment
Sub-total (B)		129,361,538					
Grevek Investments	October 26, 1999	11,730,500	10	10	October 26, 1999	Cash	Preferential allotment
	August 30, 2000	1,393,800	10	10	August 30, 2000	Cash	Preferential allotment
	July 31, 2003	2,200,000	10	10	July 31, 2003	Cash	Preferential allotment
	September 5, 2003	10,000,000	10	10	September 5, 2003	Cash	Preferential allotment
	October 13, 2005	4,500,000	10	10	October 13, 2005	Cash	Transferred by Montana Infrastructure Limited (formerly known as Montana Valves and Compressors Limited)
	March 17, 2006	(9,150,500)	10	10	March 17, 2006	Cash	Transferred to IL&FS

Name of the Promoter	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made fully paid-up	Nature of consideration	Nature of transaction (Preferential allotment/ Transfer)
	January 11, 2008	(8,324,306)	10	10	January 11, 2008	Cash	Transferred to Kundan Infrastructure Private Limited
Sub-total (C)		12,349,494					
Total (A+B+C)		263,361,532					

Indicated below is the capital build-up of the shareholding in the Company of the entities that are part of the Promoter Group:

Name of the Promoter Group Entity	Date of Allotment/ Transfer	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Date when made fully paid-up	Nature of consideration	Nature of transaction
SKIL Shipyard Holdings Private Limited	October 15, 2007	1	10	10	October 15, 2007	Cash	Transferred by Mr. Yogendra Shah
Total		1					

(b) *Details of Promoters' contribution locked-in for three years*

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution under Regulation 33 of the SEBI Regulations and do not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or unrealised profits of the Company or against shares which are otherwise ineligible for computation of Promoters' contribution;
- Equity Shares acquired by the Promoters during the one year preceding the date of the Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
- Equity Shares issued to the Promoters upon conversion of a partnership firm; or
- Pledged Equity Shares held by the Promoters, subject to the disclosure below.

Pursuant to the SEBI Regulations, an aggregate of 20% of the post-Issue shareholding of the Promoters shall be locked-in for a period of three years. The lock-in shall start from the date of Allotment in the Issue and the last date of the lock-in shall be three years from the date of Allotment in the Issue. Accordingly, 121,650,500 and 11,509,180 Equity Shares held by SKIL and Grevek Investments, respectively, shall be subject to such lock-in. The details of such lock-in are given below:

Name of the Promoter	Date on which the Equity Shares were Allotted/ Transferred	Date when made fully paid-up	Nature of transaction	Nature of payment of consideration	Number of Equity Shares locked in	Face value (Rs.)	Issue Price (Rs.)	Percentage of pre-Issue shareholding (%)	Percentage of post-Issue shareholding (%)
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Name of the Promoter	Date on which the Equity Shares were Allotted/ Transferred	Date when made fully paid-up	Nature of transaction	Nature of payment of consideration	Number of Equity Shares locked in	Face value (Rs.)	Issue Price (Rs.)	Percentage of pre-Issue shareholding (%)	Percentage of post-Issue shareholding (%)
SKIL	June 19, 1998	June 19, 1998	Transferred by Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Mr. Paresh Dave, Mr. Kiran A. Patel, Mr. Mahendra P. Vora, Mr. Avinash Mishra and Mr. Dilip C. Mehta	Cash	694	10	10	Negligible	Negligible
	October 26, 1999	October 26, 1999	Preferential allotment	Cash	13,925,000	10	10	2.40	2.09
	August 30, 2000	August 30, 2000	Preferential allotment	Cash	6,000,000	10	10	1.03	0.90
	July 31, 2003	July 31, 2003	Preferential allotment	Cash	28,000,000	10	10	4.82	4.21
	March 15, 2005	March 15, 2005	Preferential allotment	Cash	122,250,000	10	10	21.06	18.36
	July 11, 2005	July 11, 2005	Transferred to IL&FS	Cash	(66,000,000)	10	10	(11.37)	(9.91)
	September 20, 2005	September 20, 2005	Transferred by IL&FS	Cash	56,250,000	10	10	9.69	8.45
	March 16, 2006	March 16, 2006	Transferred to IL&FS	Cash	(38,775,194)	10	10	(6.68)	(5.82)
Sub-total (A)					121,650,500			20.96	18.27
Grevek Investments	October 26, 1999	October 26, 1999	Preferential allotment	Cash	11,730,500	10	10	2.02	1.76
	August 30, 2000	August 30, 2000	Preferential allotment	Cash	1,393,800	10	10	0.24	0.21
	July 31, 2003	July 31, 2003	Preferential allotment	Cash	2,200,000	10	10	0.38	0.33
	September 5, 2003	September 5, 2003	Preferential allotment	Cash	10,000,000	10	10	1.72	1.50
	October 13, 2005	October 13, 2005	Transferred by Montana Infrastructure Limited (formerly known as Montana Valves and Compressors Limited)	Cash	3,659,686	10	10	0.63	0.55

Name of the Promoter	Date on which the Equity Shares were Allotted/ Transferred	Date when made fully paid-up	Nature of transaction	Nature of payment of consideration	Number of Equity Shares locked in	Face value (Rs.)	Issue Price (Rs.)	Percentage of pre-Issue shareholding (%)	Percentage of post-Issue shareholding (%)
	March 17, 2006	March 17, 2006	Transferred to IL&FS	Cash	(9,150,500)	10	10	(1.58)	(1.37)
	January 11, 2008	January 11, 2008	Transferred to Kundan Infrastructure Private Limited	Cash	(8,324,306)	10	10	(1.43)	(1.25)
Sub-total (B)					11,509,180			1.98	1.73
Total (A+B)					133,159,680			22.94	20.00

The remaining 840,314 Equity Shares held by Grevek that do not form part of the Promoter's contribution, representing approximately 0.14% and 0.13% of the pre-Issue and post-Issue shareholding of the Company, respectively, shall be subject to lock-in for a period of one year from the date of Allotment, in accordance with the SEBI Regulations.

Since the 129,361,538 Equity Shares held by Punj Lloyd (representing approximately 22.29% and 19.43% of the pre-Issue and post-Issue shareholding of the Company, respectively) are not eligible for Promoters' contribution, these Equity Shares shall be subject to lock-in for a period of one year from the date of Allotment, in accordance with the SEBI Regulations. However, pursuant to a subscription and shareholders' agreement dated September 15, 2007 among SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, the Company and Punj Lloyd, Punj Lloyd has additionally agreed to lock-in the Equity Shares held by it from the date of Allotment until three years from the date of commencement of commercial production or the date of Allotment, whichever is later.

The Promoters' contribution has been brought in to the extent of not less than the specified minimum amount and from the persons defined as Promoters under the SEBI Regulations.

122,500,000 Equity Shares held by SKIL and Grevek Investments that will form part of the Promoters' contribution were pledged with IL&FS Trust Company Limited, acting as the security trustee for HUDCO, EXIM Bank, Union Bank of India and IL&FS.

Pursuant to a letter dated December 24, 2007, IL&FS authorized IL&FS Trust Company Limited to release the pledge on the Equity Shares held by SKIL and Grevek Investments subject to certain conditions. Pursuant to a letter dated July 3, 2008, IL&FS agreed to extend the deadline for re-pledge of the Equity Shares held by SKIL and Grevek Investments until September 10, 2008. Pursuant to a letter dated July 24, 2009, IL&FS agreed to further extend the deadline for re-pledge of the Equity Shares held by SKIL and Grevek Investments subject to the following conditions:

1. The Company, SKIL and Grevek Investments agree to re-pledge the Equity Shares from October 31, 2009;
2. The Company, SKIL and Grevek Investments provide appropriate Board resolutions, undertakings and general powers of attorney in favour of IL&FS Trust Company Limited;
3. The Company agrees to make appropriate disclosure regarding the proposed re-pledge in the Red Herring Prospectus; and
4. Any other documentation required by IL&FS Trust Company Limited in this regard.

The authorization for the release of the pledge as described above is a specific approval for temporary release of the pledged Equity Shares for the purpose of enabling the Issue. However, the IL&FS letter states that such approval must not be construed as a waiver of rights of any kind that IL&FS may have or approval by IL&FS for any submission in respect of the RHP or any other approvals from IL&FS as a

shareholder of the Company. Any other approvals required from IL&FS as a lender or shareholder of the Company shall be specifically and separately provided by IL&FS.

Pursuant to a letter dated December 26, 2007, the Union Bank of India conveyed its no-objection to IL&FS Trust Company Limited for the temporary release of the pledge on the Equity Shares held by SKIL and Grevek Investments subject to the following conditions:

1. SKIL and Grevek Investments furnish necessary undertakings stating that the pledge of the Equity Shares shall be completed within 10 days of the listing of securities on the Stock Exchange in favour of IL&FS Trust Company Limited;
2. During the period commencing from the release of pledge of the Equity Shares until the re-pledge of the Equity Shares, the Equity Shares continue to remain in the custody of IL&FS Trust Company Limited and SKIL and Grevek execute an irrevocable power of attorney in favour of IL&FS Trust Company Limited;
3. The DRHP is submitted within a reasonable time; and
4. The existing security cover is not diluted at the time of re-pledge of Equity Shares subsequent to the Issue and there is no change in the promoter's profile/control.

Pursuant to a letter dated December 27, 2007, EXIM Bank authorized IL&FS Trust Company Limited to release the pledge on the Equity Shares held by SKIL and Grevek Investments subject to the following conditions:

1. The Company, SKIL and Grevek Investments agree to re-pledge the Equity Shares within ten days from the date of allotment in the Issue or 120 days from the release of pledge, whichever is earlier;
2. The Company, SKIL and Grevek Investments provide appropriate Board resolutions, undertakings and powers of attorney in favour of IL&FS Trust Company Limited;
3. The Company agrees to make appropriate disclosure regarding the proposed re-pledge in the DRHP; and
4. Any other documentation required by IL&FS Trust Company Limited in this regard.

The authorization for the release of the pledge by EXIM Bank as described above was a specific approval for the temporary release of pledged Equity Shares for the limited purpose of enabling the Issue and must not be construed as a waiver of EXIM Bank's rights of any kind. Further, the failure to re-pledge the Equity Shares within the specified time shall constitute an event of default on the part of the Company under the terms of the loan agreement dated November 10, 2006 between EXIM Bank and the Company. Pursuant to a letter dated July 10, 2008, EXIM agreed to extend the deadline for re-pledge of the Equity Shares held by SKIL and Grevek Investments until September 10, 2008. Pursuant to a letter dated July 28, 2009, EXIM Bank has agreed to further extend the deadline for re-pledge of the Equity Shares held by SKIL and Grevek Investments until October 31, 2009.

Pursuant to a letter dated January 8, 2008, HUDCO authorized IL&FS Trust Company Limited to release the pledge on the Equity Shares held by SKIL and Grevek Investments. Pursuant to a letter dated July 28, 2008, HUDCO agreed to extend the deadline for re-pledge of the Equity Shares held by SKIL and Grevek Investments until September 10, 2008. Pursuant to a letter dated July 20, 2009, HUDCO has agreed to further extend the deadline for re-pledge of the Equity Shares held by SKIL and Grevek Investments until October 31, 2009.

The Company, SKIL and Grevek Investments have executed a Declaration-cum-Undertaking dated November 27, 2007 in favour of IL&FS Trust Company Limited, acting on behalf of the lenders, specifying that unless the Company has repaid all amounts due and outstanding, the Equity Shares released from the pledge shall be re-pledged in favour of IL&FS Trust Company Limited, as the security trustee for lenders, within 120 days from the release of the pledge or within ten days from the closure of the Issue, whichever is earlier, unless otherwise agreed in writing by the lenders or IL&FS Trust Company Limited. SKIL and Grevek Investments have executed an irrevocable power of attorney dated November 27, 2007 in favour of IL&FS Trust Company Limited to deal with the pledged Equity Shares and to perform and execute all acts, deeds and things relating to such transaction on the occurrence of an event of default under

the relevant loan agreements or on the failure on the part of SKIL and Grevek Investments to re-pledge the Equity Shares as mentioned above. The Equity Shares released from the pledge shall remain in the custody of IL&FS Trust Company Limited and will be pledged again as collateral security pursuant to the terms of the loans granted by HUDCO, EXIM Bank, Union Bank of India and IL&FS for the purpose of financing one or more objects of the Issue.

The Company, SKIL and Grevek Investments have also executed an Undertaking to Create Pledge dated January 29, 2009 in favour of IDBI, acting in its capacity as the lenders' agent under the Common Loan Agreement dated June 6, 2008, specifying that SKIL and Grevek Investments shall create a pledge on 121,650,500 Equity Shares and 12,349,494 Equity Shares held by them, respectively, within ten days of the date of the listing of the Equity Shares. SKIL and Grevek Investments have undertaken to give an unconditional and irrevocable instruction to the depositary participant not to transfer or record any charge or pledge in respect of the Equity Shares held by them until such Equity Shares are pledged with the lenders. Further, pending creation of the pledge or security interest in favour the lenders, SKIL and Grevek Investments have undertaken not to create any third party interest or lien or security interest or encumber or burden such Equity Shares with any obligation or liability. The Equity Shares will be pledged as collateral security pursuant to the terms of the Common Loan Agreement for the purpose of financing one or more objects of the Issue. The Equity Shares held by SKIL and Grevek Investments that are proposed to be pledged with the lenders represent approximately 23.09% and 20.03% of the pre-Issue and post-Issue shareholding of the Company, respectively.

Pursuant to a letter dated January 11, 2008, IL&FS Trust Company Limited had confirmed the release of pledge over the Equity Shares with effect from January 11, 2008, subject to the conditions stipulated in the Declaration-cum-Undertaking and the letters from the lenders as disclosed above. Pursuant to a letter dated August 4, 2009, IL&FS Trust Company Limited has confirmed that EXIM Bank, IL&FS, Union Bank of India and HUDCO have consented to the temporary lifting of pledge over the Equity Shares held by SKIL and Grevek Investments and that such Equity Shares are free from any pledge as of the date of the letter.

(c) *Details of share capital locked-in for one year*

In addition to the Equity Shares proposed to be locked-in as part of the Promoters' contribution as stated above, other than stated in the next sentence, the entire pre-Issue equity share capital of the Company, including the Equity Shares issued in the Pre-IPO Placing, will be locked-in for a period of one year from the date of Allotment in the Issue. However, pursuant to Regulation 37(b) of the SEBI Regulations, 33,600,000 Equity Shares (representing approximately 5.05% of the post-Issue paid-up capital of the Company), held by 2i Capital PCC (an FVCI), resulting from the conversion of 840 convertible bonds issued on September 20, 2006, shall not be subject to lock-in under the SEBI Regulations. Accordingly, the total number of Equity Shares locked-in for one year from the date of Allotment in the Issue is 413,588,483 Equity Shares, representing approximately 62.12% of the post-Issue paid-up capital of the Company.

Pursuant to Regulation 39 of the SEBI Regulations, locked-in Equity Shares held by the Promoters can be pledged with banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that (i) the pledge of shares is one of the terms of sanction of the loan and (ii) if the shares are locked-in as Promoters' contribution for three years, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the banks or public financial institutions for the purpose of financing one or more of the objects of the Issue. The purpose of the loans from each of IL&FS, Union Bank of India, EXIM Bank, HUDCO and the members of the consortium under the Common Loan Agreement to the Company is to finance one or more objects of the Issue, i.e., the construction of facilities for shipbuilding, ship repair and the Offshore Business.

Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares which are locked-in, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and among the Promoters or the Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

3. Shareholding Pattern of the Company

The table below presents the Company's shareholding before the Issue as of September 4, 2009 and as adjusted for the Issue:

Name of Shareholder	Pre-Issue		Post-Issue	
	Number of Equity Shares	Percentage of equity share capital (%)	Number of Equity Shares	Percentage of equity share capital (%)
Promoters				
SKIL	121,650,500	20.96	121,650,500	18.27
Grevek Investments	12,349,494	2.13	12,349,494	1.85
Total holding of SKIL and Grevek Investments	133,999,994	23.09	133,999,994	20.13
Punj Lloyd	129,361,538	22.29	129,361,538	19.43
Total Holding of the Promoters	263,361,532	45.38	263,361,532	39.56
Promoter Group				
SKIL Shipyard Holdings Private Limited	1	Negligible	1	Negligible
Total Holding of Promoter Group (other than Promoters)	1	Negligible	1	Negligible
Foreign Investors				
Trinity	45,900,000	7.91	45,900,000	6.89
2i Capital PCC	40,000,000	6.89	40,000,000	6.01
New York Life	26,610,000	4.59	26,610,000	4.00
Citadel MT Trading Ltd.	23,000,000	3.96	23,000,000	3.45
SembCorp	17,500,000	3.02	17,500,000	2.63
The India Fund Inc.	4,700,000	0.81	4,700,000	0.71
Merrill Lynch International	4,000,000	0.69	4,000,000	0.60
Deutsche Bank AG	2,000,000	0.34	2,000,000	0.30
Galleon Special Opportunities Master Fund, SPC Limited - Galleon Asian Crossover Segregated Portfolio	2,000,000	0.34	2,000,000	0.30
Blackstone Asia Advisors LLC A/c The Asia Opportunities Offshore Market Fund Limited	300,000	0.05	300,000	0.05
Mr. Vishal Mahendra Bhammer	100,000	0.02	100,000	0.02
Mr. Arun Kishore	50,000	0.01	50,000	0.01
Sub-total (A)	166,160,000	28.63	166,160,000	24.96
Indian Financial Institutions/Banks				
IL&FS	35,640,000	6.14	35,640,000	5.35
IL&FS Trust Company Limited	18,075,694	3.11	18,075,694	2.71
IDBI	17,500,000	3.02	17,500,000	2.63
EXIM Bank	17,210,000	2.97	17,210,000	2.58
UTI-ULIP	4,520,000	0.78	4,520,000	0.68
JM Financial Mutual Fund - JM Agri & Infra Fund	250,000	0.04	250,000	0.04
Sub-total (B)	93,195,694	16.06	93,195,694	14.00
Other Bodies Corporate				
Sneha Metals	24,719,167	4.26	24,719,167	3.71
IL&FS Trust Company Limited (Trustee of SCB Asian Infrastructure Fund)	11,500,000	1.98	11,500,000	1.73
Kundan Infrastructure Private Limited	8,324,306	1.43	8,324,306	1.25
Manz Retail Private Limited	1,000,000	0.17	1,000,000	0.15
JM Financial Products Private Limited	250,000	0.04	250,000	0.04
Smruti Designs Private Limited	83,333	0.01	83,333	0.01
Cadell Weaving Mill Company Private Limited	62,500	0.01	62,500	0.01
J.M. Infocom & Property Investment Private Limited	50,000	0.01	50,000	0.01

Name of Shareholder	Pre-Issue		Post-Issue	
	Number of Equity Shares	Percentage of equity share capital (%)	Number of Equity Shares	Percentage of equity share capital (%)
Deekay Finex & Travels Private Limited	20,000	Negligible	20,000	Negligible
Sub-total (C)	46,009,306	7.92	46,009,306	6.91
<i>Others including individuals</i>				
Mr. Arun K. Saha jointly with Mr. Vibhav Kapoor (Trustees of IL&FS Employees Welfare Trust)	3,960,000	0.68	3,960,000	0.59
Other individuals	6,103,880	1.05	6,103,880	0.92
Mr. Dinesh Choudhury (Trustee of SKIL Group Employees Welfare Trust)	1,557,750	0.27	1,557,750	0.24
Sub-total (D)	11,621,630	2.00	11,621,630	1.75
Total Holding of Others (other than Promoters and Promoter Group) (A+B+C+D)	316,986,630	54.62	316,986,630	47.61
<i>Public and Employees in the Issue</i>	-	-	85,450,225	12.83
Total	580,348,163	100.00	665,798,388	100.00

* The following consultants and retainers of the Company and SKIL group are beneficiaries of the Equity Shares in accordance with the terms of the Pipavav Shipyard Limited Employees Welfare Trust deed:

S. No.	Name of Consultant/Retainer
Consultants/Retainers of the Company	
<i>I</i>	<i>Consultants/Retainers to whom Equity Shares have already been transferred</i>
1.	Mr. C. V. Dikshith
2.	Mr. A. Francis
3.	Mr. V.M. Achenkunju
4.	Mr. R.M. Bhatia
5.	Mr. Paramjit Singh
6.	Mr. E. J. Antony
7.	Mr. Ladsaongikar
8.	Mr. Nariender Kumar Saggi
9.	Mr. Sudama Tripathi
10.	Mr. Charanjit Singh Sandhu
11.	Ms. Dipti Jain
12.	Mr. Francis Bruno
13.	Mr. Vipul R. Joshi
<i>II</i>	<i>Consultants/Retainers to whom Equity Shares will not be transferred since they no longer provide services to the Company</i>
14.	Mr. V.S. Venkatraghavan
15.	Mr. T.B. Ananthanarayanan
16.	Mr. C.S. Mukherjee
17.	Mr. Vijay Sawant
18.	Mr. M.C. Darji
Consultants/Retainers of the SKIL group of companies	
<i>I</i>	<i>Consultants/Retainers to whom Equity Shares have already been transferred</i>
1.	Ms. Bhagya Lata
2.	Mr. Ramneek Chadha
3.	Mr. Nirmal Chhabra
4.	Mr. Sanjay Dharam Dasani
5.	Ms. Kamala Devi
6.	Mr. Nirmal Kumar Gangwal
7.	Mr. Sunil Mehta
8.	Mr. Dinesh Mehta
9.	Mr. Ram Khanna

S. No.	Name of Consultant/Retainer
10.	Ms. Darshini B. Shah
11.	Mr. P. Davey
12.	Mr. F. Alexander
13.	Mr. P.K. Mukherjee
14.	Mr. Jagdish Babu
15.	Mr. Prabhat Goyal
16.	Mr. Anil Goyal
17.	Mr. Piyush Goyal
18.	Mr. Mohan Karnik
19.	Mr. Omkar Rikhabdas Maloo
<i>II</i>	<i>Consultants/Retainers to whom Equity Shares are yet to be transferred</i>
20.	Mr. Kishore Dharja
21.	Dr. Satish G. Desai

4. Details of the shareholding of the Promoters, the Directors of the Promoters and the Promoter Group Companies of the Company as of the date of filing the Red Herring Prospectus:

Name of the Shareholder	Total Shares	% of pre-Issue capital
Promoters		
SKIL	121,650,500	20.96
Punj Lloyd	129,361,358	22.29
Grevek Investments	12,349,494	2.13
Promoter Group		
SKIL Shipyard Holdings Private Limited	1	Negligible
Total	263,361,353	45.38

5. The Company, the Directors, the Promoters, the Promoter Group, their respective directors, the BRLMs and the CBRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares from any person.

6. Top ten shareholders

The list of top ten shareholders of the Company and the number of Equity Shares held by them is set forth below:

- (a) The top ten shareholders of the Company as of the date of the filing of the Red Herring Prospectus with the RoC are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
1.	Punj Lloyd	129,361,538	22.29
2.	SKIL	121,650,500	20.96
3.	Trinity	45,900,000	7.91
4.	2i Capital PCC	40,000,000	6.89
5.	IL&FS	35,640,000	6.14
6.	New York Life	26,610,000	4.59
7.	Sneha Metals	24,719,167	4.26
8.	Citadel MT Trading Ltd.	23,000,000	3.96
9.	IL&FS Trust Company Limited	18,075,694	3.11
10.	IDBI	17,500,000	3.02
10.	SembCorp	17,500,000	3.02
	Total	499,956,899	86.15

- (b) The top ten shareholders of the Company as of two years prior to the filing of the Red Herring Prospectus with the RoC are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
1.	SKIL	121,650,500	38.11%
2.	Trinity	45,900,000	14.38%
3.	IL&FS and its affiliates	39,600,000	12.40%
4.	New York Life	26,610,000	8.34%
5.	Sneha Metals	25,000,000	7.83%
6.	Grevek Investments	20,673,800	6.48%
7.	IL&FS Trust Company Limited	18,075,694	5.66%
8.	EXIM Bank	17,210,000	5.39%
9.	UTI Asset Management Company Private Limited	4,520,000	1.42%
10.	Mr. Nikhil P. Gandhi	1	0.00%
10.	Mr. Bhavesh P. Gandhi	1	0.00%
10.	Mr. Mahendra Vora	1	0.00%
10.	Mr. Avinash Mishra	1	0.00%
10.	Mr. Paresch Dave	1	0.00%
10.	Mr. Dilip Mehta	1	0.00%
	Total	319,240,000	100.00%

- (c) The top ten shareholders of the Company as of ten days prior to the filing of the Red Herring Prospectus with the RoC are as follows:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)
1.	Punj Lloyd	129,361,538	22.29
2.	SKIL	121,650,500	20.96
3.	Trinity	45,900,000	7.91
4.	2i Capital PCC	40,000,000	6.89
5.	IL&FS	35,640,000	6.14
6.	New York Life	26,610,000	4.59
7.	Sneha Metals	24,719,167	4.26
8.	Citadel MT Trading Ltd.	23,000,000	3.96
9.	IL&FS Trust Company Limited	18,075,694	3.11
10.	IDBI	17,500,000	3.02
10.	SembCorp	17,500,000	3.02
	Total	499,956,899	86.15

7. Other than as disclosed below, none of the Directors or key managerial personnel hold Equity Shares in the Company:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Mr. J.P. Rai	100,000	0.02%	0.02%
2.	Mr. A.G. Parab	50,001	0.01%	0.01%
3.	Mr. Debashis Bir	25,000	Negligible	Negligible
4.	Mr. Ajit D. Dabholkar	15,001	Negligible	Negligible
5.	Mr. Vinay Kumar Verma	8,000	Negligible	Negligible
6.	Mr. Mikito Shirai	5,000	Negligible	Negligible
7.	Mr. Srinivas Eranki	2,500	Negligible	Negligible
8.	Mr. Joshua Kandula	2,500	Negligible	Negligible
9.	Mr. Sushobhan Chowdhury	2,500	Negligible	Negligible
	Total	210,502	0.04	0.04

8. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
9. The Company has not issued Equity Shares out of revaluation reserves or for consideration other than cash.

10. The Directors, the Promoters and the Promoter Group have not entered into any transaction for securities of the Company within the last six months preceding the date of the Red Herring Prospectus.
11. The Company has not issued Equity Shares to any persons in the one year preceding the date of the Red Herring Prospectus, which may be at a price lower than the Issue Price.
12. JM Financial is a BRLM. As of the date of the Red Herring Prospectus, its affiliates, JM Financial Mutual Fund - JM Agri & Infra Fund and JM Financial Products Private Limited, together directly own an aggregate of 500,000 Equity Shares, representing 0.08% of the post-Issue equity share capital of the Company.

IDBI has prepared an information memorandum relating to the Pipavav Shipyard which has been referred to in the section "Objects of the Issue" in the Red Herring Prospectus. IDBI has also been appointed as the Monitoring Agency and an Escrow Collection Bank. As of the date of the Red Herring Prospectus, IDBI directly owns 17,500,000 Equity Shares, representing 2.63% of the post-Issue equity share capital of the Company.

13. Up to 600,000 Equity Shares have been reserved for allocation to the Employees on a proportionate basis, subject to valid Bids being received at or above the Issue Price. See "Definitions and Abbreviations - Employees" on page iv of the Red Herring Prospectus to determine eligibility to apply in this Issue under the reserved category for the Employees. Employees may also bid for Equity Shares in the Net Issue portion and such Bids shall not be treated as multiple Bids. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue. If the aggregate demand in the Employee Reservation Portion is greater than 600,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis, provided that the maximum allotment to any Employee shall be 15,000 Equity Shares.
14. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, or rights issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered through the Red Herring Prospectus have been listed or application moneys have been refunded on account of failure of the Issue.
15. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for the Equity Shares) whether preferential issue or issue of bonus or rights or further public issue of securities or qualified institutions placement or otherwise, except if the Company plans to enter into acquisitions, mergers, joint ventures or strategic alliances, subject to necessary approvals, including the consent of the BRLMs and the CBRLMs as described below, the Company may issue Equity Shares or securities linked to Equity Shares to finance such acquisition, merger, joint venture or strategic alliance or as consideration for such acquisition, merger, joint venture or strategic alliance or for regulatory compliance or entering into any other scheme of arrangement if determined by the Board to be in the best interests of the Company.
16. During the period beginning from the date of the memorandum of understanding entered into among the BRLMs, the CBRLMs and the Company and ending 180 calendar days after the date of the Prospectus, the Company agrees not to, without the consent of the BRLMs and the CBRLMs, directly or indirectly, issue, offer, sell, contract to issue or offer or sell, pledge or otherwise encumber, grant any option to purchase, make any short sale or otherwise dispose of, (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition including entering into any swap or other agreement that transfers, in whole or in part, the economic ownership of the Equity Shares or any securities convertible into Equity Shares

- (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Company), or publicly announce any intention to enter into any such transaction as described above. Notwithstanding the foregoing, this restriction shall not apply to any issuance of Equity Shares pursuant to the Pre-IPO Placing or to the pledge of the Equity Shares by SKIL and Grevek Investments, in favor of certain lenders as described in the Red Herring Prospectus.
17. A Bidder cannot submit a Bid for more than the number of Equity Shares offered in the Issue and such Bids are subject to the maximum investment limit prescribed under laws and regulations applicable to each category of investor.
 18. The Equity Shares issued pursuant to this Issue shall be fully paid-up.
 19. The Company has not made any public issue since its incorporation.
 20. There shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law or regulation. The Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
 21. As of September 4, 2009, the total number of holders of Equity Shares was 369.
 22. The Company has not raised any bridge loan against the proceeds of this Issue.
 23. Under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from any other category at the discretion of the Company in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion subject to the Net Issue constituting at least 10% of the post-Issue capital of the Company. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith.
 24. An oversubscription to the extent of 10% of the Net Issue can be retained for purposes of rounding off while finalising the basis of allotment.
 25. The Promoters and members of Promoter Group will not participate in this Issue.
 26. The Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date shall be reported to the Stock Exchanges within twenty-four hours of such transaction.

OBJECTS OF THE ISSUE

The objects of the Issue are the following:

- Construction of facilities for shipbuilding, ship repair and the Offshore Business;
- Margin for working capital; and
- General corporate purposes.

The main objects clause and the objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

We intend to utilize the proceeds of the Issue after deducting the Issue related expenses (the “Net Proceeds”) for the purposes set forth above. The Net Proceeds are estimated at Rs. [●] million.

Project Cost

The details of the project cost are summarised in the table below:

<i>(Rs. in million)</i>				
	Objects of the Issue	Total Cost	Amount spent until July 15, 2009*	Cost to be financed from the Net Proceeds
A.	Construction of facilities for shipbuilding, ship repair and the Offshore Business	25,661.43	19,844.12	1,792.67
B.	Margin for working capital	4,290.38	1,016.29	2,440.38
C.	General corporate purposes	-		[●]
	Total	29,951.81	20,860.41	[●]

* As certified by GPS & Associates, Chartered Accountant, pursuant to their certificate dated August 4, 2009.

Our assessment of the fund requirements and deployment is based on management estimates and other reports prepared by third parties. Our business, by its nature, is dynamic and competitive, which may necessitate changes in our estimates at our management’s discretion, including availing of new opportunities, meeting competitive threats or other changes that we may not anticipate. The actual costs may vary from the above estimates, and we may need to reschedule, revise (including increase or decrease) or cancel our planned requirements and deployment of funds.

In case of any shortfall in the Net Proceeds to meet the objects mentioned above, including on account of lowering of the Price Band to the extent of 20%, we propose to meet the shortfall through internal accruals or seeking additional debt or equity. If the shortfall is because of lowering of the Price Band to the extent of 20%, Allotment shall not be made in this Issue unless the financing in this regard is tied-up. If there is any surplus from the Net Proceeds after meeting the objects of the Issue, we intend to use such surplus for general corporate purposes, including meeting future growth opportunities.

Means of Finance

The means of finance for the project are as set forth below:

<i>(Rs. in million)</i>	
Particulars	Amount
Debt	
Term loans from financial institutions or banks	13,120.00
Equity	
Equity (including premium) already subscribed as on the date of the Red Herring Prospectus	12,598.76
Net Proceeds of the Issue	[●]

Particulars	Amount
Total	●

Firm Arrangement of Net Means of Finance

In accordance with Regulation 4(2)(g) of the SEBI Regulations and the SEBI Circular No.SEBI/CFD/MB/IS/3/2008/29/08, we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance, in the form of debt and equity, excluding the amount to be raised through the Net Proceeds or through existing identifiable internal accruals, have been made as set out below:

Particulars		Amount (Rs. in million)
Total Estimated Cost for the following Objects of the Issue: <ul style="list-style-type: none"> Construction of facilities for ship building, ship repair and the Offshore Business Margin for Working Capital 	(A)	29,951.81
Amount to be financed from the Net Proceeds of the Issue	(B)	4,233.05
Amount to be financed through debt/equity contribution (Net Means of Finance)	(C)=(A)-(B)	25,718.76
75% of the Net Means of Finance in accordance in Regulation 4(2)(g) of the SEBI Regulations	(D)=(C)x0.75	19,289.07
Firm Arrangements as on June 30, 2009		
Equity Tie Up:		
Equity (including premium) already subscribed as on the date of the RHP)	(X)	12,598.76
Debt Tie Up (Amount sanctioned as of June 30, 2009):		
EXIM Bank pursuant to Rupee Loan Agreement dated November 10, 2006		600
HUDCO pursuant to Loan Agreement dated September 12, 2005, as amended		2,710
Union Bank of India pursuant to (i) sanction letters dated January 14, 2006 and August 16, 2007 and Term Loan Agreement (Hypothecation) dated May 10, 2006 for Rs. 200 million; and (ii) Common Loan Agreement dated June 6, 2008 for Rs. 500 million.		700
IL&FS pursuant to IL&FS Term Finance Agreement dated September 20, 2005 and Supplementary Term Finance Agreement dated October 6, 2007		500
Oriental Bank of Commerce pursuant to the Common Loan Agreement dated June 6, 2008		500
Life Insurance Corporation pursuant to the Common Loan Agreement dated June 6, 2008		800
IDBI pursuant to the Common Loan Agreement dated June 6, 2008		1,000
Bank of India pursuant to the Common Loan Agreement dated June 6, 2008		1,000
Punjab National Bank pursuant to the Common Loan Agreement dated June 6, 2008		700
State Bank of Patiala pursuant to the Common Loan Agreement dated June 6, 2008		500
UCO Bank pursuant to the Common Loan Agreement dated June 6, 2008		500
Total Debt tie up	(Y)	9,510
Total Firm Arrangement	(Z)=(X)+(Y)	22,109
Firm Arrangement of Net Means of Finance	(Z)/(C)x100	85.96%

In addition, the Company has also been sanctioned the following amounts:

- a. Pursuant to a letter dated June 1, 2009, IDBI has agreed in-principle to the sanction of a term loan of Rs.750.00 million on certain terms and conditions.
- b. Pursuant to a letter dated June 27, 2009 and an agreement dated July 1, 2009, IDBI has sanctioned a bridge loan of Rs. 500.00 million, which amount is within the limit of the rupee term loan of Rs.750.00 million sanctioned under the letter dated June 1, 2009. IDBI has disbursed the entire amount under the bridge loan in the month of July 2009.
- c. Pursuant to a letter dated July 31, 2009, LIC has agreed in-principle to the sanction of a term loan of Rs.450.00 million on certain terms and conditions.
- d. Pursuant to a letter dated August 3, 2009, the United Bank of India has sanctioned a term loan of Rs. 850.00 million on certain terms and conditions.
- e. Pursuant to a letter dated August 13, 2009, the Karnataka Bank has sanctioned a term loan of Rs. 500.00 million on certain terms and conditions.
- f. Pursuant to an agreement dated August 28, 2009, IL&FS Financial Services Limited has sanctioned a short term loan of Rs.1,000.00 million. IL&FS Financial Services Limited has disbursed the entire amount on September 3, 2009.

The debt component in the means of finance stated above (i.e., Rs. 13,120 million) has increased from the amount stated in the Draft Red Herring Prospectus (i.e., Rs. 9,352 million). The Company was unable to launch the Issue in the previous year due to adverse market conditions. Due to the market uncertainties and the project being in an advanced stage of completion, the Company has increased the debt component for funding its project. In June 2009, IDBI appraised a rupee debt to the extent of Rs. 3,770.00 million, out of which, as stated above, the Company has received sanction/in-principle sanction letters for an aggregate of Rs. 3,550.00 million. The Company has tied up additional debt as explained above. The Company has already raised equity share capital of Rs. 12,598.76 million.

For further details, see the section “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Indebtedness” beginning on pages 194 and 222, respectively, of the Red Herring Prospectus.

Project Appraisal

The cost of construction of the Pipavav Shipyard (without the dedicated facilities for the Offshore Business) was initially appraised by IDBI for an amount of Rs.15,787.00 million in July 2006.

The project was appraised for the conversion of one wet basin into a dry dock measuring 330 meters in length and 60 meters in width, installation of one goliath crane of 400 tons capacity, a ship lift system with capacity of 6,000 tons, eight land berths each measuring 130 meters in length and 25 meters in width along with workshops, mechanical equipment and auxiliary facilities.

The cost of construction of the Pipavav Shipyard (without the dedicated facilities for the Offshore Business) was appraised again by IDBI in June 2009. The revised scope of project included conversion of one wet basin into a dry dock measuring 661 meters in length and 65 meters in width, installation of two goliath cranes of 600 tons each, fit out berth, block making and fabrication facilities in the SEZ, augmentation of dock and workshop equipments, auxiliary facilities, dedicated road connecting the shipyard to the SEZ block making facility and long term working capital margin. The revised cost of the project as appraised by IDBI increased to Rs. 26,033.90 million, including long-term working capital margin of Rs. 1,850.00 million. The means of finance in the information memorandum prepared by IDBI comprised equity (including premium), internal accruals and debt of Rs. 12,540 million, Rs. 370 million and Rs. 13,120 million, respectively.

The break-down of the cost appraised by IDBI in June 2009 is as follows:

<i>(Rs. in million)</i>	
Particulars	Amount
Land and site development	1,490.00
Civil works and general items	2,616.20
Buildings	193.70
Utility works	769.50
Mechanical equipment	660.60
Technical consultancy fees	225.90
Conversion of wet basin into dry dock	3,745.00
Dock equipments, workshop machinery and IT systems	3,471.60
Goliath crane	1,674.30
Fit out berth, repair pier and other balancing equipment	2,277.30
Block making site	2,249.40
Preliminary, Pre-operating expenses and interest during construction	4,810.40
Long-term working capital margin	1,850.00
Total	26,033.90

Based on market dynamics, we decided to increase the scope of work as advised by the project consultants and in-house experts. The enhanced scope of work included a dedicated facility to cater to the Offshore Business, including the development of a yard by earth-fill, strengthening of the ground (floor area), the construction of a bulkhead or a heavy wall to function as a fulcrum for the transportation of heavy steel structures from land to sea, development of a launch track required for launching the jacket and various other items, dredging of the sea face in front of the offshore yard for load out, the construction of workshops, the construction of internal roads for the movement of men and material and the installation of equipment. The estimate for the construction of the dedicated Offshore Business facility has been separately evaluated on July 27, 2009 by Anmol Sekhri Consultants Private Limited, Chartered Engineers, at Rs. 1,477.53 million. In addition, as certified by GPS & Associates, Chartered Accountants, our additional margin for working capital (excluding Rs.1,850 million appraised by IDBI) has been estimated as Rs.2,440.38 million for the project.

The increase in the amount of Rs.26,033.90 million in the IDBI information memorandum of June 2009 to our estimated total cost of Rs.29,951.81 million is because of the following: (a) an amount of Rs.1,477.53 million for the construction of the dedicated facility for the Offshore Business, as evaluated separately by Anmol Sekhri Consultants Private Limited, Chartered Engineers, on July 27, 2009 and (b) additional margin for the working capital for an amount of Rs.2,440.38 million has been estimated by GPS & Associates, Chartered Accountants. The costs referred to in (a) and (b) have not been appraised by IDBI.

Deployment of the Net Proceeds of the Issue

A. Construction of the shipbuilding, ship repair and offshore fabrication facilities

We expect to incur a total expenditure of Rs. 25,661.43 million towards the construction of the shipbuilding, ship repairs and offshore fabrication facilities. The detailed break-down of the estimated project cost is given below:

<i>(Rs. in million)</i>				
S. No.	Particulars	Amount spent until July 15, 2009*	July 16, 2009 - March 2010	Total
1.	Land, site development, civil work and general items	4,349.24	898.49	5,247.73
2.	Buildings and utilities	848.81	166.89	1,015.70
3.	Mechanical and production equipment	3,681.60	2,287.40	5,969.00
4.	Construction of fit out berth, repair pier and other equipments	582.96	1,694.34	2,277.30
5.	Dry dock conversion	3,329.09	415.91	3,745.00
6.	Workshops/block making site	2,059.15	211.25	2,270.40
7.	Information technology infrastructure and other administrative expenses	20.42	79.58	100.00

S. No.	Particulars	Amount spent until July 15, 2009*	July 16, 2009 - March 2010	Total
8.	Interest on loans during construction	2,846.36	40.10	2,886.46
9.	Preliminary and pre-operative expenses	2,126.49	23.35	2,149.84
	Total	19,844.12	5,817.31	25,661.43

* As certified by GPS & Associates, Chartered Accountants, pursuant to their certificate dated August 4, 2009.

The detailed break down of the cost (including the amount already incurred) is as set forth below:

1. Land, site development, civil work and general items (excluding fabrication facilities)

We have spent until July 15, 2009 as specified under the following sub-heads:

<i>(Rs. in million)</i>	
Particulars	Amount
Reclamation and earth filling	1,820.25
Construction of wet basins (680 m x 65 m and 680 m x 60 m) and dredging	1,890.37
Roads, drainage, bridges and other infrastructure	638.62
Total	4,349.24

The Pipavav Shipyard comprises two sites – an SEZ unit located on approximately 95 hectares of land and an EOU located on approximately 103.92 hectares of land, aggregating approximately 198.92 hectares (approximately 491.53 acres), including reclaimed land and land under reclamation. Reclamation of land has been accomplished by construction of a temporary coffer dam with rock and earthen bund and stone revetment with filters (to retain soil for reclamation). Our block making unit and part of our fabrication facility is part of the SEZ unit which is located in the SEZ owned by our Subsidiary, E Complex. The Company has entered into a long term lease with E Complex to set-up the Pipavav Shipyard SEZ unit over an area of approximately 95 hectares (approximately 234.75 acres). For further details on the land on which the Pipavav Shipyard is located, see the section “Our Business – Property” beginning on page 90 of the Red Herring Prospectus. We have also set up a block assembly area and a road for carrying the blocks to the dock.

In addition, we also propose to set up a dedicated offshore yard and other fabrication facility created by earth fill in the low lying area including inter-tidal zone available to us by strengthening the reclaimed bed. We propose to haul the large and heavy fabricated items on barges from land to sea through a bulkhead or heavy wall functioning as a fulcrum. In addition, dredging of the sea face in front of the offshore fabrication yard is under development for load out. We also propose to develop a launch track required for launching the jacket and various other items. The estimate for setting up such additional facilities is expected to be approximately Rs. 898.49 million.

2. Buildings and utilities

The process of ship building including naval shipbuilding and construction of offshore fabrication structures is a utility-intensive operation requiring support from a large number of auxiliary services such as the supply of LPG, power, water, oxygen, carbon dioxide and argon. To meet these requirements, captive supply points such as storage containers for gases (bullets), air compressor stations, fire fighting systems, pumps and overhead tanks and a power sub-station is being set up, together with a distribution network of piping and cabling. The amount spent until July 15, 2009 and the expenditure proposed to be incurred is set forth below:

<i>(Rs. in million)</i>	
Particulars	Amount
Amount spent until July 15, 2009	
Building work, accommodation and workshops	557.82
Oxygen generating plant and supply system	97.00
Pollution control equipment and facilities	70.25

Particulars	Amount
Electrical supply system	53.92
Civil utility works and other utility assets	69.82
Sub-total (A)	848.81
Balance expenditure proposed to be incurred	
Building and Provision for utility infrastructure	166.89
Sub-total (B)	166.89
Total (A+B)	1,015.70

Provisions for power, water and gases for the dedicated offshore yard is yet to be made. Distribution systems such as pipelines, sub-stations and bullets for gases will need to be installed for such purposes. The additional expenditure proposed to be incurred includes for such activities is approximately Rs. 52.50million.

3. Mechanical and production equipment

We have procured the following equipment, among others, and spent of Rs. 3,681.60 million until July 15, 2009 towards such procurement:

- 2 goliath cranes having a capacity of 600 tons each;
- Mobile cranes and vehicles which include equipment such as 150 T IHI/hydraulic and electric controlled cranes, crawler cranes, tyre mounted cranes, sky masters and Gantry cranes;
- Dock machinery which includes mooring winch, fairleads, tide meter and oil boom with skirt;
- Travelling gas cutting machines which include portable gas cutting systems, remote operating gas cutting systems and parallel self cutter;
- Portable machinery and equipment consisting of diesel driven generator, compressor, various types of pumps, welding machines, air driven sludge hoist and welding machines;
- Related accessories and tools; and
- Weigh bridge and other fixed assets.

We have placed orders for major equipment and machinery, including the following, for which expenditure is yet to be incurred:

<i>(Rs. in million)</i>		
S. No.	Name of Machinery	Amount to be incurred
1	Auto blast system, level luffing cranes and other blast and cell equipments	486.29*
2	Goliath cranes equipments	594.78*
3	Profile/Plasma Cutting Machines	108.79**
4	Gantry Cranes	111.25
5	Frame bending machine	14.41***
6	200 NCXR Pipe bending Machine	16.45
7	Hejackles - 200 MT	8.05
8	Vacuum Cleaner Machine	5.46*
9	300 MT Lifting Spreader beam for Goliath Crane	7.06
10	Alignment Telescope & Accessories	1.66*
11	50T capacity BOLLARDS	1.16
12	Capstan with Vertical Motors 20T	45.09*
13	Roller Fairleads	26.28*
	Total	1,426.73

*Converted at the exchange rate of 1 USD = Rs. 47.87.

**Converted at the exchange rate of 1 JPY = Rs. 0.50.

***Converted at the exchange rate of 1 Euro = Rs.67.69.

The above stated equipments have been, or are expected to be, received or installed by September 2009.

We have received quotations for major equipment, including the following:

S. No.	Name of party	Name of Machinery	Quotation (Rs.)
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1.	HAEUSLER AG Duggingen	Bending and rolling machines	101.88*
2.	VERNON TOOL Company	CNC Profile cutting machine	26.24**
3.	ADOR Welding Limited	Welding machines	19.94
4.	CU-BUILT Engineers Private Limited	Pipe welding setup	8.70
	Total		156.76

* Converted at the exchange rate of 1 Euro = Rs.67.69.

** Converted at the exchange rate of 1 USD = Rs. 47.87.

We propose to use two crawlers/tyre-mounted cranes of 75 tons capacity each, two crawlers/tyre-mounted cranes of 100 to 150 tons capacity each and other equipment for our dedicated facility for the Offshore Business. Cost related to the production and mechanical equipment for the dedicated facility for the Offshore Business is estimated to be an aggregate amount of approximately Rs.262.50 million.

4. Construction of fit out berth, repair pier and other equipment

The fit out berth and repair pier is under construction to cater to the requirements for outfitting and ship repairs. Some of the balancing mechanical equipment is being installed to undertake naval shipbuilding. We have spent of approximately Rs. 582.96 million until July 15, 2009 for part of the piling, fabrication and concreting of the gantry, the pile muff, the pre-casting of the beams for the construction of the fit-out berths, repairs pier and balancing mechanical equipments such as optical welding machines, fork lifts, DG sets and other equipments. Apart from completing the construction of fit out berth and repair pier, we are expecting to procure equipments such as special purpose vehicles, welding equipments, special tools and equipments, workshop equipments, dock facilities and other equipments amounting to Rs.1,161.30 million as detailed in the IDBI appraisal.

5. Dry Dock Conversion

We have already converted one of the wet basins into a dry dock with a floatable caisson gate measuring 662 meters in length and 65 meters in width. We have spent of Rs. 3,329.09 million until July 15, 2009 for the construction of the diaphragm wall, the construction of the coffer dam, construction of the caisson gates, the piling work for the cranes, dredging work and other civil work and expect that the balance expenditure to be incurred is Rs. 415.91 million for finishing the civil work required to complete the dock.

6. Workshops/Block Making Sites

We have constructed large pre-fabricated workshops and RCC workshops for the fabrication of blocks which includes steel stacking, treatment, cutting, forming, blasting, painting, welding and sub assembly of panels followed by assembly of blocks and outfitting. These workshops are equipped with EOT/Portal/semi Gantry cranes of varying capacities. Many of these cranes have been already installed. In respect of the dedicated facility for the Offshore Business, general workshops with certain essential machine tools such as lathe, drilling machines, grinders and welding equipments are proposed to be constructed.

The total cost of the sheds for the fabrication facilities is expected to be approximately Rs. 2,270.40 million. We have spent of Rs. 2,059.15 million until July 15, 2009 for constructing prefabricated or conventional sheds, including for (a) the storage and pre-treatment of steel plates and profiles; (b) making panels, assemblies and fabrication of blocks; (c) blasting and painting of blocks; (d) outfitting of the blocks and (e) stores and other workshops. We expect to incur further expenditure of Rs. 211.25 million for completing the construction, including workshops for the dedicated facility for the Offshore Business.

7. Information Technology infrastructure

We plan to incur expenditure of approximately Rs.100.00 million in implementing an appropriate IT driven system encompassing various business processes. We have appointed IT consultants. The IT implementation plan includes procurement of hardware, networking, ERP implementation, testing, documenting and training of personnel. We have spent of Rs. 20.42 million until July 15, 2009 for the information Technology infrastructure and other administrative expenses.

8. Interest on loans during construction

We have incurred interest on loans availed from the banks and financial institutions in an amount of Rs. 2,846.46 million until July 15, 2009. The estimated interest on loans during construction to be incurred is expected to be Rs. 40.10 million. For further details, see the sections “Financial Statements” and “Financial Indebtedness” beginning on pages F-1 and 222, respectively, of the Red Herring Prospectus.

9. Preliminary and Pre-operative Expenses

The preliminary and pre-operative expenses include travelling and business promotion expenses, technical and project consultancy, training of technical and managerial manpower, stamping and bank fees, salaries and managerial remuneration, processing and syndication fees, administration and other miscellaneous expenses, but do not include Issue expenses. We have spent of Rs.2,126.49 million until July 15, 2009 and expect to incur further expenditure of Rs. 23.35 million.

B. Margin for working capital

Based upon the current orders in hand, the management has estimated a working capital margin requirement of Rs. 4290.38 million as against the earlier estimate of Rs. 4,575.29 million assessed and certified by SBI Capital Markets Limited in November 2007. The working capital has been estimated based on the ship building orders worth USD 700.63 million (Rs. 33,539.16 million) for the supply of 28 vessels (including 12 OSVs, 10 Panamax bulk carriers in firm orders, 4 Panamax bulk carriers for Setaf and 2 optional Panamax bulk carriers).

The working capital margin in order to execute the existing orders in hand, as assessed by the management and certified by GPS & Associates, Chartered Accountants, for non fund and fund based limits are listed below:

(Rs. in Million)				
Particulars	Limit Required (% of orders)	Limit Required	Required Margin (%)	Margin Amount
Letter of Credit*	43%	14,421.84	10%	1,442.18
Bank Guarantee*	35%	11,738.71	10%	1,173.87
Fund Based Working Capital	20%	6,707.83	25%	1,674.33
Total		32,868.38		4,290.38

* Includes long term working capital margin of Rs.1,850 million for 2009-2010 (first year of operation) as appraised by lenders

It is to be noted here that the abovementioned working capital requirement is calculated on the basis of the details mentioned in the shipbuilding contracts and notification of award of the contract for the 28 ships and the costs and expenses estimates provided by the Company for the eight vessels, currently under construction. The management has suitably extended the same parameters to arrive at the cost estimates for the remaining 20 vessels.

The above estimated requirement is based on the existing orders in hand. However, we will have an option to utilize the same for additional business in future, as and when required. We will make arrangements for additional working capital for new business out of the internal accruals or through a tie-up with banks or out of additional proceeds of the Issue, if any, as and when required.

C. General Corporate Purposes

We will have flexibility in applying Rs.[●] million of the Net Proceeds for general corporate purposes, including (i) bidding/negotiating for new contracts; (ii) funding cost overruns; (iii) releasing appropriate equipment advances; (iv) implementation expenses including upfront fees for project debt tied up; (v) brand building and other marketing efforts; (vi) acquiring fixed assets including land, building, furniture and fixtures and vehicles; (vii) meeting any expense of the Company and its Subsidiary, including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties;

(viii) repayment of loans; (ix) meeting expenses incurred in the ordinary course of business; (x) inorganic or other growth opportunities; and (xi) any other purpose as may be approved by our Board of Directors or a duly appointed committee from time to time.

Our management, in accordance with the policies of the Board, will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board.

Expenses of the Issue

The estimated Issue related expenses are as follows:

<i>(Rs. in million)</i>	
Activity	Estimated Expense
Lead management fee, underwriting and selling commission*	[•]
Advertising and marketing expenses	[•]
Printing and stationery	[•]
Others (Monitoring agency fees, IPO Grading Agency fees, Registrar's fees, legal fees, listing fees etc.)	[•]
Total estimated issue expenses	[•]

* Will be incorporated after finalization of Issue Price

Interim use of funds

Our management, in accordance with the policies of the Board, will have flexibility in deploying the Net Proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds and/or deposit with banks for necessary duration. We also intend to apply a portion of the Net Proceeds, pending utilization for the purposes described above, to reduce our working capital borrowings from banks and financial institutions.

Shortfall of funds

In case of any shortfall/cost overrun for the above projects or for any other development opportunities, we intend meeting the funds requirements through various options including utilizing our internal accruals or seeking additional debt or equity.

Bridge Financing Facilities

We have not raised any bridge loan against the proceeds of the Issue.

Monitoring of Utilisation of Funds

IDBI has been appointed as the monitoring agency for the purpose of monitoring the utilization of the Issue proceeds.

As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board of Directors will also monitor the utilization of the Issue proceeds. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the Issue proceeds remain unutilized, to the extent required under applicable law and regulation. In connection with the utilization of the proceeds of the Issue, the Company shall comply with the requirements of the listing agreements with the Stock Exchanges, including clauses 43A and 49 of the listing agreements, as amended from time to time.

Other confirmations

We will not pay any part of the Issue proceeds as consideration to the Promoters, the Promoter Group, the Directors or the key managerial personnel except in the normal course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company, in consultation with the BRLMs and the CBRLMs, on the basis of assessment of market demand for the Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10 each and the Issue Price is [●] times the face value. Investors should review the entire Red Herring Prospectus, including the sections “Risk Factors”, “Shipbuilding, Offshore Fabrication and Defence Industries”, “Our Business” and “Financial Statements” beginning on pages xiii, 68, 76 and F-1, respectively, of the Red Herring Prospectus to get a more informed view before making the investment decision.

Qualitative Factors

The key competitive strengths of the company include the following:

- ***We expect to be able to leverage the experience and resources of our co-promoters.***

We believe that one of our strengths is the combined resources of our promoter, SKIL and our co-promoter, Punj Lloyd. We intend to leverage the experience of each of SKIL and Punj Lloyd in their respective fields of infrastructure construction and offshore construction.

- ***Experience of our strong management team with international experience and contract partners should facilitate the start-up and development of our shipbuilding and offshore businesses.***

We are led by a team of qualified and experienced managers, both from India and abroad, who are focused on different aspects of shipbuilding, engineering and fabrication, including design, manufacturing, marketing, quality control and finance. In addition, we have executed agreements with companies that have substantial experience in the shipbuilding business.

- ***Upon completion of construction, we believe that the Pipavav Shipyard will have a competitive advantage available in terms of its capability to handle large vessels at competitive cost.***

Pipavav Shipyard is expected to have a dry dock facility of approximately 662 meters in aggregate length, with the capacity to accommodate vessels of up to 400,000 DWT and capable of handling merchant ships such as VLCCs and large naval vessels and coast guard vessels, such as aircraft carriers, together with facilities for fabrication / assembly of products for the offshore sector. Based on information on other shipyards' websites as to their actual capacity and their capacity under construction and assuming no further increases in such capacity, we believe that, upon completion, Pipavav Shipyard will have the largest dockyard in India.

- ***Our manufacturing platform should provide a flexible product-mix, marketing and execution capability.***

We believe that the size of the Pipavav Shipyard will provide us with the ability to optimize the marketing of our product mix by providing us the production capability to execute orders for the construction of a wide variety of ships ranging from VLCCs to OSVs as well as naval, coast guard and other specialty vessels such as LNG carriers. Moreover, once completed, our offshore yard will have facilities to manufacture offshore structures. These products generally require advanced design and production technologies, well-coordinated logistics planning and huge production scale. As a result, profit margins on these high value-added products are generally attractive.

- ***Advanced shipbuilding technology.***

We intend to manufacture vessels of different sizes and types and provide offshore structures utilizing technologically advanced design and production systems, including automation systems and digital technology. We believe that leveraging advanced design and production technologies should give us

the flexibility to manufacture a wide variety of vessels and offshore structures in a cost-efficient manner.

- ***Strategic geographic location.***

We believe that the strategic location of the Pipavav Shipyard should provide us with significant advantages and efficiencies, thereby resulting in lower management overheads and increasing cost effectiveness.

- ***Competitive cost structure.***

Because our operations are based in India, we believe that our labour, land and overhead costs will generally be lower than many of our foreign competitors with manufacturing operations in countries such as South Korea and Japan. We also intend to leverage the expected size of our shipbuilding facilities and vessel construction orders to obtain quantity discounts when buying materials and components for our products.

- ***We have confirmed orders to utilize our shipbuilding capacity.***

We have firm orders for the construction of 10 Panamax bulk carriers of 74,500 DWT each along with options to construct additional Panamax vessels. We have also received notification of award of contract for construction of 12 OSVs. We believe that the construction of these vessels gives us valuable experience and expertise for future projects, as well as provide stable cash flows for the purposes of financing our operations.

For detailed discussion on the above factors, see the section “Our Business” beginning on page 76 of the Red Herring Prospectus.

Quantitative Factors

The information presented in this section for the years ended March 31, 2007, 2008 and 2009 is derived from our unconsolidated audited restated financial statements prepared in accordance with Indian GAAP. Investors should evaluate the Company taking into consideration its earnings and based on its consolidated growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. Weighted average Earnings Per Share (“EPS”) (including based on diluted EPS)

Financial Period	EPS (Rs.)	Weight
Year ended March 31, 2007	(0.28)	1
Year ended March 31, 2008	0.11	2
Year ended March 31, 2009	0.08	3
<i>Weighted Average</i>	0.03	

The Pipavav Shipyard is currently still under construction. Our commercial production commenced on April 1, 2009. Prior to April 1, 2009, we undertook certain trial production. For Fiscal 2007, 2008 and 2009 all costs relating to the construction of the Pipavav Shipyard and the trial production has been classified as project development expense pending capitalisation. All direct costs relating to shipbuilding activity incurred during trial production have been considered work in progress. Therefore it is important to note that the profit and loss account statement for Fiscal 2007, 2008 and 2009 reflects the costs incurred other than for shipbuilding or project development expenses.

EPS has been calculated by dividing the net profit after tax, as restated, attributable to equity shareholders by the weighted average number of Equity Shares outstanding as on the date.

2. *Price Earnings Ratio (“P/E Ratio”)*

- a. P/E based on the year ended March 31, 2009: Not Applicable

The above P/E ratio is calculated on the basis of the EPS for the year ended March 31, 2009. The Pipavav Shipyard is currently still under construction. Our commercial production commenced on April 1, 2009. Prior to April 1, 2009, we undertook certain trial production. For Fiscal 2007, 2008 and 2009 all costs relating to the construction of the Pipavav Shipyard and the trial production has been classified as project development expense pending capitalisation. All direct costs relating to shipbuilding activity incurred during trial production have been considered work in progress. Therefore it is important to note that the profit and loss account statement for Fiscal 2007, 2008 and 2009 reflects the costs incurred other than for shipbuilding or project development expenses.

- b. Peer group P/E⁽¹⁾

- (i) Highest: 5.4 times
- (ii) Lowest: 3.3 times
- (iii) Peer group average: 4.4 times

⁽¹⁾ Source: Capital Markets Magazine (Jul 13-26, 2009) Vol. XXIV/10.

3. *Weighted average return on net worth*

Financial Period	Return on Net Worth (%)	Weight
Year ended March 31, 2007	(1.53)	1
Year ended March 31, 2008	0.40	2
Year ended March 31, 2009	0.39	3
<i>Weighted Average</i>	0.07	

The Pipavav Shipyard is currently still under construction. Our commercial production commenced on April 1, 2009. Prior to April 1, 2009, we undertook certain trial production. For Fiscal 2007, 2008 and 2009 all costs relating to the construction of the Pipavav Shipyard and the trial production has been classified as project development expense pending capitalisation. All direct costs relating to shipbuilding activity incurred during trial production have been considered work in progress. Therefore it is important to note that the profit and loss account statement for Fiscal 2007, 2008 and 2009 reflects the costs incurred other than for shipbuilding or project development expenses.

RoNW has been calculated by dividing net profit after tax, as restated, by the average net worth as restated at the end of the year.

4. *Minimum Return on Increased Net Worth Required to Maintain Pre-Issue EPS*

The minimum return on increased net worth required to maintain pre-Issue EPS is 0%.

5. *Net Asset Value (“NAV”) on a Standalone Basis*

- (a) NAV per Equity Share as of March 31, 2009 was Rs.21.63.
- (b) NAV per Equity Share after the Issue is Rs.[●].
- (c) Issue Price per Equity Share is Rs.[●].
- (d) NAV per Equity Share for the years ended March 31, 2007, 2008 and 2009 is as follows:

Financial Period	Net Asset Value per Equity Share (Rs.)	Weight
Year ended March 31, 2007	13.44	1
Year ended March 31, 2008	21.50	2
Year ended March 31, 2009	21.63	3
<i>Weighted Average</i>	20.22	

NAV has been calculated by dividing the net worth, as restated, by the number of Equity Shares outstanding at the end of the year.

6. Comparison with Industry Peers

Based on the nature of the services provided by the Company, the comparison of its accounting ratios with its closest comparable listed competitors in India is given below:

	EPS as of March 31, 2009 (Rs.)	P/E (times)	Return on Net Worth (%)	Net Asset Value per Equity Share (Rs.)
Pipavav Shipyard Limited	0.08	NA	0.39	21.63
<i>Peer Group⁽¹⁾</i>				
Bharati Shipyard Limited *	48.4	3.3	26.5	252.8
ABG Shipyard Limited*	33.6	5.4	25.6	164.8
<i>Peer Group Average</i>	41.0	4.4	26.1	208.8

⁽¹⁾ Source: Capital Markets Magazine (Jul 13-26, 2009) Vol. XXIV/10.

* The face value of the equity shares is Rs. 10.

All data for peer group companies are for full fiscal 2009; the P/E is based on trailing twelve month earnings; EPS is based on net profit reduced by preference dividend and dividend tax, divided by number of equity shares.

The BRLMs and the CBRLMs believe that the Issue Price of Rs.[●] is justified in view of the above qualitative and quantitative factors. For further details, please see the section “Risk Factors” beginning on page xiii of the Red Herring Prospectus and the section “Financial Statements” including important profitability and return ratios, as set out in the auditor’s report stated on page F-1 of the Red Herring Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Pipavav Shipyard Limited
SKIL House,
Bank Street Cross Lane,
Fort, Mumbai

Dear Sirs,

Statement of Possible Direct Tax Benefits

We hereby report that the enclosed annexure states the possible direct tax benefits available to Pipavav Shipyard Limited ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of his or her participation in the issue. In the statement, we have considered the proposals in the Finance (No. 2) Bill, 2009.

We do not express any opinion or provide any assurance whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been or would be met.

The contents of the annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Pipavav Shipyard Limited. We shall not be liable to Pipavav Shipyard Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

Thanking you,

Yours faithfully,
For **Chaturvedi & Shah**
Chartered Accountants

**STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO PIPAVAV
SHIPYARD LIMITED AND TO ITS SHAREHOLDERS**

UNDER THE INCOME TAX ACT, 1961 (“THE ACT”)

A. TO COMPANY

I. SPECIAL TAX BENEFITS

a. Special Tax Benefits available to the unit of the Company established in Special Economic Zone (SEZ)

1. In respect of a unit of the Company located in a Special Economic Zone (SEZ), at District Amreli, Gujarat. In accordance with Section 10AA of the Act and subject to condition and extent specified therein, the company would be entitled to a deduction of : -
 - 100% of the profits and gains derived from the export of permissible goods and services for a period of five consecutive assessment years beginning with the assessment year relevant to the previous year in which the unit begins to manufacture or produce or provide services.
 - 50% of the profits and gains for further five assessment years and
 - Thereafter, not exceeding 50% of the profit for the next five years as is debited to the profit and loss account and credited to a reserve account “Special Economic Zone Re-investment Reserve Account”, to be created and utilised for the specified purposes.
2. The Company will be eligible for exemption from minimum alternate tax U/s. 115JB of the Act on the profit of its SEZ unit.

b. Special Tax Benefits available to the 100% Export Oriented Unit of the Company

1. The 100% Export Oriented Unit (EOU) of the Company located at District Amreli, Gujarat, is eligible for deduction, under section 10 B of the Act, of 100% of the profits and gains derived by the EOU undertaking from the export of the specified articles or things beginning with the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce.
2. The said deduction is available to the Company up to the Assessment year 2011-2012.

II. GENERAL TAX BENEFITS

1. As per Section 10(34) of the Act, income earned by the Company by way of dividend income from another domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(35) of the Acts, the following income will be exempt from tax in the hands of the Company:
 - a. Income received in respect of the units of a Mutual Fund specified under section 10(23D); or
 - b. Income received in respect of units from the Administrator of the specified undertaking; or

- c. Income received in respect of units from the specified company:
3. As per section 10(38) of the Act, long term capital gains arising to the Company from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the Company.
4. Under section 32 of the Act, the Company is entitled to claim depreciation subject to the conditions specified therein, at the prescribed rates on its specified assets used for its business.
5. Under section 35D of the Act, the Company will be entitled to a deduction equal to 1/5th of the expenditure incurred of the nature specified in the said section, including expenditure incurred on present issue, such as underwriting commission, brokerage and other charges, as specified in the provision, by way of amortisation over a period of 5 successive years, beginning with the previous year in which the business commences or after the commencement of its business in connection with the extension of its industrial undertaking or in connection with setting up a new industrial unit, subject to the stipulated limits.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rupees.Fifty lacs in a year.
7. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
8. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -
 - a. 20% of the capital gains as computed after indexation of the cost; or
 - b. 10% of the capital gains as computed without indexation.
9. The amount of tax paid under section 115 JB by the Company for any assessment year beginning on or after 1st April, 2010 will be available as credit to the extent specified in section 115 JAA for ten years succeeding the assessment year in which MAT credit becomes allowable in accordance with the provisions of Section 115 JAA.

B. TO MEMBERS

I. SPECIAL TAX BENEFITS

There are no special benefits accruing to the members.

II. GENERAL TAX BENEFITS

(A) Resident Members

1. As per section 10(34) of the Act, income earned by the resident member by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising to the resident member from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of such members.
3. As per section 111A of the Act, short term capital gains arising to the resident members from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -
 - a. 20% of the capital gains as computed after indexation of the cost; or
 - b. 10% of the capital gains as computed without indexation.
5. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.
6. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.

(B) Non-Resident Indian Members

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.
2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares or units of an equity oriented mutual fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. In accordance with section 112 of the Act, the tax on capital gains on transfer of listed securities or units or zero coupon bonds where the transaction is not chargeable to securities transaction tax, held as long term capital assets will be the lower of: -
 - a. 20% of the capital gains as computed after indexation of the cost; or
 - b. 10% of the capital gains as computed without indexation.
5. As per the first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, will be computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively incurred in connection with such transfer, into the same foreign currency which was initially utilized in the purchase of shares. Cost indexation benefit will not be available in such a case.

6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.
7. As per the provisions of section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an individual or Hindu Undivided Family will be exempt from tax if the net consideration is utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a residential house, or for construction of a residential house within three years.
8. In accordance with section 115E, income from investment or income from long- term capital gains on transfer of assets other than specified asset shall be taxable at the rate of 20% .Income by way of long term capital gains in respect of a specified asset (as defined in section 115C (f) of the act), shall be chargeable at 10%.
9. In accordance with section 115F, subject to the conditions and to the extent specified therein, long-term capital gain arising from transfer of shares of the company acquired out of convertible foreign exchange, and on which securities transaction tax is not payable, shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer in any specified asset.
10. In accordance with section 115G, it is not necessary for a Non resident Indian to file a return of income under section 139(1), if his total income consists only of investment income earned on shares of the company acquired out of convertible foreign exchange or income by way of long term capital gains earned on transfer of shares of the company acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Income-tax Act.
11. In accordance with section 115-I, where a Non Resident Indian opts not to be governed by the provision of chapter XII-A for any assessment year, his total income for that assessment year (including income arising from investment in the company) will be computed and tax will be charged according to the other provisions of the Income-tax Act.
12. As per section 115H of the Act, where a non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
13. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

(C) Foreign Institutional Investors (FII's)

1. As per section 10(34) of the Act, income earned by way of dividend income from the domestic company referred to in section 115-O of the act is exempt from tax.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be exempt.
3. As per section 115AD read with section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15%.
4. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provisions of section 10(38) of the Act at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30

In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

5. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any between India and the country in which the FII has fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.
6. As per section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a long-term capital asset will be exempt from tax if the capital gains are invested in a “long term specified asset” within a period of six months after the date of such transfer, subject to the limit of Rupees Fifty lacs in a year.

(D) Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

(E) Venture Capital Companies / Funds

As per section 10(23FB) of the Act, all Venture Capital Companies/Funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income tax on their entire income, including income from sale of shares of the company. However, under section 115U of the Act, income received by a person out of investment made in a venture capital company or in a venture capital fund will be chargeable to tax in the hands of such person.

UNDER THE WEALTH TAX ACT, 1957

“Asset” as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

UNDER THE GIFT TAX ACT, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax.

NOTES:

- (i) In the above statement only basic tax rates have been enumerated and the same is subject to surcharge and education cess, wherever applicable.
- (ii) The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.
- (iii) All the above benefits are as per the current tax laws (including amendments made by the Finance (No. 2) Bill 2009), legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above.
- (iv) Several of these benefits are dependent on the company and its shareholders fulfilling the conditions prescribed under the provisions of the relevant sections under the relevant tax laws.
- (v) This statement is only extended to provide general information to the investors and is neither designed nor intended to be a substitute for Professional Tax Advice. In view of the individual nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences of his/her/its investments in the shares of the Company.
- (vi) The provisions of The Finance (No. 2) Bill of 2009 wherever applicable have been considered even though the same has not yet become the Act.

SECTION IV: ABOUT THE COMPANY

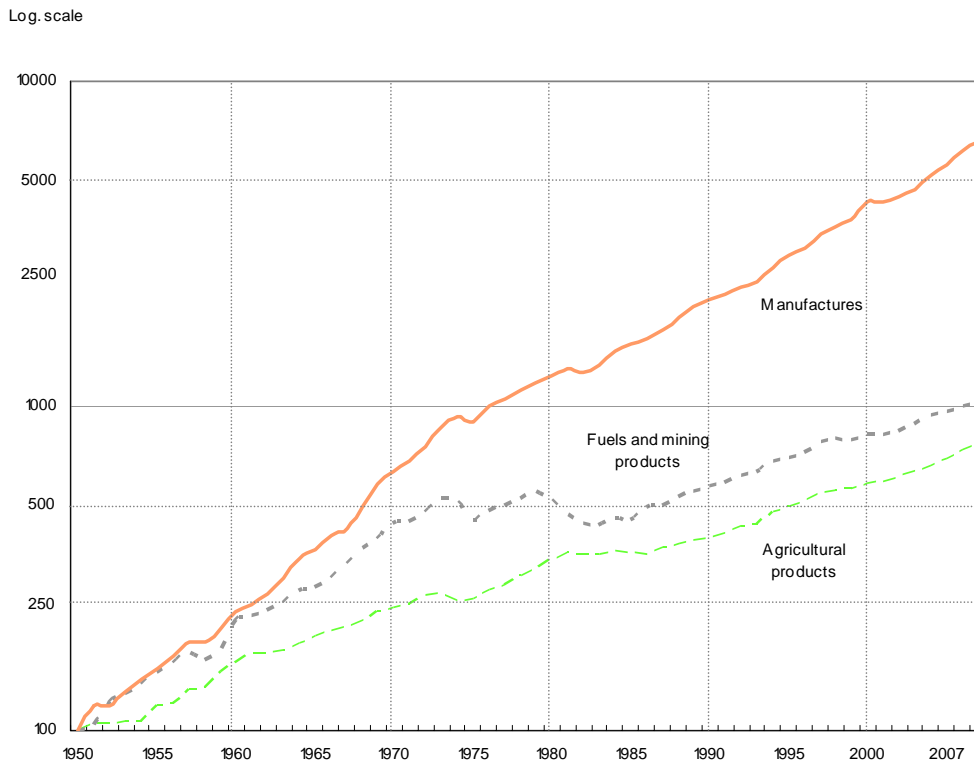
SHIPBUILDING, OFFSHORE FABRICATION AND DEFENCE INDUSTRIES

The information in this section is derived from publicly available documents and other industry sources including Barry Rogliano Salles (“BRS”), “Offshore Platform Fabrication – Industry Overview,” October 2007, Ernst & Young (“Ernst & Young”) and KOMAC. None of us, the BRLMs, the CBRLMs, or other person connected with the Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information

COMMERCIAL SHIPBUILDING & REPAIR

Introduction

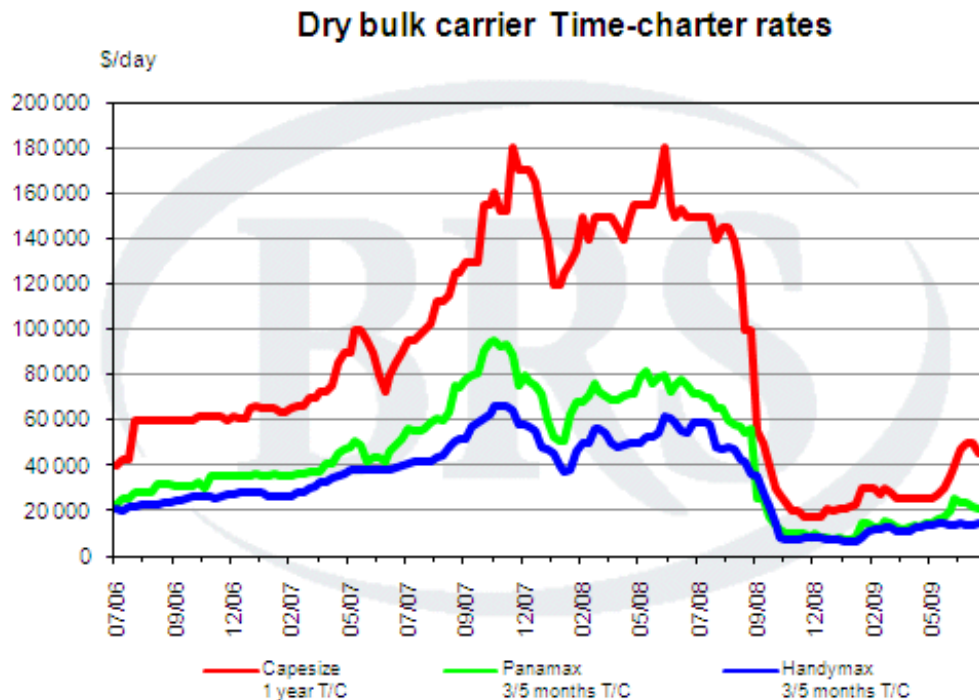
The demand for new vessels is dependent on growth in international trade and the scrapping of older ships. Increases in trade are in turn driven by global economic growth and changing patterns of supply of raw materials and regional demand. Over 90% of world trade is carried by sea (*Source: International Maritime Organisation*). The graph below shows the growth in world merchandise trade volume between 1950 and 2007:



Source: World Trade Organisation

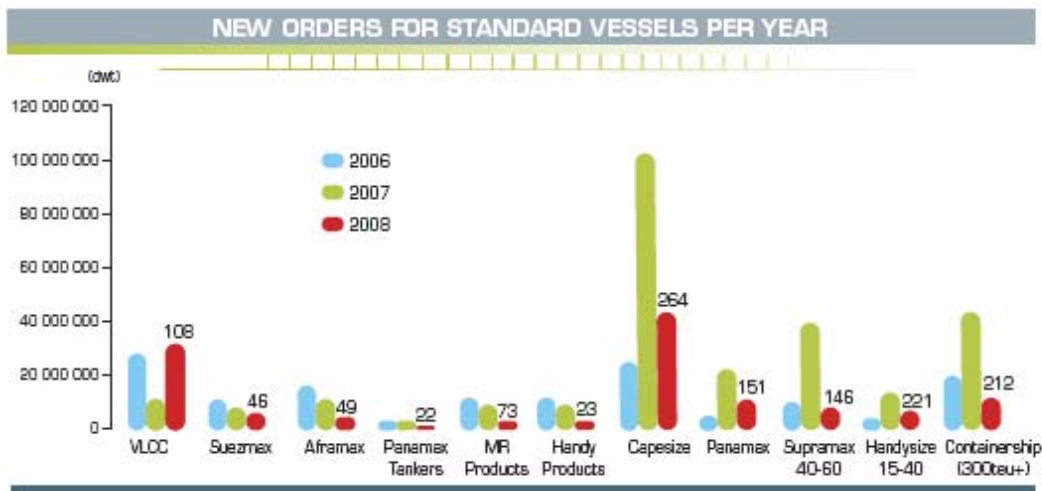
Our Company believes that, until mid-2008, economic growth and wider trade patterns resulted in longer voyages and increased tonnage per mile, which caused a shortage of ships and a consequent increases in freight rates. Post June 2008, the global economic crisis had had an adverse effect on time charter rates and

consequently on shipbuilding rates. The chart below illustrates the increase and subsequent decrease in time-charter rates for several classes of bulk carriers during the period from 2006 to 2009, including for the Panamax bulk carriers which are intended to be the first vessels constructed at the Pipavav Shipyard:



Source: BRS

The increase in freight rates encouraged ship owners to place orders for more new ships, as demonstrated by the global increase in the placement of new vessel orders until mid-2008. Since June 2008 there has been a decline in new orders. The chart below shows new orders for the last three years for all the main categories of commercial ships, including the Panamax bulk carriers which are intended to be the first vessels constructed at the Pipavav Shipyard:



Source: BRS

Our Company believes that the increased demand for new vessels prior to June 2008 resulted in increased ship prices. This is shown in the chart below, which illustrates ship prices for certain categories of oil tankers and dry bulk carriers in the period from 2002 to peak levels in 2008, including for the Panamax bulk carriers which are intended to be the first vessels constructed at the Pipavav Shipyard:

NEWBUILDING PRICE VARIATIONS (IN MILLION US\$)

		1993	4Q 2002	4Q 2004	4Q 2005	4Q 2006	4Q 2007	Peak 2008
Tankers	VLCC	100	64	107	107/125*	115/128*	135/140*	140/155*
	Suezmax	62.5	43.5	70	71	77	80/90*	90/100*
	Aframax	45	34	60	58.5	65	66/70*	70/75*
	MR Product	32.5	27	38	43	47	48/51*	48/51*
Bulkers	Capesize	48	36	63	59	67/73*	80/90*	90/100*
	Panamax	29	21.5	35.5	34	38	51/55*	53/60*
	Handymax	25	20	29	30.5	34	43/48*	47/50*

*China / Japan-S. Korea

Source: BRS

Note: These are general trend figures and vary from contract to contract depending on factors such as specification, delivery time, payment terms and shipyard standing.

However, the cyclical nature of commercial shipbuilding was demonstrated in the second half of 2008, when charter rates fell by more than 90% from peak levels. The charter rates have since recovered considerably, however it is understood that there have been very few new orders placed since the shipping cycle dipped about a year ago and it is difficult to estimate current prices for new vessels.

Evolution of the Global Shipbuilding Industry

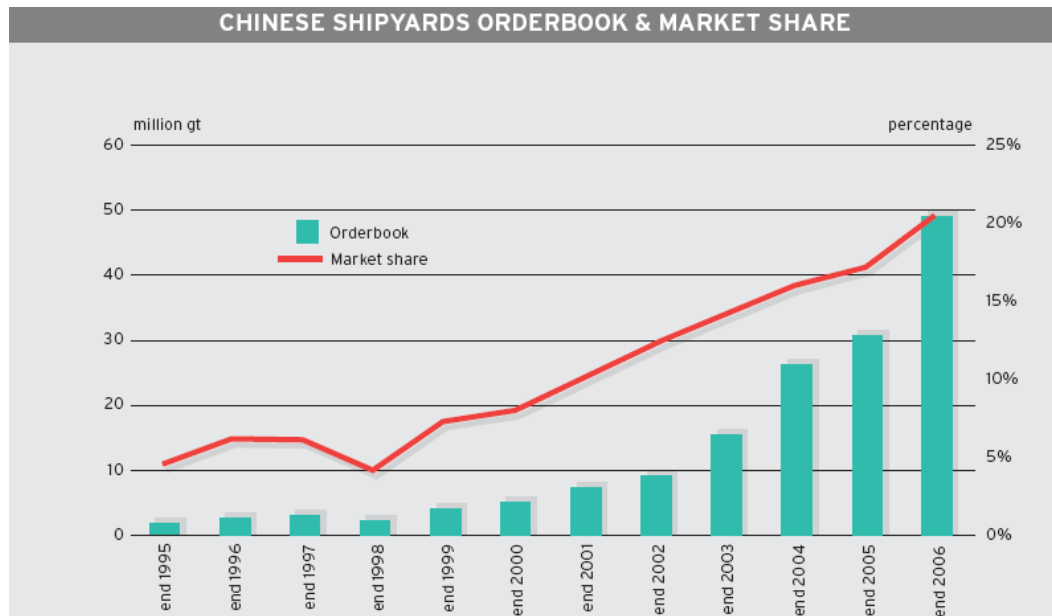
Although shipbuilding is a global industry, China, South Korea and Japan controlled approximately 88.5% of the total market share measured in gross tonnage as of the end of 2008. (Source: BRS) This has not historically been the case and the last 60 years have seen major changes in the global shipbuilding industry.

For most of the first three decades in the post-World War II era, the global shipbuilding industry was dominated by European countries. In the late 1960s, European shipyards began to experience increased competition from shipyards in developing countries such as Japan. Due to high labour costs in Europe, a significant shift in market share in the shipbuilding industry began to occur from shipyards in European countries to shipyards in developing countries in Asia which have a lower cost of labour.

By the mid-1970's, Japan had become the market share leader in the global shipbuilding industry through a combination of lower labour costs, investment in modern shipyard facilities and the development of new shipbuilding techniques.

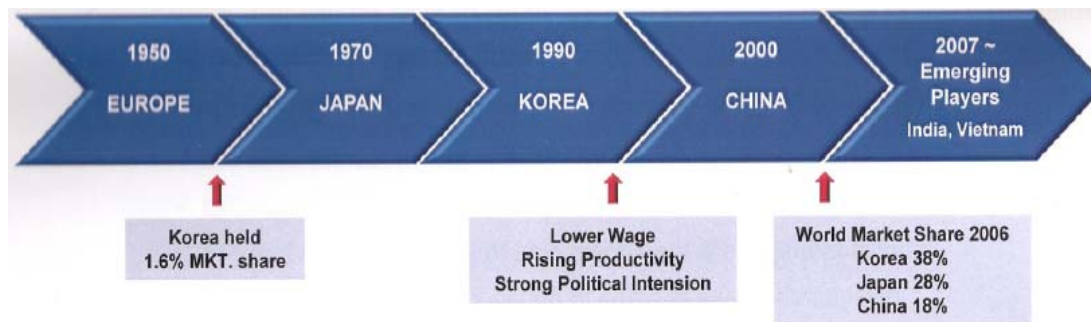
At about this time, the South Korean government decided to promote shipbuilding as a major source of employment for its own emerging economy and began a major program to transform its domestic shipbuilding industry into a global force. Dr. Shin, chairman and founder of KOMAC, one of Pipavav Shipyard's principal technical and strategic advisors, was appointed by the South Korean government to head this program. By the mid-1990's, the program's objectives were achieved and South Korea had become the market share leader in the global shipbuilding industry. Then, as the South Korean success story in the shipbuilding industry was matched in other areas of their economy, the cost of labour increased and manpower availability decreased in the South Korean economy.

Since the 1990's, China has emerged as an important participant in the global shipbuilding industry, as low cost of labour and strong government support have once again transformed a domestic shipbuilding industry into global force. The chart below shows the increase in market share achieved by Chinese shipyards in the last 12 years.



Source: BRS 2007

The evolution of the global shipbuilding industry from the 1950's to date may be illustrated as follows:



Source: Komac

Today, shipyards in South Korea, China and Japan are market leaders in the global shipbuilding industry with a market share in 2008 of 38%, 33% and 17.5%, respectively (Source: BRS).

The Indian Shipbuilding Industry

The Indian shipbuilding industry is small by global standards, and Indian shipyards currently account for 1% of the global order book in 2009. (Source: Maritime Gateway January 2009). The structure of the Indian shipbuilding industry can be divided into three distinct segments:

Public sector shipyards: India's major shipyards have historically been public sector shipyards which primarily build merchant class ships and naval vessels. Public sector shipyards include Hindustan Shipyard Limited, Cochin Shipyard Limited, Hooghly Dock & Port Engineers Limited and Central Inland Water Transport Corporation Limited.

Defence shipyards: There are three naval shipyards under the purview of India's Ministry of Defence, namely Mazagon Dock Limited, Goa Shipyard Limited, and Garden Reach Shipbuilders & Engineers Limited.

Private shipyards: The two publicly listed private shipbuilding companies are Bharati Shipyard Limited, and ABG Shipyard Limited and these companies have been expanding in recent years. In addition, there are a number of smaller private shipyards which build smaller ships and vessels including coastal vessels, barges, tugs, patrol ships and fishing ships.

Key Growth Factors for Indian Shipbuilding Industry

Although India occupies a small percentage of the global shipbuilding market, our Company believes that the Indian shipbuilding industry is well-positioned for growth. As growth in international trade results in increased global and domestic demand for new vessels, Indian shipyards have certain advantages over shipyards in more developed nations.

Relatively Low Cost of Labour and Large Pool of Technical Workers

Although India possesses a large pool of well-educated English speaking technical workers, its cost of labour is low compared to most other shipbuilding countries. Shipbuilding is a labour intensive industry and thus India's low cost of labour should provide Indian shipyards with the opportunity to increase their market share of the global shipbuilding industry. Our Company believes that any increased demand for new vessels and increases in ship prices would lead to attractive opportunities for new market entrants from India.

Government Initiatives for the Shipbuilding Sector

Shipbuilding Subsidies

Until August 14, 2007, the GOI provided a ship building subsidy of 30% to shipbuilding companies in connection with the construction of (i) ocean-going merchant ships over 80 meters in length manufactured for the domestic market and (ii) ships of all types that were manufactured for the export market, subject to fulfillment of certain conditions. Under this GOI policy, the subsidy was available to private shipyards in respect of ships that met the GOI eligibility requirements upon completion of construction and delivery of eligible ships. Prior to August 14, 2007, we filed eligibility applications with the GOI in order to obtain the subsidy in respect of 22 Panamax bulk carriers which comprised our order book as at that date. However, on August 14, 2007, the shipbuilding subsidy policy of the GOI expired. In March 2009, the Government of India issued a notification clarifying that all shipbuilding contracts entered into prior to August 14, 2007 would be eligible for the subsidy. Accordingly, our original contracts in respect of 22 Panamax bulk carriers are eligible for the subsidy. Also, if any shipbuilding contract entered into prior to August 14, 2007 were to be cancelled and a new contract entered into with respect to the vessel that would have originally been built under the cancelled shipbuilding contract, the subsidy would no longer be available in respect of such vessel. Further, since August 14, 2007, there has been no shipbuilding subsidy policy in force and there is no assurance that the GOI will pay any subsidy or provide any other incentives to us in the future.

National Maritime Development Programme

The GOI has also announced a major project known as the National Maritime Development Programme to develop India's maritime sector, in particular, the port sector. About 95% by volume and 70% by value of India's international trade is through maritime transport (*Source: Ministry of Shipping*). This GOI policy aims to encourage more investments in ports and a development plan for the fiscal years to 2012 has been formulated after assessing potential growth in traffic.

Total investment of approximately Rs. 810 billion is intended in the port sector under this GOI policy (*Source: Ministry of Shipping*). Our Company expects that increased port capacity will in turn lead to an

increase in demand for shipyard facilities, especially for the repair and maintenance of the increased numbers of ships which will visit Indian ports.

Scrapping of Older Vessels and Aging Fleet

Due to increasing pressure from various international organizations, governments and port authorities to curtail the operation of older, single-hull ships, our Company believes there is a significant latent replacement demand for aging ships, especially tankers. In addition, when freight rates are high and freight demand is strong, ship owners typically delay the scrapping of older vessels in favour of repairing and maintaining such vessels to international standards, in order to maximize revenues. Now, that the freight rates have fallen, more vessels are expected to be sent to scrap yards. The following graph shows annual levels of demolition of ships on a global basis between 1991 and 2009:

DEMOLITION SALES						
TYPE	NAME	COUNTRY	LDT	PRICE /LDT	BUYER	COMMENTS
TANK	VERACITY	YUGOSLAVIA	8,961	350	BANGLADESH	INCLUDING ABT 900TS BUNKERS ROB
GAS	BW HERAKLES	NORWAY	10,675	300	BANGLADESH	
CONT	MSC TOGO	NETHERLANDS	13,750	252	INDIA	'AS IS' SPAIN FOR RESALE INTO INDIA
CONT	NIEVES B	POLAND	9,718	176	INDIA	
TWEEN	PRECIOUS	USSR	6,982	247	INDIA	
CONT	GOLDEN COMPANION	SPAIN	9,530	250	CHINA	
MPP	ORIENTAL CARRIER	GERMANY	6,680	250	CHINA	

BRAEMAR SEASCOPE DEMOMETER		
SHIP TYPE	DEMO SALES 29TH - 3RD JULY	SCRAPPED TOTAL 2009
BULK CARRIER	0 DWT (0 VSLS)	9,530,183 DWT (230 VSLS)
TANKER	152,810 DWT (4 VSLS)	2,090,606 DWT (46 VSLS)
CONTAINERSHIP	3,100 TEU (2 VSL)	164,033 TEU (94 VSLS)

Source: Braemar Seascope

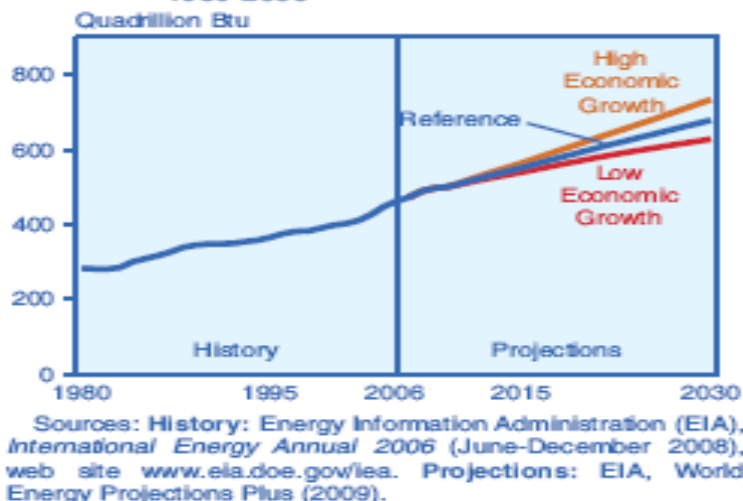
OFFSHORE OIL & GAS SECTOR

Introduction

The increase in world energy consumption has led to a growth in global oil consumption, which has steadily surpassed the expansion in oil supply. The Energy Information Administration (“EIA”) estimates that non-OECD Asia (including China and India) will account for 43% of the total increase in global oil use over the next 20 years. (Source: Ernst & Young)

World energy consumption based on three economic growth scenarios is shown below:

Figure 20. World Marketed Energy Consumption in Three Economic Growth Cases, 1980-2030



The absence of significant new finds, low oil reserves and increase in oil demand has contributed to increase in exploration and production (“E&P”) spending by most upstream oil companies. Moreover, natural gas is increasingly becoming an important source of energy and improved technology is enabling enhanced recovery of oil and gas reserves, thereby extending the life of many producing fields. Many of these oil and gas fields in extended production will require additional or replacement facilities.

After the recent global economic slow down, upstream oil companies are once again beginning to increase investments and this is evident in the capital expenditure planned to create new offshore assets and replace existing ones. Oil and gas equipment and services companies are enjoying this strong operating environment. Recovery of oil reserves and production from ultra deepwater fields, marginal fields and other previously unviable fields has now become relatively more economically viable, resulting in increased demand for offshore oil equipment and services. (Source: *Ernst & Young*)

Indian Offshore Market

The Indian offshore market is also expanding rapidly and domestic players will make a substantial investment in infrastructure to establish new platforms and to replace assets. Reliance Industries Limited has announced an increase to its capital expenditure in its D6 Block to US\$ 8.8 billion to be spent in two phases. The Indian company with a significant interest in oil and natural gas discovery, Oil & Natural Gas Corporation Ltd (“ONGC”), has projected capital expenditure for its Eleventh Plan to be US\$21 billion. Substantial investment is also expected for enhancement of recovery from existing fields. (Source: *Ernst & Young*)

The offshore construction industry is further expected to benefit when offshore blocks under the Government’s New Exploration Licensing Policy (“NELP”) reach development stage. Estimated capital expenditure for this segment is approximately Rs. 400 billion (US\$ 10 billion). With a typical exploration cycle of about 7 years for offshore blocks, it is expected that the majority of these blocks (if commercially viable) will reach development stage post 2010. (Source: *Ernst & Young*)

Gas is also being discovered at geographically diverse locations where existing infrastructure is not available. In order to transport gas from such locations, innovative solutions and new technologies have been developed, such as floating gas liquefaction plants. These plants are expected to become commercially viable in the next three years and would require shipbuilding as well as offshore module fabrication resources.

Another consequence of the rise in activity of recent years in the offshore oil and gas market has been the excess demand for seismic, drilling, installation and field development, support and maintenance vessels.

DEFENCE SECTOR

Production of defence equipment in India has been under Government control from the inception of the industry. The Industrial Policy of the country had kept defence production in the public sector since the First Industrial Policy was outlined in the Industry Policy Resolution of 1948. The Industries (Development & Regulation) Act, 1951 gave statutory recognition to the Industrial Policy. Under this policy, the defence industry, which required heavy investments, strong R&D backing and on which there could be total reliance because of its criticality, remained under Government control at all times. The control over defence industry was exercised under the Industries (Development & Regulation) Act, 1951, which made licensing compulsory. As a consequence of this industrial policy, a large infrastructure for government sponsored defence production including 39 ordnance factories, 8 defence PSUs and 50 research and development laboratories was created in the country. (*Source: Confederation of Indian Industry & Federation of Indian Chamber of Commerce*)

The total expenditure on the Indian navy in the Indian budget for fiscal 2006, 2007, 2008 and 2009 was Rs. 140 billion, Rs. 162 billion, Rs. 159 billion and Rs. 173 billion, respectively, out of the total defence expenditure of Rs. 805 billion, Rs. 855 billion, Rs. 917 billion and Rs. 1,146 billion, respectively. The total budgeted expenditure on the Indian navy in the Indian budget for fiscal 2010 is Rs. 206 billion out of the total budgeted defence expenditure of Rs. 1,417 billion. (*Source: Annual Report FY 09, Ministry of Defence, Government of India*)

Public-Private Participation: The private sector played a significant role in the defence industry sector as sub contractors and by providing ancillary industry. The private sector has mainly been involved in the supply of raw materials, semi-finished products, parts and components to defence PSUs and ordnance factories and also to the base workshops of the Indian Army, the base repair depots of the Indian Air Force and the dockyards of the Indian Navy. Also, defence PSUs and ordnance factories typically outsource 20-25% of their requirements to the private sector (mainly small to medium sized enterprises). (*Source: Confederation of Indian Industry & Federation of Indian Chamber of Commerce*)

After considering the capital intensive nature of the defence sector and the need to infuse technology with additional capital, in May 2001 the Government of India decided to open the defence industry up to 100% private sector participation with a permissible FDI of 26%, subject to licensing requirements. The above mentioned policy change resulted in a transfer of all defence items from the reserved category to the licensed category.

With a view to enhancing the participation of the private sector in defence production and procurement, the GoI set up the Kelkar Committee to suggest measures to improve defence acquisitions and procurement. The committee submitted its report to the GoI in November 2005. The recommendations made by the committee are under active consideration of the GOI. (*Source: Confederation of Indian Industry & Federation of Indian Chamber of Commerce*)

Indian Navy Private Participation Initiative: The Indian Navy issued a 15 year indigenisation plan for the years 2008 to 2022 on October 15, 2008. This indigenisation plan states, in part, that industry, including the private sector, can play a vital role in meeting the sophisticated needs of the armed forces through cost-effective utilization of its know-how and existing infrastructure. (*Source: Indian Navy*)

OUR BUSINESS

Overview

We are currently completing the construction of the Pipavav Shipyard, located on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Upon completion of construction, the Pipavav Shipyard will be capable of ship construction and repairs for a range of vessels of different sizes and types, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, rigs, jackets and vessels (but excluding sub-sea pipelines) for oil and gas companies, which we intend to offer in our Offshore Business (“Offshore Business Products”). Commercial operations at the Pipavav Shipyard commenced on April 1, 2009. We are currently constructing vessels while simultaneously completing construction of the offshore yard and installation of two Goliath cranes at the Pipavav Shipyard. The remaining construction of the Pipavav Shipyard (excluding the offshore yard) is expected to be completed in October 2009. We have commenced construction of four vessels, the first of which we expect to deliver in April 2010, with subsequent deliveries expected to occur at intervals ranging from one to three months thereafter.

Our Company was established in 1997. The Pipavav Shipyard was originally planned and developed by us as a ship-dismantling facility, in order to meet anticipated demand arising from International Maritime Organization (“IMO”) regulations that were expected to be implemented in 2002 and which would have resulted in an increased rate of retirement of older tankers by shipowners. When implementation of the IMO regulations was deferred, we decided to convert the ship-dismantling facility then under construction into a shipyard in order to meet expected increase in demand for new vessels. Most of the existing infrastructure from the ship-dismantling facility, including two wet docks of approximately 680 meters in length and 60-65 meters in width, is being incorporated into the construction of the Pipavav Shipyard. The construction of the Pipavav Shipyard includes:

- conversion of one of the two existing wet docks into a dry dock measuring 662 meters in length and 65 meters in width, and which is capable of accommodating ships of up to 400,000 DWT and/or multiple combinations of smaller vessels including vessels catering to offshore activities such as offshore supply vessels (“OSV”), anchor handling tug supply vessels and multi-purpose support vessels;
- the construction of a fabrication and block assembly facility for shipyard operations;
- the establishment of dedicated facilities comprising an offshore yard with load out facilities for our Offshore Business Products; and
- the installation of two Goliath cranes, each having a lifting capacity of up to 600 tonnes, including fit out berths, for building and repairing vessels, including naval vessels and coast guard vessels.

As of the date of this Red Herring Prospectus, we:

- have firm order agreements with Golden Ocean Group Limited (“Golden Ocean”) and AVGI Maritime Group (“AVGI”) for the construction of 10 Panamax bulk-carriers of 74,500 DWT each, having an aggregate value of US\$ 373.52 million (Rs. 17,880 million), scheduled for delivery from April 2010 to May 2012;
- remain in discussions with Golden Ocean to amend two additional firm order agreements for Panamax bulk-carriers of 74,500 DWT each so as to grant Golden Ocean options under those agreements, exercisable by December 31, 2010, to take delivery of each vessel, with such options having an aggregate value of US\$ 71.26 million (Rs. 3,411 million) if both are exercised and an option fee of US\$ 7.0 million (Rs. 335.09 million) if the options are not exercised;

- are in discussions with AVGI to amend six additional firm order agreements for Panamax bulk-carriers of 74,500 DWT so as to grant AVGI unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of one or more of those vessels if it is unable to arrange funding for the relevant vessel, such vessels having an aggregate value of US\$ 231 million (Rs. 11,058 million);
- are engaged in arbitration with Setaf regarding whether it has the right to cancel one or more of four firm order agreements for Panamax bulk-carriers of 74,500 DWT each, such orders having an aggregate value of US\$ 144 million (Rs. 6,893 million), but we are also engaged in simultaneous discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders; and
- received notification from Oil and Natural Gas Corporation Limited (“ONGC”) on June 26, 2009 of the award of contract for construction of 12 OSVs scheduled for delivery from June 2011 to December 2011, with an aggregate contract value of US\$ 111.85 million (Rs. 5,354 million). We were obliged to execute a definitive contract within one month from the date of award of contract, however, we have not yet entered into a definitive contract with ONGC. Pursuant to this notification of award of contract, ONGC requires us to construct and supply the vessels from our SEZ Unit in “technical collaboration” with Jurong Shipyard, Singapore. The contract is a fixed priced contract that does not allow for an escalation of contract price on any grounds.

We are led by a team of qualified and experienced managers, both from India and abroad, who are focused on different aspects of shipbuilding. We have also executed cooperation agreements with various companies that have substantial experience in the shipbuilding business. In particular, we have entered into agreements with KOMAC, a Korean ship design consulting firm, to provide our Company with ship design, drawings, plans and documents, procurement support for supply of non-Indian sourced shipbuilding materials, shipboard machineries and equipments, production management services related to the start-up and initial operation of the Pipavav Shipyard, and technical support services related to the construction of the Panamax bulk carriers. We have also entered into agreements with PILS Co. Limited of South Korea, a procurement and logistics firm, to assist us with the procurement of certain component parts for production, and have also executed a technical assistance agreement with SembCorp, a company which operates shipyards and offshore construction and fabrication facilities in Singapore. In November 2007, SembCorp acquired an equity stake of 17,500,000 Equity Shares in our Company, representing approximately a 3.02% shareholding interest as of the date of the Red Herring Prospectus.

The Pipavav Shipyard was originally promoted by SKIL and Grevek Investments, which hold in the aggregate shareholding interests of approximately 23.09% in our Company as of the date of the Red Herring Prospectus. These original promoters have been joined by Punj Lloyd through its acquisition of 129,361,538 Equity Shares of our Company, representing an equity interest of approximately 22.29% as of the date of the Red Herring Prospectus. SKIL has a track record of promoting infrastructure projects in India and Punj Lloyd is an engineering and offshore construction company in India providing integrated design, engineering, procurement, construction and project management services for energy and infrastructure projects.

As regards commercial shipbuilding, we intend to initially focus on the serial construction of large vessels built to standard specifications and widely used by shipowners, such as the Panamax bulk carriers, which currently comprise our commercial shipbuilding order book. By focusing on construction of multiple Panamax bulk carriers in the initial stages of our shipbuilding operations, we believe that we should be able to achieve efficiency and cost competitiveness in our manufacturing process through economies of scale and develop effective shipbuilding techniques such as “just-in-time” production methods that are consistent with those generally used by international shipyards.

We also intend to capitalize on expected growth in offshore oil and gas exploration and production activities by providing offshore fabrication facilities at the Pipavav Shipyard. As a co-promoter, Punj Lloyd has agreed to conduct all of its offshore business (excluding the construction and fabrication of sub-

sea pipelines) in India through us and is expected to provide us with access to opportunities in the Offshore Business industry, which includes business opportunities in the fabrication and construction of offshore platforms, rigs, jackets and vessels for the oil and gas industry.

In order to mitigate the effects of the cyclical nature of commercial shipbuilding, we also intend to focus on building ships for the military and the government, initially focusing on vessels for the Indian navy and coast guard. In addition, we intend to utilize our shipbuilding facilities to repair a wide range of vessels, including VLCCs and OSVs, as well as naval, coast guard and other specialty vessels such as LNG carriers.

The construction of the Pipavav Shipyard is substantially complete. The installation of two Goliath cranes, each capable of lifting up to 600 tonnes, is currently underway and the construction of the Pipavav Shipyard (other than the offshore yard) is expected to be completed by October 2009. The offshore yard, which is currently being developed to cater to business opportunities in the fabrication and construction of Offshore Business Products, is expected to be ready for full utilisation by the end of March 2010. Based on information on other shipyards' websites as to their actual capacity and their capacity under construction and assuming no further increases in such capacity, we believe that, upon completion, Pipavav Shipyard will have the largest dockyard in India, with a capacity to build and repair ships of up to 400,000 DWT, together with facilities for fabrication / assembly of products for the offshore sector.

As of June 30, 2009, we had already placed orders for certain raw materials, equipment and other components required for the construction of vessels in amounts aggregating US\$210.31 million (Rs. 10,067.54 million). We have placed orders in a variety of currencies, including Indian Rupees, Japanese Yen, U.S. Dollars and Euros. The aggregate amount of placed orders has been converted into U.S. Dollars at the exchange rate prevailing at the date on which orders are placed.

The Pipavav Shipyard enjoys strategic locational advantages and favourable marine conditions and is located adjacent to the Pipavav Port, a modern seaport which was promoted and constructed by GPPL, which originally was a subsidiary of SKIL that was jointly promoted by SKIL and GMB. The Pipavav Port is now owned, operated and managed by the A.P. Møller Group of Denmark following its acquisition of GPPL. The Pipavav Port has connecting rail and road links, including a 273 km railway completed in 2003 (the "Pipavav Railway") and a link road completed in 2001 (the "Pipavav Link Road").

Our Subsidiary, E Complex, is involved in the development of a sector-specific Special Economic Zone ("SEZ"). Pipavav Shipyard Limited has established a unit in the SEZ developed by E Complex ("SEZ Unit"). This SEZ Unit was approved on January 8, 2008 and was established to carry out our fabrication and block assembly activities within the SEZ in order to benefit from certain advantages available to companies that operate within such SEZs. The Office of the Development Commissioner of KASEZ had confirmed that the Letter of Approval granted to our SEZ Unit shall be valid for a period of five years commencing from the date of commencement of commercial production, i.e., April 1, 2009. The shipyard itself is an Export Oriented Unit ("EOU"). The Office of the Development Commissioner of KASEZ had confirmed that Letter of Permission granted to our EOU shall be valid for a period of five years commencing from the date of commencement of commercial production, i.e., April 1, 2009. The E Complex facilities and the Pipavav Shipyard are linked by a 4.5 km dedicated road that was developed by the Company in 2008.

Our Competitive Strengths

We believe that our key competitive strengths include the following:

- *We expect to be able to leverage the experience and resources of our co-promoters.*

We believe that one of our strengths is the combined resources of our promoter SKIL and our co-promoter Punj Lloyd. We intend to leverage the experience of each of SKIL and Punj Lloyd in their respective fields of infrastructure construction and offshore construction.

SKIL, our promoter, has experience in the owner-managed construction of infrastructure projects in India, including the Pipavav Port, which received its first vessel in 1996, the Pipavav Railway and the Pipavav Link Road. The Pipavav Port was developed by GPPL, which originally was a subsidiary of SKIL that was jointly promoted by SKIL and GMB. The A.P. Møller Group of Denmark, an international maritime conglomerate, acquired SKIL's interests in GPPL in 2005 and now operates and manages the Pipavav Port. SKIL's interests in the Pipavav Railway were also acquired by the A.P. Møller Group in 2005. SKIL also initially led the conceptualization and development of the Mumbai Special Economic Zone as one of the largest SEZs in India, as well as the Navi Mumbai Special Economic Zone, which was co-promoted by the City and Industrial Development Corporation of Maharashtra Limited. In 2005, a majority interest in both SEZs was acquired by the Reliance Group through Mumbai SEZ Limited and Navi Mumbai SEZ Private Limited, respectively. SKIL still owns equity interests in each of these SEZs. We believe that SKIL's extensive experience in the development of infrastructure projects in India on an owner-managed basis will help us achieve the timely construction of our shipbuilding facility to meet our current and future order book delivery obligations.

Punj Lloyd, our co-promoter, provides integrated design, engineering, procurement, construction and project management services for energy and infrastructure projects. Punj Lloyd has executed and is working on a number of engineering, procurement and construction projects in the oil and gas sector within and outside India including the Heera Field Redevelopment offshore platform project for ONGC in India, the Betara Complex Development project in Indonesia, the Poleng Process Platform project in Indonesia and a hydrocracker and hydrogen generation unit at Haldia Refinery for Indian Oil Corporation Limited in India. We expect Punj Lloyd's experience and engineering and construction capabilities will be of substantial benefit to us in connection with our entry into the Offshore Business (including in pre-qualifying for Offshore Business tenders, which generally require a substantial track record).

- ***Experience of our strong management team with international experience and contract partners should facilitate the start-up and development of our shipbuilding and offshore businesses.***

We are led by a team of qualified and experienced managers, both from India and abroad, who are focused on different aspects of shipbuilding, engineering and fabrication, including design, manufacturing, marketing, quality control and finance. See the section "Our Management" beginning on page 121 of this Red Herring Prospectus for a description of the members of our senior management team. In addition, we have executed agreements with companies that have substantial experience in the shipbuilding business, including SembCorp, which operates shipyards and offshore construction and fabrication facilities in Singapore, KOMAC, a Korean ship design consulting firm with substantial experience in ship design, materials procurement and production planning and PILS Co. Limited, a procurement and logistics firm. In addition, we expect to leverage the technical expertise and experience of our contract partners in the start-up and development of our shipbuilding and offshore business.

- ***Upon completion of construction, we believe that the Pipavav Shipyard will have a competitive advantage available in terms of its capability to handle large vessels at competitive cost.***

Pipavav Shipyard is expected to have a dry dock facility of approximately 662 meters in aggregate length, with the capacity to accommodate vessels of up to 400,000 DWT and capable of handling merchant ships such as VLCCs and large naval vessels and coast guard vessels, such as aircraft carriers, together with facilities for fabrication / assembly of products for the offshore sector. Based on information on other shipyards' websites as to their actual capacity and their capacity under construction and assuming no further increases in such capacity, we believe that, upon completion, Pipavav Shipyard will have the largest dockyard in India. We believe that we will have a competitive advantage available in terms of our capability to handle large vessels at competitive cost.

- ***Our manufacturing platform should provide a flexible product-mix, marketing and execution capability.***

We believe that the size of the Pipavav Shipyard will provide us with the ability to optimize the marketing of our product mix by providing us the production capability to execute orders for the construction of a wide variety of ships ranging from VLCCs to OSVs as well as naval, coast guard and other specialty vessels such as LNG carriers. Moreover, once completed, our offshore yard will have facilities to manufacture offshore structures. These products generally require advanced design and production technologies, well-coordinated logistics planning and huge production scale. As a result, profit margins on these high value-added products are generally attractive. As we seek to focus on higher margin products, we believe that optimizing product mix to focus on these high value products will help generate diversified sales growth and profitability.

- ***Advanced shipbuilding technology.***

We intend to manufacture vessels of different sizes and types and provide offshore structures utilizing technologically advanced design and production systems, including automation systems and digital technology. We believe that leveraging advanced design and production technologies should give us the flexibility to manufacture a wide variety of vessels and offshore structures in a cost-efficient manner.

- ***Strategic geographic location.***

The Pipavav Shipyard is strategically located along the west coast of India on the sea route connecting the Persian Gulf to Asia, and is approximately 150 nautical miles from Mumbai, a busy international maritime route that is suitably located for the ship repair business. In addition, the Pipavav Shipyard is located relatively close to the offshore oil fields on the western coast of India and not too far from the Middle East, which we believe will be an advantage in tapping the offshore fabrication market. The Pipavav Shipyard is situated adjacent to the Pipavav Port, which is a modern sea port possessing technologically advanced port facilities and infrastructure. Due to its proximity to the Pipavav Port, the Pipavav Shipyard is positioned to benefit from the Pipavav Port's infrastructure facilities, such as approach channel and navigation facilities, water, power, utilities, roads, rails and means of communication. The Pipavav Shipyard also enjoys other strategic locational advantages, such as natural breakwater, tranquil marine conditions, short navigation channel and deep drafts. We believe that the strategic location of the Pipavav Shipyard should provide us with significant advantages and efficiencies, thereby resulting in lower management overheads and increasing cost effectiveness.

- ***Competitive cost structure.***

Because our operations are based in India, we believe that our labour, land and overhead costs will generally be lower than many of our foreign competitors with manufacturing operations in countries such as South Korea and Japan. We also intend to leverage the expected size of our shipbuilding facilities and vessel construction orders to obtain quantity discounts when buying materials and components for our products.

- ***We have confirmed orders to utilize our shipbuilding capacity.***

As described above, we have firm orders for the construction of 10 Panamax bulk carriers of 74,500 DWT each along with options to construct additional Panamax vessels. We have also received notification of award of contract for construction of 12 OSVs. We believe that the construction of these vessels gives us valuable experience and expertise for future projects, as well as provide stable cash flows for the purposes of financing our operations. For a discussion of certain risks relating to our order book, see "Risk Factors" beginning on page xiii of the Red Herring Prospectus.

Our Strategy

- ***Diversified Business Strategy***

We intend to continue to diversify our business by focusing on opportunities across a range of areas and not solely on commercial shipbuilding. For example, we plan to engage in:

- Merchant shipbuilding of sizes and specifications other than Panamax bulk carriers;
- Offshore Business;
- Shipbuilding and repair for navy and coast guard vessels; and
- Ship repair.

We intend to enhance our shipbuilding, ship repair and offshore fabrication facilities and leverage such enhanced facilities to further gain access to the offshore oil and gas exploration and production sector as well as the military and governmental sectors while continuing to expand our shipbuilding and ship repair businesses. We expect that such diversification will enable us to utilize opportunities in each sector without being overly dependent on any one sector.

- ***Develop and enhance product quality and customer service in order to gain market share in our core products.***

We believe quality customer service will be critical to customer retention and repeat-order flow. We will seek to emphasize customer service as an important factor in attracting and retaining shipping companies as customers. We intend to have close interaction with our customers in a bid to strengthen our relationships with them. For example, we intend to work closely with our customers at the very early stages of the product development process to fully understand our customers' needs and specific requirements, particularly regarding the technology and engineering aspects of the vessels. We have developed a dedicated marketing team to obtain feedback for further improvements.

- ***Exploit the expected increase in volume of Indian domestic business.***

We expect demand for our products and services from commercial shipping companies, oil companies and the defence sector. As offshore oil and gas exploration and production is becoming an important source of oil supply, major global and domestic oil companies have increased their investment in this sector in India. The potential for larger reserves, improved economics, declining development costs and better risk and reward profile have contributed to the growth of offshore oil and gas exploration and production activities in India. Subject to improving conditions, we expect an increase in demand for offshore supply and utility ships as well as an increase in the Offshore Business. Similarly, we expect an increase in demand for new, specialized and larger commercial ships in India. We believe that the expected growth in international trade by Indian companies should provide Indian shipowners with opportunities to expand their fleets and businesses, thereby creating opportunities for us in the shipbuilding business. We intend to capitalize on expected growth in offshore oil and gas exploration and production activities as evidenced by notification of award of contract for construction of 12 OSVs awarded to the Company by ONGC. Further, as co-promoter, Punj Lloyd has agreed to conduct all of its offshore business in India through us and is expected to provide us with access to business opportunities in the fabrication and construction of Offshore Business Products in India.

In addition, increased demand for ships for the Indian navy and Indian coast guard has led to a potential market for defence sector shipbuilding. Both the Indian navy and Indian coast guard have shown interest in utilising our facilities and infrastructure to meet their needs, and we have

submitted bids for the construction of five naval offshore patrol vessels and two cadet training ships to the Indian navy. For further information, see “Risk Factors - We may be unable to immediately undertake shipbuilding contracts and other activities for the defence sector due to FDI restrictions” on page xxxiii of this Red Herring Prospectus.

Our Promoters

The Pipavav Shipyard was originally promoted by SKIL and Grevek Investments. These original promoters have been joined by Punj Lloyd through its acquisition of 129,361,538 Equity Shares of our Company, which represents approximately a 22.29% interest as of the date of this Red Herring Prospectus. SKIL has a track record of promoting infrastructure projects in India, and is experienced in owner-managed construction of infrastructure projects including the Pipavav Port, which received its first vessel in 1996, the Pipavav Railway and the Pipavav Link Road. Punj Lloyd is an engineering and offshore construction company in India providing integrated design, engineering, procurement, construction and project management services for energy and infrastructure projects.

Our Contracts

As of the date of this Red Herring Prospectus, we:

- have firm order agreements with Golden Ocean and AVGI for the construction of 10 Panamax bulk-carriers of 74,500 DWT each, having an aggregate value of US\$ 373.52 million (Rs. 17,880 million), scheduled for delivery from April 2010 to May 2012;
- remain in discussions with Golden Ocean to amend two additional firm order agreements for Panamax bulk-carriers of 74,500 DWT each so as to grant Golden Ocean options under those agreements, exercisable by December 31, 2010, to take delivery of each vessel, with such options having an aggregate value of US\$ 71.26 million (Rs. 3,411 million) if both are exercised, and an option fee of US\$ 7.0 million (Rs. 335.09 million) if the options are not exercised;
- are in discussions with AVGI to amend six additional firm order agreements for Panamax bulk-carriers of 74,500 DWT so as to grant AVGI unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of one or more of those vessels if it is unable to arrange funding for the relevant vessel, such vessels having an aggregate value of US\$ 231 million (Rs. 11,058 million);
- are engaged in arbitration with Setaf regarding whether it has the right to cancel one or more of four firm order agreements for Panamax bulk-carriers of 74,500 DWT each, such orders having an aggregate value of US\$ 144 million (Rs. 6,893 million), but we are also engaged in simultaneous discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders; and
- received notification from ONGC on June 26, 2009 of the award of contract for construction of 12 OSVs scheduled for delivery from June 2011 to December 2011, with an aggregate contract value of US\$ 111.85 million (Rs. 5,354 million). We were obliged to execute a definitive contract within one month from the date of award of contract, however, we have not yet entered into a definitive contract with ONGC. Pursuant to this notification of award of contract, ONGC requires us to construct and supply the vessels from our SEZ Unit in “technical collaboration” with Jurong Shipyard, Singapore. The contract is a fixed priced contract that does not allow for an escalation of contract price on any grounds.

The table below shows a break down of the status of these orders:

Status of Agreement	Name of parties	Type of Vessel	Number of Vessels	Total Aggregate Value of Vessels
Firm order agreements	Golden Ocean AVGI	Panamax bulk-carriers of 74,500 DWT	10	US\$ 373.52 million (Rs. 17,880 million)
Firm order agreements subject to renegotiation to grant customer option to take delivery of vessel (option exercisable until December 31, 2010)	Golden Ocean	Panamax bulk-carriers of 74,500 DWT	2	US\$ 71.26 million (Rs. 3,411 million)
Firm order agreements subject to renegotiation to grant customer unilateral right to terminate obligation to take delivery of vessel if it is unable to arrange funding	AVGI	Panamax bulk-carriers of 74,500 DWT	6	US\$ 231 million (Rs. 11,058 million)
Firm order agreements subject to arbitration	Setaf	Panamax bulk-carriers of 74,500 DWT	4	US\$ 144 million (Rs. 6,893 million)
Notification of award of contract for construction	ONGC	OSV	12	US\$ 111.85 million (Rs. 5,354 million)

Renegotiation and Arbitration of Contracts

As of the date of the filing of this Red Herring Prospectus, the current contracts signed with each customer have not been amended or terminated although they are being renegotiated and new amendments need to be agreed and signed. The current position with regards to the renegotiation of these orders is as follows:

- Golden Ocean Group Limited placed an order for six Panamax bulk carriers (74,500 DWT each) in November 2006. We have recently been in discussions with Golden Ocean regarding the terms of these orders. We expect that the orders for four of these vessels, having an aggregate value of US\$ 142.52 million (Rs. 6,822.43 million), will remain unchanged. We remain in discussions with Golden Ocean to amend the agreements for the other two orders to grant Golden Ocean an option under those agreements to take delivery of each such vessel. If the option is not exercised in respect of these two vessels by December 31, 2010, Golden Ocean will pay us US\$ 3.5 million (Rs. 167.50 million) per vessel as an option break fee. The aggregate value of the two vessels that would be subject to the option is US\$ 71.26 million (Rs. 3,411 million).
- The AVGI Maritime Group placed orders for 12 Panamax bulk carriers (74,500 DWT each) in December 2006. AVGI has proposed a reduction in price for each of these vessels, accompanied by certain relaxations in the specifications of the vessels. Further, we are in discussions to amend the agreements for six of the orders from the AVGI Group to grant it unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of each of the vessels to be constructed pursuant to those agreements if it is unable to arrange funding for the relevant vessel. As part of the consideration for the renegotiation of the 12 agreements, the AVGI Group has agreed, subject to contract, to pay us a renegotiation fee of US\$ 15 million (Rs. 718 million). Further, we will have the right of first refusal in respect of all vessels to be purchased by AVGI in the future from shipbuilding companies located in Asia.

AVGI has paid down payments and advances in respect of all 12 Panamax bulk carriers that it originally ordered from us. We have been asked to prepare a mechanism that would be used to set off amounts paid by AVGI in respect of vessels for which their right to terminate the obligation to take delivery has been exercised towards payment installments for vessels which AVGI will take on delivery. The mechanism that we have proposed and which we believe has been accepted in

principle by AVGI (subject to contract) is that each vessel from the group of six of which AVGI must take delivery (“Group A”) will be linked to one specified vessel from the group of six over which AVGI has the right to terminate its obligation to take delivery (“Group B”). In respect of each vessel of the Group B for which the right to terminate the obligation to take delivery is exercised, the residual amount from the first two installment payments for such vessel will be applied towards the last two (the fifth and sixth) installment payments for the corresponding Group A vessel in accordance with the terms of the relevant agreements for such vessels. The right to terminate the obligation to take delivery of a Group B vessel would end prior to third installment payment becoming due. The aggregate value of the Group A vessels is US\$ 231 million (Rs. 11,058 million) and the aggregate value of the Group B vessels over which AVGI has the right to terminate its obligation to take delivery is US\$ 231 million (Rs. 11,058 million).

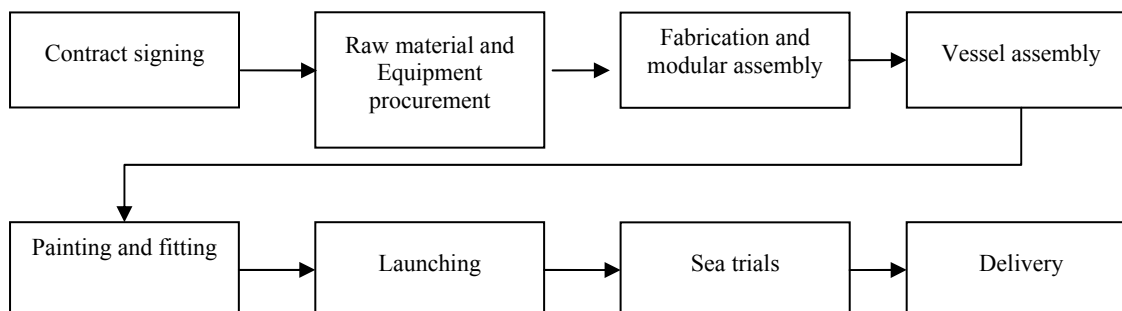
- Setaf (part of the Bourbon Group of France) placed orders for four Panamax bulk carriers (74,500 DWT each) at an aggregate price of US\$ 144 million (Rs. 6,893 million). An arbitration process is underway between the parties to determine whether Setaf has the right to cancel one or more of the four orders. We are simultaneously engaged in discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders.

Our order book represents business that is considered likely, but changes to the scope of our order book or schedule adjustments have occurred and may continue to do so. We may also encounter problems executing the project as ordered, or executing it on a timely basis. For further information, see “Risk Factors - Our commercial shipping customers have sought to renegotiate their agreements with us and we are engaged in arbitration with one of them in respect of our agreements with it” and “Risk Factors – Delays in the manufacturing and delivery of vessels to customers may result in our being liable to pay our customers damages or otherwise adversely affect our reputation, business, financial condition, results of operation and prospects” beginning on pages xxv and xxiii of the Red Herring Prospectus, respectively.

Our Shipbuilding Operations

The construction process for a vessel is typically divided into eight distinct stages:

Ship Construction Process



We are building commercial vessels and intend to fabricate offshore facilities and build naval vessels and coast guard vessels based on contractual drawings and specifications initially taken from bought-in designs from experienced and reputed design companies. We anticipate that the period between receiving an order or contract for a new bulk carrier and delivery of that vessel will range from about 22 months to 45 months depending on the size of our order book at the relevant time. We expect that going forward the actual production time for a bulk carrier, from first steel-cutting to delivery, to initially be about 15 months, which we expect to reduce over time as we gain more experience and improve our productivity.

A project management team has been assigned to supervise all aspects of the vessel construction project from the date the contract is signed until delivery. The project management team will oversee the

completion of the project's drawings and supervise the planning of the project's construction. The project management team will also oversee the purchase of all supplies and equipment needed to construct the project, as well as the actual construction of the project.

We are building vessels on a modular basis. Steel plates have been purchased from India and abroad and transported to our fabrication facility in the SEZ Unit where they are prepared and then assembled into blocks. Blocks of up to 350 tonnes are transported to the dry dock where they are assembled into the vessel hull, outfitted with propulsion systems, superstructure and other components and prepared for launch. After launch, the vessel goes through final outfitting and finishing in preparation for sea trials and commissioning.

Component parts, such as propulsion systems, hydraulic systems and generators, auxiliary machinery and electronic equipment are purchased separately by us and installed in the vessel. We use job scheduling and costing systems to track progress of the construction of the project, allowing us and the customer to remain apprised of the status of the project's construction.

Construction drawings and bills of materials are prepared for each module to be fabricated. Modules are built separately, and penetrations for piping, electrical and ventilation systems for each module are positioned and cut during the plasma cutting operation. Piping, raceways and ducting will also be installed prior to the final assembly of modules. As much as possible, pre-outfitting is done at this block fabrication stage. After the blocks are assembled to form the vessel, final outfitting will take place prior to and after launching, before the sea trials and delivery of the vessel.

We expect to enhance the productivity of the Pipavav Shipyard operations after having automated certain key parts of the fabrication and assembly process, including automatic welding and computer-integrated manufacturing and steel-cutting processes and by roofing many of the facilities at the shipyard to permit their use in all-weather conditions.

We have executed cooperation agreements with various companies that have substantial experience in the shipbuilding business. In particular, we have entered into agreements with KOMAC, a Korean ship design consulting firm, to provide our Company with ship design, drawings, plans and documents, procurement support for supply of non-Indian sourced shipbuilding materials, shipboard machineries and equipments, production management services related to the start up and initial operation of the Pipavav Shipyard, and technical support services related to the construction of the Panamax bulk carriers that comprise our initial order book. We have also entered into agreements with PILS Co. Limited, a procurement and logistics firm, to assist us with the procurement of certain component parts for production. We have also executed a technical assistance agreement with SembCorp, a company which operates shipyards and offshore construction and fabrication facilities in Singapore.

Our Facilities

The Pipavav Shipyard was originally planned and developed as a ship-dismantling facility, in order to meet anticipated demand arising from IMO regulations that were expected to be implemented in 2002 and which would have resulted in an increased rate of retirement of older tankers by shipowners. When implementation of the IMO regulations was deferred, we decided to convert the ship-dismantling facility then under construction into a shipyard in order to meet expected increase in demand for vessels among shipowners.

The infrastructure located at the Pipavav Shipyard originally included two wet docks – one approximately 680 meters long and 65 meters wide and the other approximately 680 meters long and 60 meters wide. We have converted the first and larger of these two wet docks into a 662 meters long and 65 meters wide dry dock along with fit out berths. The second of Pipavav Shipyard's two wet docks remains a wet dock and includes a basin with diaphragm walls, side wall structures, earth slopes, rock protections and excavated and dredged areas. The Pipavav Shipyard also has certain plant and equipment, such as cranes and workshops. We have completed a fabrication and block assembly facility for our shipyard operations. We are installing two Goliath cranes, each having a lifting capacity of 600 tonnes, including fit out berths,

which are necessary to facilitate the building and repairing of vessels, including naval vessels and coast guard vessels. We are also in the process of setting up an offshore yard for the fabrication and construction of our Offshore Business Products. We expect to complete construction of the Pipavav Shipyard by October 2009 (excluding the offshore yard).

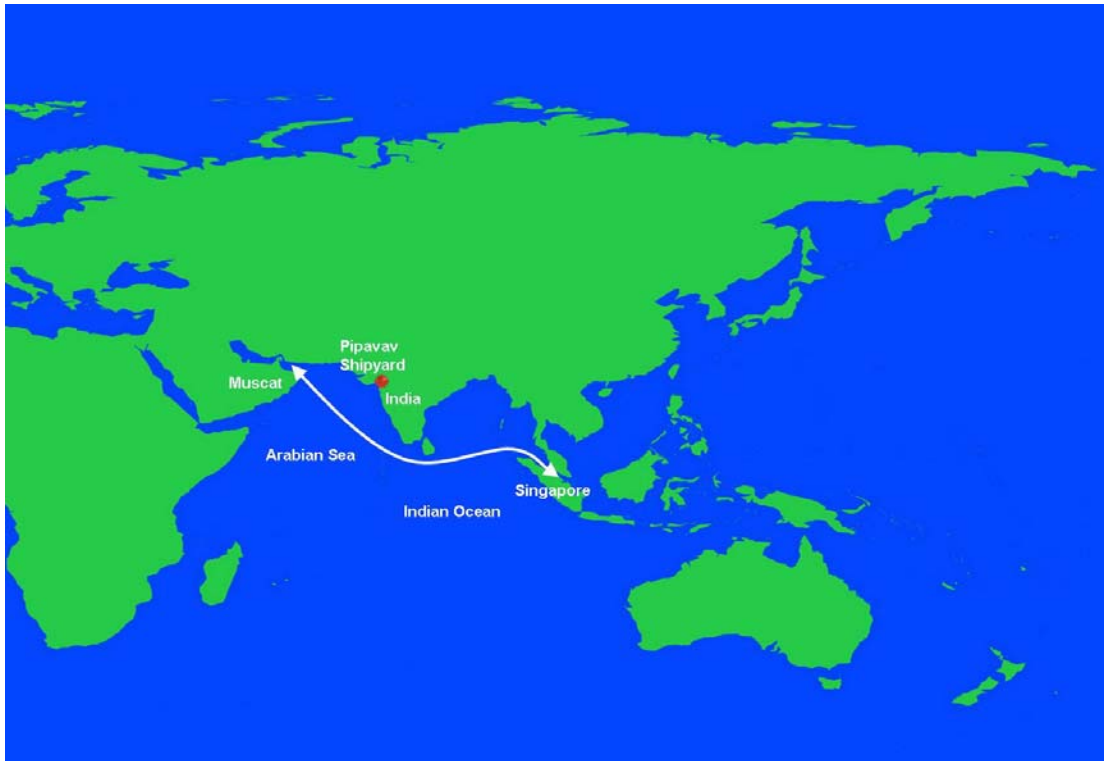
We are executing existing orders on our order book on a modular basis and initial orders are being executed simultaneously with the completion of construction of our shipyard facilities. We have completed fabrication and block assembly facility for our shipyard operations. Steel plates, purchased from Indian and foreign steel mills, are transported to it, where they are prepared and assembled into blocks. Blocks are then expected to be transported to the dry dock using low-bed transporters with a lift capacity of up to 350 tonnes. At the dry dock, blocks will be assembled into the vessel hull, outfitted with propulsion and other systems, superstructure and other components and prepared for launch. After launch, the outfitting of the vessel will be completed with additional components including hydraulic systems, generators, auxiliary machinery and electronic equipment, in preparation for sea trials and delivery to the customer. Our Offshore Business is not expected to require use of the ship assembly facilities required to meet our current order book.

See the section “Objects of the Issue” beginning on page 48 of the Red Herring Prospectus for a description of certain of the existing and expected plant and equipment at the Pipavav Shipyard.

Location of Pipavav Shipyard

We believe that the strategic location of the Pipavav Shipyard along major shipping lanes will provide us with significant advantages and efficiencies, resulting in lower overheads and cost effectiveness.

The Pipavav Shipyard is ideally situated between Dubai and Singapore adjacent to some of the busiest shipping lanes in the world. It is approximately 150 nautical miles from Mumbai, one of the busiest international maritime ports in India. The Pipavav Shipyard should also benefit from traffic calling at other ports on the west coast of India and Pakistan. In addition, the Pipavav Shipyard is located relatively close to the offshore oil fields on the western coast of India and not too far from the Middle East.



The Pipavav Shipyard is strategically located adjacent to the Pipavav Port, which is a modern sea port possessing technologically advanced port facilities and infrastructure, and is well positioned to benefit from the infrastructure of the Pipavav Port, such as approach channel and navigational facilities, water, power, utilities, roads, rails and means of communication. The Pipavav Shipyard also enjoys other strategic locational advantages, such as natural breakwater, tranquil marine conditions, short navigation channel and deep drafts.

Raw Materials and Components

The principal raw material used for the construction of vessels is steel plate. We expect steel plate to account for a significant portion of our cost of operations. We have purchased steel plate from domestic and international suppliers based on criteria including price, supply capacity and timing of delivery. In line with our intended strategy to use “just-in-time” production methods, we expect to arrange for the purchase and delivery of the majority of the steel plate on a when, if and as required basis. We may, however, from time to time order steel plate in advance, particularly from our overseas suppliers, in order to seek price advantages or security of supply during periods of high consumer demand. We intend to develop ongoing working relationships with our major suppliers and expect to purchase steel at competitive prices.

The key components used by us in the construction of vessels will be propulsion systems, consisting of engines and propellers. We expect propulsion systems to account for a significant portion of our cost of raw materials. We have placed orders with ship engine manufacturers for our initial supply of main engines. We have ordered component parts such as hydraulic systems, generators, auxiliary machinery and electronic equipment, including telecommunications and navigational equipment. We expect purchase contracts for these component parts to be denominated primarily in U.S. dollars, Euro and Indian Rupees. As of June 30, 2009, we had already placed orders for certain raw materials, equipment and other components required for the construction of vessels in amounts aggregating US\$210.31 million (Rs. 10,067.54 million). We have placed orders in a variety of currencies, including Indian Rupees, U.S. Dollars, Japanese Yen, Euros and Norwegian Kronor. The aggregate amount of placed orders has been converted into U.S. Dollars at the exchange rate prevailing at the date on which orders are placed.

Raw materials and component parts are, and are expected to continue to be, sourced both from domestic and foreign suppliers. For further information see “Risk Factors - Changes in the availability and price of our raw materials may adversely affect our business and results of operations” beginning on page xxxiii of the Red Herring Prospectus.

Sales and Marketing

We believe that the reputation and experience of our promoter and co-promoters, partners and management team will facilitate our marketing efforts. We plan to develop a customer base consisting of both Indian and foreign companies. We expect to develop our network of potential customers through various marketing efforts including sales visits, interaction with shipbrokers and existing customer base, advertising and attendance at conferences and industry exhibitions and other public relations activities.

Through our strategic relationship with Punj Lloyd, we also intend to focus on the expansion of our customer base to include oil and gas companies, offshore oilfield services companies, marine service companies and offshore drilling or support companies in the offshore oil and gas exploration sector.

Contract Procedure and Structure

We expect that our contracts will generally be obtained through a global competitive bidding process as well as by direct negotiations with customers. We expect that substantially all of the contracts that will be entered into by us will be fixed-price contracts under which we retain all cost savings on completed contracts but are liable for all cost overruns. Because we have a limited operating history and are only in the early stages of developing a reputation among domestic and international shipowners, we expect that

initially our ability to succeed in competitive bidding processes will depend significantly on the price competitiveness of our bids.

In addition, in selecting contracts for major offshore platform construction projects, customers generally limit the tender to contractors they have pre-qualified based on a number of criteria including experience, technological capacity and performance, reputation for quality safety record, financial strength and bonding capacity and size of previous contracts in similar projects, although price competitiveness of the bid is one of the most important criteria. Because of our limited operating history, we do not currently possess many of the foregoing pre-qualification requirements, and intend to participate in such opportunities in the offshore platform construction sector by preparing tenders jointly with Punj Lloyd and other eligible companies for the procurement of the offshore platform construction contracts. We also intend to implement any such contracts awarded to us, with Punj Lloyd and/or SembCorp providing necessary support wherever required. We cannot predict with any certainty the frequency or timing of new contract awards.

Although contract terms will be negotiated on a case-by-case basis, our contracts are expected to provide for a down payment at the beginning of the contract period, with progress payments at specified milestones of construction and a final payment upon delivery. These key milestones are set out in the contract terms with each customer and include: (i) signing of the contract, (ii) three months from the date of receipt of the first advance, (iii) at or prior to steel cutting, (iv) keel laying and (v) launching. Final payment is made upon delivery of the ship.

Final payments are expected to be subject to deductions (capped under the contract) on account of delay in delivery of the vessel or if the vessel fails to meet certain performance specifications based on tests conducted by us prior to delivery and additions if the buyer has requested modifications to the previously agreed specification. We may also receive, in some cases, bonuses for early delivery. All vessels, prior to delivery, are subject to periodic and final testing by a classification society.

Certain of our contracts are expected to require bank refund guarantees for pre-delivery instalments, letters of credit, advance payment bonds, retention bonds, warranty bonds, contract bid bonds and performance bonds or similar obligations. With respect to our commercial vessel contracts, we generally expect to provide a warranty for a period between 12 and 18 months with respect to workmanship and materials furnished by us. We also expect to have back-to-back contractual arrangements with our suppliers to mitigate our potential liability under those warranties.

Shipbuilding Subsidy

Until August 14, 2007, the GOI provided a ship building subsidy of 30% to shipbuilding companies in connection with the construction of (i) ocean-going merchant ships over 80 meters in length manufactured for the domestic market and (ii) ships of all types that were manufactured for the export market, subject to fulfillment of certain conditions. Under this GOI policy, the subsidy was available to private shipyards in respect of ships that met the GOI eligibility requirements upon completion of construction and delivery of eligible ships. Prior to August 14, 2007, we filed eligibility applications with the GOI in order to obtain the subsidy in respect of 22 Panamax bulk carriers which comprised our order book as at that date. However, on August 14, 2007, the shipbuilding subsidy policy of the GOI expired. In March 2009, the Government of India issued a notification clarifying that all shipbuilding contracts entered into prior to August 14, 2007 would be eligible for the subsidy. Accordingly, our original contracts in respect of 22 Panamax bulk carriers are eligible for the subsidy. Also, if any shipbuilding contract entered into prior to August 14, 2007 were to be cancelled and a new contract entered into with respect to the vessel that would have originally been built under the cancelled shipbuilding contract, the subsidy would no longer be available in respect of such vessel. Further, since August 14, 2007, there has been no shipbuilding subsidy policy in force and there is no assurance that the GOI will pay any subsidy or provide any other incentives to us in the future. For a discussion of certain risks relating to shipbuilding subsidy, see “Risk Factors – Currently, there is no subsidy available to shipbuilding companies in India for contracts entered into after August 14, 2007. Our profitability may be adversely affected if we do not receive a shipbuilding subsidy from the GOI” beginning on page xli of the Red Herring Prospectus.

Competition

We expect to compete against Indian and international public and private sector shipyards on the range of products that we intend to build, fabricate and repair. Our key competitors are expected to be international shipyards, particularly in China, Korea and Japan. We also expect to compete against Indian shipbuilders for smaller vessel construction projects.

International Competition

We expect to face international competition from countries like China, Korea and Japan. There has been a significant increase in capacity both through the construction of new facilities and upgrading of existing shipyards in the global shipbuilding industry. China in particular is now emerging as a major player in the industry and is the price leader. Japanese and South Korean shipbuilders presently dominate major segments of the ship construction industry, including tankers and bulk carriers. This dominance in ship construction is likely to continue, since tankers and bulk carriers are expected to constitute the major growth areas in shipbuilding. We expect to face significant competition from Chinese shipyards due to the competitive cost of labour in China. For further information, see the section “Shipbuilding, Offshore Fabrication and Defence Industries” on page 68 of the Red Herring Prospectus.

Domestic Competition

We expect to face domestic competition from existing Indian shipyards. Many of these shipyards have significant track records of shipbuilding production and strong order books. As a result, many of these shipyards have substantially more experience than us in the shipbuilding business, and may have greater financial resources than us and better relationships with suppliers of raw materials and equipment. In the event that demand for new vessels were reduced, the track record, financial resources and supplier relationships of our competitors may place us at a competitive disadvantage in bidding for new shipbuilding orders for commercial ships. For further information, see the section “Shipbuilding, Offshore Fabrication and Defence Industries” on page 68 of the Red Herring Prospectus.

Environmental, Occupational, Health and Safety

As an industrial enterprise, we are subject to extensive and changing laws and regulations designed to protect the environment both in India and other countries, including laws and regulations that relate to air and water quality, impose limitations on the discharge of pollutants into the environment and establish standards for the treatment, storage and disposal of toxic and hazardous wastes. As such, stringent fines and penalties may be imposed for non-compliance with environmental laws. Additionally, these laws require the acquisition of permits or other governmental authorizations before undertaking certain activities, limit or prohibit other activities because of protected areas or species and impose substantial liabilities for pollution related to our operations or properties.

We have obtained the consent of the Gujarat Pollution Control Board under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, to establish facilities for the fabrication of modules for shipbuilding and for the assembly of fabricated modules/blocks. We also received the environmental clearance under the Coastal Regulation Zone Notification, 1991, as amended, covering both our fabrication and block assembly facility and the shipyard site from the Ministry of Environment and Forests, Government of India.

Although no assurance can be given, we believe that we are in compliance in all material respects with all environmental laws and regulations. To the best of our knowledge, there are currently no proceedings pending or, to our knowledge, threatened against us, any of our Directors, officers or employees in relation to such statutes or regulations. In general, we expect to establish environment-friendly facilities with appropriate mechanisms for the treatment and disposal of waste and hazardous materials.

Our facilities and operations are governed by Indian laws and regulations relating to worker health and workplace safety. We believe that appropriate precautions are taken to protect employees and others from workplace injuries and harmful exposure to materials handled and managed at our facilities.

Quality Assurance

We believe that the quality of our vessels and the services that we will provide to our customers will be crucial for our growth. We have established a quality control department comprising of engineers and support personnel with significant experience in the shipbuilding industry, and we intend to further strengthen this department. We expect to establish a set of quality control assurance and monitoring procedures applicable to every stage of the vessel construction process. As part of our quality control process, sample testing is, and will be conducted on raw materials before the entire batch is utilized in our construction process. We conduct, and intend to conduct visual inspections throughout the construction process for adherence to the production and design blueprints. Testing and sea trials are also expected to be conducted prior to delivery of the vessel to our customers. In the event that there are rectification works to be done to the vessel, re-trials may be ordered prior to delivery to ensure that the vessel meets all required specifications. We have executed cooperation agreements with various companies that have substantial experience in the shipbuilding business.

On October 14, 2008 Det Norske Veritas, Netherlands (“DNV”), awarded to us Management Quality Certificate No. 39820-2008-AQ-IND-RvA conforming to Quality Management System Standard ISO 9001:2000 in connection with all our activities related to design, development and construction of ships and repairs, maintenance and overhaul of ships and offshore structures.

Employees

We are in the process of recruiting and building-up an organisation of qualified shipbuilding and service management and personnel.

As of June 30, 2009, we had 423 full-time employees and 42 consultants/retainers.

While we consider our current labour relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

In addition to a base salary and a performance linked variable pay, we provide a number of benefits to our employees, such as reimbursement of medical expenses, housing or rent assistance, healthcare and retirement benefits. Production linked and productivity incentive schemes are a regular part of our employee evaluation process. These schemes are worked out through a consultative process.

Property

The land on which the Pipavav Shipyard and related facilities are being constructed and our registered office is located measures approximately 198.92 hectares (approximately 491.53 acres), the breakdown of which is as follows:

A. SEZ Unit:

For purposes of the fabrication and block assembly facilities being set up at the Company’s SEZ Unit, the Company entered into a lease deed dated January 8, 2008, as amended on February 26, 2009, March 25, 2009 and March 31, 2009, with its subsidiary, E Complex, in relation to approximately 95 hectares (approximately 234.75 acres) of land at villages Rampara II and Lunsapur in District Amreli and Sub-district Rajula in the State of Gujarat for a period of 20 years commencing from January 8, 2008. This lease may be extended for additional periods of 20 years each, for a minimum period of 60 years.

The rent payable under this deed is Rs. 25 million per year for the five-year period between 2008 and 2012, Rs. 27.5 million per year between 2013 and 2017, Rs.30 million per year between 2018 and 2022 and Rs.32.5 million per year between 2023 and 2028. Pursuant to a letter agreement dated February 26, 2009, the rent for the year 2008-2009 was reduced to Rs.100,000.

Pursuant to a memorandum of understanding dated March 31, 2009, as amended, between the Company and E Complex, until the execution of a final lease deed, E Complex will undertake the development of the facilities on the land. Upon the transfer of the facilities from E Complex to the SEZ Unit, on an 'as is where is basis', the SEZ Unit will complete the development of the facilities. The Company and E Complex have agreed to mutually decide the commercial terms of the lease of the facilities at a future date.

B. Export Oriented Unit:

The shipyard site itself is an Export Oriented Unit, and is located on land measuring 103.92 hectares (approximately 256.79 acres) comprising the following:

1. *Land measuring approximately 10.505 hectares*

Pursuant to the Lease Agreement between GMB and GPPL, GMB leased land to GPPL measuring approximately 423 hectares and 69 square meters (approximately 1,056 acres) located in village Rampara, District Amreli, State of Gujarat, for a term of 30 years, together with the right to use the foreshore land and the waterfront. The Lease Agreement is also subject to termination or renewal of the Concession Agreement.

Our Company entered into the Sub-Lease Agreement with GPPL on October 7, 1998. The Sub-Lease Agreement grants our Company leasehold rights over land measuring 10.505 hectares (approximately 25.95 acres) and the right to use the foreshore land and the waterfront area. Our Company is required to use such land and the waterfront area for shipyard activities and for which it has the right to reclaim, excavate, enclose and raise any part of the foreshore land and the waterfront.

The rent payable under the Sub-Lease Agreement is Rs. 45,000 per year provided that such rent may be increased by 2.48% of any increase in the rent under the Lease Agreement, which is stated as the proportion which the land leased under the Sub-Lease Agreement forms in relation to the land leased to GPPL under the Lease Agreement. The rent under the Sub-Lease Agreement is subject to escalation every three years at a rate not exceeding 20% of the previous revision. Our Company is also required to make a contribution towards expenses incurred by GPPL for the maintenance of the waterfront.

The term of the Sub-Lease Agreement is one day less than the term of the Lease Agreement, which is subject to termination or renewal of the Concession Agreement. Upon termination of the Concession Agreement, the Lease Agreement and the Sub-Lease Agreement shall automatically terminate. If the Lease Agreement is renewed, GPPL shall grant a new sub-lease to the Company for an additional period of 30 years or such period equal to one day less than the extended lease period, upon mutually agreed terms and conditions.

Under the terms of the Sub-Lease Agreement, our Company is required to comply with the provisions of the Concession Agreement. The obligations and restrictions of GPPL under the terms of the Concession Agreement and the Lease Agreement have been incorporated by reference into the Sub-Lease Agreement as obligations and restrictions of our Company. Certain terms of the Concession Agreement include the following:

- Ownership of all land reclaimed by GPPL on the waterfront within the port limits vests with GMB. No lease rentals are payable for the occupation and use of such land by GPPL.
- GPPL is entitled to sub-lease the leased premises under intimation to GMB.

- GPPL's events of default include material breaches of material provisions, repudiation of the Concession Agreement by GPPL and the abandonment by GPPL of construction or operation of the port and related facilities for a consecutive period of 45 days.
- GPPL may lease or license the use of the assets constructed by it on the leased premises to third parties to be operated and/or used by such third parties.
- GPPL shall be required to ensure that third parties or the lessees comply with applicable law and the terms of the Concession Agreement.

In addition, upon termination of the Sub-Lease Agreement, whether at the end of its term or upon an early termination, the immoveable properties on the Pipavav Shipyard will be transferred to GMB through GPPL. As consideration for this transfer, our Company is entitled to obtain from GPPL compensation which is to be determined depending upon the circumstances of the termination. If termination is upon expiry of the term of the Sub-Lease Agreement, the consideration is equivalent to the depreciated replacement value of the properties transferred to GMB, calculated in accordance with the "Statement of Asset Valuation Practice and Guidance Notes" of the Royal Institution of Chartered Surveyors, United Kingdom publication dated January 1995, as amended from time to time. Where the Sub-Lease Agreement is terminated prior to its term pursuant to termination of the Concession Agreement due to an event of default on the part of GPPL, our Company is entitled to receive 50% of the depreciated historical cost of the properties transferred to GMB, calculated on the straight line method. The valuation of the assets that are under construction or yet to be commissioned will be based on their book value.

2. *Land measuring approximately 16.73 hectares*

Pursuant to the Provisional Agreement between our Company and GPPL, we and GPPL agreed to enter into definitive agreements as soon as practicable to record the following arrangements:

- a. We agreed to enter into a release deed with GPPL and release land measuring approximately 8.5 hectares (approximately 21 acres) that was reclaimed and which had been occupied by GPPL for its own operations.
- b. GPPL agreed to enter into a sub-lease with our Company to sub-lease the following:
 - i. land measuring approximately 13.5 hectares (approximately 33.36 acres) in lieu of the land released by our Company;
 - ii. land measuring approximately 2.5 hectares (approximately 6.18 acres); and
 - iii. land measuring approximately 0.73 hectares (approximately 1.8 acres) occupied by the housing colony of our workers.

It was agreed that the rent payable by our Company to GPPL would be the same as that payable by GPPL to GMB under the Concession Agreement and the Lease Agreement.

- c. The parties agreed to enter into a sub-concession agreement not later than April 30, 2005 setting forth the terms and conditions upon which we will be granted the right to use and occupy the land which it occupied, including the sub-leases mentioned above.
- d. The parties agreed to amend the Sub-Lease Agreement to provide access to the areas occupied by our Company, access to our Personnel for shipyard activities and the provision of marine services to the shipyard activities.

Pursuant to a survey report by Muzoomdar Associates Private Limited, an independent chartered engineer/surveyor, the actual area of the land proposed to be sub-leased under the Provisional Agreement is approximately 16.73 hectares (approximately 41.34 acres).

3. *Land measuring approximately 18.8284 hectares*

Pursuant to the May 2008 Deed, GPPL has granted a sub-lease of approximately 18.8284 hectares (approximately 46.52 acres) of land to our Company (excluding the rights to the waterfront and the foreshore land adjacent to the sub-leased land). The term of the sub-lease is valid until September 29, 2028 (i.e., one day less than the term of the underlying Lease Agreement). The Company has paid an initial lump sum payment of Rs. 1.8 million to GPPL under this sub-lease. In addition, the rent payable is Rs. 9,414,200 per year, subject to an increase after three years. The May 2008 Deed is subject to the terms and conditions of the Concession Agreement and the Lease Agreement. In addition, the May 2008 Deed provides that if the proposed sub-concession agreement has not been signed by the Company and GPPL on or prior to August 31, 2008 or such further date as may be mutually agreed, the deed shall become null and void. The proposed sub-concession agreement has not been executed as yet nor has any extension been agreed. Accordingly, unless the parties reach a definitive written understanding, the sub-lease pursuant to which the Company is occupying and using the land is null and void.

Under the May 2008 Deed, the Company is required to restore the land to its original condition, failing which GPPL remains free to restore such land to its original condition at the Company's cost. As of the date of the Red Herring Prospectus, the Company continues to occupy and use part of such land as the dedicated road between the E Complex facilities and the Pipavav Shipyard and has been paying rent to GPPL at the rate specified under the May 2008 Deed.

As of the date of this Red Herring Prospectus, no definitive agreements, including the release deed, the sub-lease, the sub-concession agreement and the amendment to the Sub-Lease Agreement have been entered into as contemplated under the Provisional Agreement. Although we may not have leasehold rights to approximately 35.5584 hectares (approximately 87.87 acres) of land, including possibly the land under the May 2008 Deed, we currently occupy and use such land for shipyard activities, housing development and infrastructure development and other incidental activities and purposes and have been paying GPPL rent at the rate specified under the Lease Agreement and the May 2008 Deed. There can be no assurance that the Government of Gujarat or GMB will not terminate the existing arrangements with GPPL, or GPPL will not terminate its arrangements with us. We may also be subject to additional restrictions or charges or material increases in rent with respect to such land. For risks in relation to such land, see the section "Risk Factors — Certain properties, including the land on which we are constructing the Pipavav Shipyard and our registered and corporate offices, are not owned by us and we enjoy only a leasehold right over certain of these properties." beginning on page xxix of this Red Herring Prospectus.

4. *Reclaimed land measuring approximately 39.06 hectares and land under reclamation measuring approximately 18.8 hectares*

Pursuant to the Sub-Lease Agreement, we have the right to reclaim, excavate, enclose and raise any part of the foreshore land and the waterfront, and have reclaimed land measuring approximately 39.06 hectares (approximately 96.52 acres). We are also in the process of reclaiming land measuring approximately 18.8 hectares (approximately 46.45 acres). We do not pay rent for this land and this land has not been notified under the revenue records of the Government of Gujarat. In addition, there can be no assurance that the Government of Gujarat, GMB or GPPL will not require us to enter into additional contracts or arrangements to specify our rights over any area of reclaimed land or land under reclamation or requires us to pay fees or charges in connection with the occupation and use of such land. Our Company relies upon the provisions set forth in the Sub-Lease Agreement to claim rights to this land.

Our wet dock that is being converted into a dry dock is located on the approximately 39.06 hectares of land that has been reclaimed by us. The land under reclamation measuring approximately 18.8 hectares is occupied and used by the Company for shipyard activities and other incidental activities. There can be no assurance that the Government of Gujarat or GMB will not terminate the existing arrangements with GPPL, or that GPPL will not terminate its arrangements with us. We may also be subject to additional restrictions or charges with respect to such land.

The terms of the Concession Agreement specify that ownership of all reclaimed land on the waterfront within the port limits, as defined under notification no. G/FF/11/94/IPA/1393-100(1)/GH dated December 8, 1994 under Section 5 of the Indian Ports Act, 1908, vests with GMB and no lease rentals shall be payable for use and occupation of such land by GPPL. For such reclaimed land, the cost of reclamation shall be duly certified by a chartered accountant, public accountant or valuer, and it shall revert to GMB upon termination of the Lease Agreement and in accordance with the provisions of the Concession Agreement. The transferor shall be compensated at the amortised cost of the original certified cost of reclamation as at the date of the valuation conducted for the purpose of final valuation in accordance with the provisions of the Concession Agreement.

Under the terms of the Sub-Lease Agreement, we are required to comply with the provisions of the Concession Agreement, pursuant to which ownership of reclaimed land and land under reclamation vests with GMB. The term of the Sub-Lease Agreement is one day less than the term of the Lease Agreement and Concession Agreement. Upon termination of the Concession Agreement or the Lease Agreement, the Sub-Lease Agreement shall terminate automatically. If any of the Lease Agreement or Concession Agreement expire or terminate, we will not be entitled to use the reclaimed land or reclaim additional land. For risks in relation to such land, see the section “Risk Factors — Certain properties, including the land on which we are constructing the Pipavav Shipyard and our registered and corporate offices, are not owned by us and we enjoy only a leasehold right over certain of these properties.” beginning on page xxix of this Red Herring Prospectus.

Muzoomdar Associates Private Limited, an independent chartered engineer/surveyor, has conducted a survey of the land on which the Pipavav Shipyard and related facilities are being constructed and pursuant to its survey report dated November 6, 2007, has verified the specific acreage of the following:

- 10.505 hectares of land sub-leased to our Company under the Sub-Lease Agreement;
- Land proposed to be sub-leased to our Company under the Provisional Agreement measuring 16.73 hectares;
- 39.06 hectares of land reclaimed by our Company; and
- 18.8 hectares of land under reclamation.

Proposed Sub-Concession Agreement:

Pursuant to a letter dated June 25, 2007, GMB directed us to enter into a sub-concession agreement with GPPL, which is consistent with the terms of the Concession Agreement. Under the subscription and shareholders’ agreement dated September 15, 2007, among SKIL, our Company, Punj Lloyd and other parties, we are required to enter into a sub-concession agreement with GPPL and/or GMB no later than December 31, 2007, or such other date as may be mutually agreed, on terms no less favourable than those contained in the Concession Agreement. Pursuant to a letter dated July 30, 2009, Punj Lloyd has consented to an extension of time until December 31, 2009 in relation to the sub-concession agreement. No definitive sub-concession agreement has been entered into as of the date of filing this Red Herring Prospectus. It is intended that this sub-concession agreement shall record all arrangements relating to the approximately 103.92 hectares of land that we occupy and use, although there can be no assurance that such agreement will be entered into in the near future or at all, and if entered into, there can be no assurance that such

agreement will be on terms that are not materially adverse to us. Additionally, in the event that we do not enter into the sub concession agreement within the allotted timeframe, we would be in breach of our obligations under the subscription and shareholders' agreement, which could result in Punj Lloyd terminating the agreement. In the event of such termination, Punj Lloyd would not be obligated to conduct its Offshore Business through us and our business, financial condition, results of operation would be materially and adversely affected. For risks in relation to such land, see the section "Risk Factors — Certain properties, including the land on which we are constructing the Pipavav Shipyard and our registered and corporate offices, are not owned by us and we enjoy only a leasehold right over certain of these properties." beginning on page xxix of the Red Herring Prospectus.

Land Owned by E Complex

E Complex, our wholly-owned subsidiary, owns approximately 572 acres of land comprising approximately:

- 305 acres of industrial land in village Rampara, Taluka Rajula, District Amreli in the State of Gujarat;
- 81 acres of industrial land in village Lunsapur, Taluka Jafrabad, District Amreli in the State of Gujarat; and
- 186 acres of residential land in village Hindorana, Taluka Rajula, District Amreli in the State of Gujarat.

E Complex received a notification from the Government of India designating an aggregate area of approximately 124 hectares (approximately 306.4 acres) of contiguous land owned by it in the villages Rampara and Lunsapur as an SEZ. See the section "Government and Other Approvals" beginning on page 253 of the Red Herring Prospectus.

We have commenced some of our fabrication and block assembly activities within this SEZ and have received an approval to establish operations within the SEZ in the above mentioned notified SEZ area. Out of the 124 hectares of land that has been designated as an SEZ, E Complex has leased, approximately 95 hectares (approximately 234.75 acres) of land to Pipavav Shipyard Limited for a period of 20 years through a lease deed executed on January 8, 2008, as amended.

License Agreements for our Corporate Office

We have entered into three leave and license agreements with Awaita Properties Private Limited in relation to the premises on which our corporate office is situated. For further information, see the sections "Related Party Transactions" and "Our Management – Interest of Promoters, Directors and Key Managerial Personnel" beginning on pages 191 and 128 of the Red Herring Prospectus, respectively.

Legal Proceedings

For information on the litigation involving us, our Subsidiary, our Directors, the Promoters and Promoter Group, see the section "Outstanding Litigation and Material Developments" beginning on page 225 of the Red Herring Prospectus.

Intellectual Property

Based on information available on the website of the office of the Controller General of Patents Designs and Trade Marks Registry, Ministry of Commerce and Industry, Government of India, our applications with the Trade Marks Registry at Mumbai for the registration of the trade mark associated with the name and logo of "Pipavav Shipyard Limited" have been approved.

We are not party to any license arrangement other than our license agreement with KOMAC. No royalties are expected to be paid by us until delivery of our ships, which is expected to be in April 2010.

Insurance

We maintain insurance against property damage caused by fire, flood, explosion and other artificial or natural disasters that may result in physical damage to or destruction of our facilities, equipment and inventory. All policies are subject to deductibles and coverage limitations. We also maintain or expect to maintain a range of commercial general liability insurance, including builders' risk coverage and mediclaim insurance for our employees. We also maintain Directors and Officers Liability insurance, which excludes liability of the insurer in the event of a proposed or actual sale of securities, whether debt or equity, by our Company. Such an exclusive event requires separate coverage, which our Company has not yet obtained.

Under each of our contracts to build Panamax bulk carriers, our Company is obligated to insure the vessel to be constructed from the time of keel laying, or earlier at the request of the customer, until delivery at our Company's own expense. As of the date of this Red Herring Prospectus, we have not yet insured any of the vessels we have entered into contracts to build, as we have not yet laid keel for any vessels and have not been otherwise requested to insure any of them.

We do not maintain any business interruption insurance. See "Risk Factors – Our business will be dependent primarily on the Pipavav Shipyard. The loss of or shutdown of operations at the Pipavav Shipyard would have a material adverse effect on our business, financial condition and results of operations." beginning on page xxxiv of this Red Herring Prospectus.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India. The information detailed in this section has been obtained from the various legislations that are available in the public domain.

Foreign Ownership

Under the Industrial Policy and FEMA, foreign direct investment up to 100% is permitted in the shipbuilding industry. Foreign direct investment in defence production is permitted up to 26%, with the prior approval of the FIPB.

Pursuant to A.P. (DIR Series) Circular No. 16 dated October 4, 2004, the RBI granted general permission for the transfer of shares of an Indian company by Non-Residents to residents and from residents to Non-Residents, subject to the terms and conditions, including pricing guidelines, specified in such circular.

Calculation of Total Foreign Investment in Indian Companies

Press Note No. 2 (2009 Series), dated February 13, 2009 (“Press Note No. 2 of 2009”), issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), read with the clarificatory guidelines for downstream investment under Press Note No. 4 (2009 Series) dated February 25, 2009 (“Press Note No. 4 of 2009”), issued by the DIPP, determine the calculation of foreign investment in an Indian company.

Foreign investment is defined broadly and includes investment by FIIs and NRIs, and foreign investment in the form of American depositary receipts, global depositary receipts, foreign currency convertible bonds, convertible preference shares and convertible currency debentures.

Press Note No. 2 of 2009 specifies that all investments made directly by a non-resident entity in an Indian company would be considered as foreign investment. Further, in relation to an investment by an Indian company in another Indian company, if (i) the investing Indian company is owned and controlled by resident Indian citizens, and (ii) foreign entities do not own or control the investing Indian company, then the foreign investment in the investing Indian company will not be considered for calculation of the foreign investment in the second Indian company. However, if the requirements under (i) and (ii) above are not satisfied, then the entire investment of the investing Indian company in the second Indian company being invested in will be considered foreign investment.

Pursuant to Press Note No. 2 of 2009, an investing company shall be considered (i) “owned” by resident Indian citizens or foreign entities if more than 50% of its equity interest is beneficially owned by resident Indian citizens or foreign entities, as the case may be, and (ii) “controlled” by resident Indian citizens or foreign entities if the resident Indian citizens or foreign entities, as the case may be, have the power to appoint a majority of its directors.

Press Note No. 4 of 2009 provides guidelines relating to downstream investments by Indian companies that have foreign investment. These guidelines are based on the principle that downstream investments by Indian companies owned or controlled by foreign entities should follow the same rules as those applicable to direct foreign investment. In respect of downstream investments by Indian companies that are not owned or controlled by foreign entities, there would not be any restrictions.

For the purpose of downstream investments, Press Note No. 4 of 2009 classifies Indian companies into (i) operating companies, (ii) operating-and-investing companies and (iii) investing companies. In connection with foreign investment in these categories of Indian companies, Press Note No. 4 of 2009 provides that:

- (a) Operating company: Foreign investment in an operating company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates;
- (b) Operating-and-investing company: Foreign investment in such a company will need to comply with the terms and conditions for foreign investment in the relevant sector(s) in which such company operates. Further, the investee Indian company in which downstream investments are made by such company will need to comply with the terms and conditions for foreign investment in the relevant sectors in which the investee Indian company operates; and
- (c) Investing company: An “investing company” has been defined under Press Note No. 4 of 2009 as an Indian company holding only direct or indirect investments in other Indian companies other than for trading of such holdings. Any foreign investment in such company will require the prior approval of the FIPB.

Press Note No. 4 of 2009 further provides that foreign investment in an Indian company that does not have (i) any operations, and (ii) any downstream investments, will require the prior approval of the FIPB.

Investment by Foreign Institutional Investors

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, sovereign wealth funds, foreign central banks, asset management companies, investment managers or advisors, banks and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership Restrictions of FIIs

Under the portfolio investment scheme, the total holding of all FIIs together with their sub-accounts in an Indian company is subject to a cap of 24% of the paid-up capital of the company, which may be increased up to the percentage of sectoral cap on FDI in respect of the said company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting. Our Board of Directors and shareholders have approved an increase in the existing FII limit in the Company from 24% to 49%. The total holding by each FII or in case an FII is investing on behalf of its sub-account, each sub-account should not exceed 10% of the total paid-up capital of that company.

Shipbuilding Sector

The Merchant Shipping Act, 1958

The Merchant Shipping Act, 1958, as amended (the “Merchant Shipping Act”), is the principal legislation that applies to ships that are registered in India or which are required to be registered under this statute. This statute also provides for the regulations governing the transfer, mortgage and sale of ships. Pursuant to the Merchant Shipping Act, the National Shipping Board has been established for the development of Indian shipping. The Merchant Shipping Act provides for, among other things, certification of competency of the officers, engagement and discharge of seamen, payment of wages to seamen, health and

accommodation of seamen, the duties of the shipping masters, agreements with the crew, disputes between seamen and employers, inspection by shipping master of provisions, accommodation on board and a certificate of survey for passenger carrying ships. In addition, with a view to ensure safety of the vessels, the Merchant Shipping Act makes it compulsory for the installation of life saving appliance, fire appliance and radio telegraphy, radio telephony and direction finder. The statute also sets out the requirements in relation to the following, among other things, dangerous goods and grain cargoes; collisions, accidents at sea and limitation of liability; wreck and salvage; and weights and measures on board.

The Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991

The Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991, as amended (the “Cargo Ship Rules”), prescribe the requirements related to the hull, equipment and machinery of all sea-going cargo ships of 500 tons gross or more, registered in India and have been enacted in order to implement the provisions of the Convention for the Safety of Life at Sea, 1948, as amended from time to time. The Cargo Ship Rules classify the ships and prescribe the specifications relating to, among other things, construction of hull including structural strength; construction and testing of watertight bulkheads, decks and inner bottoms; construction and testing of watertight decks, trunks, tunnels, duct keels and ventilators, watertight doors, ballast and bilge pumping and drainage arrangements; the type of machinery, boilers and electrical installations required; unattended machinery spaces including alarm and other safety systems; protection of cargo ships against shock, fire, flooding; additional requirements for tankers; and periodical surveys of cargo ships.

The Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981

The Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981, as amended (the “Passenger Ship Rules”), are applicable to all passenger ships that are at a port in India or within the territorial waters of India or registered in India. The Passenger Ship Rules provide for requirements of the hulls of passenger ships related to, among other things, structure, watertight sub-division into compartments, fitting of collision bulkhead, double bottom tanks and watertight recesses and trunk ways. The Passenger Ship Rules also prescribe fire protection measures that are required to be adopted in the structure, bulkheads and decks including automatic sprinkler, fire alarm and fire detection systems as well as means of escape for the passengers. In addition, these rules deal with carriage of passengers and provide requirements related to position of passenger accommodation, lighting and ventilation, supply of food and water, medical stores and space requirements for different classes of passengers.

The Dock Workers (Regulation of Employment) Act, 1948

The Dock Workers (Regulation of Employment) Act, 1948 (the “Dock Workers Act”) regulates the employment of dock workers, which are defined as persons employed or to be employed in, or in the vicinity of any port on work in connection with the loading, unloading, movement or storage of cargoes, or work in connection with the preparation of ships or other vessels for the receipt or discharge of cargoes or leaving a port. The Government of India may formulate a scheme under the Dock Workers Act for the registration of dock workers and employers for regulating the employment of dock workers. In addition, Dock Labour Boards may be established for administering the scheme and exercising the powers and perform the functions specified in the scheme.

The Shipbuilding Subsidy Scheme

The GOI announced a Shipbuilding Subsidy Scheme pursuant to a press note dated October 25, 2002 (the “Shipbuilding Subsidy Scheme”) issued through a letter by the Ministry of Shipping (Letter No. SY-12025/3/98-SBR) dated October 25, 2002. The Shipbuilding and Ship repair Division of the Ministry of Shipping, GOI also prescribed detailed procedures and guidelines pursuant to a press note dated March 7, 2003. The Shipbuilding Subsidy Scheme was valid for a period of five years ending August 14, 2007. This scheme has not been extended as yet. Representatives from the shipping industry are currently lobbying for a further extension of the Shipbuilding Subsidy Scheme.

The main features of the Shipbuilding Subsidy Scheme were as follows:

- (a) Shipbuilding subsidy on domestic order: A subsidy of 30% was payable for ocean-going merchant vessels that were at least 80 meters in length on the price at which the tender was won and any subsequent escalation was not be taken into account.
- (b) Shipbuilding subsidy on export order: A subsidy of 30% was admissible on each export order irrespective of whether the order was obtained through a tender process or otherwise, and irrespective of the size and type of vessel.

Pursuant to a notification dated March 25, 2009, the Ministry of Shipping, Road Transport and Highways stated that the Government had decided to liquidate the committed liability for payment of subsidy for (i) ongoing eligible shipbuilding contracts entered into by central public sector shipyards until August 14, 2007 and (ii) eligible shipbuilding contracts signed by non-central public sector shipyards and private sector shipyards on October 25, 2002 and thereafter until August 14, 2007. The Ministry of Shipping, Road Transport and Highways also notified the “Amended Guidelines for Shipbuilding Subsidy to Indian Shipyards for considering Subsidy of Vessels for which Contracts were signed on or before August 14, 2007” that set out the procedure for approval and release of the shipbuilding subsidy and shall apply with retrospective effect.

National Maritime Development Programme

The National Maritime Development Programme (the “NMDP”) was formulated by the Ministry of Shipping, Road Transport and Highways, GOI on December 30, 2005. The objective of the NMDP is to raise the performance of the Indian maritime sector to international standards through an investment of approximately Rs.1,003.39 billion comprising an investment of Rs.558.04 billion in major ports and Rs.445.35 billion in the shipping and inland water transport (“IWT”) sectors. The NMDP has identified 111 projects in the shipping sector, which will be implemented over a period of 20 years. In the ship building sector, the proposals of the NMDP include the revival and modernization of the public sector shipyards and the setting up of two international size shipyards through an investment of Rs.71.96 billion.

Major and Minor Ports

The Indian Ports Act, 1908 (the “Ports Act”) defines the jurisdiction of the GOI and various state governments over ports. The Ports Act specifies rules for safety of shipping and conservation of ports and regulates matters pertaining to the administration of port dues, pilotage fees and other charges. Ports are classified into two categories, i.e., major ports and minor ports. The GOI is responsible for policy formulation and regulation in relation to major ports, while minor ports are under the jurisdiction of state governments. Major ports are governed by the Major Port Trusts Act, 1963 (the “Major Port Act”), which provides for the constitution of port authorities responsible for the administration, control and management of certain major ports. The ports at Kolkata, Mumbai and Chennai are administered by the respective port trusts, which are statutory bodies, whereas the remaining major ports are administered directly by the GOI. Port trusts comprise a chairman, elected representatives of the GOI, elected representatives from the commercial shipping and trade industry and representatives of certain departments of the GOI.

The Defence Sector

Pursuant to Press Note No. 7 (2008 Series) issued by the DIPP, up to 26% foreign investment is permitted in companies engaged in defence production with the prior approval of the FIPB. Pursuant to the “Defence Procurement Procedure, 2008” dated July 29, 2008 issued by the Ministry of Defence, Government of India, the foreign shareholding in a company which is desirous of being selected as an Industry “Raksha Udyog Ratna” for defence production must not exceed 26% (excluding investment by FIIs). “Raksha Udyog Ratna” refers to the industry leaders who will be associated in defence acquisitions undertaken by the Government and will be treated at par with the defence public sector undertakings. However, the definition of “foreign investment” set out in Press Note No. 2 of 2009 also includes investment by FIIs.

The Real Estate Sector

The Government has permitted foreign investment of up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects, subject to certain conditions contained in Press Note No. 2 (2005 Series) issued by the DIPP. A short summary of the conditions is as follows:

- (a) Minimum area to be developed is 10 hectares in case of serviced housing plots and 50,000 square metres in case of construction development projects. Where the development is a combination project, the minimum area can be either 10 hectares or 50,000 square metres.
- (b) Minimum capitalisation of US\$10 million for a wholly-owned subsidiary and US\$5 million for a joint venture has been specified and it is required to be brought in within six months of the commencement of business of the company.
- (c) Further, the foreign investment is not permitted to be repatriated before three years from completion of minimum capitalisation except with prior approval from FIPB.
- (d) At least 50% of the project is required to be developed within five years of obtaining all statutory clearances and the responsibility for obtaining it is cast on the foreign investor. Further, the sale of undeveloped plots is prohibited. Compliance with rules, regulations and bye-laws of state government, municipal and local body has been mandated and the investor has the responsibility for obtaining all necessary approvals.

Environmental and Labour Regulations

Depending upon the nature of the projects undertaken by the Company, applicable environmental and labour laws and regulations include the following:

- The Air (Prevention and Control of Pollution) Act, 1981;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employees' State Insurance Act, 1948;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- The Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986;
- The Factories Act, 1948;
- The Hazardous Waste (Management and Handling) Rules, 1989;
- The Hazardous Chemicals Rules, 1989;
- The Minimum Wages Act, 1948;
- The Industrial Disputes Act, 1971 and Industrial Disputes (Central) Rules, 1957;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;

- The Payment of Wages Act, 1936;
- The Shops and Commercial Establishments Acts, where applicable; and
- The Water (Prevention and Control of Pollution) Act, 1974.

A brief description of certain labour legislation is set forth below:

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “CLRA”), requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of contract labour.

The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the registering officer in the prescribed manner for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a licence and not to undertake or execute any work through contract labour except under and in accordance with the licence issued.

To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

Penalties, including both fines and imprisonment, may be imposed for contravention of the provisions of the CLRA.

The Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952 (the “EPF Act”), provides for the institution of compulsory provident fund, pension fund and deposit linked insurance funds for the benefit of employees in factories and other establishments. A liability is placed both on the employer and the employee to make certain contributions to the funds mentioned above.

The Factories Act, 1948

The Factories Act, 1948, as amended (the “Factories Act”), defines a ‘factory’ to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and on which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the ‘occupier’ of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions.

If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment for a term of up to two years or with a fine up to Rs.100,000 or with both, and in case of contravention continuing after conviction, with a fine of up to Rs.1,000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall not be less than Rs.25,000 in the case of an accident causing death, and Rs.5,000 in the case of an accident causing serious bodily injury.

The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the “ESI Act”), provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

The Minimum Wages Act, 1948

State governments may stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to Rs.500 or both.

The Payment of Bonus Act, 1965

Pursuant to the Payment of Bonus Act, 1965, as amended (the “Bonus Act”), an employee in a factory or in any establishment where 20 or more persons are employed on any day during an accounting year, who has worked for at least 30 working days in a year is eligible to be paid a bonus.

Contravention of the provisions of the Bonus Act by a company is punishable with imprisonment for a term of up to six months or a fine of up to Rs.1,000 or both, against persons in charge of, and responsible to the company for the conduct of the business of the company at the time of contravention.

The Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended (the “Gratuity Act”), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs.350,000.

An employee in a factory is said to be ‘in continuous service’ for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated as Pipavav Ship Dismantling and Engineering Limited on October 17, 1997 under the Companies Act. Subsequently, in April 2005, the main business of the Company was changed from ship dismantling to shipbuilding and ship repair. Pursuant to a special resolution adopted by the shareholders of the Company at an extraordinary general meeting held on April 19, 2005, the name of the Company was changed to Pipavav Shipyard Limited to reflect the change in the primary business focus of the Company. The fresh certificate of incorporation to reflect the new name was issued by the RoC on April 29, 2005. The Company received its certificate of commencement of business under the Companies Act on December 2, 1997 from the RoC.

With effect from August 18, 2005, the registered office of the Company was changed from B-1, Maharaja Palace, University Road, Navrangpura, Ahmedabad - 380 009, Gujarat, India to 904, Shukan Towers, Near Judges Bungalow, Police Chowky, Bodakdev, Ahmedabad – 380 054, Gujarat, India. The registered office of the Company was subsequently changed in October 2006 to Pipavav Port, Post Uchhaya, Via Rajula, Rajula - 365 560, Gujarat, India.

Major Events:

Date	Events
October 1998	The Company acquired the ship dismantling business of GPPL, a company originally promoted by SKIL. In the same month, the Company was granted a sub-lease by GPPL for the establishment and operation of a ship dismantling, repair and building facility in Pipavav Port.
October and November 2000	Subscription by Unit Trust of India to 12.5% optionally convertible cumulative preference shares.
April 2005	The main business of the Company was changed from ship dismantling to shipbuilding and ship repair. The Company also changed its name to reflect the change in its primary business focus.
January 2006	The Company entered into a Technical Assistance Agreement with SembCorp, pursuant to which SembCorp agreed to assist the Company in the planning, designing and construction of the Pipavav Shipyard until the commissioning stage and to provide technical and management assistance in relation to the Company's business.
April 2006	The Company received approval from the Development Commissioner, Kandla SEZ, for setting up a new undertaking under 100% EOU scheme for manufacture of ships, ship repairs at the site of the Company's registered office.
September 2006	The Company entered into a Basic Agreement for Technical Cooperation with KOMAC, pursuant to which KOMAC agreed to supply designs and provide technical services for the Company's shipbuilding project.
September 2006	Subscription by 2i Capital PCC, a Mauritius based venture capital investor, to optionally convertible bonds of the Company.
September 2006	Subscription by EXIM Bank to Equity Shares of the Company.
October 2006	The Company entered into a share purchase agreement with Metdist Industries Holdings Limited pursuant to which E Complex became a wholly owned subsidiary of the Company.
November 2006	The Company secured its first order for construction of four 74,500 DWT Panamax bulk carriers from Golden Ocean Group Limited, an internationally reputed ship owning company. In addition, the Company also entered into an agreement with Golden Ocean Group Limited for the construction of two optional ships.*
December 2006	The Company secured its second order for construction of four 74,500 DWT Panamax bulk carriers from SETAF S.A.S. France, a member of the Bourbon Group in France.*
December 2006	The Company secured orders for twelve 74,500 DWT Panamax bulk carriers from the AVGI Maritime Services S.A., a company controlled by the Kyrini Group of Greece. The Company also granted options to the AVGI group to acquire four additional vessels.*
February 2007	2i Capital PCC further subscribed to optionally convertible bonds of the Company.

Date	Events
March 2007	Private equity investment by Trinity Capital (Nine) Limited, a Mauritius based investor.
March 2007	Private equity investment by New York Life Investment Management Fund (FVCI) II, LLC, a Mauritius based venture capital investor.
May 2007	Allotment of Equity Shares on account of conversion of 12.5% optionally convertible cumulative preference shares held by Unit Trust of India.
August 2007	Golden Ocean Group Limited exercised its option and confirmed orders for constructions of two 74,500 DWT Panamax Bulk Carriers.
September 2007	Punj Lloyd Limited acquired Equity Shares of the Company and became a Promoter of the Company with an understanding that it will carry out its offshore business in India through the Company and thereby expand the Company's business to include offshore fabrication and construction.
September 2007	Private equity investment by Citadel Equity Fund Ltd. CEFL subsequently transferred its shareholding in the Company to ABN AMRO.
September 2007	Allotment of Equity Shares to 2i Capital PCC on account of conversion of the optionally convertible bonds of the Company.
November 2007	Subscription by IDBI, IL&FS Trust Company Limited (as Trustee of SCB Asian Infrastructure Fund), SembCorp and The India Fund Inc. (a Blackstone Group fund) to Equity Shares of the Company.
December 2007	Subscription by The Asia Opportunities Offshore Markets Fund Limited (a Blackstone Group fund) and Merrill Lynch International to Equity Shares of the Company.
January 2008	Subscription by Galleon Special Opportunities Master Fund, SPC Limited - Galleon Asian Crossover Segregated Portfolio, Manz Retail Private Limited (Future Group) and Deutsche Bank AG to Equity Shares of the Company.
January 2008	The Company received approval from the Development Commissioner, Kandla SEZ, for setting up a unit in the SEZ being developed by E Complex in villages Rampara and Lunsapur for undertaking authorized operations of manufacturing ships, vessels, hulls and off-shore activities.
February 2008	The Company commenced steel cutting for the construction of the first four ships with effect from February 11, 2008.
April 2009	The Company commenced commercial production with effect from April 1, 2009.
June 2009	The Company received a notification of award of contract of 12 OSVs from ONGC.

* For details on the current status of the order book, please see the section "Our Business – Our Contracts."

For details on the time and cost overruns in relation to the project and rescheduling of loans, please see "Risk Factor - Delays in the manufacturing and delivery of vessels to customers may result in our being liable to pay our customers damages or otherwise adversely affect our reputation, business, financial condition, results of operation and prospects", "Risk Factor - We have in the past rescheduled our indebtedness through a Corporate Debt Restructuring ("CDR") scheme" and "Risk Factor - Our substantial indebtedness and the conditions and restrictions imposed by our financing and other agreements could adversely affect our ability to conduct our business, financial condition and operations. We have rescheduled some of our debt obligations." beginning on pages xxiii, xvi and xix of the Red Herring Prospectus, respectively. Please also see the section "Our Business" beginning on page 76 of the Red Herring Prospectus.

Pre-IPO Placing:

Since the date of filing the Draft Red Herring Prospectus, the Company has completed a Pre-IPO Placing of 1,399,775 Equity Shares.

Main Objects:

The main objects of the Company as contained in its Memorandum of Association are:

- To construct and carry on the business of shipbuilding and ship construction, sale, break or other wise deal in any manner with ships, tugs, boats, ocean going vessels, harbours, crafts, pontoons, barges, dredgers, and any other floating vessels, and to acquire any business as a going concern, which is engaged in the aforesaid activities.
- To buy, convert, alter, treat, dismantle, degassify, sale and break or otherwise deal in any manner with ships, tugs, boats, ocean going vessels, harbor, crafts, pontoons, barges, dredgers and other floating structures or any part thereof, whether for passenger or cargo transportation, and to sell, transfer, lease or otherwise dispose off scrap materials, equipments, engineering goods, machineries, wooden and steel structures and generally any thing derived therefrom and to acquire any business, as a going concern, which is engaged in the aforesaid activities.
- To buy, repair, convert, alter, dismantle and sale, break ships, vessels, vehicles, air crafts, machinery, implements, metal scrap, hardware and hollow ware made of metal. To undertake and execute any contracts for works involving the supply or use of machinery. To carry in India or elsewhere, the business to manufacture, produce, assemble, alter, acquire, convert, commercialize, design, develop, equip, fabricate, repair, maintain, modify, market, machine recondition, remodel, import, export, buy, sell, resale, research and to act as agent, broker, stockist, supplier, assembler, job worker, consultant, engineer, collaborator in tools particularly pneumatic tools, jigs, dies, moulds, equipments, instruments, implements, apparatus and appliances, their parts, fittings, accessories made of ferrous and non-ferrous metals.

Amendments to the Memorandum of Association of the Company

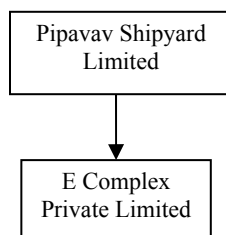
Since the incorporation of the Company, the following changes have been made to its Memorandum of Association:

Date	Nature of Amendment
September 9, 1998	Insertion of the existing Sub Clause 2 under Clause III(A) relating to main objects of the Company.
March 19, 1999	Increase in the authorized share capital from Rs.500,000 comprising 50,000 equity shares of Rs.10 each to Rs.150,000,000 comprising 15,000,000 equity shares of Rs.10 each.
October 6, 1999	Increase in the authorized share capital from Rs.150,000,000 comprising 15,000,000 equity shares of Rs.10 each to Rs.500,000,000 comprising 50,000,000 equity shares of Rs.10 each.
September 20, 2000	<ul style="list-style-type: none"> • Reclassification of the authorized share capital from Rs.500,000,000 comprising 50,000,000 equity shares of Rs.10 each into Rs.400,000,000 comprising 40,000,000 equity shares of Rs.10 each and Rs.100,000,000 comprising 10,000,000 optionally convertible cumulative preference shares of Rs.10 each. • Increase in the authorized share capital from Rs.500,000,000 comprising 40,000,000 equity shares of Rs.10 each and 10,000,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.700,000,000 comprising 40,000,000 equity shares of Rs.10 each and 30,000,000 optionally convertible cumulative preference shares of Rs.10 each. • Amendment to Clause V to reflect the alteration in the authorized share capital.
July 10, 2002	<ul style="list-style-type: none"> • Alteration of the authorized share capital by converting 1,250,000 optionally convertible cumulative preference shares of Rs.10 each into 1,250,000 equity shares of Rs.10 each. • Increase in the authorized share capital from Rs.700,000,000 comprising 41,250,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.765,000,000 comprising 47,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each. • Amendment to Clause V to reflect the alteration in the authorized share capital.
July 29, 2003	Increase in the authorized share capital from Rs.765,000,000 comprising of 47,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.965,000,000 comprising of 67,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each.
September 1, 2003	Increase in the authorized share capital from Rs.965,000,000 comprising of 67,750,000 equity shares of

Date	Nature of Amendment
	Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.1,065,000,000 comprising 77,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each.
October 18, 2004	Increase in the authorized share capital from Rs.1,065,000,000 comprising 77,750,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.1,287,500,000 comprising 100,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each.
December 22, 2004	Increase in the authorized share capital from Rs.1,287,500,000 comprising 100,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.2,287,500,000 comprising 200,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each.
April 19, 2005	Insertion of the existing Sub Clause 1 under Clause III(A) relating to main objects of the Company and renumbering of the then existing Sub Clauses 1 and 2 under Clause III(A) as Sub Clauses 2 and 3, respectively.
April 19, 2005	Change of name of the Company from “Pipavav Ship Dismantling and Engineering Limited” to “Pipavav Shipyard Limited”.
September 14, 2006	Increase in the authorized share capital from Rs.2,287,500,000 comprising 200,000,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.5,000,000,000 comprising 471,250,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each.
July 13, 2007	Reclassification of the authorized share capital from Rs.5,000,000,000 comprising 471,250,000 equity shares of Rs.10 each and 28,750,000 optionally convertible cumulative preference shares of Rs.10 each to Rs.5,000,000,000 comprising 500,000,000 equity shares of Rs.10 each.
September 11, 2007	Increase in the authorized share capital from Rs.5,000,000,000 comprising 500,000,000 equity shares of Rs.10 each to Rs.8,000,000,000 comprising 800,000,000 equity shares of Rs.10 each.

Subsidiaries

As of the date of the Red Herring Prospectus, the Company has only one Subsidiary and the following chart reflects the holding of the Company in the Subsidiary.



E Complex Private Limited

E Complex Private Limited was originally incorporated on May 30, 1995 under the Companies Act as Metdist Industries Limited. With effect from October 28, 2003, the status of the company was changed to a private company and the name of the company was changed to Metdist Industries Private Limited. The name of the company was changed to E Complex Private Limited with effect from March 6, 2007. E Complex became a wholly-owned direct subsidiary of the Company pursuant to a share purchase agreement dated October 21, 2006 whereby the Company purchased 21,709,327 equity shares of Rs.10 each of E Complex from Metdist Industries Holdings Limited for a consideration of Rs.189,673,177.

The registered office of E Complex is located at 905/906, Sakar-II, Ellis Bridge Corner, Ellis Bridge, Ahmedabad – 380 006, Gujarat, India. The main object of E Complex is, among other things, to

manufacture, produce, sell, purchase and deal in all types of ferrous and non-ferrous metals. Pursuant to a special resolution adopted at an EGM of the shareholders of the company held on June 18, 2007, the main objects now also include carrying on the business of promoters, developers, operators, builders, creators, owners, organizers of all and any kind of infrastructure facilities and services including setting up special economic zones, cities, towns, roads and engineering complexes.

E Complex has entered into an *aide memoire* dated January 22, 2007, with Trikona Capital and SKIL, whereby Trikona Capital and SKIL, with E Complex (only in its capacity as owner of land measuring approximately 186 acres) shall have the exclusive right to jointly undertake real estate developmental projects. E Complex has entered into a Development Agreement dated September 10, 2008 as amended on December 15, 2008 (the “Development Agreement”), with Sankalp Buildwell Private Limited (“Sankalp”), an affiliate of Trikona Capital. Pursuant to such agreement, E Complex has granted to Sankalp certain rights relating to the construction and development of residential and commercial premises on land measuring up to approximately 225 acres in District Amreli, Gujarat. E Complex is entitled to receive a refundable deposit from Sankalp which shall be adjusted against a specified percentage of the gross sales revenue or a minimum guaranteed amount, whichever is higher, that is payable by Sankalp to E Complex at different intervals in accordance with the terms of the Development Agreement. Except in case of any default by Sankalp or any termination of the Development Agreement, the residential and commercial premises shall belong to Sankalp and at the time of marketing, E Complex shall transfer or lease the land to the persons or entities identified by Sankalp.

Pursuant to a letter dated December 20, 2007, the Department of Commerce (SEZ Section), Ministry of Commerce and Industry, Government of India approved the establishment of a sector specific SEZ for engineering goods. This approval is valid for three years from the date of the letter. Pursuant to a notification dated January 2, 2008, Department of Commerce (SEZ Section), Ministry of Commerce and Industry, GOI notified land admeasuring 124.1199 hectares owned by E Complex in villages Rampara and Lunsapur, District Amreli, Gujarat as a sector specific engineering SEZ.

Shareholding Pattern

The shareholding pattern of E Complex as of June 30, 2009 was as follows:

Name of Shareholder	No. of shares	% of Issued Capital
Pipavav Shipyard Limited	21,709,320	99.99
Mr. Nikhil P. Gandhi jointly with Pipavav Shipyard Limited	1	0.01
Mr. Bhavesh P. Gandhi jointly with Pipavav Shipyard Limited	1	
Mr. N. Ravichandran jointly with Pipavav Shipyard Limited	1	
Mr. J.P. Rai jointly with Pipavav Shipyard Limited	1	
Mr. Varinder Kumar jointly with Pipavav Shipyard Limited	1	
Mr. Shekhar Gandhi jointly with Pipavav Shipyard Limited	1	
Mr. Ajit Dabholkar jointly with Pipavav Shipyard Limited	1	
Total	21,709,327	100.0

Board of Directors

The board of directors of E Complex as of the date of the Red Herring Prospectus consisted of the following:

1. Mr. Bhavesh P. Gandhi
2. Mr. N. Ravichandran
3. Mr. J.P. Rai

Financial Performance

(Rs. in million, except share data)	
	For the period ended March 31,

	2007	2008	2009
Income/Sales	0.40	0.00	0.10
Profit (Loss) after Tax	(0.61)	(1.01)	(1.87)
Equity share capital	217.09	217.09	217.09
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	-	-	-
Earnings per share (Rs.) ⁽²⁾	(0.03)	(0.05)	(0.09)
Net asset value or book value per share (Rs.) ⁽²⁾	3.96	3.91	3.89

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

E Complex is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

Certain Agreements

In this section, unless the context requires otherwise, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements.

Shareholders' Agreement among the Company, IL&FS, SKIL and Grevek Investments (SKIL and Grevek Investments are collectively referred to as the "Promoters")

In March 2006, SKIL, Grevek Investments and IL&FS arrived at an understanding whereby SKIL and Grevek Investments agreed to transfer 66 million Equity Shares of the Company, then representing 33% of the share capital of the Company to IL&FS. Pursuant to a shareholders' agreement dated June 16, 2006, the parties agreed to record the terms and conditions governing IL&FS' investment in the equity share capital of the Company. Out of the 66 million Equity Shares, 38,775,194 Equity Shares were transferred by SKIL to IL&FS on March 16, 2006, 9,150,500 Equity Shares were transferred by Grevek Investments to IL&FS on March 17, 2006 and 9,750,000 Equity Shares were transferred by SKIL to IL&FS pursuant to transactions on July 11, 2005 and September 20, 2005, aggregating 57,675,694 Equity Shares, then representing 28.84% of the equity share capital of the Company. Out of these shares, IL&FS transferred 3,960,000 Equity Shares to Mr. Arun Saha jointly with Mr. Vibhav Kapoor, trustees of IL&FS Employees Welfare Trust. Subsequently, a total of 18,075,694 Equity Shares have been vested in a trust of which Kundan Infrastructure Private Limited is the beneficiary. The balance 8,324,306 Equity Shares (forming part of the 66 million Equity Shares of the Company) were transferred by Grevek Investments to Kundan Infrastructure Private Limited.

Pursuant to a letter dated January 8, 2008, IL&FS consented to, among other things, the Issue, the amendments to the Memorandum and Articles of the Company and the changes in the Board of Directors, including any committee thereof in connection with the Issue. IL&FS waived and terminated its rights in relation to the Issue, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to minimum price of the Issue. IL&FS agreed that none of its rights under the agreement would survive and the agreement would terminate upon listing of the Equity Shares on the BSE and the NSE. However, if the Equity Shares of the Company are not listed on the BSE or the NSE on or before June 30, 2008, or such other date mutually agreed upon by the parties in writing, the consent granted pursuant to the letter shall stand withdrawn.

Pursuant to a letter dated July 3, 2008, IL&FS agreed:

- (i) to an increase in the number of shares to be issued and allotted to certain select investors in the Pre-IPO Placing, subject to the total number of Equity Shares in the Issue, including the Pre-IPO Placing, not exceeding 86,850,000 Equity Shares;
- (ii) that the listing of the Equity Shares on the BSE and the NSE shall be done on prior to September 30, 2008; and

- (iii) that its consent to the Issue would stand modified to the extent therein.

Pursuant to a letter dated July 24, 2009, IL&FS agreed to extend the time limit for the listing of the Equity Shares on the BSE and the NSE until March 31, 2010.

Share Subscription and Shareholders Agreement among the Company, Trinity, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi

The Company, Trinity, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi entered into a share subscription and shareholders' agreement dated January 22, 2007, pursuant to which Trinity agreed to subscribe to 45,900,000 Equity Shares of the Company for a subscription amount of Rs.1,147.5 million.

Pursuant to a letter dated October 12, 2007, Trinity consented to, among other things, the Issue, the amendments to the Memorandum and Articles of the Company and the changes in the Board of Directors, including any committee thereof in connection with the Issue. Trinity agreed that upon commencement of trading of the Equity Shares on the BSE and the NSE pursuant to the Issue none of its rights under the share subscription and shareholders' agreement shall survive and the agreement shall terminate. However, such consent and termination of the agreement was subject to the following conditions:

- i) The IPO Price is, or if the Book Building Method is to determine the IPO Price, the lower limit of the Price Band is:
 - a) not less than Rs.31.25 per Equity Share and the IPO Pricing Date is on or before October 31, 2007; or
 - b) not less than Rs.34.93 per Equity Share and the IPO Pricing Date is after October 31, 2007 but before April 30, 2008 or such other date as may be mutually agreed upon in writing between the parties;and
- ii) the Issue is completed, the Equity Shares are listed on the BSE or the NSE and all approvals for trading of such Equity Shares are received on or before April 30, 2008 or such other date as may be mutually agreed upon in writing between the parties.

Pursuant to a letter dated July 21, 2009, Trinity agreed to the deletion of the conditions relating to minimum price stated in paragraph (i) above. Trinity further agreed to waive and terminate its rights in relation to the Issue, including without limitation, any rights of dilution, first refusal and pre-emption and also agreed to extend the time limit for the listing of the Equity Shares on the BSE and the NSE until October 31, 2009. However, if the Company is unable to proceed with the Issue before October 31, 2009, the consent granted by Trinity pursuant to the letter shall stand withdrawn and the share subscription and shareholders' agreement shall stand reinstated.

Share subscription agreement and shareholders' agreement among the Company, New York Life, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi

The Company, New York Life, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi entered into a share subscription agreement and a shareholders' agreement, each dated February 23, 2007, pursuant to which New York Life agreed to subscribe to 26,610,000 Equity Shares at a price of Rs.25 per Equity Share.

Pursuant to a letter dated July 29, 2009, New York Life consented to the Issue and agreed to waive and terminate its rights in relation to the Issue, including without limitation any rights of anti-dilution, first refusal, minimum price and pre-emption. New York Life agreed that upon commencement of trading of the Equity Shares on the BSE and the NSE pursuant to the Issue none of its rights under the shareholders'

agreement shall survive and the agreement shall terminate. Such consents and agreements are subject to the Issue being completed, the Equity Shares being listed on the BSE or the NSE and all approvals for trading of such Equity Shares being received on or before October 31, 2009 or such other date as may be mutually agreed upon in writing between the parties.

If any of the above conditions are not met or cease to exist, the consent granted by New York Life pursuant to the letter shall stand withdrawn and the shareholders' agreement shall stand reinstated. In addition, the Company shall have to amend its Memorandum and Articles of Association to bring them into conformity with the shareholders' agreement.

Subscription agreement between the Company and Unit Trust of India ("UTI") and letter from UTI on conversion of the optionally convertible cumulative preference shares ("OCCPs")

The Company and UTI entered into a subscription agreement dated September 27, 2000, pursuant to which UTI agreed to extend financial assistance for the ship dismantling and engineering facility at Pipavav by agreeing to subscribe to 287,50,000 12.50% OCCPs of Rs.10 each in an aggregate amount of Rs.287.5 million. Pursuant to this agreement, UTI subscribed to and Company allotted 26,000,000 12.50% OCCPs of Rs.10 each aggregating to Rs.260 million. Subsequent to the splitting/demerger of the erstwhile UTI, 4,520,000 OCCPs devolved upon the UTI Mutual Fund and 21,480,000 OCCPs devolved upon the Specified Undertaking of the Unit Trust of India ("SUUTI"). Pursuant to letters dated December 26, 2006 and January 9, 2007, the Administrator of the SUUTI agreed for a one-time settlement of 21,480,000 OCCPs upon payment of Rs.357.131 million, payment of interest thereon at 9% p.a. with effect from January 1, 2007 and other terms and conditions. On March 28 and 29, 2007, the agreed settlement amount and interest was paid and the OCCPs were redeemed. Pursuant to letters dated February 28, 2007 and March 30, 2007, UTI Asset Management Company Private Limited, the Investment Manager of UTI Mutual Fund (represented through UTI Trustee Company Private Limited) agreed for conversion of OCCPs of face value Rs.45.2 million into 4,520,000 Equity Shares at par subject to certain conditions including:

1. The Company shall undertake to make an IPO within a period of three years from the date of conversion of the OCCPs at a price not less than Rs.22 per Equity Share and in case the IPO price is less than Rs.22 per Equity Share then the Company shall compensate UTI Mutual Fund for the differential amount.
2. The existing agreement executed for the OCCPs including pledged shares and the guarantees shall be released upon conversion of the OCCPs.

Pursuant to a letter dated October 18, 2007, UTI Asset Management Company Private Limited consented to the Issue, subject to the listing of the Equity Shares on the BSE or the NSE on or before March 31, 2008 or such other date as may be mutually agreed upon by the parties in writing. Pursuant to a letter dated September 24, 2008, UTI Asset Management Company Private Limited agreed to relinquish its rights relating to condition stated in paragraph (1) above and also, agreed to extend the deadline for the listing of the Equity Shares until March 31, 2009 or such other date as may be mutually agreed upon by the parties in writing. However, UTI Asset Management Company Private Limited stated that the Company would have to obtain its approval if the Issue Price was less than Rs.60. Pursuant to a letter dated July 29, 2009, UTI Asset Management Company Private Limited consented to the Issue without any condition except that if the listing of the Equity Shares on the BSE and/or the NSE does not occur on or before March 31, 2010 or such other date as may be mutually agreed upon by the parties in writing, the consent pursuant to this letter shall stand automatically withdrawn.

Bond Subscription Agreement among the Company, SKIL (the "Promoters"), Grevek Investments, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi (Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are collectively referred to as the "Shareholders") and 2i Capital PCC (the "Investor")

Pursuant to a Bond Subscription Agreement dated September 18, 2006, the Investor subscribed to 840 interest bearing convertible bonds of face value Rs.1,000,000 each aggregating Rs.840,000,000 (the "Subscription Proceeds"). Further pursuant to an Addendum to the agreement dated February 3, 2007, the

Investor subscribed to an additional 160 convertible bonds (together with the 840 bonds subscribed earlier, the “Investor Bonds”) of Rs.1,000,000 each aggregating to Rs.160,000,000. Each Investor Bond was convertible into 40,000 fully paid-up Equity Shares based on a conversion price of Rs.25 per Equity Share. On October 15, 2007, the convertible bonds were converted into 40,000,000 Equity Shares.

Pursuant to a letter dated October 8, 2008, 2i Capital PCC consented to the Issue, the amendments to the Articles of the Company and to the changes in the Board of Directors, including any committee thereof in connection with the Issue. 2i Capital PCC agreed to waive and terminate its rights in relation to such issue and allotment, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to the minimum price of the Issue, cap on pre-IPO placements, etc. 2i Capital PCC agreed that upon commencement of trading of the Equity Shares on the BSE and the NSE pursuant to the Issue none of its rights under the shareholders’ agreement shall survive and the agreement shall terminate. However, such consent and agreement is subject to completion of the Issue, listing of the Equity Shares on the BSE or the NSE and receipt of all approvals for trading of such Equity Shares on or before January 31, 2009 or such other date mutually agreed upon by the parties.

Pursuant to a letter dated July 18, 2009, 2i Capital PCC agreed to extend the deadline for the listing of the Equity Shares until March 31, 2010.

Agreement among Sneha Metals, SKIL and the Company, letter from the Company to Sneha Metals and letter by Sneha Metals to the Company

Sneha Metals, SKIL and the Company entered into an agreement dated April 22, 2005, pursuant to which the Company agreed that the money received from Sneha Metals represents share application money and that such amount shall have an option to be converted into equity at par any time after 18 months from the date of the first subscription. Pursuant to a letter dated March 30, 2007, the parties in supercession of all oral and written commitments, agreed *inter alia*, that the Company shall allot to Sneha Metals, 25 million Equity Shares at par within 60 days from the above mentioned letter. An amount of Rs.200 million was to be returned to Sneha Metals with interest at the rate of 14.5% per annum until repayment and the remaining amount of Rs.297.44 million shall be treated as an unsecured loan without interest until March 31, 2009.

Pursuant to a letter dated October 1, 2007, Sneha Metals consented to the Issue and waived its rights in relation to such Issue. Sneha Metals agreed that the agreement shall terminate and none of its rights under such agreement shall survive upon commencement of trading of the Equity Shares on the BSE or the NSE. However, if the Equity Shares of the Company are not listed on the BSE or the NSE on or before March 31, 2008, or such other date mutually agreed upon in writing, the consent granted pursuant to the letter shall stand withdrawn.

Pursuant to a letter dated April 26, 2008, Sneha Metals acknowledged and agreed that:

- (i) the number of shares to be issued and allotted to certain select investors in the Pre-IPO Placing can be increased, subject to the total number of Equity Shares in the Issue, including the Pre-IPO Placing, not exceeding 86,850,000 Equity Shares;
- (ii) the listing of the Equity Shares on the BSE and the NSE shall be done on or prior to March 31, 2009; and
- (iii) its consent to the Issue would stand modified to the extent therein.

Pursuant to a letter dated July 21, 2009, Sneha Metals agreed to extend the deadline for the listing of the Equity Shares until March 31, 2010.

Investment Agreement between Citadel Equity Fund Limited (“Investor”), SKIL (“Promoter”), Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and the Company (Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are collectively referred to as the “Initial Shareholders”)

CEFL, SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and the Company entered into an investment agreement dated September 25, 2007, pursuant to which the Investor agreed to subscribe to 23,000,000 Equity Shares of the Company for a subscription amount of Rs.1,035 million and the parties recorded their mutual rights and obligations. The agreement permitted the Investor to assign or transfer its rights and obligations (along with all or part of the Equity Shares held by it), in whole or from time to time in part to *inter alia*, Investor Permitted Transferees, which have been defined to include Citadel Equity Fund Ltd., ABN AMRO and their respective Affiliates, provided that such transferees shall sign a deed of adherence agreeing to be bound by the agreement.

On October 8, 2007, CEFL transferred its shareholding in the Company to ABN AMRO. A deed of adherence among CEFL, ABN AMRO, SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and the company was executed on September 27, 2007. Pursuant to a letter dated October 12, 2007, ABN AMRO consented to the Issue, the amendments to the Memorandum and Articles of the Company and to the changes in the Board of Directors, including any committee thereof in connection with the Issue. ABN AMRO waived its rights in relation to the Issue, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to minimum price of the Issue. However, if the Equity Shares of the Company are not listed on the BSE or the NSE on or before March 31, 2008, or such other date mutually agreed upon by the parties in writing, the consent granted pursuant to the letter shall stand withdrawn.

Subsequently, ABN AMRO transferred its shareholding in the Company to Citadel MT Trading Ltd. A deed of adherence was executed on April 20, 2009 by Citadel MT Trading Ltd. in favour of the parties to the Investment Agreement dated September 25, 2007. Pursuant to a letter dated July 27, 2009, Citadel MT Trading Ltd. consented to the Issue, the amendments to the Memorandum and Articles of the Company and the changes in the Board of Directors, including any committee thereof in connection with the Issue. Citadel MT Trading Ltd. waived its rights in relation to the Issue, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to minimum price of the Issue. However, if the Equity Shares of the Company are not listed on the BSE or the NSE on or before October 31, 2009 or such other date mutually agreed upon by the parties in writing, the consent granted pursuant to the letter shall stand withdrawn.

Subscription and Shareholders Agreement among SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi (SKIL, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are collectively referred to as the “Founders”), the Company and Punj Lloyd

Pursuant to an agreement dated September 15, 2007, PLL has agreed to subscribe to 129,361,538 fully paid-up Equity Shares (the “PLL Shares”) at a price of Rs.27 per Equity Share aggregating to Rs.3,492,761,526. Under the terms of the agreement, the parties have recorded their mutual rights and obligations as well as the terms and conditions in relation to the management of the Company.

Warranties and Covenants: The Company shall execute a sub-concession agreement with GPPL and/or GMB not later than December 31, 2007, or such further date as may be mutually agreed, on terms no less favourable than those contained in the concession agreement between GMB and GPPL. The Company shall also obtain all statutory clearances including the environmental and coastal regulation zone clearances from the concerned competent authorities of GOI and/or the Government of Gujarat prior to the commencement of construction work at the Pipavav Shipyard. The Company shall also obtain a no-objection certificate from the customs authorities.

Management: The Company was required to make an application to the Government of India for increasing the size of the Board, which currently comprises 12 Directors, to 15 Directors by September 30, 2007. The Founders and PLL shall at all times be entitled to nominate an equal number of members to the Board of the Company so long as the respective percentage shareholding of PLL and the Founders in the Company does not vary by more than 5%. The Founders shall endeavour that the majority of the Directors on the Board shall consist of nominees of the Founders and PLL after the appointment of independent Directors. If such respective percentage shareholding varies by more than 5%, the party with lesser percentage shareholding shall cede the right to nominate Directors in favour of the other party, in proportion to the

existing ratio of percentage shareholding between the parties. The Founders shall always be entitled to nominate three Directors so long as they hold 15% of the equity share capital of the Company and PLL shall be entitled to nominate at least one Director for so long as they hold at least 5% of the equity share capital of the Company. PLL shall not be entitled to nominate any Director should its holding fall below 5%. The Chairman of the Board shall be a nominee of the Founders.

Board and Committee Meetings: Decisions at meetings of the Board can only be taken by a simple majority of the Directors present. However, with respect to Reserved Matters, there shall no quorum at the meeting of the Board and/or respective committees of the Board without the presence of the PLL Director and the Founder Director who are the members of such committees, unless prior written consent for the Reserved Matter has already been received. However, PLL or the Founders shall not withhold consent for any Reserved Matter beyond a period of 5 days from the originally scheduled date of the meeting unless it has already rejected the proposed decision on the Reserved Matter in writing or by attending a meeting. Subject to the foregoing, at such adjourned meeting, all matters shall be considered and Directors present in such meeting shall form the quorum.

Reserved Matters: Reserved Matters consist of the following:

- (a) any amendment to the Memorandum and Articles of the Company;
- (b) any action that would adversely affect the rights, preferences, powers and privileges attached to the Equity Shares;
- (c) any fresh issue of Equity Shares or Securities entitling the holder to Equity Shares, other than permitted by the agreement;
- (d) indebtedness (or the creation or incurrence of any mortgage, pledge, lien, charge or encumbrance) in excess of an aggregate limit of Rs.15 billion, where the facility is a fund-based facility, and non-fund-based facilities that are outside the ordinary course of business. It is clarified for the avoidance of doubt that the provision of guarantees and availing of non-fund-based facilities in the ordinary course of business shall not constitute a Reserved Matter;
- (e) approval of any capital expenditure plan;
- (f) acquisitions (including without limitation leasing or licensing) of significant assets outside the capital expenditure resulting in a deviation by more than 10% of the envisaged capital expenditure;
- (g) assignment, transfer or sale of any property of the Company or all or of substantially the undertaking of the Company subject to Section 293 of the Companies Act;
- (h) commencement, termination, withdrawal or settlement of, or consent to, any claim, arbitration or lawsuit, which materially and adversely affect the Company;
- (i) any scheme of arrangement such as mergers/de-mergers/change of Control of the Company, whether in one or a series of transactions by the Company;
- (j) acquisition of the equity shares of other companies or any other form of investment by the Company having a value in excess of Rs.1 billion;
- (k) decisions regarding funding of new activities which are outside the purview of the existing and forecast future activities of the Company;
- (l) entering into any joint venture agreements, other than those necessary for the Business of the Company;
- (m) transactions with Affiliates, agents of the shareholders or relatives of the Directors, or the payment by the Company (whether in cash, property or services) or any transactions with interested or related parties;
- (n) appointment, re-appointment or any change in the Company's auditors;
- (o) material change in the accounting methods or policies of the Company;
- (p) capitalization of reserves;
- (q) voluntary winding up or dissolution of the Company; and
- (r) appointment of any additional directors of the Company except for directors to be nominated by Lenders of the Company.

The rights of PLL, or as the case may be the Founders, in relation to the Reserved Matters shall terminate in the event of the shareholding percentage of such party falling below 10% in the paid-up equity share capital of the Company.

Shareholders' Meetings: Any meeting of the shareholders shall be called with at least twenty-one days advance written notice to all the shareholders, unless the shareholders unanimously agree to a shorter notice period. Notices of meeting of the shareholders shall be accompanied by an agenda of business to be considered at the meeting and in case any Reserved Matter is proposed to be transacted at any such meeting, an explanatory statement as envisaged in Section 173 of the Companies Act shall be annexed to the notice.

Restriction on Transfer of Shares: The Founders and PLL have agreed that the statutory lock-in required under the SEBI Guidelines shall apply to the Equity Shares held by the Founders as well as PLL in the ratio of 26:25:1. Since the Equity Shares constituting 20% of the equity share capital required for a three-year lock-in are required to have been issued at least one year prior to the filing of the Draft Red Herring Prospectus, the PLL Shares may not be accepted by SEBI towards the requisite lock-in. Therefore, the Founders and PLL shall work in close consultation with the investment banks managing the IPO to ensure that the Equity Shares held by the Founders under the three-year lock-in are replaced with PLL Shares to the extent necessary to attain the aforesaid ratio, after the first anniversary of Completion. Should such a proposition not be acceptable to SEBI, PLL Shares equivalent to the same percentage shareholding as the Equity Shares of the Founders held under the three-year lock-in, shall also be locked-in in terms of this agreement and shall therefore be non-transferable for the same period as applicable to the Equity Shares of the Founders that are locked in for three years. The transferability of the rest of the PLL Shares shall be subject to Applicable Law and to the terms of the agreement. Neither the Founders nor PLL shall at any time be entitled to transfer any of their Equity Shares to either a competitor of PLL or to a competitor of the Company.

Right of First Refusal: At any time after the Lock-in Period, in the event that any of the Founders or PLL proposes to transfer any of its Equity Shares in the Company to a third party or in the event of any intended sale on the stock exchange, the Transferring Party shall by notice in writing to the other party ("Transfer Notice") notify the number of Sale Shares proposed to be transferred by the Transferring Party, the proposed terms and conditions of the transfer, including price as offered by the Prospective Purchaser or the expected price (only in the event of an intended sale on a stock exchange), whether in cash or otherwise and the identity of the prospective purchaser.

Further Purchases: The respective inter-se shareholding of Founders and PLL is of the essence of the contract in the agreement. Neither party shall make any fresh purchase of Equity Shares, directly or indirectly, in any manner whatsoever, whether through the stock exchange, or otherwise, except after prior agreement between the parties. Any such purchase shall be planned by the parties through prior consultation and mutual agreement, pursuant to which the parties shall pay for and own such fresh Equity Shares in the same ratio as set out in the agreement. The parties agree that no further purchases of Equity Shares shall be made except in compliance with this provision. Further, the Company shall not issue or register the transfer of any Equity Shares or other securities convertible or exchangeable into Equity Shares in favour of the Founders or PLL, where such issuance or transfer is in contrary to this provision.

Tag-Along Rights: At any time during the Term, if the Founders or PLL proposes to sell the Equity Shares held by it, the Transferring Party shall not, if so called upon in writing by the other party ("Tagging Party") upon receipt of the Transfer Notice, complete such sale, unless the Transferring Party ensures that the Prospective Purchaser buys from the Tagging Party such number of Equity Shares held by the Tagging Party so that the total number of Equity Shares to be sold to the Prospective Purchaser are made up of the Equity Shares of the Transferring Party and the Tagging Party in the same ratio as their respective shareholding in the Company. The terms as to price and payment shall apply to the purchase of the Transferring Party's Equity Shares. However, the provisions in relation to tag-along rights shall not apply to any bona fide sale on a stock exchange by either party for Equity Shares not exceeding 50,000 in number per annum subject to an overall limit of 500,000 Equity Shares. The right of first refusal shall apply to all proposed transfers of Equity Shares.

Business Cooperation and Arrangement between the Parties: The parties shall cooperate with each other in areas in relation to the Offshore Business on certain terms and conditions, including the following:

- (a) The business plan for the Offshore Business to be undertaken by the Company, which shall be agreed between PLL and the Founders within 30 days of the completion date.
- (b) PLL and the Founders shall ensure that no entity other than the Company shall be used for undertaking the Offshore Business anywhere in the world by either PLL or the Founders or by any of their Affiliates, any opportunity to acquire/invest in an Offshore Business whether in India or elsewhere shall be availed by the Founders and PLL through the Company alone. However, the honouring of existing arrangements and commitments of PLL that require PLL to execute certain contracts at specific sites outside India, shall not constitute a breach of this requirement.
- (c) Nothing in the agreement restricts the ability of the Founders or the Company to conduct the Offshore Business outside India either alone or in joint venture with third parties, where PLL is statutorily or economically constrained to have the Company as a consortium partner.

Anti-Dilution: The issued share capital of the Company may be increased from time to time as the Board of Directors and shareholders of the Company may determine. However, the Company shall not issue any further Equity Shares or other securities convertible into Equity Shares (“Further Shares”) of the Company after completion unless PLL has been offered a right to subscribe to such number of Further Shares (“PLL Further Shares”) as would result in the ratio of shareholding of Founders and PLL remaining at 26.0:25.1. The PLL Further Shares shall be issued to PLL on the same terms and conditions, including the price thereof, as the Further Shares are offered and issued to the Founders. However this shall not be applicable to in connection with any issue of Equity Shares as part of an IPO or in connection with any Pre-IPO placement. This shall also not be applicable subsequent to completion of an IPO, however, in case of any preferential allotment to the Founders, PLL too shall have a right to the preferential allotment such that it is able to maintain the then prevailing shareholding ratio between the Founders and PLL.

Consequences of Material Breach: In the event of a material breach by either party (“Defaulting Party”) of any of their respective obligations herein, the other party (“non-Defaulting Party”) shall, if such breach is not cured by the Defaulting Party within 60 days of receipt of a written notice to that effect (“Cure Period”) from the non-Defaulting Party and without prejudice to its rights to forthwith terminate this agreement, be entitled to the following additional rights:

- (a) Where the Defaulting Party is the Founders, PLL shall have the right but not an obligation to require the Founders, jointly and severally, to acquire all of the Equity Shares held by PLL in the Company at a price equivalent to 115% of the Fair Market Value of the Equity Shares.
- (b) Where the Defaulting Party is PLL, the Founders shall have the right to cause PLL to sell to the Founders all of the Equity Shares then held by PLL:
 - (i) for the first three years from the completion at a price equivalent to 75% of the Fair Market Value of the Equity Shares; and
 - (ii) after the expiry of three year after completion at a price equivalent to 85% of the Fair Market Value of the Equity Shares.

The “Fair Market Value” of the Equity Shares shall be the fair market value of the Equity Shares as determined by any Big Four accounting firm to be nominated by the non-Defaulting Party in accordance with the Applicable Law bearing in mind conflict of interest principles.

Indemnity: The Company and the Founders shall indemnify, defend and hold harmless PLL from and against any loss, damages, charges, costs and expenses of whatever nature (including legal costs) which may be incurred, suffered, sustained incurred by PLL arising out of or resulting from any breach of the Warranties under the agreement or from any third party claim directed against PLL of whatsoever nature relating to a period prior to Completion.

However the Company and the Founders shall not be liable to indemnify PLL for the following:

- (a) any losses which are in the nature of special, indirect, incidental or consequential damages;
- (b) any claim(s) made by PLL under this Clause after the expiry of three years from the date of Completion (“Indemnification Claim Period”);

- (c) any change in Applicable Law occurring after Completion;
- (d) any act, order or direction of the Governmental Authority which is retrospective in nature and which has a Material Adverse Effect on the Company for the period prior to Completion; and
- (e) any individual claim which is less than the sum of Rs.1,000,000, and the indemnity of the Company and the Founders to PLL shall be available only when the aggregate of all claim(s) made during the Indemnification Claim Period crosses a minimum sum of Rs.5,000,000.

Intellectual Property: The Founders and the Company shall not use PLL's brand name and other Intellectual Property while PLL shall not use the Company's brand name and other Intellectual Property without the prior written consent of PLL, or as the case may be, the Company and the Founders.

Termination: The agreement may be terminated in accordance with the terms set out in the agreement or by mutual consent.

Pursuant to a letter dated October 23, 2007, PLL consented to the Issue, the amendments to the Memorandum and Articles of the Company and the changes in the Board of Directors, including any committee thereof in connection with the Issue. PLL also agreed to waive and terminate its rights in relation to the Issue, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to minimum price of the Issue. However, if the Equity Shares are not listed on the BSE or the NSE on or before April 30, 2008 or such other date mutually agreed upon by the parties, the consents granted pursuant to this letter shall stand withdrawn. Pursuant to a letter dated July 29, 2009, PLL agreed that if for any reason, the Equity Shares are not listed on the BSE or the NSE on or before December 31, 2009 or such other date as may be mutually agreed in writing, the consent granted pursuant to this letter shall stand withdrawn.

Pursuant to a letter dated July 30, 2009, Punj Lloyd has consented to an extension of time until December 31, 2009 in relation to the Company's obligation to enter into a sub-concession agreement with GMB.

In addition, in response to a request for consent to commence construction activities for the shipyard at Pipavav Port, the GMB, pursuant to a letter dated June 25, 2007, accorded its consent imposing certain conditions, among others, the requirement of obtaining statutory environmental clearances, no-objection certificates from customs authorities, payment of applicable charges to GMB, submission of periodic progress reports, execution of a sub-concession agreement, clearance for acquisition of direct or indirect interest of more than 10% in the Company along with a right to withhold such approval, should GMB or the Government of Gujarat opine that the acquisition would be prejudicial to national interest, and for any direct or indirect change in the management or ownership, mergers or acquisition, or substantial change in directors. Based on such letter, Punj Lloyd's investment in us, which is an acquisition of more than 10% direct interest in us, may require the consent of GMB. We have received legal advice that certain of these conditions in the construction approval by GMB will not apply to us since we operate under the Sub-Lease Agreement. However, pursuant to an undertaking given by us and by IL&FS, we are in discussions with GMB to finalize a sub-concession agreement. There can be no assurance that GMB will concur with the legal advice relied upon by us and will not take appropriate action against us in this regard including seeking to terminate the Sub-Lease Agreement. If GMB does proceed to take such action against us, we may suffer from a material adverse change. For risks in relation to the imposition of conditions by GMB, see "Risk Factors — SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and Punj Lloyd have certain rights, including affirmative rights over reserved matters, that will continue after the listing of our Equity Shares in the Issue" beginning on page xvii of the Red Herring Prospectus.

Subscription Agreement between the Company and IDBI

Pursuant to a subscription agreement dated October 12, 2007 between the Company and IDBI, IDBI agreed to subscribe to 17,500,000 Equity Shares of the Company for cash at par and the parties recorded their mutual rights and obligations.

Conditions in relation to the Project: "Project" has been defined as the proposal to develop the Pipavav Shipyard as a high capacity multi-purpose yard for shipbuilding, repair, refitting activities, construction and

repair of offshore structures. The Company is required to notify IDBI of any changes in the nature and scope of the Project, and of any event or condition which might materially and adversely affect or delay completion of the Project or result in substantial overrun in the original estimate of costs. No proposed change in the nature or scope of the Project shall be implemented and no funds shall be committed, without the prior approval of IDBI. Any material modification or cancellation of the Company's agreements with its machinery suppliers, collaborators, technical consultants and suppliers of raw materials requires the prior concurrence of IDBI. Further, the Company is required to notify IDBI of the circumstances and conditions which could prevent the Company from implementing the Project, lead to delay in completion of the Project or cause abandonment of the Project. The Company also cannot undertake any new project, diversification, modernization or substantial expansion of the Project without the prior approval of IDBI.

Use of Subscription Amount: The Company is required to use the subscription amount solely for the purposes of the Project and must furnish a monthly statement to IDBI specifying the manner of utilization of monies. Payment out of the subscription amount shall be subject to verification by a person authorized by IDBI and the Company cannot transfer the subscription amount or any portion thereof for the purposes of being kept in call or in deposit in any bank without the prior approval of IDBI.

Access by the Company to the subscription may be suspended or terminated by IDBI through a written notice upon the occurrence of any of the following events:

- (a) Default in performance of conditions and covenants under the agreement;
- (b) Supply of misleading information;
- (c) Inability to pay debts;
- (d) Refusal to subscribe/disburse loans by other banks/financial institutions;
- (e) Proceedings against the Company under any bankruptcy or insolvency law or the voluntary or involuntary dissolution of the Company;
- (f) Inability to pay debts upon maturity;
- (g) Liquidation or dissolution of the Company;
- (h) Appointment of receiver or liquidator;
- (i) Attachment or distraint on properties; and
- (j) Extraordinary circumstances which make the execution of the Project and the fulfilment of obligations under the agreement by the Company improbable.

If any of the events described above occur and continue to occur, IDBI may, by written notice, terminate the right of the Company to call upon IDBI to pay the subscription. Notwithstanding suspension or termination pursuant to the above mentioned provisions, the provisions of the agreement shall continue to be in full force and effect so long as IDBI holds Equity Shares acquired pursuant to the agreement.

Listing and Offer of Shares to the Public: The Company is required to ensure listing of its Equity Shares with a recognized stock exchange within a reasonable period of time not exceeding two years from the date of the agreement. If required, the Company shall offer to the public, the Equity Shares subscribed to by IDBI pursuant to the agreement. Such Equity Shares shall be offered at such price as may be determined by IDBI.

Pursuant to a letter dated October 30, 2007, IDBI consented to the inclusion of its name in the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus and other documents in connection with the Issue. However, if the Equity Shares are not listed on the BSE or the NSE on or before March 31, 2008, the consents granted pursuant to this letter shall stand withdrawn. Pursuant to a letter dated July 30, 2009, IDBI agreed to extend the deadline for the listing of the Equity Shares until March 31, 2010. It is clarified that IDBI has not appraised or evaluated the capital expenditure and margin money for working capital requirements which is in addition to Rs.26,039.90 million.

Investment Agreement among the Company, SembCorp Marine Limited (the “Investor”), SKIL (the “Promoter”), Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi (together, the “Initial Shareholders”)

Pursuant to an investment agreement dated October 25, 2007, the Investor agreed to subscribe to 17,500,000 Equity Shares of the Company for cash for an aggregate consideration of Rs.787.5 million and the parties recorded their mutual rights and obligations.

Pursuant to a letter dated July 22, 2009, SembCorp consented to the Issue, the amendments to the Memorandum and Articles of the Company and to the changes in the Board of Directors, including any committee thereof in connection with the Issue. SembCorp waived and terminated its rights in relation to the Issue, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to minimum price of the Issue, cap on pre-IPO placements, etc. SembCorp agreed that none of its rights under the investment agreement would survive and such agreement would terminate upon listing of the Equity Shares on the BSE and the NSE. However, if the Equity Shares of the Company are not listed on the BSE or the NSE on or before March 31, 2010, or such other date mutually agreed upon by the parties in writing, the consent granted pursuant to the letter shall stand withdrawn.

Investment Agreement among SCB Asian Infrastructure Fund, a trust whose trustee is IL&FS Trust Company Limited (the “Investor”), SKIL (the “Promoter”), Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi (together, the “Initial Shareholders”) and the Company

Pursuant to an investment agreement dated November 6, 2007, the Investor agreed to subscribe to 11,500,000 Equity Shares of the Company (the “New Shares”) for cash for an aggregate consideration of Rs.517.5 million and the parties recorded their mutual rights and obligations.

Pursuant to a letter dated December 20, 2007, SCB Asian Infrastructure Fund consented to the Issue, the amendments to the Memorandum and Articles of the Company and to the changes in the Board of Directors, including any committee thereof in connection with the Issue. SCB Asian Infrastructure waived and terminated its rights in relation to the Issue, including without limitation, any rights of anti-dilution, first refusal, pre-emption and related rights with respect to minimum price of the Issue. SCB Asian Infrastructure Fund agreed that none of its rights under the agreement would survive and the agreement would terminate upon listing of the Equity Shares on the BSE and the NSE. However, if the Equity Shares of the Company are not listed on the BSE or the NSE on or before June 30, 2008, or such other date mutually agreed upon by the parties in writing, the consent granted pursuant to the letter shall stand withdrawn.

Pursuant to a letter dated July 29, 2009, SCB Asian Infrastructure Fund agreed to extend the time limit for completing the Issue and the listing of the Equity Shares on the BSE and/or the NSE to March 31, 2010.

Subscription Agreement between the Company and the India Fund Inc.

Pursuant to a subscription agreement dated November 29, 2007, The India Fund Inc. agreed to subscribe to 4,700,000 Equity Shares for cash for an aggregate consideration of Rs.376 million.

Under the terms of the agreement, until the successful closing of an IPO, the Company shall not, without the prior written consent of The India Fund Inc., issue any securities of the Company other than the Pre-IPO Placement at a price not less than Rs.80 per Equity Shares, up to 7.1 million Equity Shares proposed to be issued to Pipavav Shipyard Limited Employee Welfare Trust and the Equity Shares issued pursuant to the Issue. The parties agreed that the Company shall make an IPO within six to nine months from the Closing Date. The subscription agreement terminated upon the allotment of Equity Shares to The India Fund Inc. on November 30, 2007, and the provisions of the agreement that survived such termination terminated on November 30, 2008.

Subscription Agreement between the Company and The Asia Opportunities Offshore Master Fund Limited

Pursuant to a subscription agreement dated December 4, 2007, The Asia Opportunities Offshore Master Fund Limited agreed to subscribe to 300,000 Equity Shares for cash for an aggregate consideration of Rs.24 million. Under the terms of the agreement, until the successful closing of an IPO, the Company shall not, without the prior written consent of The Asia Opportunities Offshore Master Fund Limited, issue any securities of the Company other than the issuance of up to 12 million Equity Shares to other investors as pre-IPO placements at a price not less than Rs.80 per Equity Shares, up to 7.1 million Equity Shares proposed to be issued to Pipavav Shipyard Limited Employee Welfare Trust and the Equity Shares issued pursuant to the Issue. The parties have agreed that the Company shall make an IPO within six to nine months from the Closing Date. The subscription agreement terminated upon the allotment of Equity Shares to The Asia Opportunities Offshore Master Fund Limited on December 4, 2007, and the provisions of the agreement that survived such termination terminated on December 4, 2008.

Share Subscription Agreement between the Company and Merrill Lynch International (the “Investor”)

Pursuant to a share subscription agreement dated December 20, 2007, the Investor agreed to subscribe either directly or through its Affiliates, 4,000,000 Equity Shares of the Company for cash for an aggregate consideration of Rs.320 million. Under the terms of the agreement, the Company will not raise any future equity financing from any person until the IPO by way of preferential allotment of any securities including Equity Shares or preference shares at a price lower than the price per Subscription Share paid by the Investor except the issue of up to 7.1 million Equity Shares proposed to be issued to the Pipavav Shipyard Limited Employee Welfare Trust. The Company had agreed to endeavour to make an IPO and list the Equity Shares within nine months from the completion date. The agreement shall terminate upon the IPO and may also be terminated by mutual consent of the Company and the Investor. The representations and warranties of the Company shall survive until listing of the Equity Shares on the BSE or the NSE.

Share Subscription Agreement between the Company and Deutsche Bank A.G. (the “Investor”)

Pursuant to a share subscription agreement dated January 9, 2008, the Investor agreed to subscribe to 2,000,000 Equity Shares of the Company for cash for an aggregate consideration of Rs.160 million. Under the terms of the agreement, the Company shall not authorize the issuance of any Company Securities except the issuance of up to 7.1 million Equity Shares proposed to be issued to the Pipavav Shipyard Limited Employee Welfare Trust, the issuance of up to 7.85 million Equity Shares as pre-IPO placements and the issuance of Equity Shares pursuant to the IPO. The Company had agreed to use its best endeavours to complete an IPO within nine months from the closing date. The agreement shall remain in force until the completion of the public offer.

OUR MANAGEMENT

Under the Articles of Association, the Company cannot have less than three Directors and more than 15 Directors. The Company currently has 12 Directors.

The following table sets forth details regarding the Board of Directors as of the date of the Red Herring Prospectus.

Name, Designation, Father's Name, Occupation and Term	Age	Address	Director's Identification Number	Other Directorships
Mr. Nikhil P. Gandhi* S/o Mr. Prataprai S. Gandhi Designation: Non-Executive Chairman (Non-Independent) Occupation: Industrialist Term: Not liable to retire by rotation	50	Damodar Bhavan 3rd Floor, Sheela Building Enclosure Mahalaxmi Temple Road Mahalaxmi Mumbai – 400 026 Maharashtra, India	00030560	(i) SKIL Infrastructure Limited; (ii) SKIL Himachal Infrastructure and Tourism Limited; (iii) Horizon Infrastructure Limited; (iv) Awaita Properties Private Limited; (v) Mumbai SEZ Limited; (vi) Navi Mumbai SEZ Private Limited; (vii) Urban Infrastructure Holdings Private Limited; (viii) SKIL Shipyard Holdings Private Limited; (ix) SKIL Karnataka SEZ Limited; (x) SKIL Karnataka Infrastructure Limited; (xi) Horizon Country Wide Logistics Limited; (xii) Fastlane Distriparks & Logistics Limited; (xiii) JPT Securities Limited; (xiv) KLG Capital Services Limited; (xv) Energy India Corporation Limited; and (xvi) SKIL Institute of Nursing Private Limited.
Mr. Bhavesh P. Gandhi* S/o Mr. Prataprai S. Gandhi Designation: Executive Vice Chairman (Non-Independent) Occupation: Industrialist Term: As a whole-time Director, for the period commencing from January 1, 2009 and expiring on March 31, 2013	43	D-4, 4 th Floor New Breach Candy Apartment Breach Candy Mumbai – 400 026 Maharashtra, India	00030623	(i) SKIL Infrastructure Limited; (ii) E Complex Private Limited; (iii) Horizon Infrastructure Limited; (iv) Donyi Polo Petrochemicals Limited; (v) Awaita Properties Private Limited; (vi) Mumbai SEZ Limited; (vii) Navi Mumbai SEZ Private Limited; (viii) Metropolitan Overseas Limited; (ix) Urban Infrastructure Holdings Private Limited; (x) SKIL Shipyard Holdings Private Limited; and (xi) Energy India Corporation Limited
Mr. R.M.V. Raman S/o Mr. Muthu Ramaswamy Designation: Nominee Director (Independent) Occupation: Bank Executive Term: Not liable to retire by rotation, being a nominee director of a Public Financial Institution	63	1504, Wallace Apartments - I Sleater Road Grant Road (West) Mumbai – 400 007 Maharashtra, India	01459620	-
Mr. Mahesh M. Gandhi S/o Mr. Manilal Gandhi Designation: Non-Executive Director (Non-Independent) Occupation: Business Term: Liable to retire by rotation	56	304, Sholay Apartments Raheja Complex Seven Bungalows Versova Mumbai – 400 061 Maharashtra, India	00165638	(i) Millennium Capital Management Private Limited; (ii) TCK Advisors Private Limited; (iii) Horizon Country Wide Logistics Limited; (iv) Uppals IT Projects Private Limited; (v) Luxor Cyber City Private Limited;

Name, Designation, Father's Name, Occupation and Term	Age	Address	Director's Identification Number	Other Directorships
				(vi) M. K. Malls & Developers Private Limited; (vii) Manjeera Retail Holdings Private Limited; (viii) Apodis Hotels & Resorts Limited; (ix) IL&FS Transportation Networks Limited; (x) Trikona Capital Services Private Limited; (xi) Lokhandwala Kataria Constructions Private Limited; (xii) Kapstone Constructions Private Limited; (xiii) D. B. Hospitality Private Limited; (xiv) D.B. Realty Private Limited; (xv) Rustomjee Constructions Private Limited; (xvi) Prama Consultancy Private Limited; (xvii) Enigma Constructions Private Limited; (xviii) Nirmaan Buildwell Private Limited; (xix) Jodhana Developers Private Limited; (xx) Sankalp Buildwell Private Limited; and (xxi) Maharaja Heritage Resorts Limited.
Mr. Sunil Chawla S/o Mr. V.D. Chawla Designation: Non-Executive Director (Non-Independent) Occupation: Service Term: Liable to retire by rotation	46	C-41, Sector 44 NOIDA Uttar Pradesh – 201303India	00865320	(i) Gujarat Pipavav Port Limited; and (ii) Bhilwara Energy Limited.
Mr. Atul Punj S/o Mr. Satya Narain Prakash Punj Designation: Non-Executive (Non-Independent) and Co-Chairman Occupation: Industrialist Term: Liable to retire by rotation	51	10, Prithviraj Road New Delhi – 110 001 India	00005612	(i) Punj Lloyd Limited; (ii) Afsan Health Resorts Private Limited; (iii) Atna Investments Limited; (iv) Atna Properties Private Limited; (v) Cawdor Enterprises Limited; (vi) Indtech Aviation Training Services Private Limited; (vii) Jacob Ballas Capital India Private Limited; (viii) Spectra ISP Networks Private Limited (formerly known as PL Engineering Private Limited); (ix) PLE Hydraulics Private Limited; (x) Air Works India Engineering Private Limited; (xi) Olive Group India Pvt. Limited; (xii) Simon Carves India Limited; (xiii) Swissport Punj Lloyd India Private Limited (under liquidation); (xiv) Punj Lloyd Pte Limited; (xv) Sembawang Engineers & Constructors Pte Limited; (xvi) Simon Carves Limited; (xvii) Imperial Jets India Private Limited; (xviii) Punj Lloyd Infrastructure Limited; (xix) Punj Lloyd Upstream Limited; (xx) Punj Lloyd Aviation Limited; (xxi) Punj Lloyd International Limited;

Name, Designation, Father's Name, Occupation and Term	Age	Address	Director's Identification Number	Other Directorships
				(xxii) Punj Lloyd Industries Limited; (xxiii) Spectra Punjab Limited; (xxiv) Global Health Private Limited; (xxv) Ramprastha Punj Lloyd Developers Private Limited; and (xxvi) Galactic Infrastructure Private Limited. (xxvii) Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd. (xxviii) Sembawang Infrastructure (India) Private Limited; (xxix) Sembawang UAE Pte Ltd; (xxx) PT Punj Lloyd Indonesia; (xxxi) Punj Lloyd Engineers & Constructors Pte. Ltd (formerly known as Abu Dhabi Engineers & Constructors Pte. Ltd.); and (xxxii) Spectra Punj Lloyd Limited.
Mr. Vimal Kishore Kaushik S/o Late Mr. Sada Nand Shastri Designation: Non-Executive Director (Non-Independent) Occupation: Corporate Executive Term: Liable to retire by rotation	61	S-27/1-D, DLF Qutab Enclave Phase III, Gurgaon Haryana – 122 002 India	00002573	(i) Punj Lloyd Limited; (ii) North Karnataka Expressway Limited; (iii) PLE Hydraulics Private Limited; (iv) PLN Construction Limited; (v) KAEFER Punj Lloyd Limited; (vi) Punj Lloyd Oil & Gas (Malaysia) Sdn. Bhd.; (vii) Spectra Punj Lloyd Limited; (viii) Thiruvananthapuram Road Development Company Limited; (ix) Simon Carves India Limited; (x) Technodyne International Limited; (xi) Sembawang Engineers & Constructors Pte Limited; (xii) Punj Lloyd Infrastructure Limited; (xiii) Punj Lloyd Aviation Limited; (xiv) Sembawang Infrastructure (India) Private Limited; (xv) Accendo Infrastructure Ventures Private Limited; (xvi) PT Punj Lloyd Indonesia; (xvii) Simon Carves Singapore Pte. Ltd.; and (xviii) Spectra Infrastructure Limited.
Mr. S. Venkiteswaran S/o Mr. P.V. Subramaniam Designation: Independent Director Occupation: Advocate Term: Liable to retire by rotation	68	A/7-1&2, Lloyds Garden 7th Floor Appasaheb Marathe Marg Prabhadevi, Worli Mumbai – 400 025 Maharashtra, India	00006111	(i) Mundra Port and Special Economic Zone Limited; (ii) Dolphin Offshore Enterprises (India) Limited; (iii) National Securities Clearing Corporation Limited; (iv) The Clearing Corporation of India Limited; (v) Procyon Offshore Services Limited; (vi) Pandi Correspondents Private Limited; (vii) Mahagujarat Chamunda Cements Company Private Limited; and (viii) Indian Register of Shipping.
Mr. R.M. Premkumar S/o Mr. K. Ramunni Menon Designation: Independent Director Occupation: Service Term: Liable to retire by rotation.	63	101, Praneet Dr. Jayant Palkar Marg Opposite Poddar Hospital, Worli Mumbai – 400 030	00328942	(i) SICOM Limited; (ii) Afcons Infrastructure Limited; (iii) Fine-Line Circuits Limited; (iv) Rama Cylinders Private Limited; and (v) Maharashtra State Electricity

Name, Designation, Father's Name, Occupation and Term	Age	Address	Director's Identification Number	Other Directorships
		Maharashtra, India		Transmissions Company Limited.
Mr. Ajai Vikram Singh S/o Mr. Onkar Singh Designation: Independent Director Occupation: Professional Management Term: Liable to retire by rotation	64	Baghsuri House Jaipur Road Ajmer – 305 001 Rajasthan, India	02184840	Horizon Infrastructure Limited.
Mr. Samar Ballav Mohapatra S/o Mr. Dhaneswar Mohapatra Designation: Independent Director Occupation: Professional Management Term: Liable to retire by rotation	65	Flat No. C-15 DGS Housing Society Sector 22, Plot No. 6 Dwarka New Delhi – 110 075 India	00327410	(i) Vinci Weaving Looms Limited; (ii) Banyan Tree Textile Processing House Limited; (iii) Chincholi Textile Park Limited; (iv) House of Pearl Fashions Limited; (v) Chirpal Industries Limited; (vi) Banyan Tree Holdings Private Limited; (vii) Banyan Tree Retailing Private Limited; and (viii) Vinci Textile Processing Machinery Private Limited.
Mr. Michael Philip Pinto S/o Mr. Ligouri Simon Pinto Designation: Additional Director (Independent Director) Occupation: Professional Management Term: Liable to retire at the next AGM	66	405, Shalaka M. K. Road Churchgate Mumbai - 400 021 Maharashtra, India	0021565	(i) Gateway Distriparks Limited; (ii) Infrastructure Leasing & Financial Services Limited; (iii) Raffles Portworks Private Limited (iv) Gateway Distriparks (Kerala) Limited; (v) Healthcare Global Limited; (vi) Ashoka Buildcon Limited; and (vii) SCI Forbes Limited.

* Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are brothers.

Brief Profile of the Directors

Mr. Nikhil P. Gandhi, aged 50, is the Non-Executive Chairman of the Company, and is also the Executive Chairman of SKIL Infrastructure Limited. He is a first generation entrepreneur with business interest in marine equipments, marine engineering and infrastructure. He has been with the Company since its inception in 1997 and was one of the first directors appointed pursuant to the Articles upon incorporation of the Company. Mr. Gandhi has approximately 26 years of experience as an entrepreneur of various infrastructure development projects. Under his leadership, the first private port in India was set up through Gujarat Pipavav Port Limited. He was nominated as a trustee of the Mumbai Port Trust on two occasions. In 1990, he received the “Best Young Entrepreneur” award from the Ministry of Chemicals and Petrochemicals, Government of India and in 2001, he was conferred the “Great Son of Soil” award by the All India Conference of Intellectuals.

Mr. Bhavesh P. Gandhi, aged 43, is the Executive Vice Chairman of the Company, and is also the Vice Chairman of SKIL Infrastructure Limited. He has been a Director since December 30, 2005. He obtained a Bachelor of Commerce degree from the University of Calcutta and commenced his career by joining SKIL as a promoter and director responsible for the business development of the company. Mr. Gandhi has approximately 25 years of experience as an entrepreneur. Mr. Gandhi has particular expertise in infrastructure development projects.

Mr. R.M.V. Raman, aged 63, has been appointed as a nominee Director of EXIM Bank and as such qualified as an Independent Director of the Company. He has been a Director since December 19, 2003. He holds a Master of Financial Management degree from the Jamnalal Bajaj Institute, the University of

Mumbai, a Master of Science degree in Physics and a Master of Arts degree in English Literature from Madurai College, Madurai Kamaraj University, Tamil Nadu. Mr. Raman has approximately 35 years of experience in international trade financing, development banking and central banking. He has undertaken project feasibility studies and monitoring assignments in many countries and has also negotiated and concluded many export lines of credit. Prior to joining EXIM Bank in 1982, he had worked in the Reserve Bank of India for two years and in Industrial Development Bank of India for eight years.

Mr. Mahesh M. Gandhi, aged 56, is a Non-Executive Director of the Company, and has been appointed as a Director nominated by Trinity Capital (Nine) Limited, a fund listed on the Alternative Investment Market. He was appointed as a Director of the Company on March 8, 2007. He has approximately 32 years of experience in asset management, investment banking and corporate finance etc. Mr. Gandhi has a Bachelor of Science (Hons.) degree from the University of Gujarat, a Master of Financial Management degree from the Jamnalal Bajaj Institute of Management Studies, Mumbai, a Master of Laws degree in International Law and Tax Practice from the University of Gujarat and a Diploma in Journalism (Times of India, Mumbai). He also launched Millennium Capital Management Private Limited in 1998, which provides consultancy and advisory services. Mr. Gandhi has been the Chief Executive Officer of Jardine Fleming Asset Management Fund, the Chief Executive Officer of Unit Trust of India's Investment Advisory Services from 1995 until 1996, one of the members of Unit Trust of India's think tank from 1986 until 1996 and has also served General Insurance Corporation of India from 1977 until 1986. He was associated with the Unit Trust of India from 1986 until 1994, during which he was instrumental in developing a framework for a domestic listed equity fund.

Mr. Sunil Chawla, aged 46, is a Non-Executive Director of the Company, and has been appointed as a Director nominated by New York Life. He was appointed as a Director on March 8, 2007. He has approximately 22 years of experience in private equity, investment banking and corporate finance. He holds a Bachelor of Commerce (Hons.) degree from the University of Delhi and is a fellow member of the Institute of Chartered Accountants of India. Mr. Chawla's previous work experience includes serving as the Head of Corporate Finance (North) at Tata Finance Limited and as the Controller for the South Asia Regional Office of the International Development Research Centre, Canada. He is a partner at Jacob Ballas Capital India Private Limited and also a director of Gujarat Pipavav Port Limited and Bhilwara Energy Limited.

Mr. Atul Punj, aged 51, is a Non-Executive Director and Co-Chairman of the Company and has been nominated by Punj Lloyd. He was appointed as a Director on September 18, 2007. Mr. Punj holds a Bachelor's degree in Commerce from the Shri Ram College of Commerce, Delhi University. He joined the family business at the age of 22. He initiated Punj Lloyd into the pipeline business and helped it focus on the engineering, hydrocarbons and infrastructure sectors. Mr. Punj has overseen Punj Lloyd's diversification into new business opportunities, including tankage and terminals, process plants, power, telecom and highway construction. He has also helped Punj Lloyd grow in international markets, including South Asia, Middle East, Asia Pacific, the Caspian, Europe, China and Africa. Mr. Punj is a Member of the Construction Federation of India, Construction Industry Development Council and the National Council of the Confederation of Indian Industry.

Mr. Vimal Kishore Kaushik, aged 61, is a Non-Executive Director of the Company and has been nominated by Punj Lloyd. He was appointed as a Director on September 18, 2007. Mr. Kaushik has been associated with Punj Lloyd since its inception and has approximately 39 years of experience in project and construction management. Mr. Kaushik has a Bachelor's degree in electrical engineering from the Gwalior University. He has worked in most operations in India and overseas with Punj Lloyd. As managing director of Punj Lloyd, he headed the global operations of Punj Lloyd across the Asia Pacific, South Asia, Middle East, Africa and the Caspian.

Mr. S. Venkiteswaran, aged 68, a Senior Advocate, is a non-executive Independent Director of the Company. He was appointed as a Director on September 18, 2007. He has approximately 47 years of experience as a lawyer. He completed his LL.B. degree from the Bombay University. He enrolled to practise in the Bombay High Court in 1962. After practising before the trial courts for a few years, Mr. Venkiteswaran specialized in maritime and aviation related commercial disputes. He was designated as a

Senior Advocate and has appeared before State High Courts and the Supreme Court of India. He has also been involved in arbitration in relation to shipping and has appeared as an expert witness on Indian law in foreign arbitration and litigation proceedings. In addition, Mr. Venkiteswaran has been a member of the “Perspective Planning Ports at the Turn of the Century” constituted by the Planning Commission of India and a member of the group constituted for updating admiralty laws.

Mr. R.M. Premkumar, aged 63, is a non executive Independent Director of the Company. He was appointed as a Director on October 15, 2007. Mr. Premkumar has a Master’s degree in Arts (History) and a Bachelor’s degree in Law from the Madras University. He joined the Indian Administrative Service in 1968 and has approximately 39 years of experience in the Indian Administrative Service. Mr. Premkumar has handled many important assignments with Government of India and Government of Maharashtra. His prior work experience includes serving as the Additional Secretary to the Government of India for the Department of Atomic Energy, Chief Secretary to the Government of Maharashtra, Chairman of the Food Corporation of India, Managing Director of the Maharashtra State Financial Corporation, Development Commissioner of SEEPZ, Managing Director of Maharashtra State Cooperative Bank Limited and as Chief Executive Officer of Maharashtra Industrial Development Corporation. Mr. Premkumar is currently the Chairman and Director of the State Industrial & Investment Corporation of Maharashtra Limited (“SICOM”) and Maharashtra State Electricity Transmission Company Limited (“MSETCL”).

Mr. Ajai Vikram Singh, aged 64, is a non executive Independent Director of the Company. He was appointed as a Director on May 30, 2008. He joined the Indian Administrative Service in 1967 and has held various appointments in the State and the Central Governments. He has been a District Magistrate, Commissioner, Secretary Small Industries, Secretary Heavy Industries, Industrial Development Commissioner & Principal Secretary in the Government of Uttar Pradesh. He was the first Chief Secretary of Uttaranchal (now Uttarakhand). In the Government of India, he has held various posts, including that of Additional Secretary and Financial Advisor to the Ministry of Industry, Secretary Revenue, Secretary, Ministry of Non Conventional Energy Resources, Secretary, Ministry of Road Transport and Highways and Defence Secretary. He has also been the Chairman of, *inter alia*, Indo-Gulf Fertilisers, India Polyfibres and Pashupati Acrylone. He also has been a director on the boards of a number of companies including IFCI, Maruti Udyog limited, BHEL, HMT, Hindustan Aeronautics, Mazagon Docks, Goa Shipyard and Andrew Yule Limited.

Mr. Samar Ballav Mohapatra, aged 65, is a non executive Independent Director of the Company. He was appointed as a Director on May 30, 2008. He has a Bachelor of Arts degree and a Master of Arts degree from the Delhi University. In 1967, Mr. Mohapatra joined the Indian Administrative Service and retired in 2004. Mr. Mohapatra held several key positions in the Government of India including Secretary, Ministry of Textiles; Special Secretary, Ministry of Home Affairs; Additional Secretary and Financial Advisor, Ministry of Commerce and Director General of Foreign Trade and Managing Director of Industrial Development Corporation, Orissa.

Mr. Michael Philip Pinto, aged 66, is a non-executive Independent Director of the Company. He was appointed as an Additional Director on July 18, 2009. Mr. Pinto joined the Indian Administrative Service and retired in 2003. He has a Bachelor of Arts (Political Science) degree and a master’s degree in Sociology. He also has a master’s degree in Public Administration from Harvard University. In his career as an IAS officer, he held various assignments like the Vice Chairman and MD of Maharashtra State Road Transport Corporation, MD of Maharashtra State Finance Corporation, Chairman of Maharashtra State Electricity Board, Director General (Shipping) for the Government of India and Chairman of JNPT. As the Chairman of JNPT, Mr. Pinto played an important role in opening the port sector to private investment and in popularizing the concept of the landlord port. He is the only Indian to be elected as Vice Chairman of the Council of International Maritime Organisation.

Details of Appointment and Compensation of the Directors

Name of Directors	Date of contract/Appointment Letter/Resolution	Term	Compensation (per annum)	Remuneration in Fiscal 2009 (Rs.)
Mr. Nikhil P. Gandhi	October 17, 1997	Not liable to retire by rotation	Sitting fees	-
Mr. Bhavesh P. Gandhi	December 30, 2005	As a whole-time Director, for a period commencing from January 1, 2009 and expiring on March 31, 2013.	See the section “– Terms and Conditions of Employment of Executive Directors” below.	69,720,000*
Mr. R.M.V. Raman	December 19, 2003	Not liable to retire by rotation being a nominee director of a Public Financial Institution	Sitting fees	-
Mr. Mahesh M. Gandhi	March 8, 2007	Liable to retire by rotation	Sitting fees	-
Mr. Sunil Chawla	March 8, 2007	Liable to retire by rotation	Sitting fees	-
Mr. Atul Punj	September 18, 2007	Liable to retire by rotation	Sitting fees	-
Mr. Vimal Kishore Kaushik	September 18, 2007	Liable to retire by rotation	Sitting fees	-
Mr. S. Venkiteswaran	September 18, 2007	Liable to retire by rotation	Sitting fees	-
Mr. R.M. Premkumar	October 15, 2007	Liable to retire by rotation	Sitting fees	-
Mr. Ajai Vikram Singh	May 30, 2008	Liable to retire by rotation	Sitting fees	-
Mr. Samar Ballav Mohapatra	May 30, 2008	Liable to retire by rotation	Sitting fees	-
Mr. Michael Philip Pinto	July 18, 2009	Liable to retire at the next AGM	Sitting fees	-

* Includes Performance Incentive for fiscal 2008 of Rs. 30,000,000 and Performance Incentive for fiscal 2009 of Rs. 15,000,000.

Terms and Conditions of Employment of Non-Executive Directors

The non-executive Directors of the Company are paid sitting fee as permitted under the Companies Act and as approved by the Board of Directors, and reimbursed actual travel, boarding and lodging expenses for attending meetings of the Board of Directors and its committees. At present, the non-executive Directors of the Company are paid Rs.10,000 for attending each Board meeting and each meeting of a committee of the Board. They may also be paid commission and any other amounts as may be decided by the Board in accordance with the provisions of the Articles of Association, the Companies Act and any other applicable Indian laws and regulations.

Terms and Conditions of Employment of the Executive Director

Mr. Bhavesh P. Gandhi was appointed as an additional Director and whole-time Director by the Board of Directors at its meeting held on December 30, 2005. The shareholders of the Company, at a meeting held on September 14, 2006, appointed Mr. Bhavesh P. Gandhi as a whole-time Director for a period of three years with effect from January 1, 2006. The Board of Directors, pursuant to a resolution adopted at its meeting held on May 28, 2007, designated Mr. Bhavesh P. Gandhi as the Executive Vice-Chairman of the Company. The shareholders of the Company, pursuant to a special resolution adopted at an extra-ordinary general meeting held on October 17, 2008, extended the term of appointment of Mr. Bhavesh P. Gandhi as a whole-time Director of the Company for the period commencing January 1, 2009 until March 31, 2013 on the following terms and conditions subject to the approval of the Central Government:

Remuneration	Amount
Basic salary	Rs.1,200,000 per month
House Rent Allowance (“HRA”)	Rs.500,000 per month
Special Pay	Rs.300,000 per month
Provident fund contribution	Membership of the provident fund to which the Company will contribute 12% of the basic salary

Remuneration	Amount
Gratuity	Calculated on the basis of 15 days' basic salary for each year of completed service subject to completion of a minimum of five years of continuous service with the Company. For the purpose of the calculation, the average of the last three months' basic salary will be considered as basic salary.
Performance Incentive	Rs.15,000,000 for the financial year 2008-09. The Performance Incentive payable for subsequent financial years will be decided by the Board and the same will be merit-based.
Perquisites (Category A)	Amount
Reimbursement of medical expenses	At actuals
Reimbursement of leave travel allowance for self and family members	One month's basic salary
Club fees	Membership and annual fees of clubs shall be incurred by the Company subject to a maximum of 2 clubs
Superannuation and/or annuity fund	As per the Company's rules
Perquisites (Category B)	Amount
The Company will provide two cars for official and personal use.	At cost

* These terms and conditions of appointment, as approved by the shareholders on October 17, 2008, are subject to the approval of the Central Government since these terms are in excess of the limits prescribed under Section 269 of the Companies Act.

The following table sets forth the details of the remuneration for Mr. Bhavesh P. Gandhi for fiscal 2009:

Name	Basic Salary (in Rs. per annum)	Special Allowance	Super-annuation	Provident Fund	House Rent Allowance	Performance Incentive*	Total
Rupees							
Mr. Bhavesh P. Gandhi	14,400,000	3,600,000	0	720,000	6,000,000	45,000,000	69,720,000
Total	14,400,000	3,600,000	0	720,000	6,000,000	45,000,000	69,720,000

* Performance Incentive for fiscal 2008 was Rs.30,000,000 and for fiscal 2009 was Rs.15,000,000.

Borrowing Powers of the Directors in the Company

The Articles of Association, subject to the provisions of the Companies Act, authorize the Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company. The shareholders have, pursuant to a resolution adopted at the AGM dated July 15, 2008, authorized the Board to borrow monies from time to time, for the purpose of the business of the Company such sums or monies as they may deem requisite notwithstanding the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed an aggregate of the paid-up capital of the Company and its free reserves that the total amount up to which the money may be borrowed by the Board of Directors shall not exceed at any time Rs.20,000 million.

Shareholding of the Directors

The Articles of Association do not require the Directors to hold any qualification Equity Shares in the Company. None of the Directors hold Equity Shares in their personal capacity.

Interest of Promoters, Directors and Key Managerial Personnel

The Promoters are interested in the Company to the extent of their shareholding in the Company and in any dividend and distributions which may be made by the Company in future. The Promoters are also interested in agreements and other transactions as set forth in the section "Related Party Transactions" and Annexure IX to the Company's restated financial statements on a standalone basis beginning on pages 191

and F-1 of the Red Herring Prospectus, and other than as set forth therein, the Promoters do not have any other interest in our business.

All of the Directors may be deemed to be interested to the extent of fees payable to them to attend meetings of the Board or a committee thereof and to the extent of other remuneration and reimbursement of expenses payable to them under the Articles of Association. Certain Directors are interested to the extent of Equity Shares held by companies in which each of them are directors or shareholders and to the extent of benefits arising out of such shareholding. Mr. Bhavesh P. Gandhi, as an Executive Director, may be deemed to be interested to the extent of remuneration paid to him for services rendered as an officer or employee of the Company. Other than as disclosed in the Red Herring Prospectus, none of the Directors are entitled to receive remuneration from the Company. For further details, see the section “Our Management - Details of Appointment and Compensation of the Directors” beginning on page 127 of the Red Herring Prospectus.

The Directors and Promoters are also interested in agreements and other transactions as set forth in the section “Related Party Transactions” and Annexure IX to the Company’s restated financial statements on a standalone basis beginning on pages 191 and F-1 of the Red Herring Prospectus, and other than as set forth therein, the Directors and the Promoters do not have any interest in any property acquired by the Company or its Subsidiary within a period of two years of the date of filing the Red Herring Prospectus.

Except as stated above and in the section “Related Party Transactions” and Annexure IX to the Company’s restated financial statements on a standalone basis beginning on pages 191 and F-1 of the Red Herring Prospectus, the Directors do not have any other interest in our business.

Except as disclosed in the section “—Shareholding of the key managerial personnel” and “Capital Structure” beginning on pages 135 and 29 of the Red Herring Prospectus, respectively, none of the key managerial personnel of the Company have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled as per the terms of their appointment, the reimbursement of expenses incurred by them during the ordinary course of business. There are no service-contracts entered into by the Directors providing for benefits upon termination of employment.

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance would become applicable to the Company at the time of execution of the listing agreement with the Stock Exchanges. The Company has complied with such provisions, including with respect to the appointment of independent Directors to the Board and the constitution of the following committees of the Board: the Audit Committee, the Remuneration Committee and the Shareholders/Investors Grievance Committee. The Company undertakes to take all necessary steps to comply with applicable requirements on corporate governance and adopt the Corporate Governance Code as specified under Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

The Board has 12 Directors and the Chairman of the Board is a non-executive Director, who is related to persons occupying management positions at the board level (he is a relative of the Executive Director of the Company). In compliance with the requirements of Clause 49 of the listing agreements, the Company has (i) not less than 50% of the Board comprising non-executive Directors and (ii) at least 50% of the Board comprising independent Directors.

Audit Committee

The Audit Committee was originally constituted by the Board of Directors at a meeting held on June 12, 2001 and has been reconstituted subsequently, including pursuant to a circular resolution dated July 18, 2009. The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company’s financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

The constitution of the Audit Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. R.M. Premkumar	Independent Director (Chairman)
2.	Mr. Bhavesh P. Gandhi	Executive Director
3.	Mr. Atul Punj	Non-Executive Director
4.	Mr. R.M.V. Raman	Independent Director, a nominee Director of EXIM Bank
5.	Mr. S. Venkiteswaran	Independent Director
6.	Mr. Samar Ballav Mohapatra	Independent Director

The terms of reference of the Audit Committee shall be governed by the applicable provisions of the Companies Act, Clause 49 of the Standard Listing Agreement and other applicable statutory provisions.

Remuneration Committee

The Remuneration Committee was originally constituted by the Board of Directors at a meeting held on September 4, 2003 and reconstituted at the Board meeting held on June 30, 2009.

The constitution of the Remuneration Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. S. Venkiteswaran	Independent Director (Chairman)
2.	Mr. Nikhil P. Gandhi	Non-Executive Director
3.	Mr. Atul Punj	Non-Executive Director
4.	Mr. R. M. Premkumar	Independent Director
5.	Mr. Samar Ballav Mohapatra	Independent Director

The terms of reference of the Remuneration Committee are as follows:

- To consider and approve payment of remuneration including pension rights and compensation payment, if any, other than sitting fees payable to the Directors and re-imburement of expenses incurred by Directors for attending meetings of the Board or committee thereof, payable to the Executive and non-Executive Directors of the Company including Managing Director(s)/ Whole-time Director(s) or Managers, if the remuneration payable is within the limits prescribed by Part II of Schedule XIII to the Companies Act, 1956.
- To determine the employees stock option policy for the Company.
- To determine employees of the Company and SKIL Infrastructure Limited, promoters of the Company, eligible to participate in various employee stock option plans of the Company and to determine number of options/shares to be granted to each eligible employee.
- To consider and approve any other matter, relating to remuneration of Directors and employees stock options.
- To look into any other matter, as may be required, as per the provisions of the Companies Act or the SEBI Act and rules framed under these statutes.

Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee was constituted by the Board of Directors at a meeting held on October 15, 2007. The Shareholders/Investors Grievance Committee is responsible for the redressal of investor grievances.

The constitution of the Shareholders/Investors Grievance Committee is as follows:

S. No.	Name of the Director	Executive/Non-Executive/Independent
1.	Mr. Nikhil P. Gandhi	Non-Executive Director (Chairman)

2.	Mr. Bhavesh P. Gandhi	Executive Vice-Chairman, Executive Director
3.	Mr. Vimal Kishore Kaushik	Non-Executive Director
4.	Mr. S. Venkiteswaran	Independent Director

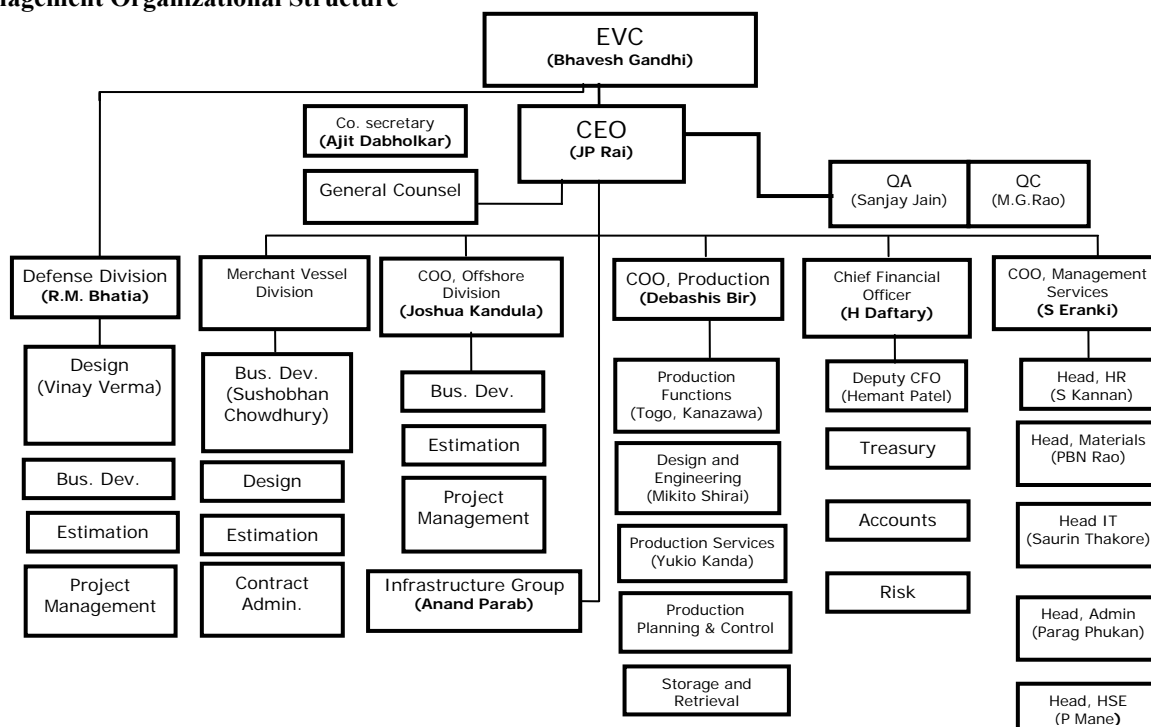
The terms of reference of the Shareholders/Investors Grievance Committee are to consider shareholders' and investors' complaints including transfer of shares, non-receipt of balance sheet, non-receipt of dividend warrants, etc. and to redress genuine grievances of shareholders and investors.

Changes in the Board of Directors during the last three years

The following are the changes in the Board of Directors of the Company in the last three years preceding the date of filing the Red Herring Prospectus.

Name	Date of Appointment	Date of Cessation	Reason
Mr. Ravi Parthasarathy	December 30, 2005	January 2, 2008	Resignation
Mr. N. Ravichandran	December 30, 2005	September 18, 2007	Resignation
Mr. P. Krishnamurthy	December 30, 2005	September 18, 2007	Resignation
Mr. K. Ramchand	December 30, 2005	September 18, 2007	Resignation
Mr. Raj Kumar N. Gupta	June 25, 2004	July 13, 2007	Term expired.
Mr. Bhavesh P. Gandhi	December 30, 2005	-	Appointment
Mr. Anoop Sethi	March 8, 2007	May 14, 2008	Resignation
Mr. Mahesh M. Gandhi	March 8, 2007	-	Appointment
Mr. Sunil Chawla	March 8, 2007	-	Appointment
Mr. Atul Punj	September 18, 2007	-	Appointment
Mr. Vimal Kishore Kaushik	September 18, 2007	-	Appointment
Mr. T.R. Prasad	September 18, 2007	January 13, 2009	Resignation
Mr. S. Venkiteswaran	September 18, 2007	-	Appointment
Mr. R.M. Premkumar	October 15, 2007	-	Appointment
Mr. Ajai Vikram Singh	May 30, 2008	-	Appointment
Mr. Samar Ballav Mohapatra	May 30, 2008	-	Appointment
Mr. Michael Philip Pinto	July 18, 2009	-	Appointment

Management Organizational Structure



Key Managerial Personnel

Mr. Jai Prakash Rai, aged 54, joined the Company as the Chief Executive Officer on February 2, 2009. Previously he was working with SKIL as its Group Chief Executive Officer. He has a Master in Business Administration from BHU, Varanasi. He also has an LL.B. Degree from the University of Mumbai. Mr. Rai worked for the State Bank of India for six years, before joining the Indian Administrative Service (IAS). He joined the IAS in the year 1983 and has approximately 14 years of experience in the IAS during which he held various positions such as District Collector, Deputation to the Ministry of Human Resources and Development and United Nations Transitional Authority for Cambodia. He resigned from the IAS during the year 1997 to join the private sector. His experience in the SKIL group includes a key role in setting up the Pipavav Port and setting up LNG project in joint venture with BG Group plc. He also worked with PwC in their regulatory practice. The gross remuneration paid by the Company to Mr. Rai during fiscal 2009 was Rs.2,049,372.

Mr. Debashis Bir, aged 54, is the Chief Operating Officer - Production of the Company. He joined the Company in August 2007 and is primarily responsible for all manufacturing plants, sites and workshops/facilities, meeting the intermediate and final targets for the product-line and objectives of the Company and achieving timely delivery of product with quality and customer satisfaction within the budgeted costs. He has approximately 32 years of experience in the shipbuilding industry, including shipyard infrastructure, production methodology, ship construction and repair, technical and project management, fund management and financial planning. He holds a Bachelor of Science degree and has completed his Bachelor of Technology (Honours) in Naval Architecture from the Indian Institute of Technology, Kharagpur. Prior to joining the Company, Mr. Bir served as the Executive Director of Alcock Ashdown (Gujarat) Limited, Bhavnagar from 2005 until 2007. His prior work experience includes serving with the Chowgule Group of Industries, Goa from 1978 until 1986 as a Naval Architect and a Business Executive for ship building, fishing industry, shipping and waterfront based infrastructure development. He has also been independently involved in the business of re-powering Demo Ship's diesel generator sets for land use from 1986 until 1991 in the Chowgule Group. In addition, Mr. Bir promoted a ship building and ship repair company, Alang Marine Limited, Bhavnagar, in partnership with local business groups from 1991 until 2005. In addition to ship building and ship repair, this company was involved in the refit of defence ships and design/installation of dock gates. The gross remuneration paid by the Company to Mr. Bir during fiscal 2009 was Rs.5,261,960.

Mr. Hasmukh D. Daftary, aged 54, is the Chief Finance Officer of the Company. He joined the Company in August 2007 and is responsible for financial matters of the Company and overseeing finance and accounts. He has approximately 32 years of experience in finance and accounting. He holds an LL.B degree from the Kanpur University and is also a qualified chartered accountant. Prior to joining the Company, Mr. Daftary was the Executive Director/Chief Financial Officer of Asahi India Glass Limited from June 2001 until August 2007. His prior work experience includes working at M/s Tandan and Company as a Chartered Accountant from January 1978 until November 1978, and with Associated Cement Companies Limited from 1978 to 1996 in various capacities, including as the General Manager. He was then deputed from Associated Cement Companies Limited to Float Glass India Limited as Director (Finance). He worked with Float Glass India Limited from 1996 until 2001. The gross remuneration paid by the Company to Mr. Daftary during fiscal 2009 was Rs.4,757,856.

Mr. Srinivas Eranki, aged 52, is the Chief Operating Officer – Management Services of the Company. He joined the Company in October 2007 and is responsible for managing shared services of the organization. This includes the service delivery of materials, information technology, human resources, administration and HSE. He has approximately 28 years of experience in general management in key positions in reputed organizations. He has completed a Bachelor of Technology degree in mechanical engineering from the Indian Institute of Technology, Chennai and a post-graduate diploma in management from the Indian Institute of Management, Kolkata. Prior to joining the Company, Mr. Eranki worked with Asian Paints as a Systems Executive from May 1981 until October 1983, Glaxo Laboratories as Manager, MIS from November 1983 until October 1986, Lintas India Limited as the General Manager from November 1986 until December 1992 and February 1997 until August 2000 and Reliance Industries

Limited as the Senior Vice President & CIO from September 2000 until October 2007. The gross remuneration paid by the Company to Mr. Eranki during fiscal 2009 was Rs.6,840,192.

Mr. Joshua Kandula, aged 50, is Chief Operating Officer – Offshore of the Company. He joined the Company in September 2008. He holds a B. Tech from NIT and MBA from the Indian Institute of Management, Kolkata and has approximately 25 years of experience in the offshore oil and gas industry. Prior to joining the Company, he worked with Mercator Lines Limited as Vice-President and Head of the newly formed offshore services group including business development for offshore services and implementation of construction project for jack-up rigs. He has also worked with various reputed organizations like The Great Eastern Shipping Co Limited, Dewanchand Industries Private Limited, Triveni Engineering and Industries Limited and Bharat Heavy Electricals Limited in the areas of marketing, business development and offshore projects. The gross remuneration paid by the Company to Mr. Kandula during fiscal 2009 was Rs.3,804,025.

Mr. A.G. Parab, aged 61, is the President (Shipyard Infrastructure) of the Company. He joined the Company in January 2000 and is responsible for planning and setting up infrastructure facilities related to civil engineering for the Company including upgrade and modification of the existing facilities. He has approximately 35 years of combined experience in the Indian Army and the ports sector. He has experience in administration and engineering and has commanded an engineering unit. Mr. Parab holds a Bachelor of Engineering degree in mechanical engineering from the Jawaharlal Nehru University and a post-graduate diploma in workshop technology from the College of Military Engineering, Pune. Prior to joining the Company, Mr. Parab served as an Assistant Director, Vehicle R&D Establishment in the Indian Army. The gross remuneration paid by the Company to Mr. Parab during fiscal 2009 was Rs.1,920,000.

Mr. Mikito Shirai, aged 50, is the Head (Planning & Production Engineering) of the Company. Mr. Shirai joined the Company in April 2007 and is responsible for the overall planning for ship building and production engineering. He has approximately 22 years of experience in the ship building industry including planning, design, engineering, accuracy control, quality assurance and information technology. Mr. Shirai holds a Bachelor of Science degree and Master of Science (Naval Architecture) degree from the Tokyo University. His work experience includes serving as a Project Leader of high speed catamaran in collaboration with University of Tokyo from 1986 to 1991, Senior Engineer at IHI AMTEC, Aioi, Japan from 1991 until 1995, Chief Engineer, International Affairs Division at The Japan Marine Science and Technology Center, Tokyo, Japan from 1996 until 1998, Kure Shipyard, Kure, Japan from 1998 until 2004 in various capacities, and lastly as Manager, Production Control Department Samsung Heavy Industries, Korea from 2004 until 2006 as Senior Manager, Accuracy Control, Advisor to Production Design. Prior to joining the Company, Mr. Shirai served as General Manager, Quality Assurance at Tsuneishi Corporation, Fukuyama, Japan from April 2006 until December 2006. The gross remuneration paid by the Company to Mr. Shirai during fiscal 2009 was Rs.10,891,349.

Mr. Isao Kanazawa, aged 63, is the Head of Block Making Site (BMS). He has completed a degree in Naval Architecture from the University of Osaka in 1970. He joined the Company in July 2008. Mr. Kanazawa has approximately 38 years of experience in commercial shipbuilding in planning and control, Hull construction and production functions. Prior to joining the Company, Mr. Kanazawa worked with IHI Marine Co. Ltd. (Japan). The gross remuneration paid by the Company to Mr. Kanazawa during fiscal 2009 was Rs.8,820,100.

Mr. Osamu Togo, aged 64, is a Naval Architect from the University of Kyusyu. He has joined the Company in July 2008 as the Head of Shipyard Site Production (SYS). Mr. Togo has approximately 40 years of experience in commercial shipbuilding in Hull construction, Assembly and production control functions. Prior to joining the Company, Mr. Togo worked with Shikavajima Kogyo Co. Ltd. (Japan). The gross remuneration paid by the Company to Mr. Togo during fiscal 2009 was Rs.9,482,025.

Mr. Yukio Kanda, aged 59, has completed a Graduate Metallic Material course from Tokai University in 1974. He has joined the Company in April 2008 and is heading the welding technology function. Mr. Kanda has approximately 35 years of experience in shipbuilding functions including welding technology, sub-assembly, assembly and equipment program. Prior to joining the Company, Mr. Kanda worked with

IHIMU Shipyard (Japan). The gross remuneration paid by the Company to Mr. Kanda during fiscal 2009 was Rs.8,707,974.

Mr. Aiuchi Masayuki, aged 63, has completed his Senior High School from Meijou University. He joined the Company in November 2008 and is currently heading the outfitting function. Mr. Aiuchi has approximately 44 years of experience in shipbuilding. He has significant expertise in machinery block outfitting, machinery module outfitting and shield fabrication. Prior to joining the Company, Mr. Masayuki worked with IHI-SA Co. Ltd. (Japan). The gross remuneration paid by the Company to Mr. Masayuki during fiscal 2009 was Rs.3,250,539.

Mr. Mitsuhiro Murohoshi, aged 66, is a graduate and has completed a NACE CIP Level 3 as coating inspector from NACE international, U.S.A. He has joined the Company in January 2009 and is heading the blasting and painting cell. Mr. Murohoshi has approximately 30 years of experience in painting technology. Prior to joining the Company, Mr. Masayuki worked with Palihe Coating Supply Co. Ltd. (Japan). The gross remuneration paid by the Company to Mr. Murohoshi during fiscal 2009 was Rs.1,416,726.

Mr. Vinay Kumar Verma, aged 53, is the Vice President (Design & Drawing) of the Company. He joined the Company in August 2006 and is responsible for the ship design and drawings and he also coordinates with KOMAC, a Korean design company. He has approximately 26 years of experience in the Indian Navy and shipyards. He has experience in ship design, ship production and repair. He holds a Bachelor's degree in Mechanical Engineering and a DIIT (Naval Architecture) from the Indian Institute of Technology, New Delhi. Prior to joining the Company, Mr. Verma was Joint Director, Naval Design from September 2003 until September 2005 in the Indian Navy and Project Leader (ASW Corvette), GRSE, Kolkata from September 2005 until August 2006. The gross remuneration paid by the Company to Mr. Verma during fiscal 2009 was Rs.1,949,676

Mr. Ajit Dabholkar, aged 44, is the Company Secretary and the Compliance Officer of the Company. He is responsible for the corporate secretarial functions of the Company and oversees the corporate counsel department of the Company including managing international arbitrations. He is a fellow member of the Institute of Company Secretaries of India and holds a Bachelor of Commerce degree and an LL.B. degree from the University of Mumbai. He has approximately 22 years of experience in providing business solutions concerning legal and secretarial functions of a company. Prior to joining the Company, he served as the Chief Manager – Secretarial and Legal in Bennett, Coleman and Co. Limited from May 1999 until March 2007. During the period from August 2001 until May 2003, he was also the Company Secretary of Entertainment Network India Limited, a subsidiary of Bennett, Coleman and Co. Limited. His prior work experience includes Wipro Finance Limited from January 1997 until April 1999; Wipro Limited from June 1992 until December 1996 and Galaxy Surfactants Private Limited from August 1987 until May 1992. He was appointed by the Board on March 29, 2007 with effect from March 21, 2007. The gross remuneration paid by the Company to Mr. Dabholkar during fiscal 2009 was Rs.1,314,396

Mr. Sushobhan Chowdhury, aged 49, is the Advisor (Corporate Technical Services) of the Company. He joined the Company in September 2007 and is responsible for advising the Chief Executive Officer and the shipyard team on technical aspects. He has approximately 24 years of experience in the ship building industry including design, contract review and interpretation, construction/project management of FPSO, FSO, tankers and bulk carriers and as owner's representative. He has completed a B. Tech. (Hons.) degree in Naval Architecture from the Indian Institute of Technology, Kharagpur. Prior to joining the Company, Mr. Chowdhury worked with Mazagon Dock Limited as a Senior Naval Architect from July 1983 until October 1992, with Dolphin Offshore Limited as Naval Architect from October 1992 until October 1994, with Bluewater Offshore Services (Proprietorship Company) as owner from October 1994 until February 2000, with Samsung Heavy Industries (SHI) as Manager from February 2000 until October 2002 and with Geden Lines (Turkey) at Samho Shipyard, Korea as Site Manager from October 2002 until September 2007. The gross remuneration paid by the Company to Mr. Chowdhury during fiscal 2009 was Rs.3,699,996.

Mr. Hemant Patel, aged 49, is the Deputy Chief Financial Officer of the Company. He joined the Company in April 2009 and is responsible for the EOU & SEZ compliance, risk management and treasury

functions. He has approximately 28 years of experience in Finance and Accounts Management. He holds a Master's degree in Commerce with specialization in Finance & Accounts from the University of Calcutta, Kolkata. Prior to joining the Company, Mr. Hemant Patel was Vice President (Finance & Accounts) in Schreiber Dynamix Dairies Limited., Mumbai from October 1992 until December 2008 and President – Business Development in SKIL Infrastructure Limited, Mumbai from December 2008 until March 2009. As Mr. Patel joined the Company in April 2009, no remuneration was paid to him in fiscal 2009.

Mr. Pakina Bala Nageswara Rao, aged 49, is the Head – Materials Management of the Company. He joined the Company in June 2008 and is responsible for the Materials management including the procurement of steel, bulk materials, capital equipment, ship machinery and equipment, logistics and warehousing. He has approximately 29 years of industry experience. He holds a Diploma in Mechanical Engineering from the Andhra Polytechnic, Kakinada and a course on Import-Export management from the Indo-American Society, Mumbai. Prior to joining the Company, Mr. P.B.N. Rao was Manager - Procurement with Mazagon Dock Limited from July 1985 until April 2006, the General Manager – Materials with Dolphin Offshore from May 2006 until December 2006 and the General Manager – Procurement with Leighton Engineering India from January 2007 until May, 2008. The gross remuneration paid by the Company to Mr. Rao during fiscal 2009 was Rs.1,926,496.

Mr. Kannan Subramanian, aged 46, is the Head – Human Resources of the Company. He joined the Company in July 2009. He has completed his MBA in human resources from the Bangalore University. He also holds a Post Graduate Diploma in PMIR from St. Joseph's College, Bangalore. Prior to joining the Company, Mr. Kannan has worked for approximately 16 years with JSW Steel and approximately 8 years with Titan Industries Limited. He has significant expertise in managing human resources functions of large industrial complexes involving managerial, skilled and unskilled workforce. Since Mr. Subramanian joined the Company in July 2009, no remuneration was paid to him in fiscal 2009.

All the key managerial personnel mentioned above are permanent employees of the Company. None of the above mentioned key managerial personnel are related to each other or are appointed pursuant to any arrangement or understanding with major shareholders, customers or suppliers.

Mr. Isao Kanazawa, Mr. Osamu Togo, Mr. Yukio Kanda, Mr. Aiuchi Masayuki and Mr. Mitsuhiro Murohoshi are collectively referred to as the “Japanese KMPs”. Other than the Japanese KMPs, all the other key managerial personnel retire at the age of 60 years. Under the terms of the relevant contracts, the tenure of the Japanese KMPs (other than Mr. Kanda) with the Company is two years and Mr. Kanda's tenure is three years, each such tenure being renewable by mutual consent. Under the applicable contracts, the key managerial personnel (other than the Japanese KMPs) are entitled to retirement leave encashment, if any, that is payable and if their services are terminated without notice by the Company, then such personnel are entitled to three months' basic pay. Upon the expiry of the contracts of the Japanese KMPs, the Company is required to bear the cost of transportation of the belongings of the relevant Japanese KMPs to Japan.

Shareholding of the key managerial personnel

Except as disclosed below and in the section “Capital Structure – Notes to Capital Structure” beginning on page 30 of the Red Herring prospectus, none of the key managerial personnel of the Company hold any Equity Shares in the Company as of the date of the Red Herring Prospectus:

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Mr. J.P. Rai	100,000	0.02%	0.02%
2.	Mr. A.G. Parab	50,001	0.01%	0.01%
3.	Mr. Debashis Bir	25,000	Negligible	Negligible
4.	Mr. Ajit D. Dabholkar	15,001	Negligible	Negligible
5.	Mr. Vinay Kumar Verma	8,000	Negligible	Negligible
6.	Mr. Mikito Shirai	5,000	Negligible	Negligible
7.	Mr. Srinivas Eranki	2,500	Negligible	Negligible
8.	Mr. Joshua Kandula	2,500	Negligible	Negligible

S. No.	Name of Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
9.	Mr. Sushobhan Chowdhury	2,500	Negligible	Negligible
	Total	210,502	0.04	0.04

Bonus or profit sharing plan for the key managerial personnel

There is no bonus or profit sharing plan for the key managerial personnel of the Company.

Changes in the key managerial personnel during the last three years

The following are the changes in the key managerial personnel of the Company in the last three years preceding the date of filing the Red Herring Prospectus:

Name	Designation	Date of Appointment	Date of Cessation	Reason
Mr. Makarand Patwardhan	Company Secretary	January 2, 2006	September 16, 2006	Resignation
Mr. Balasubramaniam	President, Ship Building	December 1, 2005	May 31, 2007	Resignation
Mr. M. Subramanian	Senior Vice President, Accounts	December 4, 2006	September 3, 2007	Resignation
Mr. Varinder Kumar	President (Procurement/Materials Handling)	August 9, 2006	July 1, 2009	Became Advisor
Mr. Vinay Kumar Verma	Vice President (Design & Drawing)	August 9, 2006	-	Appointment
Mr. Raymond Stewart	Chief Executive Officer	September 1, 2006	January 31, 2009	Became Advisor
Mr. J.C. Bhatia	President (Corporate Affairs and Coordination)	October 27, 2006	July 1, 2009	Became Advisor
Mr. Tushar Mehta	Vice President (Technical & Yard Services)	November 27, 2006	May 25, 2008	Resignation
Mr. S.D. Mehta	President (Human Resources)	February 1, 2007	July 1, 2009	Became Advisor
Mr. Sitaram Nadimpalli	Vice President (QA/QC)	February 15, 2007	September 2, 2008	Resignation
Mr. Surendra Kulshreshtha	Vice President (Training)	February 1, 2007	June 6, 2009	Resignation
Mr. Ajit D. Dabholkar	Company Secretary	March 21, 2007	-	Appointment
Mr. Mikito Shirai	Head (Planning and Production Engineering)	April 1, 2007	-	Appointment
Mr. Venkat Polinati	Vice President (Production)	May 23, 2007	August 3, 2008	Resignation
Mr. Debashis Bir	President (Ship Building)	August 16, 2007	-	Appointment
Mr. Hasmukh Daftary	President (Finance and Accounts)	August 16, 2007	-	Appointment
Mr. Sushobhan Chowdhury	Advisor (Corporate Technical Services)	September 17, 2007	-	Appointment
Mr. Srinivas Eranki	Chief Technology Officer	October 3, 2007	-	Appointment

Name	Designation	Date of Appointment	Date of Cessation	Reason
Mr. Yukio Kanda	Head - Welding Technology	April 26, 2008	-	Appointment
Mr. PBN Rao	Head – Materials	June 23, 2008	-	Appointment
Mr. Osamu Togo	Head – Shipyard Site	July 1, 2008	-	Appointment
Mr. Isao Kanazawa	Head – Block Making Site	July 1, 2008	-	Appointment
Mr. Aiuchi Masayuki	Head – Outfitting	November 4, 2008	-	Appointment
Mr. Mitsuhiro Murohoshi	Head – Blasting & Painting	January 17, 2009	-	Appointment
Mr. J.P. Rai	Chief Executive Officer	February 2, 2009	-	Appointment
Mr. Hemant Patel	Deputy Chief Financial Officer	April 1, 2009	-	Appointment
Mr. S. Kannan	Head – HR	July 22, 2009	-	Appointment

Payment or Benefit to Officers of the Company

Except as disclosed in the Red Herring Prospectus and any statutory payments made by the Company, in the last two years the Company has not paid any sum to its employees in connection with superannuation payments and ex-gratia/rewards and has not paid any non-salary amount or benefit to any of its officers.

Except as disclosed in the Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors or the Promoters of the Company.

OUR PROMOTERS AND PROMOTER GROUP COMPANIES

The following companies are the Promoters of the Company:

1. SKIL Infrastructure Limited;
2. Punj Lloyd Limited; and
3. Grevek Investments and Finance Private Limited.

Promoter Group

The companies that are part of the Promoter Group, apart from the Promoter companies mentioned above, are:

1. Gujarat Positra Port Company Limited;
2. SKIL Himachal Infrastructure and Tourism Limited;
3. Poseidon Infrastructure Limited;
4. Urban Infrastructure Holdings Private Limited;
5. SKIL Shipyard Holdings Private Limited;
6. Montana Infrastructure Limited (formerly, Montana Valves and Compressors Limited);
7. Horizon Country Wide Logistics Limited;
8. Atna Investments Limited;
9. PLN Construction Limited;
10. Punj Lloyd Industries Limited;
11. Spectra Punj Lloyd Limited;
12. Spectra Punjab Limited;
13. Simon Carves India Limited;
14. Punj Lloyd Infrastructure Limited;
15. Punj Lloyd Upstream Limited;
16. Punj Lloyd Aviation Limited;
17. PT Punj Lloyd Indonesia;
18. Punj Lloyd International Limited;
19. Punj Lloyd Kazakhstan LLP;
20. Punj Lloyd Pte Limited;
21. PT Sempec Indonesia;
22. Sembawang Engineers & Constructors Pte Limited;
23. Rajahmundry Expressway Limited;
24. Andhra Expressway Limited;
25. North Karnataka Expressway Limited;
26. Thiruvananthapuram Road Development Company Limited;
27. Arooshi Enterprises Private Limited;
28. Global Health Private Limited;
29. Dayim Punj Lloyd Construction Contracting Company Limited;
30. Kaefer Punj Lloyd Limited;
31. Ramprastha Punj Lloyd Developers Private Limited;
32. Cawdor Enterprises Limited;
33. Punj Lloyd Systems Limited;
34. Spectra ISP Networks Private Limited;
35. Punj Lloyd SKIL Marine Systems Limited;
36. Sembawang Infrastructure (India) Private Limited; and
37. Olive Group India Private Limited.

The partnership entity that is part of the Promoter Group is:

1. Metropolitan Industries.

Declaration

We confirm that the permanent account number, bank account details, the company registration number and the address of the Registrar of Companies where the Promoters are registered, as applicable, will be submitted to the Stock Exchanges at the time of filing the Red Herring Prospectus with such Stock Exchanges.

Further, the Promoters and the Promoter Group entities have confirmed that they have not been detained as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or currently pending against them. None of the Promoters, Promoter Group entities or persons in control of the Promoters or bodies corporate forming part of the Promoter Group has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.

Promoters

1. SKIL Infrastructure Limited

SKIL was incorporated on February 20, 1990 as Sea King Engineers Limited. With effect from January 14, 1999, its name was changed to Sea King Infrastructure Limited. Its name was subsequently changed to SKIL Infrastructure Limited with effect from March 25, 2004. It commenced business on April 17, 1990. The main objects of the company include the business of import, export, manufacturing and trading of marine spares, general machinery parts, economizer steel studded tubes and aluminium guild tubes and investing, executing and operating infrastructure projects and real estate development. The principal business of the company is infrastructure development.

SKIL has experience in the development of infrastructure projects in India, including the Pipavav Port, the Pipavav Railway and the Pipavav Link Road. The Pipavav Port was developed by Gujarat Pipavav Port Limited, an entity originally promoted by SKIL (now divested), as the first private sector port in India. SKIL's interests in each of the Pipavav Railway and the Pipavav Link Road were also divested in 2005. SKIL also initially led the development of the Mumbai Special Economic Zone as well as the Navi Mumbai Special Economic Zone.

The company's registered office is located at SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai – 400 023, Maharashtra, India. Its corporate office is located at 13/14, Khetan Bhawan, 198, Jamshedji Tata Road, Churchgate, Mumbai – 400 020, Maharashtra, India.

Board of Directors

The board of directors of SKIL as at the date of the Red Herring Prospectus comprises Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Mr. N. Ravichandran, Mr. P. Krishnamurthy, Mr. B. P. Misra, Cmde V. G. Honnavar, Mr. A. Prasad and Mr. Santosh Senapati.

Changes in management

There have been no changes in management of SKIL in the last three years preceding the date of filing the Red Herring Prospectus.

Shareholding Pattern

The equity shareholding pattern of SKIL as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Metropolitan Industries (Represented by Mr. Nikhil P. Gandhi & Mr. Bhavesh P. Gandhi)	151,217,247	59.91

Name of the Shareholder	Number of equity shares	% of issued capital
Montana Infrastructure Limited	91,187,635	36.13
Ashwini Infrastructure Private Limited	9,510,500	3.73
Mr. Prataprai Gandhi	433,433	0.17
Mr. Nikhil P. Gandhi	4,763	Negligible
Ms. Rupali Gandhi	9,526	Negligible
Mr. Bhavesh P. Gandhi	4,763	Negligible
Ms. Neha Gandhi	4,763	Negligible
Mr. Abhay Kumar Pandey	15,500	0.01
M2N2 Partners Limited	2,523,880	0.99
Total	254,912,010	100.0

The compulsorily convertible preference shareholding as of June 30, 2009 was as follows:

Name of the Shareholders	Number of preference shares held ⁽¹⁾	Percentage of Shareholding
Ashoka Investment Holdings Limited	15,385	76.92
Ambadevi Mauritius Holding Limited	4,615	23.08
Total	20,000	100.00

(1) Face value of each compulsorily convertible preference share is Rs.100,000.

During the last six months, Ashwini Infrastructure Limited has transferred 15,500 equity shares to Mr. Abhay Kumar Pandey. Other than as set out above, there have been no changes in the capital structure in the past six months.

Financial Performance

The audited financial results of SKIL for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	66.27	176.71	300.87
Profit (Loss) after Tax	22.96	35.68	64.80
Equity share capital	550.55	2,523.88	2,523.88
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	4,085.28	2,253.23	2,263.24
Earnings per share (Rs.) ⁽²⁾	0.42	0.14	0.26
Diluted Earnings per share (Rs.) ⁽²⁾	0.42	0.14	0.26
Net asset value or book value per share (Rs.) ⁽²⁾	84.20	18.93	18.97

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

SKIL is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

Promoters of SKIL Infrastructure Limited

The Promoters of SKIL are Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi.

Other Information

The details of SKIL's permanent account number, registration number and the address of the Registrar of Companies in Mumbai, Maharashtra are as follows:

Permanent account number	AABCS7689F
Registration Number	11-55506
Address of Registrar of Companies	100, Everest Building, Marine Drive, Mumbai — 400 002, Maharashtra

2. **Punj Lloyd Limited**

Punj Lloyd was incorporated on September 26, 1988 as Punj Lloyd Engineering Private Limited. With effect from July 11, 1989, the name of the company was changed to Punj Lloyd Private Limited. With effect from July 1, 1992, the word “private” was deleted from the name of the company pursuant to Section 43A (1A) of the Companies Act. Subsequently, the company became a public limited company on July 21, 1992. The equity shares of the company were listed on the BSE and the NSE with effect from January 6, 2006.

Punj Lloyd primarily provides engineering, procurement, general construction and project management services for energy and infrastructure projects in India or abroad. Its registered office is located at Punj Lloyd House, 17-18 Nehru Place, New Delhi – 110 019.

The details of Punj Lloyd’s permanent account number, registration number and the address of the Registrar of Companies, Delhi and Haryana in New Delhi are as follows:

Permanent account number	AAACP0305Q
Company Identification Number	L74899DL1988PLC033314
Address of Registrar of Companies	4 th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019

Promoters of Punj Lloyd Limited

The Promoters of Punj Lloyd are Mr. Atul Punj, Mr. S.N.P. Punj, Mr. Uday Punj and Cawdor Enterprises Limited.

Board of Directors

The board of directors of Punj Lloyd as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. V. K. Kaushik, Mr. L. Chhabra, Mr. P. K. Gupta, Mr. Sanjay Bhatnagar, Mr. Niten Malhan, Mr. Scot Bayman, Dr. Naresh K. Trehan and Mr. Phiroz Vandrevale.

Changes in management

There have been no changes in management of Punj Lloyd in the last three years preceding the date of filing the Red Herring Prospectus.

Shareholding Pattern

The shareholding pattern of Punj Lloyd as of June 30, 2009 was as follows:

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
A. Shareholding of Promoter and Promoter Group			
(1) Indian			
Individuals/HUF	13		
Atul Punj		1,430,540	0.47
Indu Rani Punj/ Satya Narain Prakash Punj		10,217,065	3.37
Satya Narain Prakash Punj/ Indu Rani Punj		10,266,138	3.38

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
Uday Punj (HUF)		820,246	0.27
Manglam Punj/Uday Punj		1,090,353	0.36
Uday Punj/ Manglam Punj		869,935	0.29
Uday Punj		1,862,211	0.61
Arti Singh		483,600	0.16
Jyoti Punj		501,725	0.17
Manglam Punj		1280	Negligible
Atul Punj (HUF)		820	Negligible
Jai Punj		335	Negligible
Dev Punj		335	Negligible
Navina Punj		5,000	Negligible
Bodies Corporate	6		
Spectra Punj Finance Private Limited		21,973,250	7.24
K R Securities Private Limited		1,082	Negligible
PLE Hydraulics Private Limited		40	Negligible
Vishvdeva Builders and Promoters Private Limited		110	Negligible
PTA Engineering and Manpower Services Private Limited		40	Negligible
Special Steel Forgings Private Limited		15	Negligible
(2) Foreign			
Individuals	1		
Atul Punj		1,430,540	0.47
Bodies Corporate	1		
Cawdor Enterprises Limited		75,691,430	24.94
Total Shareholding of Promoter and Promoter Group		125,215,550	41.26
B. Public Shareholding			
(1) Institutions			
Mutual Funds/UTI	70	47,677,143	15.71
Financial Institutions/Banks	33	6,109,350	2.01
Foreign Institutional Investors	95	46,984,613	15.48
Foreign Venture Capital Investors	1	9,675,851	3.19
(2) Non-Institutions			
Bodies Corporate	2,626	20,017,573	6.60
Individuals			
Individual shareholders holding nominal share capital up to 1 lakh	277,153	33,694,465	11.10
Individual shareholders holding nominal share capital in excess of 1 lakh	17	10,507,105	3.46
Clearing members	660	1,573,607	0.52
Trusts	14	39,699	0.01
Non Resident Indians	4,368	2,014,807	0.66
Foreign Nationals	2	112	Negligible
Total Public Shareholding		178,294,325	58.74
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
TOTAL (A+B+C)		303,509,875	100.0

In the six months preceding the date of the Red Herring Prospectus, 46,340 shares of Punj Lloyd have been allotted pursuant to employee stock option plans.

Financial Performance

The audited financial results of Punj Lloyd for the last three years are summarized below:

<i>(Rs. in million, unless otherwise stated)</i>			
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	23,054.78	45,417.56	69,556.17
Profit (Loss) after Tax	615.85	2,214.42	3,210.97
Equity share capital	522.52	606.89	606.96
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	10,461.95	23,739.01	25,432.59
Earnings per share (Rs.) ⁽²⁾	2.36	7.81	10.58
Diluted Earnings per share (Rs.) ⁽²⁾	2.19	7.39	10.31
Net asset value or book value per share (Rs.) ⁽²⁾	42.26	83.23	85.80

(1) Net of miscellaneous expenditure not written off.

(2) With effect from March 6, 2007, Punj Lloyd sub-divided the face value of each equity share from Rs.10 to Rs.2.

Punj Lloyd has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

Details of listing and highest and lowest market price during the preceding six months

The equity shares of Punj Lloyd are listed at the BSE and the NSE.

Monthly high and low price of the equity shares of Punj Lloyd at BSE and NSE in the last six months

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
August 2009	274.90	265.60	275.3	265.5
July 2009	255.00	171.40	256.00	171.25
June 2009	234.50	176.00	235.00	174.60
May 2009	207.75	118.05	208.45	118.00
April 2009	136.00	88.50	135.60	88.60
March 2009	94.40	66.65	94.40	66.05

Source: www.bseindia.com; www.nse-india.com.

The closing share price of Punj Lloyd was Rs.260.55 and Rs.260.55 on the BSE and the NSE, respectively, as on September 4, 2009.

1. In fiscal 2006, Punj Lloyd completed an initial public offering of 9,172,937 equity shares (face value of Rs.10) at a price of Rs.700 per share aggregating Rs.6,421,055,900 comprising a fresh issue of 8,355,174 equity shares and an offer for sale of 817,763 equity shares by the existing shareholders. The issue opened on December 13, 2005 and closed on December 16, 2005.

The rate of dividend for the year ended March 31, 2009 is 15%, i.e., Re.0.30 per share.

2. PLL completed a Foreign Currency Convertible Bonds ("FCCB") issue in April 2006. PLL has issued at par, Zero Coupon US\$ denominated FCCBs with a maturity of 5 years and 1 day aggregating to US\$125,000,000 (Rs.5,543,750,000 as on the date of issue) comprising 1,250 bonds of US\$100,000 each to invest in capital goods, repayment of international debts, possible acquisitions outside India, investment in BOOT projects and any other use as may be permitted under applicable law or by the regulatory bodies from time to time. The bond holders have an

option of converting these bonds into equity shares at an initial conversion price of Rs.1,362.94 per share (face value of Rs.10) with a fixed rate of exchange conversion of Rs.44.35 = US\$1.00, at any time on or after July 1, 2006 and prior to close of business on March 24, 2011, unless redeemed, repurchased and cancelled or converted. After the sub-division of face value shares of PLL from Rs.10 to Rs.2, the conversion price was accordingly adjusted. As of July 31, 2009, 12,251,270 equity shares of Rs.2 each of the above had been allotted upon conversion of FCCBs for an amount of US\$ 75,300,000.

3. In August 2007, PLL also issued 29,600,000 equity shares of Rs.2 each at a price of Rs.275 per equity share, including premium of Rs.273 per equity share, aggregating Rs.8,140,000,000 to QIBs pursuant to Chapter XIII A of the SEBI Guidelines.
4. PLL has allotted 577,945 shares to eligible employees under its Employee Stock Option Plans 2005 and 2006.

In August 2009, PLL completed a Qualified Institutions Placement under Chapter XIII A of the SEBI Guidelines for 27,900,920 equity shares of Rs.2 each at a price of Rs.240.20 per equity share, including a premium of Rs.238.20 per equity share, aggregating Rs.6,701,800,984.

The objects of PLL's initial public offering were listing of the equity shares on the stock exchanges and to finance purchase of capital equipment, prepayment of debt, project related investments and general corporate purposes. The objects mentioned in the offer document to the initial public offer have been achieved. As on December 31, 2006, the funds raised in the public issue had been completely utilized. The statement of utilization of funds is as given below:

Particulars	Amount (Rs. in million)
Gross Proceeds of the Fresh Issue	5,848.6
Less: Offer related Expenses	305.1
Total Funds Available from IPO (Net of Issue Expenses)	5,543.5
Total Fund Utilized out of IPO Proceeds	
A Funds utilized for Equipment	1,485.2
B Prepayment of Debt	3,064.2
C Equity Investment in Subsidiary	453.3
D General Corporate Purposes	540.8
Total (A+B+C+D)	5,543.5
Balance	NIL

The proceeds for the other securities offerings were used as disclosed in the respective offer documents.

Mechanism for Redressal of Investor Grievance

Karvy Computershare Private Limited is the Share Transfer Agent of Punj Lloyd for both electronic as well as physical shares. The complaints/correspondence are received at various branches of Karvy Computershare Private Limited across India and also directly by Punj Lloyd. Generally, a response is provided to the complaints/ correspondence within a week of receipt.

During the period from October 1, 2008 to June 30, 2009, 68 investor complaints were received, all of which were duly redressed.

3. Grevek Investments and Finance Private Limited

Grevek Investments and Finance Private Limited was incorporated on January 6, 1993. The company was established for the purpose of investment in shares, stocks, bonds, mortgages, for financing various organizations and acting as financial advisors. Its registered office is located at 511, Vyapar Bhavan, 49 P. D'Mello Road, Carnac Bunder, Mumbai – 400 009.

Board of Directors

The board of directors of Grevek Investments as of the date of the Red Herring Prospectus comprises Mr. Prataprai Gandhi, Mr. Manoj Mehta, Mrs. Neha Gandhi and Mrs. Rupali Gandhi.

Changes in management

There have been no changes in management of Grevek Investments in the last three years preceding the date of filing the Red Herring Prospectus.

Shareholding Pattern

The shareholding pattern of Grevek Investments as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Metropolitan Industries (Represented by Mr. Nikhil P. Gandhi & Mr. Bhavesh P. Gandhi)	2,250,000	17.53
Montana Infrastructure Limited	8,000,000	62.34
Horizon India Batteries Limited	180,000	1.40
Starwort Engineers Private Limited	1,260,000	9.82
Awaita Properties Private Limited	1,144,000	8.91
Total	12,834,000	100.0

There have been no changes in the capital structure in the past six months other than as set forth below:

1. Transfer of 3654000 equity shares from Hina Infrastructure Private Limited to Starwort Engineers Private Limited, Montana Infrastructure Limited and Awaita Properties Private Limited pursuant to an agreement dated March 31, 2009.

Grevek Investments is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

Financial Performance

The audited financial results of Grevek Investments for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	123.77	0.34	25.66
Profit (Loss) after Tax	9.29	(13.54)	12.37
Equity share capital	50.00	50.00	50.00
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	70.44	56.68	68.00
Earnings per share (Rs.) ⁽²⁾	1.86	-	2.47
Diluted Earnings per share (Rs.) ⁽²⁾	1.09	-	1.45
Net asset value or book value per share (Rs.) ⁽²⁾	24.08	21.34	23.60

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Promoters of Grevek Investments

The Promoters of Grevek Investments are Montana Infrastructure Limited (formerly known as Montana Valves and Compressors Limited) and Metropolitan Industries (represented by Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi).

Other Information

The details of Grevek Investments' permanent account number, registration number and the address of the Registrar of Companies in Mumbai, Maharashtra are as follows:

Permanent account number	AAACG2968G
Registration Number	11-70326
Address of Registrar of Companies	100, Everest Building, Marine Drive, Mumbai – 400 002, Maharashtra.

The permanent account numbers, bank account numbers, registration numbers and addresses of the relevant registrar of companies of our Promoters have been submitted to the BSE and NSE at the time of filing the Draft Red Herring Prospectus.

Persons Holding Controlling Interest in the Promoters

These individuals are neither Promoters nor part of the Promoter Group although they have been additionally described in this section.

1. SKIL Infrastructure Limited and Grevek Investments and Finance Private Limited

Mr. Nikhil P. Gandhi (including through his relatives) ultimately holds the controlling interest in SKIL and Grevek Investments, which are Promoters of the Company. Such controlling interest is exercised through Metropolitan Industries (a partnership firm represented by Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi), Montana Infrastructure Limited and Sea King Marine Services (a partnership firm). For further details on Metropolitan Industries (represented by Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi) and Montana Infrastructure Limited, see pages 181 and 152 of the section “Our Promoters and Promoter Group Companies” in the Red Herring Prospectus. Sea King Marine Services is a partnership firm controlled by the relatives of Mr. Nikhil P. Gandhi and is one of the intermediaries through which control is exercised over Montana Infrastructure Limited. The details of Nikhil P. Gandhi are as follows:



Identification	Details
Voter ID Number	NA
Driving Licence Number	NA
PAN	AABPG9516A

For further details on Mr. Nikhil P. Gandhi, see the section “Our Management - Brief Profile of the Directors” beginning on page 124 of the Red Herring Prospectus.

2. Punj Lloyd Limited

Mr. Atul Punj (including through his relatives) ultimately holds the controlling interest in Punj Lloyd Limited, a Promoter of the Company. Such controlling interest is exercised through Cawdor Enterprises Limited and Spectra Punj Finance Private Limited. For further details on Cawdor Enterprises Limited, see page 176 of the section “Our Promoters and Promoter Group Companies” in the Red Herring Prospectus. Mr. Atul Punj holds 99.84% of the paid-up capital of Spectra Punj Finance Private Limited which is one of the intermediaries through which control is exercised over Punj Lloyd Limited. The photograph, voter ID number and driving license number of Mr. Atul Punj are set forth below.



Identification	Details
Voter ID Number	SJE0747279
Driving Licence Number	P02112007143988
PAN	AAFPP1942D

For further details on Mr. Atul Punj, see the section “Our Management - Brief Profile of the Directors” beginning on page 125 of the Red Herring Prospectus.

Promoter Group

The details of the companies and other entities that form part of the Promoter Group are as follows:

1. Gujarat Positra Port Company Limited

Gujarat Positra Port Company Limited was incorporated on July 22, 1998. It received its Certificate of Commencement of Business on August 7, 1998. The company was established for the purpose of construction and development of ports. It has yet to commence business. Its registered office is located at 905, 906, Sakar II, Ellis Bridge Corner, Ellis Bridge, Ahmedabad – 380 006, Gujarat.

Board of Directors

The board of directors of Gujarat Positra Port Company Limited as at the date of the Red Herring Prospectus comprises Mr. Sanjay Doshi, Mr. Chetan Kothari and Ms. Sanjita Doshi.

Financial Performance

The audited financial results of Gujarat Positra Port Company Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	-
Equity share capital	0.50	0.50	737.42
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	0.44	0.44	0.44
Earnings per share (Rs.) ⁽²⁾	-	-	-
Diluted Earnings per share (Rs.) ⁽²⁾	-	-	-
Net asset value or book value per share (Rs.) ⁽²⁾	18.23	18.23	10.01

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Gujarat Positra Port Company Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Mr. Sanjay. M. Doshi	100	Negligible
Mr. Chetan.V. Kothari	100	Negligible
Ms. Sanjita S. Doshi	100	Negligible
Mr. Atul Desai	100	Negligible
Ms. Deepali Desai	100	Negligible
Mr. Jitubhai Mehta	100	Negligible
Ms. Parina Mehta	100	Negligible
SKIL Infrastructure Limited	40,239,980	48.39
Horizon Infrastructure Limited	17,687,941	21.27
Visionfirst Capital Limited	25,231,977	30.34
Total	83,160,598	100.00

There have been no changes in the capital structure in the past six months other than as set forth below:

1. Transfer of 15,813,227 equity shares from Horizon Infrastructure Limited to Visionfirst Capital Limited on March 31, 2009.

Gujarat Positra Port Company Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

2. SKIL Himachal Infrastructure and Tourism Limited

SKIL Himachal Infrastructure and Tourism Limited was incorporated on December 16, 2005 and it commenced business on October 27, 2006. SKIL Himachal Infrastructure and Tourism Limited was established to carry on the business of infrastructure and tourism related activities. Its registered office is located at C-11 Qutub Institutional Area, New Delhi – 110 016.

Board of Directors

The board of directors of SKIL Himachal Infrastructure and Tourism Limited as at the date of the Red Herring Prospectus comprises Mr. Nikhil P. Gandhi, Mr. N. Ravichandran, Mr. A.P. Rai and Mr. Sachin Shridhar.

Financial Performance

The audited financial results of SKIL Himachal Infrastructure and Tourism Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the year/period ended		
	October-December 2006	January 1-March 31, 2007	April 1, 2007 - March 31, 2008
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	-
Equity share capital	0.50	0.50	0.50
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	-	-	-
Earnings per share (Rs.) ⁽²⁾	-	-	-
Diluted Earnings per share (Rs.) ⁽²⁾	-	-	-
Net asset value or book value per share (Rs.) ⁽²⁾	9.22	9.22	(57.81)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of SKIL Himachal Infrastructure and Tourism Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Mr. Ashok Pratap Rai	100	0.001
Mr. Hemendra Singh	100	0.001
Mr. Mir Taqi Ali Khan	100	0.001
Mr. Munish Khullar	100	0.001
Mr. Rudra Kumar Singh	100	0.001
Mr. Anil Kaula	100	0.001
Mr. Manish Rai	100	0.001
SKIL	47,049,300	99.98
Total	47,050,000	100.0

There have been no changes in the capital structure in the past six months.

SKIL Himachal Infrastructure and Tourism Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

3. Poseidon Infrastructure Limited

Poseidon Infrastructure Limited was incorporated on January 20, 1998 as Pipavav LNG and Power Limited. With effect from July 9, 1998 the name of the company was changed to Gujarat Pipavav LNG Company Limited and subsequently to Poseidon Infrastructure Limited on February 25, 2002. The company was initially engaged in the business of setting up of Liquefied Natural Gas (LNG) import and regasification terminals. Subsequently, the company relinquished its development rights in favour of British Gas. Subsequent to 2002, the company changed the nature of its business and is currently engaged in the business of infrastructure development and related activities. Its registered office is located at 905, 906, Sakar II, Ellis Bridge Corner, Ellis Bridge, Ahmedabad – 380 006, Gujarat.

Board of Directors

The board of directors of Poseidon Infrastructure Limited as at the date of the Red Herring Prospectus comprises Mr. V. G. Honnavar, Mr. Anil Kaula and Mr. Hemendra Singh.

Financial Performance

The audited financial results of Poseidon Infrastructure Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	NA	NA	NA
Profit (Loss) after Tax	NA	NA	NA
Equity share capital	0.50	0.50	0.50
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	Nil	Nil	Nil
Earnings per share (Rs.) ⁽²⁾	NA	NA	NA
Diluted Earnings per share (Rs.) ⁽²⁾	NA	NA	NA
Net asset value or book value per share (Rs.) ⁽²⁾	7.26	6.91	6.56

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Poseidon Infrastructure Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
SKIL	49,400	98.8
Cmde V. G. Honnavar jointly with SKIL	100	0.2
Mr. Kautilya P. Vohra jointly with SKIL	100	0.2
Mr. C.V. Dikshith jointly with SKIL	100	0.2
Mr. Pareesh S. Davey jointly with SKIL	100	0.2
Mr. Kiran Patel jointly with SKIL	100	0.2
Mr. Dilip C. Mehta jointly with SKIL	100	0.2
Total	50,000	100.0

There have been no changes in the capital structure in the past six months.

Poseidon Infrastructure Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

4. Urban Infrastructure Holdings Private Limited

Urban Infrastructure Holdings Private Limited was incorporated on June 28, 2005 as SKIL SEZ Infrastructure Holdings Private Limited. With effect from March 22, 2006, the name of the company was changed to Urban Infrastructure Holdings Private Limited. The company was established to carry on the business of infrastructure facilities and services including cities, towns, roads, ports, airports, airways, railways, tramways, mass rapid transport systems, cargo movement and management systems, industrial estates, residential houses, green parks, relating port infrastructure environmental protection and pollution control, transport, public utilities, municipal services, clearing house agency and stevedoring services and creation of infrastructure facilities and services including telecommunication, cell services, satellite communication and networking. The registered office of the company is located at Jai Centre, 1st Floor, 34 P. D'Mello Road, Opposite Red Gate, Mumbai – 400 009.

Board of Directors

The board of directors of Urban Infrastructure Holdings Private Limited as at the date of the Draft Red Herring Prospectus comprises Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Mr. P. Krishnamurthy, Mr. Rohit C. Shah and Mr. Gotam Kothari.

Financial Performance

The audited financial results of Urban Infrastructure Holdings Private Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	125.39	128.18	125.23
Profit (Loss) after Tax	53.49	(13.39)	34.42
Equity share capital	621.55	621.55	1,000.10
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	53.49	40.10	71.29
Earnings per share (Rs.) ⁽²⁾	1.34	(0.22)	0.42
Diluted Earnings per share (Rs.) ⁽²⁾	0.86	(0.14)	0.15
Net asset value or book value per share (Rs.) ⁽²⁾	10	10.64	10.71

- (1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Urban Infrastructure Holdings Private Limited as of June 30, 2009 was as follows:

Name of Shareholder	Number of Shares	% of issued capital
SKIL	124,160,000	35.00
Others	230,582,856	65.00
Total	100,010,000	100.00

There have been no changes in the capital structure in the past six months.

Urban Infrastructure Holdings Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

5. SKIL Shipyard Holdings Private Limited

SKIL Shipyard Holdings Private Limited was incorporated on August 16, 2005. The company was established for the purpose of carrying on the business of promoting, developing, building, creating, operating, owning infrastructure facilities including roads, ports, mass rapid transport systems, cargo movements and shipyard management system, cargo handling equipments, water supply relating to port infrastructure, environmental protection and pollution control and various other infrastructural services. Its registered office is located at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai – 400 023.

Board of Directors

The board of directors of SKIL Shipyard Holdings Private Limited as at the date of the Red Herring Prospectus comprises Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi.

Financial Performance

The audited financial results of SKIL Shipyard Holdings Private Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	-
Equity share capital	0.10	0.10	0.10
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	-	-	-
Earnings per share (Rs.) ⁽²⁾	-	-	-
Diluted Earnings per share (Rs.) ⁽²⁾	-	-	-
Net asset value or book value per share (Rs.) ⁽²⁾	8.21	7.65	6.59

- (1) Net of miscellaneous expenditure not written off.
(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of SKIL Shipyard Holdings Private Limited as of June 30, 2009 was as follows:

Name of Shareholder	Number of Shares	% of issued capital
SKIL	9,998	99.9
Mr. Nikhil P. Gandhi	1	Negligible
Mr. Bhavesh P. Gandhi	1	Negligible
Total	10,000	100.00

There have been no changes in the capital structure in the past six months.

SKIL Shipyard Holdings Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth

6. Montana Infrastructure Limited

Montana Infrastructure Limited was originally incorporated on December 9, 1991 as Montana Valves and Compressors Private Limited. With effect from March 2, 1995, the status of the company was changed to a public limited company and the name of the company was changed to Montana Valves and Compressors Limited. With effect from August 25, 2008, the name of the company was changed to Montana Infrastructure Limited. The company was established for manufacturing, assembling, repairing, buying, selling, exchanging, altering, importing, exporting, letting on hire, distributing or dealing in all kinds of valves, compressors and components and to carry on all types of infrastructure, projects facilities, activities or works and to make investments in the aforesaid related activities carried on by other companies. Its registered office is located at 905, 906, Sakar II, Ellis Bridge Corner, Ellis Bridge, Ahmedabad – 380 006, Gujarat.

Board of Directors

The board of directors of Montana Infrastructure Limited as at the date of the Red Herring Prospectus comprises Mr. Chetan Kothari, Mr. Devichand Nimade and Mr. Nautam Shah.

Financial Performance

The audited financial results of Montana Infrastructure Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	3.750	0.225	-
Profit (Loss) after Tax	(0.017)	(0.86)	(0.98)
Equity share capital	29.15	29.15	29.15
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	1.70	0.84	(0.19)
Earnings per share (Rs.) ⁽²⁾	0.01	-	-
Diluted Earnings per share (Rs.) ⁽²⁾	0.01	-	-
Net asset value or book value per share (Rs.) ⁽²⁾	10.58	10.29	9.94

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Montana Infrastructure Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
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Name of the Shareholder	Number of equity shares	% of issued capital
Mr. Amitabh A. Ray	100	0.00
Mr. Ashwin N. Shah	1,150	0.04
Blue Water Marine Industries Limited	765,000	26.24
Mr. Chetan Kothari	100	0.00
Chimanlal C. Sanghavi (HUF)	1,500	0.05
Dhirajlal C. Shah (HUF)	1,500	0.05
Mr. Hitesh R. Shah	100	0.00
Mr. Kamlesh S. Sheth	1,750	0.06
Mr. Kiran Patel	100	0.00
Metropolitan Industries (Represented by Mr. Nikhil P. Gandhi & Mr. Bhavesh P. Gandhi)	1,072,100	36.78
Modern Engineering Industries	42,500	1.46
Mr. Samir S. Sheth	1,600	0.05
Mr. Sanjay S. Sheth	1,500	0.05
Sea King Marine Services	1,011,000	34.68
Vipla Organics Private Limited	15,000	0.51
Total	2,915,000	100.00

There have been no changes in the capital structure in the past six months.

Montana Infrastructure Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

7. Horizon Country Wide Logistics Limited

Horizon Country Wide Logistics Limited was incorporated on June 7, 2007 as Nhava Seva Distriparks Limited. With effect from October 17, 2007, its name was changed to Horizon Country Wide Logistics Limited. It received its Certificate for Commencement of Business on July 27, 2007. The company was established for the purpose of carrying on all type of infrastructure projects, facilities or works for logistics project and related infrastructure. It has yet to commence business. Its registered office is located at 13/14, Khetan Bhavan, 198, Jamshedji Tata Road, Churchgate, Mumbai – 400 020.

Board of Directors

The board of directors of Horizon Country Wide Logistics Limited as at the date of the Red Herring Prospectus comprises Mr. Nikhil P. Gandhi, Mr. N. Ravichandran, Mr. Jigar Shah, Mr. Mahesh Gandhi, Mr. Ajay Khara, Mr. Daniel Anderson and Mr. Dinesh Choudhary.

Financial Performance

The audited financial results of Horizon Country Wide Logistics Limited for the last three years are summarized below:

	(Rs. in million, unless otherwise stated)		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	N.A.	N.A.	7.93
Profit (Loss) after Tax	N.A.	N.A.	1.02
Equity share capital	N.A.	N.A.	703.45
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	N.A.	N.A.	1.02
Earnings per share (Rs.) ⁽²⁾	N.A.	N.A.	0.001
Diluted Earnings per share (Rs.) ⁽²⁾	N.A.	N.A.	0.001
Net asset value or book value per share (Rs.) ⁽²⁾	N.A.	N.A.	10.01

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Horizon Country Wide Logistics Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
SKIL Infrastructure Limited	63,295,494	46.40
Citadel MT Trading Ltd.	33,428,480	24.50
Credit Suisse (Singapore) Limited	8,768,520	6.43
Trinity Capital (Four) Limited	30,917,210	22.66
Mr. N. Ravichandran	1	Negligible
Mr. Jigar Shah	1	Negligible
Mr. Sumit Mehta	1	Negligible
Mr. Dinesh Choudhary	1	Negligible
Mr. Devichand Nimade	1	Negligible
Mr. R.K. Vijayan	1	Negligible
TOTAL	136,409,710	100.0

There have been no changes in the capital structure in the past six months.

Horizon Country Wide Logistics Limited is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

8. Atna Investments Limited

Atna Investments Limited was incorporated as Atna Investments Private Limited on March 8, 1989. It is a wholly owned subsidiary of Punj Lloyd. On July 28, 2000, the company became a deemed public company under the Companies Act and the word “private” was deleted from its name. The company subsequently became a public limited company and its name was changed to Atna Investments Limited with effect from August 29, 2003. It is engaged in the business of investing in the cable television business. Its registered office is located at 17, Nehru Place, New Delhi – 110019.

Board of Directors

The board of directors of Atna Investments Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra and Mr. Ravi Keswani.

Financial Performance

The audited financial results of Atna Investments Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	0.01	0.01	0.01
Profit (Loss) after Tax	(21.44)	(0.05)	(11.89)
Equity share capital	39.92	39.92	39.92
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	(23.34)	(23.39)	(35.29)
Earnings per share (Rs.) ⁽²⁾	(53.71)	(0.13)	(29.80)
Diluted Earnings per share (Rs.) ⁽²⁾	(53.58)	(0.13)	(29.80)
Net asset value or book value per share (Rs.) ⁽²⁾	41.52	41.40	11.60

(1) Net of miscellaneous expenditure not written off. The share capital of Atna Investments Limited has been reorganized pursuant to the scheme of arrangement and demerger among Punj Lloyd, Spectra Net Limited and Atna Investments Limited.

(2) Face value of each equity share is Rs.100.

Shareholding Pattern

The shareholding pattern of Atna Investments Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	399,215	99.99
Punj Lloyd/Mr. Atul Punj ⁽¹⁾	1	Negligible
Punj Lloyd/Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Punj Lloyd/Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Punj Lloyd/Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Punj Lloyd/Mr. Raju Kaul ⁽¹⁾	1	Negligible
Punj Lloyd/Mr. Luv Chhabra ⁽¹⁾	1	Negligible
TOTAL	399,221	100.0

(1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in the capital structure in the past six months.

Atna Investments Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

9. PLN Construction Limited

PLN Construction Limited was incorporated on July 7, 1997 as PLN Construction Private Limited. On July 21, 1999, the company became a deemed public company under the Companies Act and the word “private” was deleted from its name. The word “private” was added to the company’s name under Section 43A (2A) pursuant to the Companies (Amendment) Act, 2000 with effect from January 23, 2002. The company subsequently became a public limited company and its name was changed to PLN Construction Limited with effect from February 3, 2005. It is a wholly owned subsidiary of Punj Lloyd and is engaged in the business of execution of horizontal directional drilling contracts. Its registered office is located at 17-18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of PLN Construction Limited as at the date of the Red Herring Prospectus comprises Mr. Vimal Kishore Kaushik, Mr. Ravi Keswani and Mr. Atul Kumar Jain.

Financial Performance

The audited financial results of PLN Construction Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	322.46	482.85	251.10
Profit (Loss) after Tax	22.81	42.07	17.90
Equity share capital	20.00	20.00	20.00
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	71.83	113.90	131.80
Earnings per share (Rs.) ⁽²⁾	11.40	21.04	8.95
Diluted Earnings per share (Rs.) ⁽²⁾	11.40	21.04	8.95
Net asset value or book value per share (Rs.) ⁽²⁾	45.91	66.95	75.90

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of PLN Construction Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	1,999,994	99.99
Punj Lloyd/Mr. Atul Punj ⁽¹⁾	1	Negligible
Punj Lloyd /Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Luv Chhabra ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Raju Kaul ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Total	2,000,000	100.00

(1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in the capital structure in the past six months.

PLN Construction Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

10. Punj Lloyd Industries Limited

Punj Lloyd Industries Limited was incorporated on August 19, 1993 as Wonder World Toys Private Limited. With effect from March 15, 1999, the name of the company was changed to Spectra Infrastructure Private Limited and with effect from February 23, 1999, the company became a deemed public company under the Companies Act and the word “private” was deleted from its name. The company subsequently became a public limited company on August 29, 2003. With effect from October 12, 2007, the name of the company was changed to Punj Lloyd Industries Limited. It is a wholly owned subsidiary of Punj Lloyd and will undertake the business of manufacture and assembly of defence equipment. Its registered office is located at 17-18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of Punj Lloyd Industries Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Ravi Keswani and Mr. Dinesh Thairani.

Financial Performance

The audited financial results of Punj Lloyd Industries Limited for the last three years are summarized below:

	(Rs. in million, unless otherwise stated)		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	0.84	0.84	1.09
Profit (Loss) after Tax	0.45	0.50	(0.38)
Equity Share Capital	115.00	115.00	115.00
Reserves (excluding revaluation reserves) ⁽¹⁾	0.05	0.54	0.16
Earnings per share (Rs.) ⁽²⁾	0.04	0.04	(0.03)
Diluted Earnings per share (Rs.) ⁽²⁾	0.04	0.04	(0.03)
Book Value per share (Rs.) ⁽²⁾	10.00	10.05	10.01

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Industries Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	11,500,194	99.99
Punj Lloyd / Mr. Atul Punj ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Raju Kaul ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Punj Lloyd / Mr. Luv Chhabra ⁽¹⁾	1	Negligible
Total	11,500,200	100.00

(1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in the capital structure in the past six months.

Punj Lloyd Industries Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

11. Spectra Punj Lloyd Limited

Spectra Punj Lloyd Limited was incorporated on July 30, 1985 as Navyug Steels Limited. The company changed its name to Spectra Punj Lloyd Limited on October 18, 1994. The company is engaged in the business of operational leasing construction equipment of Punj Lloyd and manufacturing and supplying redimix concrete. Its registered office is located at Punj Lloyd House, 17-18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of Spectra Punj Lloyd Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. V. K. Kaushik and Mr. Sandeep Garg.

Financial Performance

The audited financial results of Spectra Punj Lloyd Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	488.78	434.07	143.75
Profit (Loss) after Tax	0.73	(31.84)	(7.37)
Equity Share Capital	50.00	50.00	50.00
Reserves (excluding revaluation reserves) ⁽¹⁾	68.36	33.53	28.69
Earnings per share (Rs.) ⁽²⁾	0.15	(6.37)	(1.47)
Diluted Earnings per share (Rs.) ⁽²⁾	0.15	(6.37)	(1.47)
Book Value per share (Rs.) ⁽²⁾	23.67	16.71	15.74

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Spectra Punj Lloyd Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	4,999,994	99.99

Name of the Shareholder	Number of equity shares	% of issued capital
Ravi Keswani ⁽¹⁾	1	Negligible
Raju Kaul ⁽¹⁾	1	Negligible
Dinesh Thairani ⁽¹⁾	1	Negligible
Anoop Dawar ⁽¹⁾	1	Negligible
Neeraj Matta ⁽¹⁾	1	Negligible
Manhar Kapoor ⁽¹⁾	1	Negligible
Total	5,000,000	100.0

(1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in the capital structure in the past six months.

The equity shares of Spectra Punj Lloyd Limited were listed on the Delhi Stock Exchange Association Limited ("DSE"). However, the DSE, pursuant to a letter dated December 26, 2007, approved delisting of the shares of the company with effect from December 15, 2007. Spectra Punj Lloyd Limited has not completed any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

12. Spectra Punjab Limited

Spectra Punjab Limited was incorporated on June 28, 2000. It obtained its certificate of commencement of business on July 5, 2000. It is a wholly owned subsidiary of Punj Lloyd. It was established to be an Internet service provider in Punjab and Chandigarh. Spectra Punjab Limited has not yet commenced operations. The registered office of the company is situated at House no. 999, 1st Floor, Sector 70, S.A.S. Nagar, Mohali.

Board of Directors

The board of directors of Spectra Punjab Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Dinesh Thairani and Mr. Brajesh C. Jain.

Financial Performance

The audited financial results of Spectra Punjab Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ending March 31,		
	2006	2007	2008
Income/Sales	-	-	-
Profit (Loss) after Tax	-	-	-
Equity Share Capital	9.00	9.00	9.00
Reserves (excluding revaluation reserves) ⁽¹⁾	-	-	-
Earnings per share (Rs.) ⁽²⁾	-	-	-
Diluted Earnings per share (Rs.) ⁽²⁾	-	-	-
Book Value per share (Rs.) ⁽²⁾	-	-	-

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Spectra Punjab Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
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Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	899,940	99.99
Mr. Atul Punj (nominee of Punj Lloyd)	10	Negligible
Mr. Vimal Kishore Kaushik (nominee of Punj Lloyd)	10	Negligible
Mr. Ravi Keswani (nominee of Punj Lloyd)	10	Negligible
Mr. Raju Kaul (nominee of Punj Lloyd)	10	Negligible
Mr. Anupam Sharma (nominee of Punj Lloyd)	10	Negligible
Mr. Dinesh Thairani (nominee of Punj Lloyd)	10	Negligible
Total	900,000	100.00

There have been no changes in the capital structure in the past six months.

Spectra Punjab Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

13. Simon Carves India Limited

Simon Carves India Limited was incorporated on December 13, 2006. It is a wholly owned subsidiary of Punj Lloyd and is principally engaged in the business of design and engineering services to all type of industries/sector. It obtained its certificate of commencement of business on January 18, 2007. The registered office of Simon Carves India Limited is located at Punj Lloyd House, 17-18, Nehru Place, New Delhi - 110 019.

Board of Directors

The board of directors of Simon Carves India Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Vimal Kishore Kaushik and Mr. Luv Chhabra.

Financial Performance

The audited financial results of Simon Carves India Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	NA	354.45	805.92
Profit (Loss) after Tax	NA	26.33	41.67
Equity Share Capital	NA	50.50	50.50
Reserves (excluding revaluation reserves) ⁽¹⁾	NA	28.28	69.95
Earnings per share (Rs.) ⁽²⁾	NA	7.79	8.25
Diluted Earnings per share (Rs.) ⁽²⁾	NA	7.79	8.25
Book Value per share (Rs.) ⁽²⁾	NA	19.59	27.36

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Simon Carves India Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	4,999,994	99.01
Mr. Atul Punj ⁽¹⁾	1	Negligible
Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Mr. Luv Chhabra ⁽¹⁾	1	Negligible

Mr. Raju Kaul ⁽¹⁾	1	Negligible
Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Mr Sanjay Goel	50000	0.99
Total	5,050,000	100.00

⁽¹⁾ The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in capital structure in the past six months.

Simon Carves India Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

14. Punj Lloyd Infrastructure Limited

Punj Lloyd Infrastructure Limited was incorporated on April 4, 2007. It is a wholly owned subsidiary of Punj Lloyd and is principally engaged in the business to set up, promote the development, construction, establishment, management marketing and operation of a multi-product Special Economic Zone. It obtained its certificate of commencement of business on May 7, 2007. The registered office of Punj Lloyd Infrastructure Limited is located at 17-18, Nehru Place, New Delhi - 110019.

Board of Directors

The board of directors of Punj Lloyd Infrastructure Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Vimal Kishore Kaushik and Mr. Luv Chhabra.

Financial Performance

The audited financial results of Punj Lloyd Infrastructure Limited for the last three years are summarized below:

<i>(Rs. in million, unless otherwise stated)</i>			
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	NA	0.00	0.00
Profit (Loss) after Tax	NA	(42.81)	(0.46)
Equity Share Capital	NA	0.50	0.50
Reserves (excluding revaluation reserves) ⁽¹⁾	NA	(42.81)	(43.27)
Earnings per share (Rs.) ⁽²⁾	NA	(856.23)	(9.12)
Diluted Earnings per share (Rs.) ⁽²⁾	NA	(856.23)	(9.12)
Book Value per share (Rs.) ⁽²⁾	NA	(846.23)	(855.35)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Infrastructure Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	49,994	99.99
Mr. Atul Punj ⁽¹⁾	1	Negligible
Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Mr. Luv Chhabra ⁽¹⁾	1	Negligible
Mr. Raju Kaul ⁽¹⁾	1	Negligible
Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Mr. Dinesh Thairani ⁽¹⁾	1	Negligible

Total	50,000	100.00
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(1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in the capital structure in the past six months.

Punj Lloyd Infrastructure Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

15. Punj Lloyd Upstream Limited

Punj Lloyd Upstream Limited was incorporated on April 4, 2007. 58.05% of the equity share capital of Punj Lloyd Upstream Limited is owned by Punj Lloyd and the company is principally engaged in the business of exploration of oil and gas, onshore, in India and elsewhere and tapping oil and gas reserves. It obtained its certificate of commencement of business on May 4, 2007. The registered office of Punj Lloyd Upstream Limited is located at Punj Lloyd House, 17-18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of Punj Lloyd Upstream Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra and Mr. Vikram Walia.

Financial Performance

The audited financial results of Punj Lloyd Upstream Limited for the last three years are summarized below:

<i>(Rs. in million, unless otherwise stated)</i>			
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	NA	0.12	41.09
Profit (Loss) after Tax	NA	(11.89)	(3.13)
Equity Share Capital	NA	120.00	626.94
Reserves (excluding revaluation reserves) ⁽¹⁾	NA	(11.89)	(13.90)
Earnings per share (Rs.) ⁽²⁾	NA	(0.99)	(0.05)
Diluted Earnings per share (Rs.) ⁽²⁾	NA	(0.99)	(0.05)
Book Value per share (Rs.) ⁽²⁾	NA	9.01	9.78

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Upstream Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	36,397,344	58.05
Mr. Atul Punj ⁽¹⁾	1	Negligible
Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Mr. Luv Chhabra ⁽¹⁾	1	Negligible
Mr. Raju Kaul ⁽¹⁾	1	Negligible
Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Mr. Vikram Walia	14,686,650	23.43
International Finance Corporation	11,610,000	18.52
Total	62694000	100.00

- (1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

There have been no changes in capital structure in the past six months.

Punj Lloyd Upstream Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

16. Punj Lloyd Aviation Limited

Punj Lloyd Aviation Limited was incorporated on May 25, 2007 as Punj Lloyd Aviation Private Limited. It subsequently became a public limited company and its name was changed to Punj Lloyd Aviation Limited with effect from August 7, 2007. It is a wholly owned subsidiary of Punj Lloyd. It will undertake the business of providing services relating to aviation industry including aircraft maintenance. The registered office of Punj Lloyd Aviation Limited is located at 17-18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of Punj Lloyd Aviation Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra and Mr. Vimal Kishore Kaushik.

Financial Performance

The audited financial results of Punj Lloyd Aviation Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i> For the period ending March 31,		
	2007	2008	2009
Income/Sales	NA	21.82	133.95
Profit (Loss) after Tax	NA	(6.59)	(43.71)
Equity Share Capital	NA	349.98	539.99
Reserves (excluding revaluation reserves) ⁽¹⁾	NA	(6.59)	(50.30)
Earnings per share (Rs.) ⁽²⁾	NA	(0.19)	(0.81)
Diluted Earnings per share (Rs.) ⁽²⁾	NA	(0.19)	(0.69)
Book Value per share (Rs.) ⁽²⁾	NA	9.81	9.07

- (1) Net of miscellaneous expenditure not written off.

- (2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Aviation Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	53,998,704	99.99
Mr. Atul Punj ⁽¹⁾	1	Negligible
Mr. Vimal Kishore Kaushik ⁽¹⁾	1	Negligible
Mr. Luv Chhabra ⁽¹⁾	1	Negligible
Mr. Raju Kaul ⁽¹⁾	1	Negligible
Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Total	53998710	100.00

- (1) The beneficial interest in and under such shares belongs exclusively to Punj Lloyd.

In the past six months 19,000,310 equity shares of Rs.10 each has been allotted to Punj Lloyd Limited.

Punj Lloyd Aviation Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

17. PT Punj Lloyd Indonesia

PT Punj Lloyd Indonesia was incorporated on February 28, 1997. It is a wholly owned subsidiary of Punj Lloyd and is engaged in the business of procurement of engineering, procurement and construction contracts. Its registered office is located at 17th Floor, Suite 1708, Wisma GKBJ, JL, Jenderal Sudirman No. 28, Jakarta – 10210 – Indonesia.

Board of Directors

The board of directors of PT Punj Lloyd Indonesia as at the date of the Red Herring Prospectus comprises Mr. P.K. Gupta, President Director, Mr. Manoj Soni, and Mr. Muhammad Hadi Bil'id. In addition, Mr. Atul Punj as Commissioner and Mr. Vimal Kishore Kaushik as President Commissioner, are representatives of the shareholders of PT Punj Lloyd Indonesia.

Financial Performance

The audited financial results of PT Punj Lloyd Indonesia for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	2,841.62	1883.10	1418.35
Profit (Loss) after Tax	182.57	108.43	(317.27)
Equity Share Capital	170.90	170.90	170.90
Reserves (excluding revaluation reserves) ⁽¹⁾	917.91	953.09	642.87
Earnings per share (Rs.) ⁽²⁾	23,391.00	13,892.31	(40,650.19)
Diluted Earnings per share (Rs.) ⁽²⁾	23,391.00	13,892.31	(460,650.19)
Book Value per share (Rs.) ⁽²⁾	139,500	144008.94	104262.42

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is US\$500.

Shareholding Pattern

The shareholding pattern of PT Punj Lloyd Indonesia as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	7,800	99.94
Mr. Atul Punj (nominee of Punj Lloyd)	5	0.06
Total	7,805	100.00

There have been no changes in the capital structure in the past six months.

PT Punj Lloyd Indonesia is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

18. Punj Lloyd International Limited

Punj Lloyd International Limited was incorporated on August 11, 1998 and is a wholly owned subsidiary of Punj Lloyd. It is principally engaged in the business of supply of material and equipment in the hydrocarbon sector. Its registered office is located at R.O. Tropic Isle Building, P.O. Box 438, Road Town, Tortola, British Virgin Islands.

Board of Directors

The board of directors of Punj Lloyd International Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj.

Financial Performance

The audited financial results of Punj Lloyd International Limited for the last three years are summarized below:

<i>(Rs. in million, unless otherwise stated)</i>			
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	1.81	-	-
Profit (Loss) after Tax	0.07	(3.95)	(2.23)
Equity Share Capital	4.45	4.45	4.45
Reserves (excluding revaluation reserves) ⁽¹⁾	32.35	26.83	32.73
Earnings per share (Rs.) ⁽²⁾	0.65	(39.50)	(22.35)
Diluted Earnings per share (Rs.) ⁽²⁾	0.65	(39.50)	(22.35)
Book Value per share (Rs.) ⁽²⁾	367.98	312.85	371.80

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is US\$1.00.

Shareholding Pattern

The shareholding pattern of Punj Lloyd International Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	100,000	100.00
Total	100,000	100.00

There have been no changes in the capital structure in the past six months.

Punj Lloyd International Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It does not have a negative net worth.

19. Punj Lloyd Kazakhstan LLP

Punj Lloyd Kazakhstan LLP was incorporated on June 3, 2002 and is a wholly owned subsidiary of Punj Lloyd. It is principally engaged in the construction and engineering business. Its registered office is located at Plot No. 7 A DSK Region, Atyrau – 060000, Republic of Kazakhstan.

Board of Directors

The board of directors of Punj Lloyd Kazakhstan LLP as at the date of the Red Herring Prospectus comprises Mr. Baldev Krishan Saini.

Financial Performance

The audited financial results of Punj Lloyd Kazakhstan LLP for the last three years are summarized below:

(Rs. in million, unless otherwise stated)

	For the period ending March 31,		
	2007	2008	2009
Income/Sales	1,034.67	1120.49	2533.69
Profit (Loss) after Tax	3.33	(123.36)	19.10
Capital Stock	362.80	362.80	362.80
Reserves (excluding revaluation reserves) ⁽¹⁾	91.50	(75.99)	(49.75)
Earnings per share (Rs.) ⁽²⁾	-	-	-
Diluted Earnings per share (Rs.) ⁽²⁾	-	-	-
Book Value per share (Rs.) ⁽²⁾	-	-	-

(1) Net of miscellaneous expenditure not written off.

(2) Earnings per share and book value are not applicable since the company has only capital stock.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Kazakhstan LLP as of June 30, 2009 was as follows:

Name of the Shareholder	Charter Capital (KZT)	% of issued capital
Punj Lloyd	1,107,977,200	100.00
Total	1,107,977,200	100.00

There have been no changes in the capital structure in the past six months.

Punj Lloyd Kazakhstan LLP is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

20. Punj Lloyd Pte Limited

Punj Lloyd Pte Limited was incorporated on March 28, 2006 as Creighton Pte Limited. It subsequently changed its name to Punj Lloyd Pte Limited on May 30, 2006. It is a wholly owned subsidiary of Punj Lloyd and is principally engaged in the business of engineering construction and investment holding. Its registered office is located at 60, Alexandra Terrace, #09-01, The Comtech (Lobby A) Singapore 118502.

Board of Directors

The board of directors of Punj Lloyd Pte Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra and Mr. P. K. Gupta.

Financial Performance

The audited financial results of Punj Lloyd Pte Limited for the last three years are summarized below:

(Rs. in million, unless otherwise stated)

	For the period ending March 31, ⁽¹⁾		
	2007	2008	2009
Income/Sales	3,333.23	3,216.26	4,593.54
Profit (Loss) after Tax	809.74	995.86	1,000.20
Capital	766.36	910.79	3,409.79
Reserves (excluding revaluation reserves) ⁽²⁾	1,192.84	1,664.47	2,664.67
Earnings per share (Rs.) ⁽³⁾	3,520.64	3,643.21	1,744.50
Diluted Earnings per share (Rs.) ⁽³⁾	3,520.64	3,643.21	1,744.50
Book Value per share (Rs.) ⁽³⁾	8,518.27	9,421.26	10,594.76

- (1) Solely for convenience translation, at an exchange rate of Rs. 33.32 = 1 SGD for balance sheet items and for profit and loss items. These financial statements of Punj Lloyd Pte Limited have been translated into Rupees solely to comply with the requirements of Item VIII(G) of Part A of Schedule VIII to the SEBI Regulations. Investors should not rely on such translated amounts. The translation should not be considered as a representation that such USD amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated, or at all.
- (2) Net of miscellaneous expenditure not written off.
- (3) Face value of one equity share is SGD 1 and face value of the remaining shares is SGD 100.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Pte Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	573,347	100.00
Total	573,347	100.00

There have been no changes in the capital structure in the past six months.

Punj Lloyd Pte Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

21. PT Sempec Indonesia

PT Sempec Indonesia was incorporated on September 20, 1994 in Indonesia as a construction company. It was established to carry on the business of contractors for construction work. Its registered office is located at Wisma, GKBI, 12th Floor, Suite 1209, JL Jendral, Sudirman, No. 28, Jakarta, Pusat, Indonesia.

Board of Directors

The board of directors and commissioners of PT Sempec Indonesia as at the date of the Red Herring Prospectus comprises Mr. Vimal Kishore Kaushik (President Commissioner) Mr. Luv Chhabra (Commissioner), Mr. Pawan Kumar Gupta and Mr. Michael Tan Choy Seng.

Financial Performance

The audited financial results of PT Sempec Indonesia for the last three years are summarized below:

	<i>(In million, except share data)</i> For the period ending March 31,		
	2007	2008	2009
Income/Sales	1101.87	1897.70	776.01
Profit (Loss) after Tax	88.10	9.52	88.96
Capital	327.77	267.52	338.98
Reserves (excluding revaluation reserves) ⁽¹⁾	(54.87)	(7.23)	(107.15)
Earnings per share (Rs.) ⁽²⁾	13.18	1.42	(13.31)
Diluted Earnings per share (Rs.) ⁽²⁾	13.18	1.42	(13.31)
Book Value per share (Rs.) ⁽²⁾	40.82	38.94	34.68

- (1) Net of miscellaneous expenditure not written off.
- (2) Face value of each equity share is USD 1.

Shareholding Pattern

The shareholding pattern of PT Sempec Indonesia as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
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Sembawang Engineers & Constructors	6,484,758	97
Meindo Elang Indah, PT	200,000	3
Total	6,684,758	100.00

There have been no changes in the capital structure in the past six months.

PT Sempec Indonesia is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

22. Sembawang Engineers & Constructors Pte Limited

Sembawang Engineers & Constructors Pte Limited was incorporated on December 11, 1982 as Chartered Project Management Private Limited. Its name was subsequently changed to CDC – Construction & Development Pte. Ltd. on January 24, 1983, changed to Singapore Technologies Construction Pte. Ltd. on March 31, 1995, changed to Sembcorp Construction Pte. Ltd. on October 10, 1998, changed to Sembcorp Engineers and Constructors Pte. Ltd. on January 5, 2001, and changed to Sembawang Engineers and Constructors Pte. Ltd. on August 16, 2006. Sembawang Engineers & Constructors Pte Limited is principally engaged in the business of General Contractors (Building Construction Including Major Upgrading Works). Its registered office is located at 460 Alexander Road, PSA Building, #27-01, Singapore 119963.

Board of Directors

The board of directors of Sembawang Engineers & Constructors Pte Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra, Mr. Vimal Kishore Kaushik, Mr. P.K. Gupta, Mr. Richard Francis Grosvenor and Ms. Cheryl Lim Li Li.

Financial Performance

The audited financial results of Sembawang Engineers & Constructors Pte Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	9,773.20	9,015.70	23,071.84
Profit (Loss) after Tax	489.09	541.69	504.41
Capital	4,712.74	6,862.88	7,863.52
Reserves (excluding revaluation reserves) ⁽¹⁾	(2,472.45)	(1,996.36)	(2,814)
Earnings per share (Rs.) ⁽²⁾	6.04	4.88	4.54
Diluted Earnings per share (Rs.) ⁽²⁾	6.04	4.88	4.54
Book Value per share (Rs.) ⁽²⁾	27.66	43.84	45.49

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is SGD 1.

Shareholding Pattern

The shareholding pattern of Sembawang Engineers & Constructors Pte Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd Pte Limited	106100000	95.59
Novus LTI Limited	4900000	4.41
Total	111,000,000	100.00

There have been no changes in the capital structure in the past six months.

Sembawang Engineers & Constructors Pte Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

23. Rajahmundry Expressway Limited

Rajahmundry Expressway Limited was incorporated on September 21, 2001. It commenced business on October 3, 2001. It is engaged in the business of development, maintenance, operation and carrying out all activities related to the Rajahmundry-Dharmavaram Annuity Road Project. Its registered office is located at Alhuwalia Chambers, 16/17 LSC, Madangir, New Delhi – 110 062.

Board of Directors

The board of directors of Rajahmundry Expressway Limited as at the date of the Red Herring Prospectus comprises Mr. C.C. Dayal, Mr. Deepak Chauhan and Mr. Parag Parikh.

Financial Performance

The audited financial results of Rajahmundry Expressway Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	596.88	639.57	659.67
Profit (Loss) after Tax	147.01	164.41	163.60
Equity share capital	290.00	290.00	290
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	229.39	393.97	557.73
Earnings per share (Rs.) ⁽²⁾	5.07	5.67	5.64
Diluted Earnings per share (Rs.) ⁽²⁾	5.07	5.67	5.64
Net asset value or book value per share (Rs.) ⁽²⁾	17.91	23.59	29.23

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Rajahmundry Expressway Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd*	3,697,500	12.75
Gammon India Limited	11,092,500	38.25
Gammon Infrastructure Projects Limited	14,210,000	49.00
Total	29,000,000	100.00

* The beneficial ownership of 6.25% of the shareholding of Punj Lloyd belongs to Gammon India Limited.

There have been no changes in the capital structure in the past six months.

Rajahmundry Expressway Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

24. Andhra Expressway Limited

Andhra Expressway Limited was incorporated on September 21, 2001. It commenced business on October 3, 2001 and is engaged in the business of development, maintenance, operation and carrying out all activities related to the Dharmavaram Tuni Annuity Road Project. Its registered office is located at Alhuwalia Chambers, 16/17 LSC, Madangir, New Delhi – 110 062.

Board of Directors

The board of directors of Andhra Expressway Limited as at the date of the Red Herring Prospectus comprises Mr. C.C. Dayal, Mr. Deepak Chauhan and Mr. Parag Parikh.

Financial Performance

The audited financial results of Andhra Expressway Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	565.25	595.15	618.67
Profit (Loss) after Tax	129.36	151.40	155.08
Equity share capital	290.00	290.00	290
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	249.08	400.65	555.89
Earnings per share (Rs.) ⁽²⁾	4.46	5.22	5.34
Diluted Earnings per share (Rs.) ⁽²⁾	4.46	5.22	5.34
Net asset value or book value per share (Rs.) ⁽²⁾	18.59	23.81	29.16

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Andhra Expressway Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd*	3,697,500	12.75
Gammon India Limited (including 50 shares jointly held with certain individuals)	11,092,500	38.25
Gammon Infrastructure Projects Limited	14,210,000	49.00
Total	29,000,000	100.00

* The beneficial ownership of 6.25% of the shareholding of Punj Lloyd belongs to Gammon India Limited.

There have been no changes in the capital structure in the past six months.

Andhra Expressway Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

25. North Karnataka Expressway Limited

North Karnataka Expressway Limited was incorporated on October 15, 2001 as North Karnataka Expressway Private Limited. With effect from March 28, 2002, the name of the company was changed to North Karnataka Expressway Limited. It was established inter-alia to modify and/or takeover the Belgaum

Maharashtra Border Road on NH4 and its ancillary facilities including the approach roads, minor and major bridges, flyovers, inter-changes, culverts, tunnels, links, buildings, toll booths, electric fittings, drains, waterways, etc. Its registered office is located at the IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Board of Directors

The board of directors of North Karnataka Expressway Limited as at June 30, 2009 comprises Mr. V. K. Kaushik, Mr. R. C. Bawa, Mr. Pradeep Puri, Mr. Mukund Sapre and Mr. Cherian George.

Financial Performance

The audited financial results of North Karnataka Expressway Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	1,025.13	1,034.06	1,036.99
Profit (Loss) after Tax	4.72	0.08	33.69
Equity share capital	593.91	593.91	593.91
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	20.90	21.72	55.41
Earnings per share (Rs.) ⁽²⁾	0.08	0.01	0.57
Diluted Earnings per share (Rs.) ⁽²⁾	NIL	0.01	0.57
Net asset value or book value per share (Rs.) ⁽²⁾	10.00	10.00	10.00

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of North Karnataka Expressway Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
IL&FS Trust Company Limited A/c - ITNL Road Investment Trust (IRIT)	29,101,639	49.00
IL&FS Transportation Networks Limited	15,144,646	25.50
Punj Lloyd	7,572,400	12.75
Infrastructure Leasing & Financial Services Limited	7,572,365	12.74
Infrastructure Leasing & Financial Services Limited and Mr K Ramchand	10	Negligible
IL&FS Transportation Networks Limited and Mr Naresh Sasanwar	10	Negligible
Infrastructure Leasing & Financial Services Limited and Mr MM Wagle	10	Negligible
IL&FS Transportation Networks Limited and Mr Krishna Ghag	10	Negligible
IL&FS Transportation Networks Limited and Mr Ajay Menon	10	Negligible
Total	59,391,100	100.00

* The beneficial ownership of 12.75% of the shareholding of Punj Lloyd belongs to IL&FS Transportation Networks Limited.

There have been no changes in the capital structure in the past six months.

North Karnataka Expressway Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

26. Thiruvananthapuram Road Development Company Limited

Thiruvananthapuram Road Development Company Limited was incorporated on March 1, 2004 as Thiruvananthapuram Road Development Company Limited. It commenced business on March 23, 2004. It was established for, inter alia, development, establishment, upgrading, operation, maintenance and implementation of infrastructure projects and facilities. Its registered office is located at the IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

Board of Directors

The board of directors of Thiruvananthapuram Road Development Company Limited as at June 30, 2009 comprises Mr. Vimal Kishore Kaushik, Mr. S.C. Sachdeva, Mr. R.C. Bawa, Mr. Mukund Sapre, Mr. Pradeep Kulshrestha, Mr. Mahesh Babu, Mr. Cherian George and Mr. Ravi Keswani.

Financial Performance

The audited financial results of Thiruvananthapuram Road Development Company Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	0.00	27.75	115.70
Profit (Loss) after Tax	0.00	(9.48)	(42.04)
Equity share capital	260.05	260.50	260.50
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	0.00	(9.48)	(51.52)
Earnings per share (Rs.) ⁽²⁾	0.00	(0.36)	(1.61)
Diluted Earnings per share (Rs.) ⁽²⁾	0.00	(0.32)	(1.40)
Net asset value or book value per share (Rs.) ⁽²⁾	9.99	11.55	11.55

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Thiruvananthapuram Road Development Company Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
IL&FS Transportation Networks Limited	13,025,000	49.93
Punj Lloyd	13,025,000	49.93
Mr. K. Ramchand	10	Negligible
Mr. Hari Sankaran	10	Negligible
Mr. Manu Trivedi	10	Negligible
Mr Krishna Ghag	10	Negligible
Mr. Ajay Menon	10	Negligible
Mr. Sunil Dhawan	10	Negligible
Mr. Naresh Sasanwar	10	Negligible
Total	26,050,070	100.00

There have been no changes in the capital structure in the past six months.

Thiruvananthapuram Road Development Company Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

27. Arooshi Enterprises Private Limited

Arooshi Enterprises Private Limited was incorporated on February 7, 1995 as Bendy India Private Limited. The name of the company was changed to Arooshi Enterprises Private Limited with effect from October 12, 1999. Arooshi Enterprises Private Limited is engaged in the business of making toys. The registered office of the company is at S-3, Nuchna Building, Kalkaji, New Delhi – 110 019.

Board of Directors

The board of directors of Arooshi Enterprises Private Limited as at the date of the Red Herring Prospectus comprises Mr. Ravi Keswani, Mr. Ramnik Chadha, Mr. Dinesh Thairani, Ms. Radhika Bahl, Mr. Raman Sharma and Mr. V.R. Nirmal.

Financial Performance

The audited financial results of Arooshi Enterprises Private Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	14.44	0	0
Profit (Loss) after Tax	(17.53)	(9.26)	(4.87)
Equity share capital	31.50	31.50	31.50
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	(65.91)	83.75	(88.61)
Earnings per share (Rs.) ⁽²⁾	(5.56)	(2.94)	(1.54)
Diluted Earnings per share (Rs.) ⁽²⁾	(5.56)	(2.94)	(1.54)
Net asset value or book value per share (Rs.) ⁽²⁾	-	(16.59)	(18.13)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Arooshi Enterprises Private Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Ms. Radhika Bahl	1,186,246	37.66
Bendy International	50,000	1.59
Mr. Rahul Butalia	50,000	1.59
Special Steel Forgings Private Limited	1,065,245	33.82
Punj Lloyd	598,500	19.00
The Itsy Bitsy Entertainment Company	200,000	6.35
Mr. Raman Sharma	3	Negligible
Ms. Louise Sharma	1	Negligible
Mr. Kanhaiya Prasad	1	Negligible
Mr. Hardeep Sachdeva	1	Negligible
Ms. Sumitra Arora	1	Negligible
Ms. Sushila Prasad	1	Negligible
Mr. Kuldeep Singh	1	Negligible
Total	3,150,000	100.00

There have been no changes in the capital structure in the past six months.

Arooshi Enterprises Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

28. Global Health Private Limited

Global Health Private Limited was incorporated on August 13, 2004 to establish Medicity, carry on the business of establishing, owning, and management of hospitals, provide all types of health, pathology and medical services, undertake research and development activities related to medicines, surgery, medical equipments, undertake seminars, conference, tele-conference in the field of medical, hospital and health. Punj Lloyd owns 17.20% of the equity share capital of the company. Its registered office is located at B – 2 “The Mira”, Ishwar Nagar, New Delhi - 110065.

Board of Directors

The board of directors of Global Health Private Limited as at the date of the Red Herring Prospectus comprises Dr. Naresh K. Trehan, Mr. Sunil Sachdeva, Mr. Rajive Sawhney, Mr. Atul Punj and Mr. Mark Robert Harris.

Financial Performance

The audited financial results of Global Health Private Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	0.156	40.75	204.11
Profit (Loss) after Tax	(31.63)	5.27	(8.78)
Equity share capital	214.35	409.00	418.25
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	143.29	1,513.66	3368.08
Earnings per share (Rs.) ⁽²⁾	(10.19)	0.12	(0.21)
Diluted Earnings per share (Rs.) ⁽²⁾	(10.19)	0.12	(0.21)
Net asset value or book value per share (Rs.) ⁽²⁾⁽³⁾	10.68	41.35	81.43

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

(3) This is based on the assumption that the partly paid-up shares are fully paid-up.

Shareholding Pattern

The shareholding pattern of Global Health Private Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Dr. Naresh Trehan & Associates Health Services Private Limited	19,999,998	43.01
Dr. Naresh Trehan & Associates Health Services Private Limited jointly with Dr. Naresh Trehan	1	Negligible
Dr. Naresh Trehan & Associates Health Services Private Limited jointly with Mr. Sunil Sachdeva	1	Negligible
Dr. Naresh K. Trehan	5,500,000	11.83
Punj Lloyd	8,000,000	17.20
GL Asia Mauritius II Limited	13,000,000	27.96
Total	46,500,000	100.00

There have been no changes in the shareholding pattern in the past six months.

Global Health Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

29. Dayim Punj Lloyd Construction Contracting Company Limited

Dayim Punj Lloyd Construction Contracting Company Limited was incorporated on November 11, 2006 in the Kingdom of Saudi Arabia. Punj Lloyd holds 49% of the equity share capital of the company. It is principally engaged in the business of execution of projects in hydrocarbons, chemicals and the sewage disposal sector. Its registered office is located at P. O. Box 7995, Riyadh 11472, Saudi Arabia.

Board of Directors

The board of directors of Dayim Punj Lloyd Construction Contracting Company Limited as at the date of the Red Herring Prospectus comprises Mr. Rida Hassan Said, Mr. Edward Albert Churchil, Mr. Atul Punj and Mr. Vimal Kishore Kaushik.

Financial Performance

The audited financial results of Dayim Punj Lloyd Construction Contracting Company Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	0	58.58	457.20
Profit (Loss) after Tax	(3.34)	0.00	(40.81)
Equity share capital	22.98	22.98	22.98
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	(3.43)	(3.43)	(44.24)
Earnings per share (Rs.) ⁽²⁾	(33.40)	0.00	(408.07)
Diluted Earnings per share (Rs.) ⁽²⁾	(33.40)	0.00	(408.07)
Net asset value or book value per share (Rs.) ⁽²⁾	195.50.00	195.50	(212.57)

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is 20 Riyals.

Shareholding Pattern

The shareholding pattern of Dayim Punj Lloyd Construction Contracting Company Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	49,000	49.00
HRH Prince Khalid Bin Bandar Bin Sultan	51,000	51.00
Total	100,000	100.00

There have been no changes in the capital structure in the past six months.

Dayim Punj Lloyd Construction Contracting Company Limited is an unlisted company and has not made any public or rights issue in the preceding three years. As on June 30, 2009 it does not have a negative net worth.

30. Kaefer Punj Lloyd Limited

Kaefer Punj Lloyd Limited was incorporated on November 14, 1994 as Sagit Properties Private Limited. With effect from November 13, 1997, the name of the company was changed to Punj Lloyd Insulations Private Limited and on March 31, 1998, the company became a deemed public company under the Companies Act and the word “private” was deleted from its name. With effect from December 15, 2006, the name of the company was changed to Kaefer Punj Lloyd Limited. Punj Lloyd, together with its wholly owned subsidiary, Punj Lloyd Industries Limited, owns 49% of the equity share capital of the company.

The company is principally engaged in the insulation business. Its registered office is located at 18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of Kaefer Punj Lloyd Limited as at the date of the Red Herring Prospectus comprises Mr. Vimal Kishore Kaushik, Mr. R.K. Khosla, Mr. J B Dewan, Mr. Naveen Kad and Mr. Philip Dalheimer.

Financial Performance

The audited financial results of Kaefer Punj Lloyd Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	1,07.37	85.25	337.51
Profit (Loss) after Tax	2.84	0.81	5.49
Equity share capital	2.55	8.00	8.00
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	11.11	30.89	36.38
Earnings per share (Rs.) ⁽²⁾	111.12	10.18	68.58
Diluted Earnings per share (Rs.) ⁽²⁾	111.12	10.18	68.58
Net asset value or book value per share (Rs.) ⁽²⁾	731.11	486.17	554.75

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.100

Shareholding Pattern

The shareholding pattern of Kaefer Punj Lloyd Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	74514	41.40
Punj Lloyd/ Mr. Atul Punj	1	Negligible
Punj Lloyd/ Mr. Vimal Kishore Kaushik	1	Negligible
Punj Lloyd/ Mr. Dinesh Thairani	1	Negligible
Punj Lloyd/Mr. Ravi Keswani	1	Negligible
Punj Lloyd/Mr. Raju Kaul	1	Negligible
Punj Lloyd/Mr. Luv Chhabra	1	Negligible
Punj Lloyd Industries Limited	13,680	7.60
Kaefer Gmbh	91,800	51.00
Total	18,0000	100.00

During the past six months, 49,000 and 51,000 equity shares were allotted to Punj Lloyd Limited and Kaefer GmbH.

Kaefer Punj Lloyd Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

31. Ramprastha Punj Lloyd Developers Private Limited

Ramprastha Punj Lloyd Developers Private Limited was incorporated on August 13, 2007. The company is principally engaged in the business of real estate development. Its registered office is located at Punj Lloyd House, 17-18, Nehru Place, New Delhi – 110 019.

Board of Directors

The board of directors of Ramprastha Punj Lloyd Developers Private Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra, Mr. Balwant Yadav and Mr. Sandeep Yadav.

Financial Performance

The audited financial results of Ramprastha Punj Lloyd Developers Private Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2007	2008	2009
Income/Sales	NA	-	-
Profit (Loss) after Tax	NA	(0.03)	(0.03)
Equity share capital	NA	0.1	0.1
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	NA	(0.03)	(0.07)
Earnings per share (Rs.) ⁽²⁾	NA	(3.43)	(3.12)
Diluted Earnings per share (Rs.) ⁽²⁾	NA	(3.43)	(3.12)
Net asset value or book value per share (Rs.) ⁽²⁾	NA	6.57	3.45

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10

Shareholding Pattern

The shareholding pattern of Ramprastha Punj Lloyd Developers Private Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd	5,000	50.00
Ramprastha Builders Private Limited	5,000	50.00
Total	10,000	100.00

There have been no changes in the capital structure in the past six months.

Ramprastha Punj Lloyd Developers Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

32. Cawdor Enterprises Limited

Cawdor Enterprises Limited was incorporated on January 12, 1994 as Spectra Holdings Limited as a private holding company. It commenced business on January 12, 1994. With effect from March 24, 2004 the name of the company was changed to Cawdor Enterprises Limited. Its registered office is located at Palm Grove House, PO Box 438, Road Town, Tortola, British Virgin Islands.

Board of Directors

The board of directors of Cawdor Enterprises Limited as at the date of the Red Herring Prospectus comprises FG Management Limited and Mr. Atul Punj.

Financial Performance

The audited financial results of Cawdor Enterprises Limited for the last three years are summarized below:

<i>(USD in million, unless stated otherwise)</i>			
	For the period ending March 31,⁽¹⁾		
	2007	2008	2009
Income/Sales	17.74	28.90	69.47
Profit (Loss) after Tax	17.24	27.89	67.95
Equity Share Capital	50.71	50.71	50.71
Reserves (excluding revaluation reserves) ⁽²⁾	34.48	64.40	132.35
Earnings per share (USD) ⁽³⁾	17.24	27.89	67.95
Diluted Earnings per share (USD) ⁽³⁾	17.24	27.89	67.95
Book Value per share (USD) ⁽³⁾	85.19	115.11	183.06

- (1) Solely for convenience translation, the figures have been translated at an exchange rate of 1 USD = Rs. 50.71. These financial statements of Cawdor Enterprises Limited have been translated into Rupees solely to comply with the requirements of Item VIII.(G) of Part A of Schedule VIII to the SEBI Regulations. Investors should not rely on such translated amounts. The translation should not be considered as a representation that such USD amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated, or at all.
- (2) Net of miscellaneous expenditure not written off.
- (3) Face value of each equity share is US\$1.00.

Shareholding Pattern

The shareholding pattern of Cawdor Enterprises Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Atul Punj	1,000,000	100.00
Total	1,000,000	100.00

There have been no changes in the capital structure in the past six months.

Cawdor Enterprises Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

33. Punj Lloyd Systems Limited (formerly Indtech Construction Private Limited)

Punj Lloyd Systems Limited was incorporated on August 24, 1982 as Indtech Construction Private Limited. Its name was subsequently changed to Punj Lloyd Systems Private Limited on May, 13, 2009 and further changed to Punj Lloyd Systems Limited on July 9, 2009. It is a wholly owned subsidiary of Punj Lloyd Limited and is principally engaged in the business of Information Technology. Its registered office is located at Punj Lloyd House, 17 -18, Nehru Place, New Delhi - 110019

Board of Directors

The board of directors of Punj Lloyd Systems Limited as at the date of the Red Herring Prospectus comprises Mrs. Indu rani Punj, Mr. Ravi Keswani and Mr. Dinesh Thairani.

Financial Performance

The audited financial results of Punj Lloyd Systems Limited for the last three years are summarized below:

<i>(Amount in Rs. million)</i>			
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	4.27	12.38	8.50

Profit (Loss) after Tax	3.83	4.92	(3.26)
Capital	64.81	64.81	8.24
Reserves (excluding revaluation reserves) ⁽¹⁾	34.26	39.19	35.92
Earnings per share (Rs.) ⁽²⁾	0.59	0.76	(3.95)
Diluted Earnings per share (Rs.) ⁽²⁾	0.59	0.76	(3.95)
Book Value per share (Rs.) ⁽²⁾	15.28	16.04	53.58

(1) Net of miscellaneous expenditure not written off.

(2) Face value of one equity share is Rs. 10.

Shareholding Pattern

The shareholding pattern of Punj Lloyd Systems Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd Limited	82,413	99.98
Spectra Punj Finance Private Limited	10	0.01
Mr. Ravi Keswani ⁽¹⁾	1	Negligible
Mr. Raju Kaul ⁽¹⁾	1	Negligible
Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Mr. Anoop Dawar ⁽¹⁾	1	Negligible
Mr. Manhar Kapoor ⁽¹⁾	1	Negligible
Total	82,428	100

⁽¹⁾ Punj Lloyd Limited has beneficial rights in the shares held by Mr. Ravi Keswani, Mr. Raju Kaul, Mr. Dinesh Thairani, Mr. Anoop Dawar and Mr. Manhar Kapoor.

- Pursuant to a Scheme of Arrangement and demerger, approved by the Hon'ble High Court of Delhi, the capital structure of Punj Lloyd Systems Limited was restructured.

Punj Lloyd Systems Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

34. Spectra ISP Networks Private Limited (formerly PL Engineering Private Limited)

Spectra ISP Networks Private Limited was incorporated on March 28, 2001 as Spectra Ventures Private Limited. It subsequently changed its name to PL Engineering Private Limited on August 16, 2004 and to Spectra ISP Networks Private Limited on July 10, 2009. It is a wholly owned subsidiary of Punj Lloyd Limited and is principally engaged in the business relating to Internet Service Provider. Its registered office is located at Punj Lloyd House, 17 -18, Nehru Place, New Delhi - 110019

Board of Directors

The board of directors of Spectra ISP Networks Private Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Luv Chhabra and Mr. Ravi Keswani

Financial Performance

The audited financial results of Spectra ISP Networks Private Limited for the last three years are summarized below:

	<i>(Amount in Rs. million)</i>		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	-	-	-
Profit (Loss) after Tax	(0.03)	(0.02)	(0.03)

Capital	0.2	0.2	5.6
Reserves (excluding revaluation reserves) ⁽¹⁾	(5.64)	(5.67)	(5.70)
Earnings per share (Rs.) ⁽²⁾	0	0	0
Diluted Earnings per share (Rs.) ⁽²⁾	0	0	0
Book Value per share (Rs.) ⁽²⁾	1.0	1.0	1.0

(1) Net of miscellaneous expenditure not written off.

(2) Face value of one equity share is Rs. 10.

Shareholding Pattern

The shareholding pattern of Spectra ISP Networks Private Limited as of June 30, 2009 was as follows

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd Limited	559,999	99.99
Atul Punj ⁽¹⁾	1	Negligible
Total	560,000	100

(1) Punj Lloyd Limited is having beneficial rights in the shares held by Mr. Atul Punj

During last six months 540,000 equity shares were allotted to Punj Lloyd Limited.

Spectra ISP Networks Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

35. Punj Lloyd SKIL Marine Systems Limited

Punj Lloyd SKIL Marine Systems Limited was incorporated on July 20, 2009. It is principally engaged in the business relating to marine services. Its registered office is located at 17-18 Nehru Place, New Delhi – 110019.

Board of Directors

The board of directors of Punj Lloyd SKIL Marine Systems Limited as at the date of the Red Herring Prospectus comprises Mr. Luv Chhabra, Mr Ravi Keswani and Mr. Dinesh Thairani.

Financial Performance

The Company has been incorporated on July 20, 2009 hence financials are not available.

Shareholding Pattern

The shareholding pattern of Punj Lloyd SKIL Marine Systems Limited as of July 31, 2009 is as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd Limited	49,994	99.99
Mr Ravi Keswani ⁽¹⁾	1	Negligible
Mr. Raju Kaul ⁽¹⁾	1	Negligible
Mr. Dinesh Thairani ⁽¹⁾	1	Negligible
Mr. Anoop Dawar ⁽¹⁾	1	Negligible
Mr. Neeraj Matta ⁽¹⁾	1	Negligible
Mr Manhar Kapoor ⁽¹⁾	1	Negligible
Total	50,000	100

(1) Punj Lloyd Limited holds the beneficial interest in the shares held by Mr. Ravi Keswani, Mr. Raju Kaul, Mr. Dinesh Thairani, Mr. Anoop Dawar, Mr. Neeraj Matta and Mr. Manhar Kapoor.

Punj Lloyd SKIL Marine Systems Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

36. Sembawang Infrastructure (India) Private Limited

Sembawang Infrastructure (India) Private Limited was incorporated on April 8, 1996 as ST Infrastructure Technologies (India) Private Limited. It subsequently changed its name to Sembcorp Infrastructure (India) Private Limited on May 21, 1999, and from Sembcorp Infrastructure (India) Private limited to Sembawang Infrastructure (India) Private Limited on November 28, 2003. It is a wholly owned subsidiary of Punj Lloyd Limited and is principally engaged in the business of EPC contractor and project management and consultancy services. Its registered office is located at 17 -18, Nehru Place, New Delhi – 110019.

Board of Directors

The board of directors of Sembawang Infrastructure (India) Private Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Vimal Kishore Kaushik, Mr. Luv Chhabra and Mr. Richard Francis Grosvenor.

Financial Performance

The audited financial results of Sembawang Infrastructure (India) Private Limited for the last three years are summarized below:

	<i>(Amount in Rs. million)</i>		
	For the period ending March 31,		
	2007	2008	2009
Income/Sales	72.85	87.66	552.10
Profit (Loss) after Tax	0.61	4.69	(43.19)
Capital	95.75	95.75	95.75
Reserves (excluding revaluation reserves) ⁽¹⁾	(55.66)	(50.97)	(94.16)
Earnings per share (Rs.) ⁽²⁾	0.06	0.49	(4.51)
Diluted Earnings per share (Rs.) ⁽²⁾	0.06	0.49	(4.51)
Book Value per share (Rs.) ⁽²⁾	4.18	4.67	0.16

(1) Net of miscellaneous expenditure not written off.

(2) Face value of one equity share is Rs. 10

The shareholding pattern of Sembawang Infrastructure (India) Private Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd Limited	9,574,999	99.99
Ravi Keswani ⁽¹⁾	1	Negligible
Total	9,575,000	100

(1) Punj Lloyd Limited has beneficial rights in the shares held by Mr. Ravi Keswani.

Sembawang Infrastructure (India) Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

37. Olive Group India Private Limited

Olive Group India Private Limited was incorporated on May 26, 2008. It is principally engaged in the business relating to security systems. Its registered office is located at 17 – 18 Nehru Place, New Delhi – 110019.

Board of Directors

The board of directors of Olive Group India Private Limited as at the date of the Red Herring Prospectus comprises Mr. Atul Punj, Mr. Anshul Kaushik, Mr. Gavin Mark Mayhew, Christopher Henry George Saint Geroge.

Financial Performance

The Company has been incorporated on May 26, 2008 hence financials are not available.

Shareholding Pattern

The shareholding pattern of Olive Group India Private Limited as of June 30, 2009 was as follows

Name of the Shareholder	Number of equity shares	% of issued capital
Punj Lloyd Limited	250,000	25.00
Mr. Ankush Kaushik	250,000	25.00
Olive Group FZ LLC	450,000	45.00
Olive Group International BV	49,500	4.95
Olive Group Limited	500	0.05
Total	1,000,000	100.00

During last six months 250,000, 250,000 and 450,000 equity shares of Rs. 10 each were allotted to Punj Lloyd Limited, Mr. Anshul Kaushik and Olive Group FZ LLC, respectively.

Olive Group India Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It is not subject to a winding-up order or petition. It does not have a negative net worth.

38. Metropolitan Industries

Metropolitan Industries (represented by Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi) was formed as a partnership on January 1, 1992. The principal business carried out by the firm is as manufacturer, exporter, importer, dealer and stockist of chemicals, pharmaceuticals, bulk drugs, intermediates, engineering goods and metals. Its principal office is located at 512, Vyapar Bhavan, 49, P.D. Mello Road, Carnac Bunder, Mumbai – 400 009.

The partners of Metropolitan Industries, as at the date of the Red Herring Prospectus, comprise Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi and the capital contribution of the two partners is in the ratio of 75:25, respectively.

Financial Performance

The audited financial results of Metropolitan Industries (represented by Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi) for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	3.23	Negligible	Negligible
Profit (Loss) after Tax	2.96	(0.15)	(1.90)

	For the period ended March 31,		
	2006	2007	2008
Capital Account	4.38	4.12	1.16
Reserves and Surplus (excluding revaluation reserves)	-	-	-
Earnings per share	Not applicable	Not applicable	Not applicable
Diluted Earnings per share	Not applicable	Not applicable	Not applicable
Net asset value or book value per share	Not applicable	Not applicable	Not applicable

Common Pursuits

There are no common pursuits among the Promoters of the Company or among the Promoter Group companies that have any conflict of interest with the Company.

Interest of Promoters and Promoter Group Companies

The Promoters and Promoter Group companies are interested parties to the extent of their shareholding in the Company, if any and in any dividend and distributions which may be made by the Company in future and to the extent of the related party transactions disclosed in the sections “Related Party Transactions” and “Our Management- Interest of Promoters, Directors and Key Managerial Personnel” beginning on pages 191 and 128 of the Red Herring Prospectus, respectively.

Related Party Transactions

For details on payment or benefit to the Promoters and other related party transactions, see the section “Related Party Transactions” beginning on page 191 of the Red Herring Prospectus.

Shareholding in the Company

For the pre-Issue and post-Issue shareholding of the Promoters and the Promoter Group in the Company, see the section “Capital Structure” beginning on page 29 of the Red Herring Prospectus.

Defunct Promoter Group Companies

There are no defunct Promoter Group companies.

Companies from which the Promoters have disassociated themselves in the last three years

The following are the companies from which the Promoters have disassociated themselves in the last three years preceding the date of filing the Red Herring Prospectus.

Name of the company	Relationship with Promoter	Reasons for disassociation	Date of disassociation
Grevek Investments	SKIL as a shareholder	Transfer of equity shares	March 31, 2007
Awaita Properties Private Limited	Grevek Investments as a shareholder	Transfer of equity shares	March 29, 2007
Sagar Inflatables Limited	SKIL as a shareholder	Transfer of equity shares	March 23, 2007
SKIL	Grevek Investments as a shareholder	Transfer of preference shares	March 21, 2007
On Line Graphics Limited	Grevek Investments as a shareholder	Transfer of equity shares	March 8, 2007
Ganpati Port Warehouse Private Limited	Grevek Investments as a shareholder	Transfer of equity shares	September 22, 2006
Jacob Ballas Capital India Private Limited	PLL as a shareholder	Transfer of equity shares	October 11, 2005
Spectra Net Limited	PLL as a shareholder	Transfer of equity shares	October 21, 2008

Additional Information Pertaining To Listed Companies in which Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi Hold a Controlling Stake and of Companies through which Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi Hold Controlling Stake in Such Listed Companies

These entities are not part of the Promoter Group although they have been additionally described in this section.

1. Listed Companies in which Mr. Nikhil P. Gandhi/Mr. Bhavesh P. Gandhi hold a Controlling Stake

(i) Horizon Infrastructure Limited

Horizon Infrastructure Limited was incorporated on April 21, 1983 as Emerald Udyog Limited. With effect from March 25, 1994 the name of the company was changed to Horizon Battery Technologies Limited and subsequently to Horizon Infrastructure Limited on January 16, 2006. The company is engaged in the business of all kinds of infrastructure development, projects, facilities or works and related activities and to render all services in connection thereto. Its registered office is located at SKIL House, 209, Bank Street Cross Lane, Fort, Mumbai 400 023.

Board of Directors

The board of directors of Horizon Infrastructure Limited as at the date of the Red Herring Prospectus comprises Mr. C.S. Sanghavi, Mr. Dinkar Samant, Mr. S. Sundar, Mr. Chetan Kothari, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Mr. Praveen Mohnot, Mr. Ajai Vikram Singh, Mr. A. Prasad, Mr. S. A. Peeran and Mr. K. R. Chabria.

Financial Performance

The audited financial results of Horizon Infrastructure Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	82.70	100.98	412.01
Profit (Loss) after Tax	9.65	7.58	25.76
Equity share capital	107.4	107.4	107.4
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	9.24	16.82	43.35
Earnings per share (Rs.) ⁽²⁾	0.90	0.71	2.40
Diluted Earnings per share (Rs.) ⁽²⁾	0.90	0.71	2.40
Net asset value or book value per share (Rs.) ⁽²⁾	10.86	11.57	14.04

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Horizon Infrastructure Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
A. Shareholding of Promoter and Promoter Group			
(1) Indian			
Individuals/HUF	9		
Mr. Nikhil P. Gandhi		1,175,000	10.9404
Mr. Bhavesh P. Gandhi		1,175,000	10.9404
Ms. Neha Gandhi		1,168,665	10.8814

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
Ms. Rupali Gandhi		1,208,000	11.2477
Ms. Akshita Gandhi		65,300	0.6080
Mr. Ansh Gandhi		49,650	0.4623
Ms. Priyanka Gandhi		34,000	0.3166
Ms. Anushka Gandhi		49,050	0.4567
Mr. Pranay Mehta		625	0.0058
Bodies Corporate	3		
Awaita Properties Private Limited		227,799	2.1210
Grevek Investment and Finance Pvt. Ltd.		426,500	3.9711
SKIL Infrastructure Limited		50,000	0.4655
(2) Foreign			
Individuals	-	-	-
Bodies Corporate	-	-	-
Total Shareholding of Promoter and Promoter Group	12	5,629,589	52.4170
B. Public Shareholding			
(1) Institutions			
Mutual Funds/UTI	-	-	-
Financial Institutions/Banks	-	-	-
Foreign Institutional Investors	3	820,996	7.6443
Foreign Venture Capital Investors	-	-	-
(2) Non-Institutions			
Bodies Corporate	82	3,351,582	31.2065
Individuals			
Individual shareholders holding nominal share capital up to 1 lakh	1,527	194,361	1.8097
Individual shareholders holding nominal share capital in excess of 1 lakh	16	465,458	4.3339
Clearing members	22	27,874	0.2595
Trusts	1	250,000	2.3277
Non Resident Indians	3	140	0.0013
Foreign Nationals	-	-	-
Total Public Shareholding	1,654	5,110,411	47.5830
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
TOTAL (A+B+C)	1,666	10,740,000	100

Details of listing and highest and lowest market price during the preceding six months

The equity shares of Horizon Infrastructure Limited are listed at the NSE and the Calcutta Stock Exchange ("CSE").

Monthly high and low price of the equity shares of Horizon Infrastructure Limited at NSE and CSE in the last six months

Month	NSE	CSE
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Month	NSE		CSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
March 2009	440.00	384.00	NT	NT
April 2009	472.00	400.00	NT	NT
May 2009	496.50	397.50	NT	NT
June 2009	479.00	351.85	NT	NT
July 2009	444.40	324.35	NT	NT
August 2009	503.80	454.10	NT	NT

* NT = Not Traded

Horizon Infrastructure Limited is a listed company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

(ii) JPT Securities Limited

JPT Securities Limited was incorporated on April 13, 1994. The company was initially engaged in the business of share and stock brokers, invest in, buy, sell, transfer, hypothecate, deal in and dispose of securities of any kind. Its registered office is located at R-13 &14, LGF, Ansal Chambers-II, 6, Bhikajicama Place, New Delhi – 110 066. Its corporate office is at B-315, 3rd Floor, Lotus House, 33-A, Near Liberty Cinema, New Marine Lines, Mumbai – 400020.

Board of Directors

The board of directors of JPT Securities Limited as at the date of the Red Herring Prospectus comprises Mr. S. Sundar, Mr. B.S. Bhalariao, Mr. J. Alexander, Mr. Nikhil P. Gandhi, Mr. J. P. Rai, Mr. N. Ravichandran and Mr. Jay Mehta.

Financial Performance

The audited financial results of JPT Securities Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	5.84	3.46	4.45
Profit (Loss) after Tax	1.30	(0.52)	0.58
Equity share capital	30.06	30.06	30.06
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	3.57	3.05	3.62
Earnings per share (Rs.) ⁽²⁾	0.43	(0.17)	0.19
Earnings per share (Rs.) ⁽²⁾	0.43	(0.17)	0.19
Net asset value or book value per share (Rs.) ⁽²⁾	11.19	11.01	11.21

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of JPT Securities Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
A. Shareholding of Promoter and Promoter Group			
(1) Indian			

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
Individuals/HUF	-	-	-
Bodies Corporate			
Awaita Properties Private Limited	1	1,806,350	60.091
(2) Foreign			
Individuals	-	-	-
Bodies Corporate	-	-	-
Total Shareholding of Promoter and Promoter Group	1	1,806,350	60.091
B. Public Shareholding			
(1) Institutions			
Mutual Funds/UTI	-	-	-
Financial Institutions/Banks	-	-	-
Foreign Institutional Investors	-	-	-
Foreign Venture Capital Investors	-	-	-
(2) Non-Institutions			
Bodies Corporate	109	154,082	5.126
Individuals			
Individual shareholders holding nominal share capital up to 1 lakh	2,389	783,226	26.055
Individual shareholders holding nominal share capital in excess of 1 lakh	9	200,614	6.674
Clearing members	42	42,367	1.409
Trust	1	5,800	0.193
Non Resident Indians/ OCBs	16	13,561	0.451
Foreign Nationals	-	-	-
Total Public Shareholding	2,566	1,199,650	39.908
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
TOTAL (A+B+C)	2,567	3,006,000	100

Details of listing and highest and lowest market price during the preceding six months

The equity shares of JPT Securities Limited are listed at the BSE.

Monthly high and low price of the equity shares of JPT Securities Limited at BSE in the last six months

Month	BSE	
	High (Rs.)	Low (Rs.)
March 2009	50.75	26.25
April 2009	100.50	51.15
May 2009	98.85	60.55
June 2009	108.60	62.00
July 2009	70.20	51.45
August 2009	107.75	102.65

JPT Securities Limited is a listed company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

Change in Management and Open offer

Awaita Properties Private Limited entered into a share purchase agreement dated April 24, 2008 with the earlier promoter and promoter group entities of JPT Securities Limited to acquire 1,805,450 equity shares amounting to 60.06% of the equity share capital of JPT Securities Limited. Pursuant to this, Awaita Properties Private Limited had announced an open offer to acquire up to 20% of the voting capital in JPT Securities Limited. The post-offer public announcement was published on August 5, 2008 containing details in relation to the completion of the open offer formalities. Awaita Properties Private Limited has taken over the management / control of JPT Securities Limited on October 3, 2008.

(iii) KLG Capital Services Limited

KLG Capital Services Limited was incorporated on February 15, 1994. The company was initially engaged in the business of stock share broking and its allied matters, to acquire and hold, buy or sell or otherwise dispose of or deal in securities of any kind. Its registered office is located at C – 11, Qutub Institutional Area, New Delhi – 110 016. Its corporate office is located at SKIL House, 209 Bank Street Cross Lane, Fort, Mumbai 400 023.

Board of Directors

The board of directors of KLG Capital Services Limited as at the date of the Red Herring Prospectus comprises Mr. Nikhil P. Gandhi, Mr. S.S. Thakur, Mr. B.G. Daga, Mr. Praveen Mohnot, Mr. Jitendra Sanghavi and Mr. Hemant Patel.

Financial Performance

The audited financial results of KLG Capital Services Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	2.92	0.62	0.73
Profit (Loss) after Tax	2.40	0.18	0.08
Equity share capital	32.02	32.02	32.02
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	4.88	5.06	5.14
Earnings per share (Rs.) ⁽²⁾	0.75	0.06	0.02
Diluted Earnings per share (Rs.) ⁽²⁾	0.75	0.06	0.02
Net asset value or book value per share (Rs.) ⁽²⁾	11.53	11.58	11.60

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of KLG Capital Services Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
A. Shareholding of Promoter and Promoter Group			
(1) Indian			
Individuals/HUF	-	-	-

Name of the Shareholder	Number of Shareholders	Number of equity shares	% of issued capital
Bodies Corporate			
Awaita Properties Private Limited	1	1,936,075	60.46
(2) Foreign			
Individuals	-	-	-
Bodies Corporate	-	-	-
Total Shareholding of Promoter and Promoter Group	1	1,936,075	60.46
B. Public Shareholding			
(1) Institutions			
Mutual Funds/UTI	-	-	-
Financial Institutions/Banks	-	-	-
Foreign Institutional Investors	-	-	-
Foreign Venture Capital Investors	-	-	-
(2) Non-Institutions			
Bodies Corporate	95	248,751	7.77
Individuals			
Individual shareholders holding nominal share capital up to 1 lakh	1,177	303,116	9.47
Individual shareholders holding nominal share capital in excess of 1 lakh	17	681,067	21.27
Clearing members	12	509	0.02
HUF	41	24,049	0.75
Non Resident Indians	18	8833	0.28
Foreign Nationals	-	-	-
Total Public Shareholding	1,360	1,266,325	39.54
C. Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
TOTAL (A+B+C)	1,361	3,202,400	100

Details of listing and highest and lowest market price during the preceding six months

The equity shares of KLG Capital Services Limited are listed at the BSE.

Monthly high and low price of the equity shares of KLG Capital Services Limited at BSE in the last six months

Month	BSE	
	High (Rs.)	Low (Rs.)
March 2009	74.70	34.25
April 2009	147.40	74.70
May 2009	161.45	88.70
June 2009	168.00	104.00
July 2009	109.70	77.25
August 2009	148.15	141.10

KLG Capital Services Limited is a listed company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

Change in Management and Open Offer

Awaita Properties Private Limited entered into a Share Purchase Agreement dated February 27, 2008 and a Deed of Indemnity dated February 27, 2008 with the earlier promoters and promoter group of KLG Capital Services Limited for the purchase of 1,580,607 fully paid-up equity shares representing 49.36% of the current paid-up equity share capital of KLG Capital Services Limited for a total purchase consideration of Rs.58,482,459, i.e., at a price of Rs.37.17 per equity share.

The post-offer public announcement was published on June 2, 2008 containing details in relation to the completion of the open offer formalities. Awaita Properties Private Limited has taken over the management / control of KLG Capital Services Limited on June 19, 2008.

2. Entity that has acquired JPT Securities Limited and KLG Capital Services Limited

Awaita Properties Private Limited

Awaita Properties Private Limited was incorporated on January 4, 1995. The company was initially engaged in the business of dealing in and purchasing land, development rights and immovable properties, erection and construction of buildings and to sell, lease, let, mortgage or otherwise dispose of the lands, houses and buildings. Presently, Awaita is engaged, *inter alia*, in the business of dealing in, leasing, letting out and mortgage of immovable property and so on. Its registered office is located at B-315, 3rd Floor, Lotus House, 33-A, Near Liberty Cinema, New Marine Lines, Mumbai – 400 020.

Board of Directors

The board of directors of Awaita Properties Private Limited as at the date of the Red Herring Prospectus comprises Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and Mr. Manoj Mehta.

Financial Performance

The audited financial results of Awaita Properties Private Limited for the last three years are summarized below:

	<i>(Rs. in million, unless otherwise stated)</i>		
	For the period ended March 31,		
	2006	2007	2008
Income/Sales	14.74	29.38	61.20
Profit (Loss) after Tax	3.71	12.78	38.91
Equity share capital	21.84	21.84	21.84
Reserves and surplus (excluding revaluation reserves) ⁽¹⁾	3.32	16.09	55.13
Earnings per share (Rs.) ⁽²⁾	1.70	5.85	17.82
Net asset value or book value per share (Rs.) ⁽²⁾	11.52	17.37	35.25

(1) Net of miscellaneous expenditure not written off.

(2) Face value of each equity share is Rs.10.

Shareholding Pattern

The shareholding pattern of Awaita Properties Private Limited as of June 30, 2009 was as follows:

Name of the Shareholder	Number of equity shares	% of issued capital
--------------------------------	--------------------------------	----------------------------

Mr. Nikhil P. Gandhi	3,807,598	49.82
Mr. Bhavesh P. Gandhi	1,707,597	22.34
Mr. Prataprai Gandhi	28,000	0.37
Bhavesh P. Gandhi (HUF)	2,100,000	27.45
Total	7,643,195	100.0

There have been no changes in the capital structure in the past six months other than as set forth below:

1. On February 24, 2009, allotment of 2,719,713 bonus shares to Mr. Nikhil P. Gandhi, 2,719,712 bonus shares to Mr. Bhavesh P. Gandhi and 20,000 bonus shares to Mr. Prataprai Gandhi.
2. Transfer of 2,100,000 equity shares from Mr. Bhavesh P. Gandhi to Bhavesh P. Gandhi HUF on March 26, 2009.

Awaita Properties Private Limited is an unlisted company and has not made any public or rights issue in the preceding three years. It has not become a sick company within the meaning of SICA nor is it subject to a winding-up order or petition. It does not have a negative net worth.

3. Investigation by SEBI

In the past the NSE took regulatory action against Horizon Infrastructure Limited, a company in which Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi and Mr. Ajai Vikram Singh hold directorships. The equity shares of Horizon were listed on the NSE on October 9, 1996. Subsequently, trading of its shares on the NSE was suspended due to non-compliance with technical and procedural requirements under certain clauses of its listing agreement with the NSE. Following satisfactory redressal of instances of non-compliance by Horizon with provisions of its listing agreement, the NSE ended the suspension of trading in Horizon's equity shares effective January 25, 2008.

Between January 25, 2008 and May 5, 2008, the price of the equity shares of Horizon increased significantly. The extent of the share price increase during this period led SEBI to initiate an investigation in 2009 into the price movements of, and dealing in, Horizon's equity shares during this period.

RELATED PARTY TRANSACTIONS

The Company has various transactions with related parties, including the following:

- SKIL;
- E Complex Private Limited;
- Directors, key managerial personnel and advisors; and
- Enterprises owned or significantly influenced by key managerial personnel or their relatives.

These related party transactions include the following:

- payment for sale of fixed assets;
- payment for rent expenses and related deposits;
- grant of loan; and
- payment of managerial remuneration.

Pursuant to a project development agreement dated April 18, 2003 between SKIL and the Company, SKIL is entitled to a management fee at a rate of 1% (exclusive of taxes) of the landed project cost, which is payable on the achievement of certain milestones and in the manner set forth below:

- 0.25%- for arranging equity tie-up;
- 0.25%- for arranging debt tie-up;
- 0.25%- to procure and build up order book position of not less than US\$.500 million for the proposed shipbuilding and ship repair facilities; and
- 0.25%- when requisite facilities are in place for start up of commercial operation for the proposed shipbuilding and ship repair activities.

In addition, SKIL and Punj Lloyd have extended corporate guarantees for credit facilities granted to the Company in an amount of Rs.27,433.6 million and Rs.4,290.5 million, respectively.

Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi have also extended personal guarantees for credit facilities granted to the Company in an amount of Rs.23,887.5 million and Rs.20,477.5 million, respectively.

The Company has entered into three sets of leave and license agreements dated August 1, 2008, February 2, 2009 and July 16, 2009, respectively, with Awaita Properties Private Limited in relation to the Company's corporate office located at SKIL House in Mumbai. Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi are directors and significant shareholders of Awaita Properties Private Limited. Pursuant to the leave and license agreement dated August 1, 2008, the Company is entitled to use 4,434.54 sq. ft. of the premises at SKIL House together with the furniture and fixtures therein with effect from August 1, 2008 until May 31, 2010 upon payment of a monthly license fee of Rs.887,000 and a deposit of Rs.10,000,000. Under the leave and license agreement dated February 2, 2009, the Company is entitled to use an additional 4,434.54 sq. ft. of the premises at SKIL House together with the furniture and fixtures therein with effect from February 1, 2009 until May 31, 2010 upon payment of a monthly license fee of Rs.887,000 and a deposit of Rs.10,000,000. Under the leave and license agreement dated July 16, 2009, the Company is entitled to use an additional 2,217.27 sq. ft. of the premises at SKIL House together with the furniture and fixtures therein with effect from April 1, 2009 until May 31, 2010 upon payment of a monthly license fee of Rs.443,500 and a deposit of Rs.5,000,000.

The Company has granted an unsecured loan of Rs.908.70 million to E Complex as on March 31, 2009.

For purposes of the fabrication and block assembly facilities being set up at the Company's SEZ Unit, the Company entered into a lease deed dated January 8, 2008, as amended on February 26, 2009, March 25, 2009 and March 31, 2009, with its subsidiary, E Complex, in relation to approximately 95 hectares of land at villages Rampara II and Lunsapur in District Amreli and Sub-district Rajula in the State of Gujarat for a

period of 20 years commencing from January 8, 2008. This lease may be extended by additional periods of 20 years each, for 60 years at the minimum. The rent payable under this deed is Rs.25 million per year for the five-year period between 2008 and 2012, Rs.275 million per year between 2013 and 2017, Rs.30 million per year between 2018 until 2022 and Rs.32.5 million per year between 2023 until 2028. Pursuant to a letter agreement dated February 26, 2009, the rent for the year 2008-2009 was reduced to Rs.100,000.

Pursuant to the terms of a technical assistance agreement dated January 18, 2006 entered into between the Company and SembCorp, which is also a shareholder of the Company (owning 17,500,000 Equity Shares, representing approximately 2.63% of the Company's post-Issue equity share capital), SembCorp is entitled to assistance fees payable in the manner specified in the agreement. In addition, SembCorp is entitled to a retainer fee for a period of five years from the date of commencement of operations of the Company payable in the manner specified in the agreement.

Please also see the section "General Information" beginning on page 14 of the Red Herring Prospectus.

For more details on the Company's related party transactions, see Annexure IX to the Company's restated financial statements on a standalone basis beginning on page F-1 of the Red Herring Prospectus and the section "Our Management – Interest of Promoters, Directors and Key Managerial Personnel" beginning on page 128 of the Red Herring Prospectus.

DIVIDEND POLICY

The Company has not paid any dividend on its Equity Shares during the last five fiscal years. The declaration and payment of any dividends in the future will be recommended by the Board and approved by the shareholders of the Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITOR'S REPORT on Consolidated Financial Informations

(As required by Part II of Schedule II of the Companies Act, 1956)

September 4, 2009

The Board of Directors,
Pipavav Shipyard Limited,
SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023

Dear Sirs,

In continuation of our Report, dated July 30, 2009, on the Consolidated Financial Information of Pipavav Shipyard Limited ("the Company") as at 31st March, 2009; 31st March, 2008 and 31st March, 2007 and other financial information mentioned therein (Annexures I – XIII), we further report that, in view of the Securities and Exchange Board of India (SEBI) circular number SEBI/CFD/DIL/ICDRR/1/2009/03/09 dated September 3, 2009, wherein the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been notified and SEBI (Disclosure and Investor Protection) Guidelines, 2000 have been rescinded, the words "SEBI (Disclosure and Investor Protection) Guidelines, 2000" ("the Guidelines") be read as SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the ICDR Regulations"). Further this shall form as an integral part of above mentioned report dated July 30, 2009.

Yours faithfully,
For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
PARTNER
Membership Number: 35629

AUDITOR'S REPORT on Consolidated Financial Informations

(As required by Part II of Schedule II of the Companies Act, 1956)

The Board of Directors
Pipavav Shipyard Limited,
SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023

Dear Sirs,

We have examined the Consolidated Financial Information of Pipavav Shipyard Limited, (“the Company”) and its subsidiary, E Complex Private Limited (collectively, “the Group”) as at 31st March, 2009; 31st March, 2008 and 31st March, 2007 annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

- a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”);
- b. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (“the Guidelines”) and the related clarifications issued by the Securities and Exchange Board of India (SEBI) under section 11 of Securities Exchange board of India Act, 1992 as amended to date.
- c. the Guidance Notes on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI); and,
- d. the terms of our engagement agreed upon with you in accordance with our engagement letter dated 24th July, 2009 in connection with the offer document being issued by the Company for its proposed Initial Public Offer.

This report is being issued for incorporating the same in the offer document, to be issued by Pipavav Shipyard Limited in connection with the proposed Initial Public Offer of Equity Shares.

Consolidated Financial information as per audited financial statements:

The Consolidated Financial Information has been extracted by the management from the consolidated financial statements for the years ended 31st March, 2009; 31st March, 2008 and 31st March, 2007 and approved by Board of Directors.

The Consolidated Financial Information, prepared by the Company for the years ended on 31st March, 2008 and 31st March, 2007 is based on the financial statements of the company audited by GPS & Associates, Chartered Accountants, the statutory auditors of the company during those years and accordingly reliance has been placed on those financial statements. The Consolidated Financial Information, prepared by the Company for the year ended 31st March, 2009 is based on the Consolidated Financial Statements of the Company jointly audited us (Chaturvedi & Shah) and GPS & Associates.

We did not audit the financial statements of subsidiary for the years ended 31st March, 2009; 31st March, 2008 and 31st March, 2007. These financial statements and other financial information have been audited by GPS & Associates whose reports have been furnished to us and in our opinion in so far as it relates to the amounts included in these Summary statement of Consolidated Assets and Liabilities, as restated, Summary Statement of Consolidated Profits and Losses, as restated and Summary Statement of Consolidated Cash Flows, as restated (“Consolidated Restated Financial Statements”) are based solely on the reports of those auditors.

Financial Information

In accordance with the requirements of Paragraph B of Part II of Schedules II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

- a) The Consolidated Restated Financial Statements of the Group, as at 31st March, 2009; 31st March, 2008 and 31st March, 2007 examined by us, as set out in **Annexure I, II and III** to this report are after making adjustments and regroupings as in our opinion were appropriate and more fully described in Notes on adjustments for Consolidated Restated Financial Statements, Significant Accounting Policies and Significant Notes on Accounts for Consolidated Restated Financial Statements (**Refer Annexure IV, V and VI respectively**).

- b) Based on above and also reliance placed on the reports submitted by the previous auditors, GPS and Associates for the respective years, we are of the opinion that the restated Financial Statements have been made after incorporating;
- The impact arising on account of changes in Accounting Policies adopted by the Group as at and for the year ended 31st March, 2009 applied with retrospective effect in the restated Financial Statements.
 - Adjustments for the material amounts in the respective financial years to which they relate; except to the extent stated in Note no. 1, Note no. 3 and Note no. 6 in Annexure IV to this report.
 - The qualifications and material adjustments relating to the relevant previous years.
- c) There are no extraordinary items which need to be disclosed separately in the restated Consolidated Summary Statements.

In our opinion, the Consolidated Financial Information as disclosed in the Annexures to this report, read with the Notes on Adjustments, Significant Accounting Policies and Significant Notes disclosed in the Annexures IV, V and VI respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines.

Other Financial Information:

At the Company's request, we have also examined the following Financial Information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company for the years ended 31st March, 2009; 31st March, 2008 and 31st March, 2007. Further, in respect of the years ended 31st March, 2008 and 31st March, 2007 these informations have been included based upon the reports submitted by previous auditors, GPS & Associates and relied upon by us.

- i. Statement of Secured Loans, as restated, enclosed as **Annexure VII**;
- ii. Statement of Unsecured Loans, as restated, enclosed as **Annexure VIII**;
- iii. Statement of transactions with Related Parties enclosed as **Annexure IX**;
- iv. Statement of Loans and Advances, as restated, enclosed as **Annexure X**;
- v. Statement of Investments, as restated, enclosed as **Annexure XI**;
- vi. Statement of Accounting Ratios, as restated, enclosed as **Annexure XII**;
- vii. Capitalisation Statement, as restated, enclosed as **Annexure XIII**.

This report should not, in any way, be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for use of management and for inclusion in the offer document in connection with the proposed Initial Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

For Chaturvedi & Shah
Chartered Accountants

R.Koria
Partner
Membership No: 35629

Place: Mumbai
Date: July 30, 2009

Annexure I

Summary statement of Consolidated Assets & Liabilities, as Restated			
		(Amount Rs. in Millions)	
Particulars	As at 31st March		
	2009	2008	2007
(A) Fixed Assets			
Gross block	710.50	381.82	304.80
Less: Depreciation	80.68	51.37	42.69
Net block	629.82	330.45	262.11
Capital work in progress (including Capital Advances)	22,738.90	12,480.29	7,468.67
Total	23,368.72	12,810.74	7,730.78
(B) Intangible Assets (Net of Amortisation	6.04	4.34	-
(C) Investment	484.51	1759.03	333.14
(D) Current Assets, Loans & Advances			
Inventories	3,182.93	571.37	-
Cash & Bank Balances	6,618.34	8,449.32	1,104.34
Loans & advances	1,604.82	1,143.80	40.69
Total	11,406.09	10,164.49	1,145.03
(E) Liabilities & Provisions			
Secured Loans	7,745.90	2,943.07	3,365.90
Unsecured Loans	3,790.15	982.08	1,297.44
Current Liabilities	11,060.58	8,281.79	355.76
Provisions	121.56	72.67	3.55
Share Application Money	-	-	250.00
Total	22,718.19	12,279.61	5,272.65
Net-worth (A+B+C+D-E)	12,547.17	12,458.99	3,936.30
(F) Represented by			
Equity Share capital	5,803.48	5,796.93	2,897.20
Preference Share Capital	-	-	45.20
Reserves & Surplus	6,743.68	6,707.55	1,087.63
Less:-Debit Balance of Profit & Loss Account	-	45.49	93.73
Net Worth	12,547.16	12,458.99	3,936.30

Note:

The above statement should be read with the notes on adjustments for restated consolidated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

Annexure-II

Summary statement of Consolidated Profit & Loss Account, as Restated				
		(Amount Rs in Millions)		
		For the Year ended 31st March		
Particulars		2009	2008	2007
INCOME				
Other Income		617.78	277.49	-
Total Income (A)		617.78	277.49	-
EXPENDITURE				
Payments to and Provisions for Employees		76.77	50.27	-
Administrative, Selling and Other Expenses		315.80	109.31	-
Interest and Financial Charges		129.58	0.77	-
Depreciation		1.63	1.88	-
Total Expenditure (B)		523.78	162.23	-
Net Profit Before Tax and adjustments (A-B)		94.00	115.26	-
Provision For Tax				-
-Current Tax		41.20	64.20	0.92
-Fringe Benefit Tax		5.54	3.48	-
Net Profit after Tax but before adjustments		47.26	47.58	(0.92)
Adjustments (Refer to Note 1 of Annexure IV)		1.30	0.66	(59.82)
Net Profit, as restated		48.56	48.24	(60.74)
Balance brought forward		(45.49)	(93.73)	(32.99)
Amount Available for Appropriation		3.07	(45.49)	(93.73)
Appropriations		-	-	-
Balance carried forward, as restated		3.07	(45.49)	(93.73)

Note:

The above statement should be read with the notes on adjustments for restated consolidated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

Annexure III

Statement Of Consolidated Cash Flow Statement, As Restated.

		(Amount Rs in Millions)		
		For the Year ended 31 st March		
	Particulars	2009	2008	2007
A	Cash Flow from Operating Activities			
	Net Profit before Tax, as Restated	95.30	115.92	(58.36)
	Adjustments for :			
	Depreciation and amortization	1.63	2.11	0.82
	Preliminary Expenses written off	-	4.19	-
	Dividend Income	-	-	(0.46)
	Interest income	(617.78)	(277.19)	-
	Loss on Sale of Asset	0.30	-	0.87
	Interest Expenses	129.58	4.73	0.19
	Provision for Wealth Tax	0.26	0.11	-
	Effect of Exchange Rate Change	59.05	-	-
	Operating profit before working capital changes	(331.66)	(150.13)	(56.94)
	Adjusted for:			
	Inventories	(2,611.56)	(571.37)	-
	Trade and other receivables	(410.57)	(2,527.51)	(26.10)
	Trade Payables	3,235.86	9,299.03	46.57
	Cash Generated from Operations	(117.93)	6,050.02	(36.47)
	Direct Taxes Paid	(171.87)	(100.74)	(2.24)
	Net Cash flow from operating activities	(289.80)	5,949.28	(38.71)
B	Cash Flow from Investing Activities			
	Purchase of Fixed Assets and Capital Work in Progress	(10,308.73)	(4,253.79)	(533.52)
	Sale of Fixed Assets	0.09	0.68	75.24
	Purchase of Investment	(5,281.16)	(1,425.88)	(2,738.87)
	Sale of Investment	6,550.22	-	2,216.06
	Dividend Income Received	15.93	0.59	23.66
	Interest Received	736.15	277.19	-
	Net Cash Flow from Investing Activities	(8,287.50)	(5,401.21)	(957.43)
C	Cash Flow from Financing Activities			
	Proceeds from share application	-	-	(140.39)
	Proceeds against issue of share capital	52.38	7311.53	1,984.85
	Redemption of Preference share Capital	-	(45.20)	(214.80)
	Issue Expenses	(12.77)	(41.87)	-
	Proceeds from Long Term Borrowings	4,923.71	6.92	-
	Repayment of Long Term Borrowings	(120.88)	(429.75)	(138.47)
	Short Term Loans (Net)	2,808.06	-	1,000.00
	Interest Paid	(904.18)	(4.72)	(391.85)
	Net Cash Flow from Financing Activities	6,746.32	6,796.91	2,099.34
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,830.98)	7,344.98	1,103.20
	Cash & Cash Equivalents at beginning of the year	8,449.32	1,104.34	1.14
	Cash & Cash Equivalents at the end of the year	6,618.34	8,449.32	1,104.34
	Components of Cash & Cash Equivalents			
	Cash in hand	0.41	0.42	0.03
	Balance with Scheduled Banks			
	- Current Account	281.25	307.28	54.31
	- Fixed Deposit Account	6,336.68*	8,141.62*	1,050.00
		6,618.34	8,449.32	1,104.34

- (1) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statements.
- (2) Figures in brackets indicate Outflows.
- (3) * Represents Fixed Deposits pledged with Banks as margin for Bank Guarantee and Letter of Credits.

Notes on Adjustments made for Restated Consolidated Financial Statements**Note 1 : Adjustments on Account of Prior Period Items and Preliminary and Share Issue expenses**

In the financial statements for the year ended 31st March 2009 and 31st March 2008, certain items of expenses have been identified as Prior Period Items. For the purpose of restated consolidated financial statements, such prior period items have appropriately been adjusted in the respective years. Below mentioned is the summary of results of restatement, made due to above mentioned prior period items, in the audited accounts for the respective years and its impact on the Profits/(Losses) of the company. Further the Preliminary and Share Issue expenses charged to Profit and Loss Account during the Financial Year 2007-08 have been transferred to Securities Premium Account in line with accounting policy followed by the company from the Financial Year 2008-09.

(Amount Rs. in Millions)			
Particulars	31st March 2009	31st March 2008	31st March 2007
ADJUSTMENTS			
1) Prior Period Item			
Other Income	-	-	0.46
Payments to and Provisions for Employees	-	(1.80)	11.36
Administrative, Selling and Other Expenses	-	1.14	46.45
Interest and Financial Charges	-	3.96	0.19
Depreciation	-	0.23	0.82
Provision For Tax - Current Tax	-	-	0.01
- Fringe Benefit Tax	-	-	1.45
2) Preliminary and Share Issue Expenses (Refer Note 3 below)	(1.30)	(4.19)	-
	1.30	0.66	(59.82)
Tax on adjustments*	-	-	-
Total	1.30	0.66	(59.82)

*Since the company has not claimed the deductions in respect of Prior Period Items by filing the revised return of income tax, tax on adjustments have been considered Nil.

Note 2:- Balance in Profit & Loss Account as at 1st April, 2006 as Restated:-

Due to the accounting of prior period items as mentioned in Note 1 above, the balance in Profit & Loss Account as at 1st April 2006 have been restated as per the following details:

(Amount Rs in Millions)	
Particulars	Amount
Balance in Profit & Loss Account as at 1st April, 2006, as per audited financial statements	-
Increase/(Decrease) in the accumulated profit as at 1st April, 2006 as a result of-	
Other Income	(1.02)
Payments to and Provisions for Employees	3.97
Administrative, Selling and Other Expenses	27.39
Depreciation	1.32
Provision for Tax : Fringe Benefit Tax	0.53
Preliminary Expenses	1.30
Excess Income Tax Provision	(0.50)
Balance in Profit & Loss Account as at 1st April, 2006 as restated	32.99

The above information should be read along with significant accounting policies appearing in Annexure V, together with notes on adjustments as appearing in Annexure IV.

Note 3 : Changes in Accounting Policies

Preliminary & Issue Expenses

Till the financial year ended on 31st March 2007, the company was carrying all the expenditure incurred towards Company's incorporation as well as issue of shares to the Balance Sheet. During the year ended 31st March 2008, the company adopted the policy of amortising such Preliminary and Share issue expenses in 10 years on Straight Line basis. However, in the financial year ended on 31st March 2009, the company adopted the policy of adjusting the same against the balance available in Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

In respect of Preliminary and Share Issue expenses incurred by E-Complex Private Limited aggregating to Rs 1.30 Million in the year prior to 31st March 2007 have been debited to Profit and Loss account as at 1st April 2006 as no balance was available in the Securities Premium account in the year in which such expenditure have been incurred.

Note 4 : Other Adjustments

a) Depreciation:

In the year ended 31st March 2008, certain fixed assets were mistakenly identified with the inappropriate group of assets and accordingly depreciation on such assets was charged at the rates as applicable to such group of assets as per the policy of the company. During the year ended 31st March 2009, such fixed assets were so identified and were accordingly reclassified under the appropriate group of assets and depreciation thereon was charged at the appropriate applicable rates of depreciation. Accordingly, depreciation has been recomputed and adjusted based on the revised rates of depreciation on such fixed assets in respective years.

Note 5 : Material Regrouping

a) Intangible Assets:

During the year ended on 31st March 2009, the company has reclassified Softwares as intangible assets by regrouping the same from Plant & Machinery. Accordingly the Softwares whenever capitalized, have been regrouped to Intangible Assets. However, due to above change, there was no impact on the Profits/(Losses) of the company.

b) Advances on Capital Account

The advances on account of purchase of capital items, which were forming part of "Advances recoverable in cash or in kind or for value to be received" till the financial year 2007-08, have been regrouped to Capital Work In Progress from the financial year 2008-09. The effects of such changes have been given retrospectively. However there was no impact on the Profits/(Losses) of the company.

c) Pre-operative and trial run expenses incurred during the financial year ended on 31st March, 2008 have been regrouped from Profit & Loss Account to Project Development Expenditure. However this has no impact on the Profits/(Losses) of the Company

Note 6 : Non-Adjustments

Gratuity

From the year ended 31st March 2008, the company had accounted for its gratuity liability based on an actuarial valuation determined by the actuary on the Project Unit Credit Method consequent to adoption of Accounting Standard - 15 on "Employee Benefits" (Revised 2005). However necessary adjustments and disclosures for the prior periods have not been made due to non availability of relevant data for those periods.

Note 7 : Auditors Qualification:

There were no audit qualifications during any of the years, which required any corrective adjustments in the financial information.

The audit qualification which does not require any corrective adjustment in the restated financial statements are as under:-

A. In Respect of Pipavav Shipyard Limited

a) For the year ended 31st March 2008

CARO 2008:- Clause-x

The company has not commenced commercial operations. However during the year, in accordance with requirements of AS 26, analysis of Pre operative expenses was carried out and expenditure not related directly or indirectly or incidental to the project has been charged to Profit & Loss Account which is prepared for the first time by the company. Such expenditure incurred till the preceding year have also been segregated and are disclosed as debit balance in Profit & Loss account.

b) For the year ended 31st March 2009

- i. The attention is drawn to the note regarding payment of managerial remuneration which is subject to the approval of Central Government.

ii. CARO 2009:-

- **Clause- ix(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, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year except in few cases.

- **Clause-xvii**

On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company as at March 31, 2009, related information's as made available to the us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis aggregating to Rs 716.37 Millions have been utilized for the purpose of fixed asset.

B. In respect of E-Complex Private Limited

a) For the year ended 31st March 2008

CARO 2008:- Clause-x

During the year in accordance with the requirements of AS – 26, analysis of Pre operative expenses was carried out and expenditure not related directly or indirectly or incidental to the project have been charged to Profit & Loss account. Such expenditure incurred during the preceding year have also been segregated and are disclosed as debit balance in Profit & Loss account.

b) For the year ended 31st March 2009

CARO 2009 :- Clause -xvii

According to the Cash Flow Statement and other records examined by us, and according to the information and explanations given to us and on an overall basis, in our opinion there are no funds raised on short term basis except net current assets at credit of Rs. 308.57 Million out of which Rs 175.86 Million have been applied for acquisition of fixed assets and balance Rs 132.71 Million are accumulated losses.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED FINANCIAL STATEMENTS:**I] Principles of Consolidation :**

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

- a. The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- b. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- c. The difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognized in the financial statements as Goodwill.

II] Other significant accounting policies :**1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

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

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

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

4. INTANGIBLE ASSETS:

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

5. DEPRECIATION:

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

6. INVESTMENTS:

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

7. BORROWING COSTS:

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

8. INVENTORY:

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

9. REVENUE RECOGNITION:

i. Revenues from shipbuilding contracts are recognized using the percentage-of-completion method. Revenue is recognised on the basis of percentage of actual cost incurred thereon as against the total estimated cost of the shipbuilding contract under execution. The estimates of costs are revised periodically by the management. The effect of such changes to estimates is recognised in the period in which such changes are determined. The estimated cost of each shipbuilding contract is determined based on management's estimate of the cost expected to be incurred till the final completion of the project and includes cost of materials, services, finance cost and other related overheads. Recognition of revenue relating to agreements entered into with the buyers, which are subject to fulfillment of obligations / conditions imposed by statutory authorities is postponed till such obligations are discharged.

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

10. GOVERNMENT SUBSIDY:

Government subsidy related to shipbuilding contracts are recognized on compliance with the relevant conditions and such grants are recognized in the Profit and Loss Account and presented under Revenue from Operations.

11. FOREIGN CURRENCY TRANSACTIONS:

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

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

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

iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account or Project development expenses as the case may be.

12. FINANCIAL DERIVATES:

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

13. EMPLOYEE BENEFITS:

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

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

14. PROVISION FOR CURRENT AND DEFERRED TAX:

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

15. IMPAIRMENT OF ASSETS:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The

impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

16. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

17. PRELIMINARY AND ISSUE EXPENSES:

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

Annexure VI

Significant Notes on Accounts for Restated Consolidated Financial Statements:-

- Following subsidiary company is considered in the consolidated financial statements:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership interest
E Complex Private Limited	India	100%

E-complex Pvt. Ltd became subsidiary of Pipavav Shipyard Limited with effect from 1st December, 2006 and hence the consolidated accounts have been prepared only for the year ended 31st March 2007, 2008 and 2009.

- The Company has changed its name from “Pipavav Ship Dismantling & Engineering Limited” to “Pipavav Shipyard Limited” on 29th April 2005.
- The company is developing a sector specific Special Economic Zone for engineering goods at Amreli, Gujarat and its integrated Shipyard Project is comprising of two units, viz. Special Economic Zone (SEZ) and Export Oriented Unit (EOU) situated at Amreli in Gujarat. The trial run of SEZ unit and certain facilities of EOU Unit has commenced. The expenditure incurred during the construction period / trial run are classified as “Project Development Expenditure” pending capitalization. The year wise break up of the same is as follows:

(Amount Rs in Millions)

Particulars of expense	For the Year ended 31st March		
	2009	2008	2007
Opening Balance	3,554.84	2,696.90	2,127.22
Opening WIP	194.49	-	-
Raw Materials Consumed	820.52	15.94	-
Stores and Spares Consumed	32.39	0.73	-
Other Manufacturing Expenses	343.02	177.12	-
Power and Fuel	15.27	0.69	0.71
Rent	26.93	3.86	0.76
Salaries Wages and Allowances	236.59	125.12	39.42
Contribution to PF and Other Fund	5.25	1.59	0.31
Welfare and Other Amenities	8.56	1.38	-
Legal and Consultancy Charges	243.63	20.99	211.41
Conveyance Travelling and Vehicles Expenses	136.41	22.21	15.52
Rates and Taxes	9.27	12.72	0.36
Insurance	15.05	4.98	0.99
Communication Expenses	6.61	2.15	0.39
Repairs and Maintenance - Buildings	8.19	1.51	-
Repairs and Maintenance - Plant and Machinery	5.33	3.44	-
Repairs and Maintenance - Others	3.84	3.18	-
Miscellaneous Expenses	76.87	27.22	9.88
Loss on sale of Long - Term Investments	19.29	-	-
Interest on Fixed Loans	589.31	498.5	395.2
Interest on Others	169.26	1.26	-
Bank and Financial Charges	51.4	316.13	7.54
Preference Share Redemption Premium	-	-	(97.74)
Foreign Exchange Difference (Net)	452.69	-	-
Depreciation	28.77	6.88	7.30
	7,053.78	3,944.50	2,719.27
Less :			
Work In Progress (during Trial run)	1,405.68	194.49	-
Dividend on current Investments	15.92	125.97	22.37
Profit on Sale of Current Investments	13.83	4.03	-
Interest on Fixed Deposits	64.78	65.17	-
Miscellaneous Income	2.25	-	-
	1,502.46	389.66	22.37
Closing Balance	5,551.32	3,554.84	2,696.90

Since the company has started only the trial run and commercial operations have not yet commenced, all the direct costs relating to Shipbuilding activity incurred during trial run stage have been considered as Work-In-Progress under Inventory. As such percentage completion method is not relevant.

4. **Other Income:**

Other Income		<i>(Amount Rs in Millions)</i>		
Particulars	For the year ended 31st March			
	2009	2008	2007	
Interest on Fixed Deposits with Banks	617.78	277.19	-	
Foreign Exchange Fluctuation	-	-	-	
Misc Income	-	0.30	0.46	
Total	617.78	277.49	0.46	
1. In view of the management, all the other income mentioned above are mainly related to the business activities of the company and are recurring in nature.				
2. The classification of the other income as recurring/non-recurring and related/not related to the business activities is based on the current operations and the business activities of the company as determined by the management.				
3. The above amounts are as per the Summary Statement of Consolidated Profits and Losses, as restated of the company.				

5. **Contingent Liabilities:-**

Particulars	<i>(Amount Rs in Millions)</i>		
	As at 31st March		
	2009	2008	2007
a) Guarantees given by Company's Bankers:			
i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	5064.21	2926.33	-
ii) Other Bank Guarantees (Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)	103.56	82.00	-
b) Demands not acknowledged as Debts:			
i) Excise Duty (Mainly related to Cenvat Credit on Steel, No Cash Outflow is expected in the near future)	106.68	-	-
ii) Customs Duty (No Cash Outflow is expected in the near future)			
iii) Income Tax (No Cash Outflow is expected in the near future)	13.88	-	-
iv) Other Claims (Related to Geology and Mining Charges, No Cash Outflow is expected in the near future)	0.18	-	-
	8.54	-	-
c) Letters of Credit opened in favour of suppliers (Cash Flow is expected on receipt of materials from Suppliers)	932.10	1765.86	-

6. Loans and Advances includes Rs 387.15 Million and Rs 113.50 Millions for the year ended on 31st March 2009 and 31st March 2008 respectively, being the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost of the project.

7. **Capital Commitments:**

(Amount Rs in Millions)

Particulars	As at 31st March		
	2009	2008	2007
Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances)	1760.46	5197.35	10.33

8. **Managerial Remuneration:-**

(Amount Rs. In Millions)

Particulars	For the Year ended 31st March		
	2009	2008	2007
Salaries	59.40	12.18	10.00
Contribution to Provident Fund	0.72	-	-
Perquisites and other allowances	9.60	0.23	0.70
Directors Sitting Fees	0.47	0.48	0.13
Total	70.19	12.89	10.83

- The managerial remuneration is subject to approval of Central Government in terms of Sec. 269 of the Companies Act 1956, for which the Company has filed the application.
- Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and therefore not included above.

9. The Company has issued Bond-cum-Legal Undertakings for Rs. 3,340.00 Millions 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 Bond for Rs. 7.00 Million in favour of President of India, through Specified Officer to secure obligation and liability, if any, of the SEZ Unit / Developer on account of provisional assessment of certain goods and a General Bond in favour of the President of India for a sum of Rs. 1,530.00 Million as a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

10. **Employee Benefits:-**

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

Defined Contribution Plan

(Amount Rs. In Millions)

Particulars	For the year ended 31 st March		
	2009	2008	2007
Employers Contribution to Provident Fund & Pension Fund	5.96	2.53	1.00

Defined Benefit Plan

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

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

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

Particulars	(Amount Rs. In Millions)	
	Gratuity funded	
	As at 31st March	
	2009	2008
Defined Benefit Obligation at beginning of the year	1.88	1.04
Current Service Cost	1.62	0.29
Current Interest Cost	0.24	0.09

Actuarial (Gain) / Loss	0.94	0.46
Benefits paid	-	-
Defined Benefits Obligation at the end of the year.	4.68	1.88

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

(Amount Rs. In Million)		
Particulars	Gratuity Funded	
	As at 31st March	
	2009	2008
Fair Value of Plan Assets at the beginning of the year	4.04	-
Expected Return on Plan Assets	0.30	-
Actuarial Gain / (Loss)	0.08	-
Contributions	1.94	4.04
Benefits Paid	-	-
Fair Value of the Assets at the end of the year.	6.36	4.04

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

(Amount Rs. In Millions)		
Particulars	Gratuity funded	
	As at 31st March	
	2009	2008
Fair Value of Plan Assets at the end of the year.	6.36	4.04
Present Value of Defined Benefit Obligation at end of the year	4.68	1.88
Liabilities / (Assets) recognised in the Balance Sheet	(1.68)	(2.16)

d) Expenses recognised during the year

(Amount Rs. In Millions)		
Particulars	Gratuity funded	
	For the Year ended 31st March	
	2009	2008
Current Service Cost	1.62	0.29
Interest Cost	0.24	0.09
Expected Return on Plan Assets	(0.30)	-
Actuarial (Gain) / Loss	0.86	0.46
Effect of the limit in para 59(b)	(0.04)	0.04
Net Cost Recognised in Profit and Loss Account	2.38	0.88

e) Assumptions used to determine the defined benefit obligations

(Amount Rs. In Millions)		
Particulars	Gratuity funded	
	For the Year ended 31st March	
	2009	2008
Mortality Table (LIC)	(1994-96 ultimate)	
Discount Rate (p.a.)	7.05%	7.65%
Estimated Rate of Return on Plan Asset	7.50%	7.50%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

Note:- In the absence of relevant data, figures for the other years have not been disclosed.

11. As required by Accounting Standard 22 on "Accounting for Taxes on Income" Deferred Tax is comprising of the following items:

(Amount Rs. In Millions)			
Particulars	As at 31st March		
	2009	2008	2007
Deferred Tax Liabilities	-	-	-
Total	-	-	-

Deferred Tax Assets			
Related to Fixed Assets	2.89	11.66	11.56
Disallowance under Income Tax	5.71	0.62	0.86
Total	8.60	12.28	12.42
Net Deferred Tax Liability / (Assets)	(8.60)	(12.28)	(12.42)

In the absence of virtual certainty that sufficient future taxable income will be available against which Deferred Tax Asset can be realized and on principle of prudence no Deferred Tax Asset has been recognised in the books of accounts in line with Accounting Standard 22 dealing with “Accounting for Taxes on Income”

12. In the financial year 2006-07, the company has redeemed 21.48 Million Preference shares of the face value of Rs 10/- each.
13. During the financial year 2007-08, 4.52 Million share of Rs 10 each have been issued pursuant to conversion of equal number of optionally cumulative convertible preference shares.
14. The company’s activities revolve around setting up of the Shipyard Project considering the nature of the company’s business and operations, there is only one reportable segment (Business and/or Geographical Segment) in accordance with the requirements of Accounting Standard – 17 “Segment Reporting.”

Annexure VII

Statement of Secured Loans (Consolidated), as Restated:-

Particulars	(Amount Rs in Millions)		
	As at 31 st March		
	2009	2008	2007
1) Term Loans from Banks & Financial Institution	7,739.03	2,934.32	3,364.07
2) Hire Purchase Loan – Vehicles	6.87	8.75	1.83
	7,745.90	2,943.07	3,365.90

Notes:

- The term loan outstanding as at 31st March 2009 are secured by way of first charge and mortgage of all the Company's immovable properties, both present and future; charge and hypothecation of all movable properties, both present and future, except book debts and stocks which are subject to the prior charge to secure working capital requirements. Further, the said Term Loans are secured by Personal Guarantees of some of the Directors in their personal capacity.
- Vehicles Loans are secured by hypothecation of specific vehicles financed.

Annexure VIII

Statement of Unsecured Loans (Consolidated), as Restated

Particulars	(Amount Rs in Millions)		
	As at 31 st March		
	2009	2008	2007
1) Optionally Convertible Bonds (1,000 Optionally convertible bonds of face value of Rs 10,00,000/- each)	-	-	1,000.00
2) Short Term Loans from Banks	3492.71	684.64	-
3) Inter Corporate Deposit	297.44	297.44	297.44
Total	3,790.15	982.08	1,297.44

Notes:

- The inter corporate deposit is repayable in the Financial Year 2009-10.
- The 1000 Optionally convertible bonds of Rs 1.00 Millions each have been converted into 40.00 Millions equity shares of Rs 10/- each at a premium of Rs 15/- each in October 2007.

Annexure IX

Details of Related Parties for the financial year 2008-2009	
Sr. No	Particulars
1	<u>Associates</u>
	SKIL Infrastructure Limited
	Punj Lloyd Limited
2	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh P Gandhi
	Mr. Raymond Stewart (upto 31/01/2009)
	Mr. J. P. Rai (w.e.f. 02/02/2009)
3	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Details of Related Parties for the financial year 2007-2008	
Sr No	Particulars
1	<u>Associates</u>
	SKIL Infrastructure Limited
	Punj Lloyd Limited (w.e.f. 15/09/2007)
2	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh P Gandhi
	Mr. Raymond Stewart
3	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Details of Related Parties for the financial year 2006-2007	
Sr No	Particulars
1	<u>Associate</u>
	SKIL Infrastructure Limited
2	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh P Gandhi
	Mr. Raymond Stewart (w.e.f. 30/09/2006)
3	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Transactions with Related Parties:

For the year ended 31st March 2009.

(Amount Rs. In Millions)

Nature of Transactions	Associate concerns	Key Management Personnel				Other Related Parties	Total
	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr Raymond Stewart (CEO)	Mr. J P Rai (CEO)	Awaita Properties Pvt. Ltd.	
Reimbursements of Expenses Given	24.60	-	-	-	-	4.51	29.11
Expenditure							
Rent Expenses	-	-	-	-	-	15.48	15.48
Directors Sitting fees	-	0.09	-	-	-	-	0.09
Remuneration	-	-	69.72	19.18	2.05	-	90.95
Sundry Creditors	6.50	-	-	-	-	2.24	8.74
Lease Deposits	-	-	-	-	-	20.00	20.00

For the year ended 31st March 2008

(Amount Rs. In Millions)

Nature of Transactions	Associate concerns	Key Management Personnel			Other Related Parties	Total
	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr Raymond Stewart (CEO)	Awaita Properties Pvt. Ltd.	
Reimbursements of Expenses Given	35.67	-	0.18	-	5.94	41.79
Sale of Fixed Assets	0.66	-	-	-	-	0.66
Expenditure						
Rent Expenses	-	-	-	-	15.47	15.47
Project Development Fees	192.11	-	-	-	-	192.11
Directors Sitting fees	-	0.11	-	-	-	0.11
Remuneration	-	-	12.41	36.26	-	48.67
Sundry Creditors	8.98	-	0.03	-	9.33	18.34
Lease Deposits	-	-	-	-	10.00	10.00

For the year ended 31 st March 2007			(Amount Rs. In Millions)			
Nature of Transactions	Associate concerns	Key Management Personnel			Other Related Parties	Total
	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr Raymond Stewart (CEO)	Awaita Properties Pvt. Ltd.	
Reimbursements of Expenses Given	16.42	-	-	-	-	16.42
Sale of Fixed Assets	4.17	-	-	-	-	4.17
Expenditure						
Rent Expenses	-	-	-	-	3.90	3.90
Directors Sitting fees	-	0.13	-	-	-	0.13
Remuneration	17.45	-	3.00	5.42	-	25.87
Sundry Creditors	16.28	-	-	-	0.56	16.84
Deposits given	-	-	-	-	10.00	10.00

Annexure X

Statement of Loans and Advances (Consolidated), as Restated: -

(Amount Rs in Millions)

Particulars	As at 31 st March		
	2009	2008	2007
Loans & Advances			
1) Directors of company			
2) Others	1,604.82	1,143.80	40.69
Total	1,604.82	1,143.80	40.69

Annexure XI

Statement of Investments (Consolidated), as restated:

(Amount Rs in Millions)

Particulars	As at 31 st March		
	2009	2008	2007
Long Term Investment			
In Units Of Mutual Funds (Other Than Trade, Unquoted)	-	523.47	-
6 years National Savings Certificate (Unquoted)	*	*	-
Short Term Investment			
In Units Of Mutual Funds (Other Than Trade, Unquoted)	484.51	1235.56	333.14
Total	484.51	1,759.03	333.14

* Rs.5000

Annexure XII

Statement of Accounting Ratios (Consolidated), as Restated

(Amount Rs. In Million)

Particulars	31st March		
	2009	2008	2007
Basic earning per share (Rs)	0.08	0.11	(0.29)
Diluted earning per share (Rs)	0.08	0.10	(0.29)
Return on Net Worth (%)	0.39	0.39	(1.54)
Net Asset Value per equity share (Rs.)	21.62	21.49	13.43
Weighted average no. of Equity shares outstanding during the year used for			
Basic earning per share	580,211,400	437,039,328	212,619,781
Diluted earning per share	580,211,400	459,553,410	212,619,781
Total No. of equity shares outstanding at the end of the year	580,348,163	579,693,388	289,720,000

Notes: -

- The ratios have been computed as below:

Basic & Diluted Earning per share (Rs) =

Net profit/(loss) after tax, as restated, attributable to equity shareholders

Weighted average number of equity shares outstanding during the year

Return on net worth (%) =

Net profit/(loss) after tax, as restated

Net worth, as restated, at the end of the year

Net asset value per share (Rs) =

Net worth, as restated, at the end of the year (-)
Preference share capital.

Number of equity shares
outstanding at the end of the year

- The figures disclosed above are based on the consolidated restated summary statements of Pipavav Shipyard Ltd.
- Earning per share calculations are done in accordance with Accounting Standard 20 on "Earning Per Share" issued by the Institute of Chartered Accountants of India.
- Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year/period multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days in the year.
- Networth means Equity share capital + Preference share capital + Reserves & Surplus – Misc Expenditure (to the extent not written off/ adjusted) – Debit. Balance of Profit and Loss Account as appearing in 'Summary statement of Consolidated Balance Sheet-restated'

Annexure XIII

(Amount Rs in Million)

Capitalisation Statement (Consolidated), as Restated			
Particulars		Pre issue position as at 31st March 2009	Post Issue Position
Short Term Debts (A)		3790.15	}
Long Term Debts (B)		7,745.90	
Total Debts (C)		11,536.05	
Share holders' funds:-			} Refer Note 1
Equity Share Capital		5,803.48	
Reserves & Surplus		6,743.68	
Total Shareholders Funds (D)		12,547.16	
Long Term Debt/Equity Ratio (B/D)		0.62:1	
Note :			
<p>1) Share Capital & Reserves after the issue can be ascertained only on conclusion of book building process. The Post issue capitalisation shall be updated before filing the prospectus.</p> <p>2) The above has been computed based on restated accounts</p>			

AUDITOR'S REPORT
(As required by Part II of Schedule II of the Companies Act, 1956)

September 4, 2009

The Board of Directors,
Pipavav Shipyard Limited,
SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023

Dear Sirs,

In continuation of our Report, dated July 30, 2009, on the Unconsolidated Financial Information of Pipavav Shipyard Limited ("the Company") as at 31st March, 2009; 31st March, 2008 and 31st March, 2007 and other financial information mentioned therein (Annexures I – XV), we further report that, in view of the Securities and Exchange Board of India (SEBI) circular number SEBI/CFD/DIL/ICDRR/1/2009/03/09 dated September 3, 2009, wherein the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been notified and SEBI (Disclosure and Investor Protection) Guidelines, 2000 have been rescinded, the words "SEBI (Disclosure and Investor Protection) Guidelines, 2000" ("the Guidelines") be read as SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the ICDR Regulations"). Further this shall form as an integral part of above mentioned report dated July 30, 2009.

Yours faithfully,

For CHATURVEDI & SHAH
Chartered Accountants

R. KORIA
PARTNER

Membership Number: 35629

AUDITOR'S REPORT
(As required by Part II of Schedule II of the Companies Act, 1956)

To,
The Board of Directors
Pipavav Shipyard Limited,
SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023

Dear Sirs,

We have examined the Unconsolidated Financial Information of Pipavav Shipyard Limited, (“the Company”) as at 31st March, 2009; 31st March, 2008; 31st March, 2007; 31st March, 2006, and 31st March, 2005 annexed to this report, prepared by the Company and approved by the Board of Directors, in accordance with the requirements of:

- e. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”);
- f. the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (“the Guidelines”) and the related clarifications issued by the Securities and Exchange Board of India (SEBI) under section 11 of Securities Exchange board of India Act, 1992 as amended to date;
- g. the Guidance Notes on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI); and
- h. the terms of our engagement agreed upon with you in accordance with our engagement letter dated 24th July, 2009 in connection with the offer document being issued by the Company for its proposed Initial Public Offer.

The Financial Information is based on the Unconsolidated financial statements of the Company for the years ended 31st March, 2008, 2007, 2006, and 2005 audited by GPS & Associates, Chartered Accountants, the statutory auditors of the company during those years and accordingly reliance has been placed on those financial statements.

The Financial Information, prepared by the company for the year ended 31st March 2009 is based on the Unconsolidated financial statements of the company jointly audited by us (Chaturvedi & Shah) and GPS & Associates.

This report is being issued for incorporating the same in the offer document, to be issued by Pipavav Shipyard Limited in connection with the proposed Initial Public Offer of Equity Shares.

Financial Information as per the audited financial statements:

The financial information of Pipavav Shipyard Limited has been extracted by the management from the financial statements of Pipavav Shipyard Limited for the years ended 31st March, 2009, 31st March, 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005 and approved by the Board of Directors.

In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the SEBI Guidelines and terms of our engagement agreed with you, we further report that:

- a) The Summary statement of Unconsolidated Assets and Liabilities, as restated, Summary Statement of Unconsolidated Profits and Losses, as restated and Summary Statement of Unconsolidated Cash Flows, as restated (“Restated Financial Statements”) of the Company as at and for the years ended 31st March, 2009, 31st March, 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005, examined by us, as set out in Annexure I, II and III to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes on adjustments for Restated Financial Statements, Significant Accounting Policies and Significant Notes on Accounts for Restated Financial Statements (Refer Annexure IV, V and VI respectively).
- b) Based on above and also as per the reliance placed on the reports submitted by the previous auditors, GPS & Associates for the respective years, we are of the opinion that the restated financial statements have been made after incorporating:

- the impact arising on account of change in accounting policies adopted by the Company as at and for the year ended 31st March, 2009 applied with retrospective effect in the restated financial statements;
 - adjustments for the material amounts in the respective financial years to which they relate; except to the extent stated in Note no. 3 and Note no. 6 in Annexure IV.
 - the qualifications and material adjustments relating to the relevant previous years.
- c) There are no extraordinary items which need to be disclosed separately in the restated financial statements.

Other Financial Information

At the Company's request, we have also examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, for the years ended 31st March, 2009, 31st March, 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005. Further, in respect of the years ended 31st March, 2008, 31st March, 2007, 31st March, 2006 and 31st March, 2005 these informations have been included based upon the reports submitted by previous auditors GPS & Associates and relied upon by us.

- i. Statement of Secured Loans, as restated, enclosed as **Annexure VII**;
- ii. Statement of Unsecured Loans, as restated, enclosed as **Annexure VIII**;
- iii. Statement of transactions with Related Parties, enclosed as **Annexure IX**;
- iv. Statement of Loans and Advances, as Restated, enclosed as **Annexure X**;
- v. Statement of Investments, as Restated, enclosed as **Annexure XI**;
- vi. Statement of Accounting Ratios, as Restated, enclosed as **Annexure XII**;
- vii. Statement of Tax Shelters, as Restated, enclosed as **Annexure XIII**;
- viii. Capitalisation Statement, as Restated, enclosed as **Annexure XIV**;
- ix. Statement of Dividend paid, enclosed as **Annexure XV**.

In our opinion, the financial information as disclosed in the annexures to this report, read with the notes on adjustments, significant accounting policies and significant notes disclosed in the Annexures IV, V and VI respectively, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure IV, has been prepared in accordance with Part II of the Act and the Guidelines.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

This report should not, in any way, be construed as a re-issuance or re-dating of any of the previous audit reports nor should this be construed as a new opinion on any of the financial statements referred to herein.

This report is intended solely for use of management and for inclusion in the Offering Circular in connection with the proposed Initial Public Offer of the Company's shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Chaturvedi & Shah
Chartered Accountants

R. Koria
Partner
Membership No: 35629

Place: Mumbai
Date: July 30, 2009

Annexure I

Summary statement of Unconsolidated Assets & Liabilities, as restated.					
Particulars	(Amount Rs. in millions)				
	As at 31st March				
	2009	2008	2007	2006	2005
(A) Fixed Assets					
Gross block	488.48	177.89	124.69	224.29	216.63
Less: Depreciation	74.63	46.47	38.17	64.70	53.85
Net block	413.85	131.42	86.52	159.59	162.78
Capital work in progress (Including Capital Advances)	21560.19	11,815.90	7,467.38	6,896.66	6,465.16
Total	21,974.04	11,947.32	7,553.90	7,056.25	6,627.94
(B) Intangible Assets (Net of Amortisation)	6.04	4.34	-	-	-
(C) Investments	665.50	1,940.57	510.77	-	-
(D) Current Assets, Loans & Advances					
Inventories	3182.93	571.37	-	-	-
Cash & Bank Balances	6618.00	8,382.32	1,102.02	0.93	0.44
Loans & advances	2550.93	1,449.39	39.86	14.11	3.89
Total	12,351.86	10,403.08	1,141.88	15.04	4.33
(E) Liabilities & Provisions					
Secured Loans	7745.90	2,943.07	3,365.90	3,504.37	1,146.97
Unsecured Loans	3790.15	982.08	1,297.44	-	2,560.05
Current Liabilities	10789.11	7835.40	350.98	650.40	674.31
Provisions	121.52	72.85	4.02	0.40	-
Share Application Money	-	-	250.00	687.83	8.44
Total	22,446.68	11,833.40	5,268.34	4,843.00	4,389.77
(F) Net-worth (A+B+C+D-E)	12,550.76	12,461.91	3,938.21	2,228.29	2,242.50
(G) Networth represented by					
Equity Share capital	5803.48	5,796.93	2,897.20	2,000.00	2,000.00
Preference Share Capital	-	-	45.20	260.00	260.00
Reserves & surplus	6747.28	6,707.55	1,087.63	-	-
Less:-Debit Balance of Profit and Loss Account	-	42.57	91.82	31.69	17.48
Less: Miscellaneous expenditure	-	-	-	0.02	0.02
Net Worth	12,550.76	12,461.91	3,938.21	2,228.29	2,242.50

Note:

The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

Annexure II

Summary Statement of Unconsolidated Profits and Losses, As Restated						
				(Amount Rs in Millions)		
		For the year ended 31st March				
Particulars		2009	2008	2007	2006	2005
	INCOME					
	Other Income	617.78	277.49	-	-	
	Total Income (A)	617.78	277.49	-	-	-
	EXPENDITURE					
	Payments to and Provisions for Employees	76.77	50.27	-	-	-
	Administrative, Selling and Other Expenses	313.97	108.67	-	-	-
	Interest and Financial Charges	129.58	0.77	-	-	-
	Depreciation	1.52	1.77	-	-	-
	Total Expenditure (B)	521.84	161.48	-	-	-
	Profit Before Tax & adjustments (A-B)	95.94	116.01	-	-	-
	Provision For Tax					
	- Current Tax	41.20	64.00	0.92	-	-
	- Fringe benefit tax	5.50	3.42	-	-	-
	Net Profit after Tax but before adjustments	49.24	48.59	(0.92)	-	-
	Adjustments (Refer Note No 1 of Annexure IV)	-	0.66	(59.21)	(14.21)	(9.40)
	Net Profit, as restated	49.24	49.25	(60.13)	(14.21)	(9.40)
	Balance brought forward	(42.57)	(91.82)	(31.69)	(17.48)	(8.08)
	Amount Available for Appropriation	6.67	(42.57)	(91.82)	(31.69)	(17.48)
	Appropriations	-	-	-	-	-
	Balance carried forward, as restated	6.67	(42.57)	(91.82)	(31.69)	(17.48)

Note:

The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and significant notes on accounts (as appearing in Annexures IV, V and VI respectively)

Annexure III

Summary statement of Unconsolidated Cash Flow, as restated						
(Amount Rs in Million)						
Particulars		For the year ended 31st March				
		2009	2008	2007	2006	2005
A	Cash Flow from Operating Activities					
	Net Profit before Tax as Restated	95.94	116.67	(57.76)	(13.68)	(9.40)
	Adjustments for :					
	Depreciation and amortization	1.52	2.00	0.72	0.56	0.22
	Preliminary Expenses written off	-	4.19	-	-	-
	Interest income	(617.78)	(277.19)	-	-	-
	Loss on Sale of Asset	0.30	-	-	-	-
	Interest Expenses	129.58	4.73	0.19	-	-
	Provision for Wealth Tax	0.26	0.11	-	-	-
	Effect of Exchange Rate Change	59.05	-	-	-	-
	Operating profit before working capital changes	(331.13)	(149.49)	(56.85)	(13.12)	(9.18)
	Adjusted for					
	Inventories	(2,611.56)	(571.37)	-	-	-
	Trade and other receivables	(452.01)	(2,441.83)	(26.32)	(6.29)	0.49
	Trade Payables	3,392.75	8,857.38	69.12	(49.77)	(92.71)
	Cash Generated from Operations	(1.95)	5,694.69	(14.05)	(69.18)	(101.40)
	Direct Taxes Paid	(171.76)	(100.74)	(2.23)	(0.59)	(0.02)
	Net Cash flow from operating activities	(173.71)	5,593.95	(16.28)	(69.77)	(101.42)
B	Cash Flow from Investing Activities					
	Purchase of Fixed Assets and Capital Work in Progress	(9,758.93)	(3,648.80)	(561.26)	(29.46)	(1,101.63)
	Sale of Fixed Assets	0.09	0.68	67.68	-	0.44
	Advance to Subsidiary	(598.87)	(309.83)	-	-	-
	investment in subsidiary	-	-	(189.67)	-	-
	Purchase of Investment	(5,272.48)	(1,429.79)	(2,527.38)	-	-
	Sale of Investment	6,542.09	-	2,206.28	-	-
	Dividend Income Received	15.38	-	22.38	-	-
	Interest Received	735.42	277.19	-	-	-
	Net Cash Flow from Investing Activities	(8,337.30)	(5,110.55)	(981.97)	(29.46)	(1,101.19)
C	Cash Flow from Financing Activities					
	Proceeds against issue of share capital	52.38	7,311.53	1,984.85	-	1,222.50
	Proceeds from share application	-	-	(140.39)	685.13	8.44
	Redemption of Preference share Capital	-	(45.20)	(214.80)	-	-
	Issue Expenses	(12.77)	(41.87)	-	-	-
	Redemption premium and upfront fees	-	-	-	(54.79)	-
	Proceeds from Long Term Borrowings	4,923.71	6.91	-	2357.40	112.52
	Repayment of Long Term Borrowings	(120.88)	(429.75)	(138.47)	-	-
	Short Term Loans (Net)	2,808.06	-	1,000.00	(2,560.05)	207.61
	Interest Paid	(903.81)	(4.72)	(391.85)	(327.97)	(348.53)
	Net Cash Flow from Financing Activities	6,746.69	6,796.90	2,099.34	99.72	1,202.54
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(1,764.32)	7,280.30	1,101.09	0.49	(0.07)

Summary statement of Unconsolidated Cash Flow, as restated						
		(Amount Rs in Million)				
Particulars		For the year ended 31st March				
		2009	2008	2007	2006	2005
	Cash & Cash Equivalents at beginning of the year	8,382.32	1,102.02	0.93	0.44	0.51
	Cash & Cash Equivalents at the end of the year	6,618.00	8,382.32	1,102.02	0.93	0.44
	Components of Cash & Cash Equivalents					
	Cash in hand	0.40	0.42	0.02	0.02	0.01
	Balance with Scheduled Banks					
	- Current Account	280.92	305.50	52.00	0.91	0.43
	- Fixed Deposit Account	6,336.68*	8,076.40*	1,050.00	-	-
		6,618.00	8,382.32	1,102.02	0.93	0.44

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - Cash Flow Statements.
2. Figures in brackets indicate Outflows.
3. * Represents Fixed Deposits pledged with Banks as margin for Bank Guarantee and Letter of Credits.

Annexure IV**Notes on Adjustments for Restated Financial Statements****Note 1 : Adjustments on account of Prior Period Items and Preliminary and share issue expenses:-**

In the financial statements for the year ended 31st March 2009 and 31st March 2008, certain items of expenses have been identified as Prior Period Items. For the purpose of restated financial statements, such prior period items have appropriately been adjusted in the respective years. Below mentioned is the summary of results of restatement, made due to above mentioned prior period items, in the audited accounts for the respective years and its impact on the Profits/(Losses) of the company. Further, the preliminary & share issue expenses charged to Profit and Loss Account during the financial year 2007-08 have been transferred to Securities Premium Account in line with the accounting policy followed by the company from the financial year 2008-09.

(Amount Rs in million)

Particulars	For the Year Ended 31st March				
	2009	2008	2007	2006	2005
ADJUSTMENTS					
1. Prior Period Items					
Other Income	-	-	0.06	0.88	-
Payments to and Provisions for Employees	-	(1.80)	11.36	1.94	0.47
Administrative, Selling and Other Expenses	-	1.14	45.55	12.06	8.71
Interest and Financial Charges	-	3.96	0.19	-	-
Depreciation (Refer Note 4 below)	-	0.23	0.72	0.56	0.22
Fringe Benefit Tax	-	-	1.45	0.53	-
2. Preliminary and share issue Expenses written off (Refer Note 3 below)	-	(4.19)	-	-	-
	-	0.66	(59.21)	(14.21)	(9.40)
Tax on adjustments*	-	-	-	-	-
Total	-	0.66	(59.21)	(14.21)	(9.40)

*Since the company has not claimed the deductions in respect of Prior Period Items by filing the revised return of income tax, tax on adjustments have been considered Nil.

Note 2:- Balance in Profit & Loss A/c as at 1st April, 2004 as Restated:-

Due to the accounting of prior period items as mentioned in Note 1 above, the balance in Profit & Loss Account as at 1st April 2004 have been restated as per the following details:

(Amount Rs in Millions)

Particulars	Amount
Balance in Profit & Loss Account as at 1st April, 2004, as per audited financial statements	-
Increase/(Decrease) in the accumulated profit as at 1st April, 2004 as a result of-	
Other Income	(0.14)
Payments to and Provisions for Employees	1.56
Administrative, Selling and Other Expenses	6.62
Depreciation	0.54
Excess Income Tax Provision	(0.50)
Balance in P&L A/c as at 1st April, 2004 as restated	8.08

The above information should be read along with significant accounting policies appearing in Annexure V, together with notes on adjustments as appearing in Annexure IV.

Note 3: Changes in Accounting Policies

Preliminary and Issue Expenses

Till the financial year ended on 31st March 2007, the company was carrying all the expenditure incurred towards Company's incorporation as well as issue of shares to the Balance Sheet. During the year ended 31st March 2008, the company adopted the policy of amortising such Preliminary and Share issue expenses in 10 years on Straight Line basis. However, in the financial year ended on 31st March 2009, the company adopted the policy of adjusting the same against the balance available in Securities Premium Account in accordance with Section 78 of the Companies Act, 1956.

Since no balance was available in the Security Premium Account till the financial year ended 31st March, 2006, Preliminary and share issue expense aggregating to Rs.0.02 Million incurred in earlier year have been carried to balance sheet and debited to Security Premium Account in the financial year ended 31st March, 2007

Note 4 : Other Adjustments

Depreciation:

In the year ended 31st March 2008, certain fixed assets were mistakenly identified with the inappropriate group of assets and accordingly depreciation on such assets was charged at the rates as applicable to such group of assets as per the policy of the company. During the year ended 31st March 2009, such fixed assets were so identified and were accordingly reclassified under the appropriate group of assets and depreciation thereon was charged at the appropriate applicable rates of depreciation. Accordingly, depreciation has been recomputed and adjusted based on the revised rates of depreciation on such fixed assets in respective years.

Note 5 : Material Regrouping

c) Intangible Assets:

During the year ended on 31st March 2009, the company has reclassified Softwares as intangible assets by regrouping the same from Plant & Machinery. Accordingly the Softwares whenever capitalized, have been regrouped to Intangible Assets. However, due to above change, there was no impact on the Profit/Loss of the company.

d) Advances on Capital Account:

The advances on account of purchase of capital items, which were forming part of "Advances recoverable in cash or in kind or for value to be received" till the financial year 2007-08, have been regrouped to Capital Work In Progress from the financial year 2008-09. The effects of such changes have been given retrospectively. However there was no impact on the Profit/Loss of the company.

- c) Pre-operative and trial run expense incurred during the financial year ended on 31st March, 2008 have been regrouped from Profit & Loss Account to Project Development Expenditure. However this has no impact on the Profit/Loss of the Company

Note 6: Non-Adjustments

Gratuity

From the year ended 31st March 2008, the company had accounted for its gratuity liability based on an actuarial valuation determined by the actuary on the Project Unit Credit Method consequent to adoption of Accounting Standard- 15 on "Employee Benefits" (Revised 2005). However necessary adjustments and disclosures for the prior periods have not been made due to non availability of relevant data for those periods.

Note 7 : Auditors Qualification:

There were no audit qualifications during any of the years, which required any corrective adjustments in the financial information.

The audit qualifications which do not require any corrective adjustment in the restated financial statements are as under:-

a) For the year ended 31st March 2005

- i. The auditors have qualified their report in respect of the following notes appearing in the financial statement for the year ended 31st March 2005:

- a. In respect of the loan from Japan Bank for International Cooperation (JBIC), the company after discussion with the Government of India finalised the modalities of prepayment of loan Rs. 2320.00 million. Accordingly entire JBIC Loan including interest of approx Rs 2600.00 Million was proposed to be refinanced of which Rs 2380.00 Million was already tied up from financial institutions and balance were being tied up. In view of prepayment of the loan no tripartite loan agreement was entered and no security was given to Government of India and Government of Gujarat and no foreign exchange fluctuation risk will accrue to the company.
- b. The increase in Capital Work In Progress represents the final bill of contractors for work carried out accounted for after measurements and survey, which is being technical in nature, the management verification has been relied upon by the auditors and Pre operative expenses incurred during the year.

ii. CARO 2005:- Clause-xi

According to the records of the company examined by us and information and explanation given to us, the company has rescheduled the dates under CDR Mechanism. In our opinion and according to the explanations given to us, the company has not defaulted in repayment of dues to financial institution or bank. The company has not issued any debentures during the year.

a) For the year ended 31st March 2008

CARO 2008:- Clause-x

The company has not commenced commercial operations. However during the year, in accordance with requirements of AS 26, analysis of Pre operative expenses was carried out and expenditure not related directly or indirectly or incidental to the project has been charged to Profit & Loss Account which is prepared for the first time by the company. Such expenditure incurred till the preceding year have also been segregated and are disclosed as debit balance in Profit & Loss account.

a) For the year ended 31st March 2009

- iii. The attention is drawn to the note regarding payment of managerial remuneration which is subject to the approval of Central Government.

iv. CARO 2009:-

• Clause- ix (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, Custom Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year except in few cases.

• Clause-xvii

On the basis of review of utilization of funds, which is based on overall examination of the Balance Sheet of the company as at March 31, 2009, related information's as made available to the us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis aggregating to Rs. 716.37 Millions have been utilized for the purpose of fixed asset.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FOR RESTATED
FINANCIAL STATEMENTS**

18. **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.
19. **USE OF ESTIMATES:**
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.
20. **FIXED ASSETS:**
 - iii. Fixed Assets are stated at cost net of cenvat / value added tax less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production attributable to the fixed assets are capitalised.
 - iv. 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.
21. **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.
22. **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 Buildings constructed on the leasehold land is depreciated during the lease period of the land.
23. **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.
24. **BORROWING COSTS:**
Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.
25. **INVENTORY:**
The inventories i.e. Raw Materials, Stores and Spares, Finished Goods etc. have been valued at lower of cost or net realisable value. Cost of Inventories comprise of all costs of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. The cost of Raw Materials and Stores & Spares is determined at Weighted Average Method. The cost of Work-in-progress and Finished Stock is determined on absorption costing method. Scrap is valued at net realisable value.
26. **REVENUE RECOGNITION:**
 - iii. Revenues from shipbuilding contracts are recognized using the percentage-of-completion method. Revenue is recognised on the basis of percentage of actual cost incurred thereon as against the total estimated cost of the shipbuilding contract under execution. The estimates of costs are revised periodically by the management. The effect of such changes to estimates is recognised in the period in which such changes are determined. The estimated cost of each shipbuilding contract is determined based on management's estimate of the cost expected to be incurred till the final completion of the project and includes cost of materials, services, finance cost and other related overheads. Recognition of revenue relating to agreements entered into

- with the buyers, which are subject to fulfillment of obligations / conditions imposed by statutory authorities is postponed till such obligations are discharged.
- iv. Interest income is recognised on a time proportion basis. Dividend is considered when the right to receive is established.
- 27. GOVERNMENT SUBSIDY:**
Government subsidy related to shipbuilding contracts are recognized on compliance with the relevant conditions and such grants are recognized in the Profit and Loss Account and presented under Revenue from Operations.
- 28. FOREIGN CURRENCY TRANSACTIONS:**
- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.
 - ii. Monetary items denominated in foreign currencies at the year end are restated at the year end rates. In case of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts has been recognised over the life of the contract.
 - iii. Non monetary foreign currency items are carried at cost.
 - iv. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account or Project development expenses as the case may be.
- 29. FINANCIAL DERIVATES:**
In respect of Derivative Contracts, premium paid provision for losses on restatement and gains on settlement are recognised in the Profit and Loss Account.
- 30. EMPLOYEE BENEFITS:**
- i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account/project development expenditure of the year in which the related service is rendered.
 - ii. Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account/project development expenditure for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account/project development expenditure.
- 31. 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.
- 32. IMPAIRMENT OF ASSETS:**
An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.
- 33. 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.
- 34. PRELIMINARY AND ISSUE EXPENSES:**
Preliminary and Expenses related to issue of equity and equity related instruments are adjusted against the security premium account.

Annexure VI

Significant Notes on Accounts for Restated Financial Statements:

1. The Company has changed its name from “Pipavav Ship Dismantling & Engineering Limited” to “Pipavav Shipyard Limited” on 29th April 2005.
2. The company’s integrated Shipyard Project is comprising of two units, viz. Special Economic Zone (SEZ) and Export Oriented Unit (EOU) situated at Amreli in Gujarat. The trial run of SEZ unit and certain facilities of EOU Unit has commenced. The expenditure incurred during the construction period / trial run are classified as “Project Development Expenditure” pending capitalization. The year wise break up of the same is as follows:

(Amount Rs in Millions)

Particulars	For the Year Ended 31 st March				
	2009	2008	2007	2006	2005
Opening Balance	3,540.43	2,695.63	2,127.22	1,669.67	1,240.47
Add: Depreciation relating to Previous Years	-	-	-	-	0.11
Adjusted Opening Balance	3,540.43	2,695.63	2,127.22	1,669.67	1,240.58
Add:					
Opening Work In Progress	194.49	-	-	-	-
Raw Materials Consumed	820.52	15.94	-	-	-
Stores and Spares Consumed	32.39	0.73	-	-	-
Other Manufacturing Expenses	343.02	177.12	-	-	-
Power and Fuel	15.27	0.69	0.71	-	0.20
Rent	25.78	3.32	0.76	0.15	0.44
Salaries Wages and Allowances	236.08	124.52	39.43	6.21	3.60
Contribution to PF and Other Fund	5.25	1.59	0.31	0.22	0.18
Welfare and Other Amenities	8.56	1.38	0.61	0.35	0.32
Legal and Consultancy Charges	242.66	20.00	210.58	18.91	26.32
Conveyance Travelling and Vehicles Expenses	135.09	21.92	15.52	4.15	1.25
Rates and Taxes	8.64	2.86	0.35	0.45	0.63
Insurance	13.78	4.98	0.99	4.06	4.04
Communication Expenses	6.59	2.15	0.39	-	0.19
Repairs and Maintenance - Buildings	8.19	1.51	-	-	-
Repairs and Maintenance - Plant and Machinery	5.33	3.44	-	-	-
Repairs and Maintenance - Others	3.67	3.00	-	-	0.48
Miscellaneous Expenses	70.48	25.38	8.83	17.78	1.12
Loss on sale of Long - Term Investments	19.29	-	-	-	-
Interest on Fixed Loans	589.31	498.50	395.20	340.14	157.96
Interest on Others	169.05	1.26	-	-	-
Bank and Financial Charges	51.23	315.62	7.54	20.05	18.58
Preference Share Redemption Premium			(97.74)	34.74	205.33
Foreign Exchange Difference (Net)	452.69	-	-	-	-
Depreciation	27.73	6.61	7.30	10.34	10.34
	7,025.52	3,928.15	2,718.00	2,127.22	1,671.56
Less					
Work In Progress (during Trial run)	1,405.68	194.49	-	-	-
Dividend on current Investments	15.38	125.38	22.37	-	-
Profit on Sale of Current Investments	13.83	4.02	-	-	-
Interest on Fixed Deposit	64.06	63.83	-	-	-
Miscellaneous Income	0.88	-	-	-	1.89
	1,499.83	387.72	22.37	-	1.89
Closing Balance	5,525.69	3,540.43	2,695.63	2,127.22	1,669.67

Since the company has started only the trial run and commercial operations have not yet commenced, all the direct costs relating to Shipbuilding activity incurred during trial run stage have been considered as Work-In-Progress under Inventory. As such percentage completion method is not relevant till the year ended 31st March, 2009.

3. Other Income:-

Particulars	(Amount Rs in Millions)				
	For the year ended 31st March				
	2009	2008	2007	2006	2005
Interest on Fixed Deposits with Banks	617.78	277.19	-	-	-
Foreign Exchange Fluctuation	-	-	-	0.60	-
Misc Income	-	0.30	0.06	0.28	-
Total	617.78	277.49	0.06	0.88	-
1. In view of the management, all the other income mentioned above are mainly related to the business activities of the company and are recurring in nature.					
2. The classification of the other income as recurring/non-recurring and related/not related to the business activities is based on the current operations and the business activities of the company as determined by the management.					
3. The above amounts are as per the Summary Statement of Unconsolidated Profits and Losses, as restated of the company.					

4. Contingent Liabilities:-

(Amount Rs in Millions)

Particulars		As at 31 st March				
		2009	2008	2007	2006	2005
a)	Guarantees given by Company's Bankers					
	i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	5,064.21	2,926.33	-	-	-
	ii) Other Bank Guarantees	103.56	76.50	-	-	-
	(Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)					
b)	Demands not acknowledged as Debts					
	i) Excise Duty	106.68	-	-	-	-
	(Mainly related to Cenvat Credit on Steel, No Cash Outflow is expected in the near future)					
	ii) Customs Duty	13.88	-	-	-	-
	(No Cash Outflow is expected in the near future)					
	iii) Income Tax	0.18	-	-	-	-
	(No Cash Outflow is expected in the near future)					
	iv) Other Claims	8.54	-	-	-	-
	(Related to Geology and Mining Charges, No Cash Outflow is expected in the near future)					
c)	Letters of Credit opened in favour of suppliers	932.10	1,707.35	-	-	-
	(Cash Flow is expected on receipt of materials from Suppliers)					

5. Capital commitments:-

(Amount Rs in Millions)

Particulars	As at 31 st March				
	2009	2008	2007	2006	2005
Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances).	1,562.48	4,540.13	10.33	275.00	25.00
(Cash flow is expected on execution of such Capital Contracts on Progressive basis)					

6. During the financial year 2004-05, in respect of the loan from Japan Bank for International Cooperation (JBIC), the company after discussion with the Government of India finalised the modalities of prepayment of loan Rs. 2320.00 millions. Accordingly entire JBIC Loan including interest of approx Rs 2600.00 Millions was proposed to be refinanced of which Rs 2380.00 Million was already tied up from financial institutions and balance were being tied up. In view of prepayment of the loan no tripartite loan agreement was entered and no security was given to Government of India and Government of Gujarat and no foreign exchange fluctuation risk will accrue to the company.

7. Loans and Advances includes Rs 384.86 Million and Rs 94.78 Millions for the year ended on 31st March 2009 and 31st March 2008 respectively, being the Cenvat/VAT/Central Sales Tax paid on the purchase of goods and services for the project. The company has been legally advised that such amounts are recoverable. Any unrealized amounts will be added back to the cost of the project.

8. Remuneration to Managerial Personnel :-

(Amount Rs. In Millions)

Particulars	For the year ended 31 st March				
	2009	2008	2007	2006	2005
Salaries	59.40	12.18	3.00	0.68	0.90
Contribution to Provident Fund	0.72	-	-	-	-
Perquisites and other allowances	9.60	0.23	-	0.19	0.17
Directors Sitting Fees	0.47	0.48	0.13	0.08	-
Total	70.19	12.89	3.13	0.95	1.07

- a) The managerial remuneration for the financial year 2008-09 is subject to approval of Central Government in terms of Sec. 269 of the Companies Act 1956, for which the Company has filed the application.
- b) Liability for Gratuity and Leave Encashment is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Director is not ascertainable and therefore not included above.

9. The Company has issued, a Bond-cum-Legal Undertaking for Rs. 2,440.00 millions 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 Bond for Rs. 2.00 millions in favour of President of India, through Specified Officer to secure obligation and liability, if any, of the SEZ Unit on account of provisional assessment of certain goods and a General Bond in favour of the President of India for a sum of Rs. 1,530.00 millions as a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

10. 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:*(Amount Rs. In Millions)*

Particulars	For the year ended 31 st March				
	2009	2008	2007	2006	2005
Employers Contribution to Provident Fund & Pension Fund	5.96	2.53	1.00	0.57	0.50

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) from the financial year 2007-08.

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 benefit obligation.

(Amount Rs. In Millions)

Particulars	Gratuity funded As at 31 st March	
	2009	2008
Defined Benefit Obligation at beginning of the year	1.88	1.04
Current Service Cost	1.62	0.29
Current Interest Cost	0.24	0.09
Actuarial (Gain) / Loss	0.94	0.46
Benefits paid	-	-
Defined Benefits Obligation at the end of the year	4.68	1.88

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

(Amount Rs. In Millions)

Particulars	Gratuity Funded As at 31 st March	
	2009	2008
Fair Value of Plan Assets at the beginning of the year	4.04	-
Expected Return on Plan Assets	0.30	-
Actuarial Gain / (Loss)	0.08	-
Contributions	1.94	4.04
Benefits Paid	-	-
Fair Value of the Assets at the end of the year	6.36	4.04

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

(Amount Rs. In Millions)

Particulars	Gratuity funded As at 31 st March	
	2009	2008
Fair Value of Plan Assets at the end of the year	6.36	4.04
Present Value of Defined Benefit Obligation at end of the year	4.68	1.88
Liabilities / (Assets) recognised in the Balance Sheet	(1.68)	(2.16)

- iv. Expenses recognised during the year

(Amount Rs in Millions)

Particulars	Gratuity funded For the Year Ended 31 st March	
	2009	2008
Current Service Cost	1.62	0.29
Interest Cost	0.24	0.09
Expected Return on Plan Assets	(0.30)	-

Actuarial (Gain) / Loss	0.86	0.46
Effect of the limit in Para 59(b)	(0.04)	0.04
Net Cost Recognised in Profit and Loss Account	2.38	0.88

- v. Assumptions used to determine the defined benefit obligations

Particulars	Gratuity funded	
	For the Year Ended 31 st March	
	2009	2008
Mortality Table (LIC)	(1994-96 ultimate)	
Discount Rate (p.a.)	7.05%	7.65%
Estimated Rate of Return on Plan Asset	7.50%	7.50%
Expected Rate of increase in Salary (p.a.)	7.00%	7.00%

Note: In the absence of relevant data, figures for the financial years 2004-05, 2005-06 and 2006-07 have not been given.

11. The Company entered into a lease agreement with E- complex Private Limited (Subsidiary company) dated 8th January 2008 and addendum dated 21st February 2008 whereby company has taken on lease about 95 hectares of land for setting up a unit in sector Specific Special Economic Zone developed by E-complex Private Limited. As per the terms of the agreement company has paid a deposit of Rs 50 million.
12. As required by accounting standard 22 on “Accounting for Taxes on Income” Deferred Tax is comprising of the following items

Particulars	Amount Rs in Millions)				
	As at 31 st March				
	2009	2008	2007	2006	2005
Deferred Tax Liabilities	-	-	-	-	-
Total	-	-	-	-	-
Deferred Tax Assets					
Related to Fixed Assets	1.81	11.66	11.56	20.58	16.88
Disallowance under Income Tax	5.27	0.62	0.86	-	-
Total	7.08	12.28	12.42	20.58	16.88
Net Deferred Tax Liability / (Assets)	(7.08)	(12.28)	(12.42)	(20.58)	(16.88)

In the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax Asset can be realized and on the principle of prudence no Deferred Tax Asset has been recognised in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

13. In the financial year 2006-07, the company has redeemed 21.48 Million Preference shares of the face value of Rs 10/- each.
14. During the financial year 2007-08, 4.52 Million share of Rs 10 each have been issued pursuant to conversion of equal number of optionally cumulative convertible preference shares.
15. During the year 2004-05 the company had rescheduled their then existing term loan and lenders had reduced the interest rate for the rescheduling period under Corporate Debt Restructuring (CDR) mechanism. Total benefit received by the company in the form of reduced interest by the lenders was approximately Rs 56.93 Millions. The company has exit from CDR Scheme on September 21st 2006.

16. The company's activities revolve around setting up of the Shipyard Project considering the nature of the company's business and operations, there is only one reportable segment (Business and/or Geographical Segment) in accordance with the requirements of Accounting Standard – 17 "Segment Reporting."

Annexure VII

Statement of Secured Loans, as Restated:-

(Amount Rs in Millions)

Particulars	As at 31 st March				
	2009	2008	2007	2006	2005
1) Term Loans from Banks & Financial Institution	7,739.03	2,934.32	3,364.07	3,502.19	1,146.97
2) Hire Purchase Loan – Vehicles	6.87	8.75	1.83	2.18	-
	7,745.90	2,943.07	3,365.90	3,504.37	1,146.97

Note :

1. The term loan outstanding as at 31st March 2009 are secured by way of first charge and mortgage of all the Company's immovable properties, both present and future; charge and hypothecation of all movable properties, both present and future, except book debts and stocks which are subject to the prior charge to secure working capital requirements. Further, the said Term Loans are secured by Personal Guarantees of some of the Directors in their personal capacity.
2. Vehicles Loans are secured by hypothecation of specific vehicles financed.

Annexure VIII

Statement of Unsecured Loans, as restated:-

(Amount Rs in Millions)

Particulars	As at 31 st March				
	2009	2008	2007	2006	2005
1) From Financial Institutions	-	-	-	-	2,560.05
2) Optionally Convertible Bonds (1,000 Optionally convertible bonds of face value of Rs 10,00,000/- each)	-	-	1,000.00	-	-
3) Short Term Loans from Banks	3492.71	684.64	-	-	-
4) Inter Corporate Deposit	297.44	297.44	297.44	-	-
Total	3,790.15	982.08	1,297.44	-	2,560.05

Notes:

- 1) The inter corporate deposit is repayable in the Financial Year 2009-10.
- 2) The 1000 Optionally convertible bonds of Rs 1.00 Millions each have been converted into 40.00 Millions equity shares of Rs 10/- each at a premium of Rs 15/- each in October 2007.

Annexure IX

Details of Related Parties for the financial year 2008-2009	
Sr No	Particulars
1	<u>Subsidiary</u>
	E Complex Pvt Limited
2	<u>Associates</u>
	SKIL Infrastructure Limited
	Punj Lloyd Limited
3	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh Gandhi
	Mr. Raymond Stewart (upto 31/01/2009)
	Mr. J. P. Rai (w.e.f. 02/02/2009)
4	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Details of Related Parties for the financial year 2007-2008	
Sr No	Particulars
1	<u>Subsidiary</u>
	E Complex Pvt. Limited
2	<u>Associates</u>
	SKIL Infrastructure Limited
	Punj Lloyd Limited (w.e.f. 15/09/2007)
3	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh Gandhi
	Mr. Raymond Stewart
4	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Details of Related Parties for the financial year 2006-2007	
Sr No	Particulars
1	<u>Subsidiary</u>
	E Complex Pvt. Limited
2	<u>Associate</u>
	SKIL Infrastructure Limited
3	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh Gandhi

	Mr. Raymond Stewart (w.e.f. 30/09/2006)
4	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Details of Related Parties for the financial year 2005-2006	
Sr No	Particulars
1	<u>Associates</u>
	SKIL Infrastructure Limited
	Grevek Investment and Finance P Limited
	Montana Valves and Compressors P Limited (upto 30/10/2005)
2	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Mr Bhavesh Gandhi (w.e.f.01/01/2006)
	Cmde V G Honnavar (upto 30/12/2005)
3	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Details of Related Parties for the financial year 2004-2005	
Sr No	Particulars
1	<u>Associates</u>
	SKIL Infrastructure Limited
	Grevek Investment and Finance P Limited
	Montana Valves and Compressors P Limited
2	<u>Key Management Personnel</u>
	Mr Nikhil P Gandhi
	Cmde V G Honnavar
3	<u>Enterprises owned or significantly influenced by key management personnel or their relatives (other related parties)</u>
	Awaita Properties P Limited

Related Party Transactions
(a) For the year ended 31st March, 09

(Amount Rs in Millions)

Nature of Transactions	Subsidiary	Associate	Key Management Personnel				Other Related Parties	Total
	E Complex Pvt. Ltd	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi	Mr. Bhavesh P. Gandhi	Mr Raymond Stewart	Mr. J P Rai	Awaita Properties Pvt. Ltd.	
Loans and Advances								
Bal. as at 01.04.2008	309.83	-	-	-	-	-	-	309.83
Given during the year	710.02	-	-	-	-	-	-	710.02
Returned during the year	111.15	-	-	-	-	-	-	111.15
Bal as at 31.03.2009	908.70	-	-	-	-	-	-	908.70
Reimbursements of Expenses Given	568.18	24.60	-	-	-	-	4.51	597.29
Reimbursements of Expenses Received	34.83	-	-	-	-	-	-	34.83
Rent Expenses	0.10	-	-	-	-	-	15.48	15.58
Directors Sitting fees		-	0.09	-	-	-	-	0.09
Remuneration	-	-	-	69.72	19.18	2.05	-	90.95
Sundry Creditors	-	6.50	-	-	-	-	2.24	8.74
Lease Deposits as on 31.03.09	50.00	-	-	-	-	-	20.00	70.00

(b) For the year ended 31 st March, 08				(Amount Rs in Millions)			
Nature of Transactions	Subsidiary	Associate	Key Management Personnel			Other Related Parties	Total
	E Complex Pvt. Ltd	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi	Mr. Bhavesh P. Gandhi	Mr Raymond Stewart	Awaita Properties Pvt. Ltd.	
Loans and Advances							
Bal. as at 01.04.2007							
Given during the year	1053.10	-	-	-	-	-	1053.10
Returned during the year	743.27	-	-	-	-	-	743.27
Bal as at 31.03.2008	309.83	-	-	-	-	-	309.83
Reimbursement of Expenses	-	35.67	-	0.18	-	5.94	41.79
Sale of Fixed Assets	-	0.66	-	-	-	-	0.66
Rent Expenses	-	-	-	-	-	15.47	15.47
Project Development Fees	-	192.11	-	-	-	-	192.11
Directors Sitting fees	-	-	0.11	-	-	-	0.11
Remuneration	-	-	-	12.41	36.26	-	48.67
Sundry Creditors	-	8.98	-	0.03	-	9.33	18.34
Lease Deposits	50.00	-	-	-	-	10.00	60.00

(c) For the year ended 31st March, 07

(Amount Rs in Millions)

	Associate	Key Management Personnel			Other related parties	Total
	SKIL Infrastructure Ltd.	Bhavesh P Gandhi	Nikhil Gandhi	Raymond Stewart	Awaita Properties P Limited	
Reimbursement of Expenses	16.42	-	-	-	-	16.42
Sale of Fixed Assets	4.17	-	-	-	-	4.17
Rent - Expenses / (Income)	-	-	-	-	3.90	3.90
Director's Sitting Fees	-	-	0.13	-	-	0.13
Salaries	17.45	3.00	-	5.42	-	25.87
Sundry Creditors	16.28	-	-	-	0.56	16.78
Deposits Given (Received)	-	-	-	-	10.00	10.00

(d) For the year ended 31st March, 06

(Amount Rs in Millions)

Particulars	Associate	Key Management Personnel		Other related parties	Total
	SKIL Infrastructure Ltd.	Cmde V G Honnavar	Bhavesh P Gandhi	Awaita Properties P Limited	
Reimbursement of Expenses	108.95	-	-	-	108.95
Purchase / (Sale) of Fixed Assets	4.08	-	-	-	4.08
Salaries	-	0.68	1.75	-	2.43
Consultancy	-	0.30	-	-	0.30
Sundry Creditors	5.74	0.28	0.18	0.42	6.62

(e) For the year ended 31st March, 05

(Amount Rs in Millions)

Particulars	Associate			Key Management Personnel	Other Related Parties	Total
	Grevek Investments & Finance P Limited	Montana Valves & Compressors Limited	SKIL Infrastructure Ltd.	Cmde V G Honnavar	Awaita Properties P Limited	
Loans and Advances -	-	-	-	-	-	-
Balance as on 01.04.2004	-	18.65	-	-	-	18.65
Returned during the year	-	18.65	-	-	-	18.65
Balance as on 31.03.2005	-	-	-	-	-	-
Reimbursement of Expenses	-	-	1,205.16	-	0.17	1,205.33
Sale of Fixed Assets	-	-	(0.44)	-	-	(0.44)
Salaries	-	-	-	0.90	-	0.90
Allotment of Shares	-	-	1,222.50	-	-	1,222.50
Share Application Money Returned	15.06	-	-	-	-	15.06
Sundry Creditors	-	-	8.44	0.54	0.42	9.40
Share Application money returned to Grevek Investments pertains to Inter account transfer with SKIL Infrastructure Ltd.						

Annexure X

Statement of Loans and Advances, as Restated:

(Amount Rs in Million)

Particulars	As at 31st March				
	2009	2008	2007	2006	2005
Loans & Advances					
1) Directors of company	-	-	-	0.20	0.20
2) Subsidiary Company	908.70	309.83	-	-	-
3) Others	1,642.23	1,139.56	39.86	13.91	3.69
Total	2,550.93	1,449.39	39.86	14.11	3.89

Annexure XI

Statement of Investments, as Restated:

(Amount Rs in Millions)

Particulars	As at 31st March				
	2009	2008	2007	2006	2005
Long Term Investment					
In Equity Shares Of Subsidiary company (Unquoted) Fully Paid Up	189.67	189.67	189.67	-	-
In Units Of Mutual Funds (Other than Trade, Unquoted)	-	523.48	-	-	-
6 years National Savings Certificate (Unquoted)	*	*	-	-	-
Short Term investment					
In Units Of Mutual Funds (Other than Trade, Unquoted)	475.83	1,227.42	321.1	-	-
Total	665.50	1940.57	510.77	-	-
* Rs. 5000					

Annexure XII					
Statement of Accounting Ratios, as Restated					
(Amount Rs in Millions)					
	As at 31 st March				
	2009	2008	2007	2006	2005
Basic earning per share (Rs)	0.08	0.11	(0.28)	(0.07)	(0.11)
Diluted earning per share (Rs)	0.08	0.11	(0.28)	(0.07)	(0.11)
Return on Net Worth (%)	0.39	0.40	(1.53)	(0.64)	(0.42)
Net Asset Value per equity share (Rs.)	21.63	21.50	13.44	9.84	9.91
Weighted average no. of Equity shares outstanding during the year used for					
Basic earning per share	580,211,400	437,039,328	212,619,781	200,000,000	83,443,836
Diluted earning per share	580,211,400	459,553,410	212,619,781	200,000,000	83,443,836
Total No. of equity shares outstanding at the end of the year	580,348,163	579,693,388	289,720,000	200,000,000	200,000,000

Notes:

- The ratios have been computed as below:

Basic & Diluted Earning per share (Rs) =

Net profit/(loss) after tax, as restated, attributable to equity shareholders

Weighted average number of equity shares outstanding during the year

Return on net worth (%) =

Net profit/(loss) after tax, as restated

Net worth, as restated, at the end of the year

Net asset value per share (Rs) =

Net worth, as restated, at the end of the year (-)
Preference share capital

Number of equity shares outstanding at the end of the year

- The figures disclosed above are based on the restated summary statements of Pipavav Shipyard Ltd.
- Earning per share calculations are done in accordance with Accounting Standard 20 on "Earning Per Share".
- Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days in the year.

5. Networth means Equity share capital + Preference share capital+ Reserves & Surplus – Misc Expenditure (to the extent not written off/ adjusted) – Debit. Balance of Profit and Loss Account as appearing in ‘Summary statement Balance Sheet-restated’

Annexure XIII

Tax Shelter Statement		(Amount Rs in Million)				
		Year ended 31st March				
Particulars		2009	2008	2007	2006	2005
Profit After Tax, as restated		49.24	49.25	(60.13)	(14.21)	(9.40)
Add:						
Provision For Tax- Current Tax		41.20	64.00	0.92	-	-
Provision For Tax- Fringe benefit Tax		5.50	3.42	-		
A: Profit Before Tax, as restated		95.94	116.67	(59.21)	(14.21)	(9.40)
B: Tax Rate (%)		33.99%	33.99%	33.66%	33.66%	36.59%
C: Tax expense at nominal rate (A*B)		32.61	39.66	-	-	-
Adjustments						
Permanent Differences						
(Profit) / Loss on sale of Fixed Assets		0.30	-	-	-	-
Donations		0.78	(0.79)	-	-	-
Preliminary Expenses		-	0.50	-	-	-
Wealth Tax		-	0.11	-	-	-
Income During Construction Capitalised in the Books		78.30	67.85	1.48	-	-
Other disallowance under Income Tax Act		-	5.01	1.25	-	-
D: Total Permanent Differences		79.38	72.68	2.73	-	-
Timing Differences						
Difference Between Book and Tax Depreciation		(57.38)	(2.88)	-	-	-
Provision for Leave Salary		3.28	1.81	-	-	-
E: Total Timing Differences		(54.10)	(1.07)	-	-	-
F: Total Adjustments (D+E)		25.28	71.61	2.73	-	-
G: Tax Expenses/(Tax Savings) thereon (B*F)		8.59	24.34	0.92	-	-
H: Total Tax (Domestic) (G+C)		41.20	64.00	0.92	-	-
Tax as per books of accounts		41.20	64.00	0.92	-	-

<p style="text-align: right;">Annexure XIV (Amount Rs in Million)</p> <p>Capitalisation Statement, as Restated</p>			
		Pre issue position as at 31st March 2009	Post Issue Position
Short Term Debts (A)		3790.15	
Long Term Debts (B)		7,745.90	
Total Debts (C)		11,536.05	
Share holders' funds:-			
Equity Share Capital		5,803.48	Refer Note 1
Reserves & Surplus		6,747.28	
Total Shareholders Funds (D)		12,550.76	
Long Term Debt/Equity Ratio (B/D)		0.62:1	
Note :			
<p>1) Share Capital & Reserves after the issue can be ascertained only on conclusion of book building process. The Post issue capitalisation shall be updated before filing the prospectus.</p> <p>2) The above has been computed based on restated accounts</p>			

Annexure XV

Details of Dividend Paid					
The dividends declared by the company during the year ended 31st March,2009 and the last four financial years are presented below:-					
				(Amount Rs in Millions)	
	For the year ended 31st March				
Particulars	2009	2008	2007	2006	2005
Class of shares					
Equity share Capital (Face Value Rs.10 Each)	5803.48	5796.93	2897.20	2000.00	2000.00
Preference Share Capital (Face Value Rs.10 Each)	-	-	45.20	260.00	260.00
Dividend on					
Equity shares	NIL	NIL	NIL	NIL	NIL
Preference shares	NIL	NIL	NIL	NIL	NIL

AUDITOR'S REPORT

September 4, 2009

The Board of Directors,
E-Complex Private Limited
SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023

Dear Sirs,

In continuation of our Report, dated July 30, 2009, on the Financial Statements of E-Complex Private Limited (“the Company”) as at 31st March, 2009; 31st March, 2008 and 31st March, 2007 and other financial information mentioned therein (including Annexures I – XIII), we further report that, in view of the Securities and Exchange Board of India (SEBI) circular number SEBI/CFD/DIL/ICDRR/1/2009/03/09 dated September 3, 2009, wherein the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 have been notified and SEBI (Disclosure and Investor Protection) Guidelines, 2000 have been rescinded, the words “SEBI (Disclosure and Investor Protection) Guidelines, 2000” (“the Guidelines”) be read as SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the ICDR Regulations”). Further this shall form as an integral part of above mentioned report dated July 30, 2009.

Yours faithfully,
For GPS & Associates
Chartered Accountants

H.Y.Gurjar
Partner
Membership No: 32485

AUDITOR'S REPORT

The Board of Directors
E-Complex Private Limited
SKIL House, 209 Bank Street Cross Lane,
Fort, Mumbai – 400 023

Dear Sirs,

1. We have examined the Financial Statements of E-Complex Private Limited “the Company” for the year ended March 31, 2007, March 31, 2008 and March 31, 2009 being the last date to which the accounts of the Company have been made up and audited by us. The Financial Information has been approved by the Board of Directors of the Company for the purpose of disclosure in the Red Herring Prospectus (‘the RHP’) to be issued by Pipavav Shipyard Limited.
2. In accordance with the requirements of Paragraph B (1) of Part II of Schedule II of the Companies Act, 1956 “the Act”, the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 “SEBI Guidelines” and our terms of reference with the Company requesting us to make this report for the purpose of the Offering Memorandum in connection with the public issue of Equity shares being fresh issue of Equity Shares through book building process.
3. We have examined and report that:
 - a) ‘Statement of Restated Assets and Liabilities’ of the Company as at March 31, 2007, March 31, 2008 and March 31, 2009 is as set out in the **Annexure I** to this report after making such adjustments and regroupings as in our opinion are appropriate.
 - b) ‘Statement of Restated Profit and Loss Account’ of the Company for the year ended March 31, 2007, March 31, 2008 and March 31, 2009 is as set out in the **Annexure II** to this report after making such adjustments and regroupings as in our opinion are appropriate.
 - c) ‘Cash Flow Statement’ is enclosed in **Annexure III**.
 - d) Notes on ‘Adjustments for Restated Financial Statements’ adopted by the company is enclosed in **Annexure IV**.
 - e) The ‘Significant Accounting Policies’ adopted by the Company is enclosed as **Annexure V**.
 - f) The ‘Notes to Accounts’ is enclosed in **Annexure VI**.
4. We have also examined the following financial information:
 - a. No dividend has been paid by the Company, in respect of each of the financial years ended March 31, 2007, March 31, 2008 and March 31, 2009 on the shares of the Company.
 - b. Statement of ‘Unsecured Loans’ has been enclosed in **Annexure VII**.
 - c. ‘Statement of Accounting Ratios’ of the Company for each of the financial years ended March 31, 2007, March 31, 2008 and March 31, 2009 enclosed as **Annexure VIII** to this report and confirm that they have been correctly computed from the figures as stated in the ‘Statement of Restated Assets and Liabilities’ of the Company referred to in paragraph 3 above.
 - d. ‘Statement of Related Party Disclosures’ for each of the financial years ended March 31, 2007, March 31, 2008 and March 31, 2009 enclosed as **Annexure IX** to this report and confirm that the relationships and transactions between the Company and its related parties have been appropriately reported in accordance with ‘Accounting Standard – 18 Related Party Disclosures’ issued by the Institute of Chartered Accountants of India.
 - e. ‘Statement of Tax Shelter’ for each of the financial years ended March 31, 2007, March 31, 2008 and March 31, 2009 is enclosed as **Annexure X** to this report.

- f. 'Capitalisation Statement' is enclosed as **Annexure XI** to this report and report that it correctly records the matters stated therein.
- g. 'Statement of Loans & Advances' is enclosed in **Annexure XII**.
- h. 'Statement of Quoted Investments' is enclosed in **Annexure XIII**.

This report is intended solely for use of management and for inclusion in the Prospectus in connection with the proposed Public Issue of the Company's shares and is not to be used, referred to or distributed for any other purpose without our prior written consent

Yours faithfully,

For GPS & Associates
Chartered Accountants

H.Y.Gurjar
Partner
Membership No: 32485

Date: July 30, 2009
Place: Mumbai

Annexure I

Summary Statement of Assets & Liabilities, as restated

Particulars	(Rs. in Millions)		
	As On 31 st March		
	2009	2008	2007
Fixed Assets			
Gross block	120.22	102.13	78.31
Less: Depreciation	6.05	4.90	4.52
Net block	114.17	97.23	73.79
Capital work in progress	1,178.80	664.38	1.27
Sub-total (A)	1,292.97	761.61	75.06
Investment (B)	8.68	8.13	12.04
Current Assets			
Loans & advances	12.79	4.24	0.83
Cash & Bank Balances	0.34	67.00	2.32
Sub-total (C)	13.13	71.24	3.15
Current Liabilities			
Sundry Creditors	203.09	153.82	0.79
Provision for gratuity, dividend & taxation	12.80	230.52	0.03
Other liabilities	105.81	61.86	3.48
Sub-total (D)	321.70	446.20	4.29
Net current assets (E) = (C) - (D)	(308.57)	(374.96)	(1.14)
Net Tangible Assets (F) = (A) + (B) + (E)	993.08	394.78	85.96
Term Loans/Debentures (G)			
Unsecured Loans	908.70	309.83	-
Total (G)	908.70	309.83	-
Networth (F - G)	84.38	84.95	85.96
Networth represented by			
Equity share capital	217.09	217.09	217.09
Less: Preliminary Expense	-	1.30	1.30
Debit. Balance in Profit & Loss Account.	132.71	130.84	129.83
Total	84.38	84.95	85.96

The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and notes to accounts (as appearing in Annexures IV, V and VI respectively).

Annexure II

Summary Statement of Profits and Losses, as restated

(Rs in Millions)

Particulars	For The Year Ended 31 st March		
	2009	2008	2007
INCOME			
Other Income	0.10	-	-
Total	0.10	-	-
EXPENDITURE			
Operating and Administrative Expenses	0.52	0.64	- -
Miscellaneous Expenditure Written Off	1.30	-	-
Depreciation/Amortization	0.11	0.11	- -
Total	1.93	0.75	- -
Profit Before Taxes	(1.83)	(0.75)	- -
Provision For Taxation :-			-
-Current Tax	-	0.20	-
-Fringe Benefit Tax	0.04	0.06	-
Net Profit/(Loss) After Tax Before Adjustments, as restated	(1.87)	(1.01)	-
Adjustment (Refer Annexure IV)	-	-	(0.61)
Net Profit /(Loss), as restated	(1.87)	(1.01)	(0.61)
Balance brought forward	(130.84)	(129.83)	(129.22)
Amount Available for Appropriation	(132.71)	(130.84)	(129.83)
Appropriations	-	-	- -
Balance carried forward, as restated	(132.71)	(130.84)	(129.83)

Note:

- The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and notes to accounts (as appearing in Annexures IV, V and VI respectively).
- The Company is wholly owned subsidiary of Pipavav Shipyard Limited w.e.f from 1st December 2006. As such, for the year ended March 31, 2007; Profit & Loss Account has been prepared for the period from December 1, 2006 to March 31, 2007.

Annexure III

Statement of Cash Flow, as restated

(Rs in Millions)

	Particulars	31 st March		
		2009	2008	2007
A.	Cash Flow from Operating Activities			
	Net Profit / (Loss) before tax, as restated	(1.83)	(0.75)	(3.32)
	<u>Adjustments for:</u>			
	Loss on Sale of Fixed Assets	-	-	0.87
	Depreciation	0.11	0.11	0.31
	Interest Expenses	-	-	0.38
	Preliminary Expenses	1.30	-	-
	Dividend Income	-	-	(0.45)
	Operating Profit before Working Capital changes	(0.42)	(0.64)	(2.21)
	<u>Adjustments for:</u>			
	(Increase)/Decrease in Loans & Advances	(8.54)	(85.68)	0.22
	Increase/(Decrease) in Current Liabilities & Provisions	(124.54)	441.65	(19.83)
	Cash generated from operations	(133.50)	355.33	(21.82)
	Fringe Benefit Tax paid	-	-	(0.01)
	Net Cash Flow from Operating Activities	(133.50)	355.33	(21.83)
B.	Cash Flow from Investing Activities			
	Purchase of Fixed Assets	(18.09)	(23.55)	(5.50)
	Sale of Fixed Assets	-	-	7.56
	Dividend	-	-	0.45
	(Increase)/Decrease in current investment	(0.54)	3.92	(12.04)
	Investment in Capital Work in Progress	(513.40)	(580.85)	(1.16)
	(Increase)/Decrease in Pre-Operative Expenses	-	-	35.00
	Net Cash Flow from Investing Activities	(532.03)	(600.48)	24.31
C.	Cash Flow from Financing Activities			
	Proceeds from Unsecured Loans	598.87	309.83	-
	Interest Expense	-	-	(0.38)
	Net Cash Flow from Financing Activities	598.87	309.83	(0.38)

	Particulars	31 st March		
		2009	2008	2007
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	(66.66)	64.68	2.11
	Cash & cash Equivalents- opening balance	67.00	2.32	0.21
	Cash & cash Equivalents- closing balance	0.34	67.00	2.32

Note:

1. The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash Flow Statements.
2. Figures in brackets indicate Outflows.
3. The above statement should be read with the notes on adjustments for restated financial statements, significant accounting policies and notes to accounts (as appearing in Annexures IV, V and VI respectively).
4. Cash flow statement of financial year 2006-07 comprises of Profits & Losses incurred after the take over of the company by Pipavav Shipyard Limited.(i.e. w.e.f 1st December 2006) as well as the of Profits & Losses incurred by erstwhile management of the company (i.e. from 1st April 2006 to 30th November 2006).

Adjustments for Restated Financial Statements**Note 1: Adjustments on Account of Prior Period Items**

In the financial statements for the year ended 31st March 2008, certain items of expenses have been identified as Prior Period Items. For the purpose of restated financial statements, such prior period items have appropriately been adjusted in the respective year, i.e. Financial Year 2006-07. Below mentioned is the summary of results of restatement, made due to above mentioned prior period items, in the audited accounts for the respective years and its impact on the Profits/(Losses) of the company.

Particulars	(Rs in Millions)		
	For The Year Ended 31 st March		
	2009	2008	2007
<u>Prior Period Items</u>			
Other Income	- -	-	0.40
Operating and Administrative Expenses	- -	-	0.90
Depreciation/Amortization	- -	-	0.10
Sub Total		-	(0.60)
Provision For Taxation:-			
-Fringe Benefit Tax		-	0.01
Total	- -	-	(0.61)

Note 2: Material Regrouping**Advances on Capital Account**

The advances on account of purchase of capital items, which were forming part of “Advances recoverable in cash or in kind or for value to be received” till the financial year 2007-08, have been regrouped to Capital Work In Progress from the financial year 2008-09. The effects of such changes have been given retrospectively. However there was no impact on the Profit/Loss of the company.

Note 3: Auditors Qualification:

There were no audit qualifications during any of the years, which required any corrective adjustments in the financial information.

The audit qualifications which do not require any corrective adjustments in the restated financial statements are as under:-

c) For the year ended 31st March 2008**CARO 2008:- Clause-x**

During the year in accordance with the requirements of AS – 26, analysis of Pre operative expenses was carried out and expenditure not related directly or indirectly or incidental to the project have been charged to Profit & Loss account. Such expenditure incurred during the preceding year has also been segregated and are disclosed as debit balance in Profit & Loss account.

d) For the year ended 31st March 2009

CARO 2009:- Clause -xvii

According to the Cash Flow Statement and other records examined by us, and according to the information and explanations given to us and on an overall basis, in our opinion there are no funds raised on short term basis except net current assets at credit of Rs. 308.57 Million out of which Rs 175.86 Million have been applied for acquisition of fixed assets and balance Rs 132.71 Million are accumulated losses.

1 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. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

c. FIXED ASSETS

1. Fixed Assets are stated at cost net of value added tax less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production attributable to the fixed assets are capitalized.
2. Expenses incurred relating to project, prior to commencement of commercial operation, are considered as pre-operative expenditure and shown under Capital Work-in-Progress.

d. DEPRECIATION:

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

e. 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.

f. BORROWING COSTS:

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

g. REVENUE RECOGNITION:

- i. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and revenue can be reliably measured.
- ii. Interest income is recognized on a time proportion basis. Dividend is considered when the right to receive is established.

h. EMPLOYEE BENEFITS:

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

i. PROVISION FOR CURRENT AND DEFERRED TAX:

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

j. IMPAIRMENT OF ASSETS:

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

k. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

Notes to Accounts

- During the financial year 2006-2007, Pipavav Shipyard Limited has acquired entire equity share capital of E-Complex Private Limited (*Formerly Metdist Industries Private Limited*) from the erstwhile management of the company vide share purchase agreement dated 21st October, 2006. The erstwhile management of the company vide its meeting dated 14th October, 2005 had decided not to pursue the project being carried out by them and accordingly had written off the net pre-operative expenses of Rs. 122.94 millions. Following this policy consistently, income / expenses up to 30th November, 2006 have been taken to Profit and Loss Account which is no longer relevant as the company w.e.f. 1st December, 2006 has commenced the new project and the expenses incurred from 1st December, 2006 onwards has been treated as expenditure during construction period and accumulated under CWIP. The same would be capitalised at the commencement of commercial operations as per Accounting Standards issued by ICAI and relevant Guidance Note, in force.

- Contingent Liabilities:** (Rs. in Millions)

Particulars.		31 st March		
		2009	2008	2007
1	d) Guarantees given by Company's Bankers (Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)	-	5.50	-
	e) Letters of Credit opened in favour of Suppliers (Cash Flow is expected on receipt of materials from Suppliers)	-	58.52	-
2	Estimated amount of contracts remaining to be executed on Capital Accounts and not provided for (Net of Advances). (Cash flow is expected on execution of such Capital Contracts on Progressive basis)	197.98	657.22	-

- During the financial year 2008 - 09, the company has charged carried forward balance of Preliminary expenses of Rs.1.30 Million to Profit and Loss account.
- The Company, has issued a Bond-cum-Legal Undertaking for Rs. 900 millions in favour of President of India acting through Development Commissioner of Kandla Special Economic Zone as a security for compliance of applicable provisions of the SEZ Act 2005 and SEZ Rules 2006 and a Bond for Rs. 5 millions in favour of President of India, through Specified Officer to secure obligation and liability, if any, of the SEZ developer on account of provisional assessment of certain goods.
- Deferred Tax Liability / (Asset)**

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

Particulars		31 st March		
		2009	2008	2007
Deferred Tax Liabilities				
Related to Fixed Assets		-	-	-
Total		-	-	-
Deferred Tax Assets				
Related to Fixed Assets		(1.08)	-	-
Related to Preliminary Expenses		(0.44)	-	-
Total		(1.52)	-	-

Particulars	31 st March		
	2009	2008	2007
Net Deferred Tax Liability / (Assets)	(1.52)	-	-

In the absence of virtual certainty that sufficient future Taxable Income will be available against which Deferred Tax can be realized, the same has not been recognized in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

There are no Deferred Tax Liabilities/ (Assets) as on March 31, 2007 and March 31, 2008.

6. The company entered into a lease agreement with Pipavav Shipyard Limited dated 8th January 2008 and addendum dated 21st February 2008 whereby the company has leased out 95 hectares of land for setting up a unit in the Special economic zone developed by the company. As per the terms of the agreement company had received a deposit of Rs. 50 million and lease rent has been started from 1st April 2008.
7. The increase in fixed assets and capital work in progress represents mainly, addition in miscellaneous assets, land & site development expenses, Utilities Machinery and equipments, pre-operative expenses, etc.
8. The project of the company to develop SEZ and other allied activities has been under construction. All the indirect expenditure incurred during the construction period were accumulated under 'Pre-operative expenses' till 31st March 2007 for capitalization on completion of the project and commencement of commercial production according to guidance note issued by the Institute of Chartered Accountants Of India on 'Treatment of Expenditure during Construction period'. During the year ended 31st March 2008, an analysis of pre-operative expenses was carried out in accordance with the requirement of AS-26 and the expenditure not related directly, indirectly or incidental to the project, aggregating to Rs.0.61 millions was segregated and has been reflected in the balance sheet as "Debit balance in Profit & Loss Account". Expenditure of similar nature incurred during the year 1st April 2007 to 31st March 2008 amounting to Rs.0.64 millions has been charged to Profit & Loss account. In view of this, balance expenditure, indirect or incidental to the project, has been continued to be accumulated under pre-operative expenses pending allocation and capitalization.
9. The company is developing a sector specific special economic zone for engineering at village Rampara II, Taluka Rajula and village Lunsapur, Taluka Jafarabad, district Amreli in the state of Gujarat. Notification dated 2nd January 2008 has been issued by Government of India, Ministry of Commerce and Industry in this respect. The expenditure incurred during the construction period are classified as "Project Development Expenditure" pending capitalization and will be apportioned to the assets on the completion of the project. The necessary details as per Part II of Schedule VI to the Companies Act, 1956 have been stated below:

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

(Rs in Millions)

Particulars	For The Year Ended 31 st March		
	2009	2008	2007
Opening Balance	14.40	1.27	Nil
Additions			
Rent	1.25	0.54	-
Salaries Wages and Allowances	0.51	0.60	-
Legal and Consultancy Charges	0.98	0.99	0.83
Conveyance, Traveling and Vehicle Expenses	1.31	0.29	-
Rates and Taxes	0.63	9.86	0.01
Insurance	1.27	-	-
Communication Expenses	0.02	0.04	-
Repairs & Maintenance	0.16	0.18	-
Miscellaneous Expenses	6.40	1.78	0.43
Bank and Financial Charges	0.38	0.51	-
Depreciation	1.04	0.27	-
Sub Total -	28.35	16.33	1.27
Less:		-	-
Dividend on Current Investments	0.55	0.59	-
Interest on Fixed Deposits	0.72	1.34	-
Miscellaneous Income	1.37	-	-
Sub Total -	2.64	1.93	-
Closing Balance	25.71	14.40	1.27

Notes:

1. The capital expenditure has been shown under the 'Capital Working Progress' head and total 'Capital Working Progress' would be capitalized at the time of Commercial Operation as per Accounting Standards issued by ICAI and relevant Guidance Note which has been followed consistently then. This practice is in compliance with Section 210 of the Companies Act, 1956 read with clarificatory Circular No. 2/17/64-PR dated 29.01.1964.
2. During the financial year 2006-07, the company has paid Rs 5.30 Million towards the premium for extension of time allotted for development of land up to 13th October, 2007. The premium paid is capitalised therein.
3. The company was renamed "E Complex Pvt. Ltd. as on 6th March 07 replacing its erstwhile name "Metdist Industries Pvt, Ltd."

Annexure-VII

Unsecured Loans

(Rs in Millions)

Particulars	31 st March		
	2009	2008	2007
1) From Promoters	-	-	-
2) From Directors	-	-	-
3) From Holding Companies	908.70	309.83	-
4) Others	-	-	-
Total	908.70	309.83	-

Annexure VIII

Statement of Accounting Ratios, as restated

(Rs. In Millions)

Particulars	31st March		
	2009	2008	2007
Basic earning per share (Rs)	(0.09)	(0.05)	(0.03)
Diluted earning per share (Rs)	(0.09)	(0.05)	(0.03)
Return on Net Worth (%)	(2.22)	(1.19)	(0.70)
Net Asset Value per equity share (Rs.)	3.89	3.91	3.96
Weighted average no. of Equity shares outstanding during the year used for			
Basic earning per share	21,709,327	21,709,327	21,709,327
Diluted earning per share	21,709,327	21,709,327	21,709,327
Total No. of equity shares outstanding at the end of the year	21,709,327	21,709,327	21,709,327

Notes: -

- The ratios have been computed as below:

Basic & Diluted Earning per share (Rs) =

Net profit/(loss) after tax, as restated, attributable to equity shareholders

Weighted average number of equity shares outstanding during the year

Return on net worth (%) =

Net profit/ (loss) after tax, as restated

$$\text{Net asset value per share (Rs) = } \frac{\text{Net worth, as restated, at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$$

2. The figures disclosed above are based on the restated summary statements of E-Complex Private Limited.
3. Earning per share calculations are in accordance with Accounting Standard 20 on "Earning Per Share" issued by the Institute of Chartered Accountants of India.
4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year, adjusted by the number of equity shares issued during the year multiplied by the time-weighting factor. The time-weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days in the year.
5. Networth means Equity share capital + Reserves & Surplus – Miscellaneous Expenditure (to the extent not written off/ adjusted) – Debit Balance of Profit and Loss Account as appearing in 'Summary statement of consolidated Balance Sheet, as restated.
6. For the year ended March 31, 2007, Profit / (Loss) have been considered from December 1, 2006 to March 31, 2007.

Annexure IX

Related Party Disclosures.

List of related parties:

Name	Relationship
Pipavav Shipyard Limited	Holding Company

Details of Transactions with Holding Company :

(Rs. in Millions)

	Holding Company		
	Pipavav Shipyard Ltd.		
Particulars	31st March		
	2009	2008	2007
Unsecured Loans from Holding Companies	908.70	309.83	-
Balance outstanding as at the year end (Dr) / Cr	908.70	309.83	
Lease Deposits	50.00	50.00	-

Annexure X

Statement of Tax Shelter

(Rs in Millions)

	Particulars	Year ended 31 st March		
		2009	2008	2007
	Profit After Tax, as restated	(1.87)	(1.01)	(0.61)
	Add:			
	Provision For Tax- Current Tax	-	0.20	-
	Provision For Tax- Fringe benefit Tax	0.04	0.06	0.01
A:	Net Profit Before Tax, as restated	(1.83)	(0.75)	(0.60)
B:	Tax Rate in (%)	33.99	33.99	33.66
C:	Tax expense at nominal rate (A*B)	- -	- -	- -
	Adjustments			
	Permanent Differences			
	Income During Construction Capitalised in Books	2.09	1.34	-
	Other disallowance under Income Tax Act	-	(0.75)	-
D:	Total Permanent Differences	2.09	0.59	-
	Timing Differences			
	Difference Between Book & tax Depreciation	(2.77)	-	-
E:	Total Timing Differences	(2.77)	-	-
F:	Total Adjustments (D+E)	(0.68)	0.59	-
G:	Tax Expenses/(Tax Savings) thereon (B*F)	(0.23)	0.20	-
H:	Total Tax (Domestic) (G+C)	(0.23)	0.20	-
	Total Tax as per books of accounts			-
	Current Tax	- -	0.20	-
	Fringe Benefit Tax	0.04	0.06	-
	Total Tax as per restated Profit & Loss A/c	0.04	0.26	-

Annexure XI

Capitalisation Statement, as restated

Rs. in Millions)	
Particulars	As at 31st March 2009
Short Term Debts (A)	-
Long Term Debts (B)	908.70
Total Debts (C)	908.70
Share holders' funds:-	
Equity Share Capital	217.09
Less: Debit Balance in Profit & Loss Account	132.71
Total Shareholders Funds (D)	84.38
Long Term Debt/Equity Ratio (B/D)	10.77:1

Note: The above has been computed based on restated accounts.

Annexure-XII

Statement of Loans & Advances

(Rs. In Millions)

Loans & Advances:-	31 st March		
	2009	2008	2007
1) Promoter	-	-	-
2) Director of Company	-	-	-
3) Group Companies	-	-	-
4) Others	12.79	4.24	0.83
Total	12.79	4.24	0.83

Annexure XIII

Statement of Investments

(Rs. In Millions)

Details of the Investments	31 st March		
	2009	2008	2007
In Units Of Mutual Funds. (Other Than Trade, Unquoted)	8.68	8.13	12.04
Total	8.68	8.13	12.04

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our stand-alone financial statements, restated in accordance with the SEBI Regulations, including the notes thereto. Our restated stand-alone financial statements were prepared in accordance with Indian GAAP. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of relevant events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" beginning on page xiii of the Red Herring Prospectus.

Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our fiscal year ended March 31 of such year.

OVERVIEW

Our Company is currently completing the construction of the Pipavav Shipyard, located on the west coast of India adjacent to major sea lanes between the Persian Gulf and Asia. Upon completion of construction, the Pipavav Shipyard will be capable of ship construction and repairs for a range of vessels of different sizes and types, including naval vessels and coast guard vessels, as well as the fabrication and construction of products such as offshore platforms, rigs, jackets and vessels (but excluding sub-sea pipelines) for oil and gas companies, which we intend to offer in our Offshore Business. We are currently constructing vessels while simultaneously completing construction of the offshore yard and installation of two Goliath cranes at the Pipavav Shipyard. The remaining construction of the Pipavav Shipyard (excluding the offshore yard) is expected to be completed in October 2009.

Based on information on other shipyards' websites as to their actual capacity and their capacity under construction and assuming no further increases in such capacity, we believe that, upon completion, Pipavav Shipyard will have the largest dockyard in India, with a capacity to build and repair ships of up to 400,000 DWT, together with facilities for fabrication / assembly of products for the offshore sector.

Construction Plan of the Pipavav Shipyard

The Pipavav Shipyard was originally planned and developed by us as a ship-dismantling facility, in order to meet anticipated demand arising from International Maritime Organization ("IMO") regulations that were expected to be implemented in 2002 and which would have resulted in an increased rate of retirement of older tankers by shipowners. When implementation of the IMO regulations was deferred, we decided to convert the ship-dismantling facility then under construction into a shipyard in order to meet expected increase in demand for new vessels. Most of the existing infrastructure from the ship-dismantling facility is being incorporated into the construction of the Pipavav Shipyard. The construction of the Pipavav Shipyard includes:

- conversion of one of the two existing wet docks into a dry dock measuring 662 meters in length and 65 meters in width, and which is capable of accommodating ships of up to 400,000 DWT and/or multiple combinations of smaller vessels including vessels catering to offshore activities such as offshore supply vessels, anchor handling tug supply vessels and multi-purpose support vessels;
- the construction of a fabrication and block assembly facility for shipyard operations;
- the establishment of dedicated facilities comprising an offshore yard with load out facilities for our Offshore Business Products; and
- the installation of two Goliath cranes, each having a lifting capacity of up to 600 tonnes, including fit out berths, for building and repairing vessels, including naval vessels and coast guard vessels.

The infrastructure located at the Pipavav Shipyard originally included two wet docks – one approximately 680 meters long and 65 meters wide and the other approximately 680 meters long and 60 meters wide. We have converted the first and larger of these two wet docks into a 662 meters long and 65 meters wide dry dock along with multiple fit out berths. The second of Pipavav Shipyard's two wet docks remains a wet dock and includes a basin with diaphragm walls, side wall structures, earth slopes, rock protections and

excavated and dredged areas. The Pipavav Shipyard also has certain plant and equipment, such as cranes and workshops. We have completed a fabrication and block assembly facility for our shipyard operations.

Budget for Construction

Our total budget for the construction of the Pipavav Shipyard facilities is Rs. 29,951.81 million of which Rs. 19,844.12 million had been spent as of July 15, 2009. Rs. 26,033.90 million of our budget for construction of the Pipavav Shipyard is based on the appraisal made by IDBI.

The increase in the amount of Rs.26,033.90 million in the IDBI information memorandum of June 2009 to our estimated total cost of Rs.29,951.81 million is because of the following: (a) an amount of Rs. 1,477.53 million for the construction of the dedicated facility for the Offshore Business, as evaluated separately by Anmol Sekhri Consultants Private Limited, Chartered Engineers, in July 2009; and (b) additional margin for working capital in an amount of Rs. 2,440.38 million estimated by GPS & Associates, Chartered Accountants.

Such estimates rely on numerous assumptions including as to construction schedule, raw materials costs, interest rates, labour costs, foreign exchange rates, regulatory and environmental factors, weather conditions, our financing needs and other factors.

Set forth below is detailed breakdown of our budgeted project costs and our incurred project costs, as of July 15, 2009, for the construction of the Pipavav Shipyard.

(Rs. in million)

S. No.	Particulars	Amount spent until July 15, 2009*	July 16, 2009 - March 2010	Total
1.	Land, site development, civil work and general items	4,349.24	898.49	5,247.73
2.	Buildings and utilities	848.81	166.89	1,015.70
3.	Mechanical and production equipment	3,681.60	2,287.40	5,969.00
4.	Construction of fit out berth, repair pier and other equipments	582.96	1,694.34	2,277.30
5.	Dry dock conversion	3,329.09	415.91	3,745.00
6.	Workshops/block making site	2,059.15	211.25	2,270.40
7.	Information technology infrastructure and other administrative expenses	20.42	79.58	100.00
8.	Interest on loans during construction	2,846.36	40.10	2,886.46
9.	Preliminary and pre-operative expenses	2,126.49	23.35	2,149.84
	Total	19,844.12	5,817.31	25,661.43

* As certified by GPS & Associates, Chartered Accountants, pursuant to their certificate dated August 4, 2009.

We are currently constructing vessels while simultaneously completing construction of the shipyard. We are installing two Goliath cranes, each having a lifting capacity of 600 tonnes, including fit out berths, which are necessary to facilitate the building and repairing of vessels, including naval vessels and coast guard vessels. We are also in the process of setting up an offshore yard for the fabrication and construction of our Offshore Business Products.

The remaining construction of the Pipavav Shipyard (excluding the offshore yard) is expected to be completed in October 2009. We have commenced construction of four vessels, the first of which we expect to deliver in April 2010, with subsequent deliveries expected to occur at intervals ranging from one to three months thereafter.

As of the date of the Red Herring Prospectus, we had received initial payments from shipowners aggregating US\$205.48 million (Rs. 8,215.26 million, this Rupee amount was determined based on the exchange rate prevailing at the date on which the payment was received), and, as of June 30, 2009, we had already placed orders for certain raw materials, equipment and other components required for the construction of these vessels in amounts aggregating US\$210.31 million (Rs. 10,067.54 million). We have placed orders in a variety of currencies including Indian Rupees, JPY, US dollars and Euro.

Our Contracts

As of the date of this Red Herring Prospectus, we:

- have firm order agreements with Golden Ocean and AVGI Maritime Group (“AVGI”) for the construction of 10 Panamax bulk-carriers of 74,500 DWT each, having an aggregate value of US\$ 373.52 million (Rs. 17,880 million), scheduled for delivery from April 2010 to May 2012;
- remain in discussions with Golden Ocean to amend two additional firm order agreements for Panamax bulk-carriers of 74,500 DWT each so as to grant Golden Ocean options under those agreements, exercisable by December 31, 2010, to take delivery of each vessel, with such options having an aggregate value of US\$ 71.26 million (Rs. 3,411 million) if both are exercised, and an option fee of US\$ 7.0 million (Rs. 335.09 million) if the options are not exercised;
- are in discussions with AVGI to amend six additional firm order agreements for Panamax bulk-carriers of 74,500 DWT so as to grant AVGI unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of one or more of those vessels if it is unable to arrange funding for the relevant vessel, such vessels having an aggregate value of US\$ 231 million (Rs. 11,058 million);
- are engaged in arbitration with Setaf s.a.s. (“Setaf”) regarding whether it has the right to cancel one or more of four firm order agreements for Panamax bulk-carriers of 74,500 DWT each, such orders having an aggregate value of US\$ 144 million (Rs. 6,893 million), but we are also engaged in simultaneous discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders; and
- received notification from ONGC on June 26, 2009 of the award of contract for construction of 12 OSVs scheduled for delivery from June 2011 to December 2011, with an aggregate contract value of US\$ 111.85 million (Rs. 5,354 million). We were obliged to execute a definitive contract within one month from the date of award of contract, however, we have not yet entered into a definitive contract with ONGC. Pursuant to this notification of award of contract, ONGC requires us to construct and supply the vessels from our SEZ Unit in “technical collaboration” with Jurong Shipyard, Singapore. The contract is a fixed priced contract that does not allow for an escalation of contract price on any grounds.

The table below shows a break down of the status of these orders:

Status of Agreement	Name of parties	Type of Vessel	Number of Vessels	Total Aggregate Value of Vessels
Firm order agreements	Golden Ocean AVGI	Panamax bulk-carriers of 74,500 DWT	10	US\$ 373.52 million (Rs. 17,880 million)
Firm order agreements subject to renegotiation to grant customer option to take delivery of vessel (option exercisable until December 31, 2010)	Golden Ocean	Panamax bulk-carriers of 74,500 DWT	2	US\$ 71.26 million (Rs. 3,411 million)
Firm order agreements subject to renegotiation to grant customer unilateral right to terminate obligation to take delivery of vessel if it is unable to arrange funding	AVGI	Panamax bulk-carriers of 74,500 DWT	6	US\$ 231 million (Rs. 11,058 million)
Firm order agreements subject to arbitration	Setaf	Panamax bulk-carriers of 74,500 DWT	4	US\$ 144 million (Rs. 6,893 million)
Notification of award of contract for construction	ONGC	OSV	12	US\$ 111.85 million (Rs. 5,354 million)

These contracts are all fixed-price contracts. A fixed-price contract is a contract in which the specified scope of work is agreed to for a price that is a pre-determined, negotiated amount and not generally subject to adjustment because of costs incurred by us as the contractor.

Renegotiation and Arbitration of Contracts

As of the date of the filing of this Red Herring Prospectus, each of the current contracts signed with each customer is valid, and shall continue to remain so until new amendments are agreed and signed. The current position with regards to the renegotiation of these orders is as follows:

- Golden Ocean Group Limited placed an order for six Panamax bulk carriers (74,500 DWT each) in November 2006. We have recently been in discussions with Golden Ocean regarding the terms of these orders. We expect that the orders for four of these vessels, having an aggregate value of US\$ 142.52 million (Rs. 6,822.43 million), will remain unchanged. We remain in discussions with Golden Ocean to amend the agreements for the other two orders to grant Golden Ocean an option under those agreements to take delivery of each such vessel. If the option is not exercised in respect of these two vessels by December 31 2010, Golden Ocean will pay us US\$ 3.5 million (Rs. 167.50 million) per vessel as an option break fee. The aggregate value of the two vessels that would be subject to the option is US\$ 71.26 million (Rs. 3,411 million).
- The AVGI Maritime Group placed orders for 12 Panamax bulk carriers (74,500 DWT each) in December 2006. AVGI has proposed a reduction in price for each of these vessels, accompanied by certain relaxations in the specifications of the vessels. Further, we are in discussions to amend the agreements for six of the orders from the AVGI Group to grant it unilateral rights, exercisable on or after an agreed date, to terminate its obligation to take delivery of each of the vessels to be constructed pursuant to those agreements if it is unable to arrange funding for the relevant vessel. As part of the consideration for the renegotiation of the 12 agreements, the AVGI Group has agreed, subject to contract, to pay us a renegotiation fee of US\$ 15 million (Rs. 718 million). Further, we will have the right of first refusal in respect of all vessels to be purchased by AVGI in the future from shipbuilding companies located in Asia.

AVGI has paid down payments and advances in respect of all 12 Panamax bulk carriers that it originally ordered from us. We have been asked to prepare a mechanism that would be used to set off amounts paid by AVGI in respect of vessels for which their right to terminate the obligation to take delivery has been exercised towards payment installments for vessels which AVGI will take on delivery. The mechanism that we have proposed and which we believe has been accepted in principle by AVGI (subject to contract) is that each vessel from the group of six of which AVGI must take delivery ("Group A") will be linked to one specified vessel from the group of six over which AVGI has the right to terminate its obligation to take delivery ("Group B"). In respect of each vessel of the Group B for which the right to terminate the obligation to take delivery is exercised, the residual amount from the first two installment payments for such vessel will be applied towards the last two (the fifth and sixth) installment payments for the corresponding Group A vessel in accordance with the terms of the relevant agreements for such vessels. The right to terminate the obligation to take delivery of a Group B vessel would end prior to third installment payment becoming due. The aggregate value of the Group A vessels is US\$ 231 million (Rs. 11,058 million) and the aggregate value of the Group B vessels over which AVGI has the right to terminate its obligation to take delivery is US\$ 231 million (Rs. 11,058 million).

- Setaf (part of the Bourbon Group of France) placed orders for four Panamax bulk carriers (74,500 DWT each) at an aggregate price of US\$ 144 million (Rs. 6,893 million). An arbitration process is underway between the parties to determine whether Setaf has the right to cancel one or more of the four orders. We are simultaneously engaged in discussions with Setaf in respect of the refund guarantees relating to these orders and are seeking to preserve these orders.

Our order book represents business that is considered likely, but changes to the scope of our order book or schedule adjustments have occurred and may continue to do so. We may also encounter problems executing the project as ordered, or executing it on a timely basis. For further information, see "Risk Factors - Our commercial shipping customers have sought to renegotiate their agreements with us and we are engaged in arbitration with one of them in respect of our agreements with it" and "Risk Factors - Delays in the manufacturing and delivery of vessels to customers may result in our being liable to pay our customers damages or otherwise adversely affect our reputation, business, financial condition, results of operation and prospects" beginning on pages xxv and xxiii of the Red Herring Prospectus, respectively.

PRINCIPAL FACTORS EXPECTED TO AFFECT OUR RESULTS OF OPERATIONS

The following factors currently affect, and are expected to continue to affect, our financial condition, results of operations and cash flow:

- *Changes in the availability and price of raw materials, including steel:* Steel, based on our Company's estimates, and depending upon the cost of steel and other equipments in the global market, can constitute between 35% and 50% of the total cost of raw materials used in the type of Panamax bulk carriers that we are currently building and is the principal raw material that we require in the

construction of our ships. Steel is also needed in the various structures we expect to manufacture as part of the Offshore Business. The price of steel generally varies with global commodity prices and can increase or fluctuate rapidly and significantly due to a number of factors over and above supply and demand factors. The fluctuations in prices of raw materials, including steel and other metals, and their availability affect our costs of construction.

- *Ability to complete construction of our facilities on schedule:* The Pipavav Shipyard (excluding the offshore yard) is expected to be completed in October 2009. We rely upon third-party contractors for the construction of the Pipavav Shipyard. Any significant delay in our construction schedule could result in additional funding requirements, cost overruns, increased debt service obligations and additional financing and operating covenants that would restrict our operations. Further, any delay in completion of construction of our facilities will increase our cost of construction, particularly through increased funding cost and will cause delay in the manufacturing and delivery of vessels under our shipbuilding contracts, which may result in our being liable to pay damages to our customers or loss of shipbuilding contracts currently reflected in our order book.
- *Changes in our order book:* Order book represents business that is based on contracts entered into with our customers, but cancellations or scope or schedule adjustments have occurred in the past and may do so again in the future. Our results of operations will be affected by any delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default in regard to order book projects or any other uncompleted projects, or disputes with customers in respect of any of the foregoing. See “Risk Factors - Delays in the manufacturing and delivery of vessels to customers may result in our being liable to pay our customers damages or otherwise adversely affect our reputation, business, financial condition, results of operation and prospects” beginning on page xxiii of the Red Herring Prospectus.
- *Availability of financing:* We may require additional debt and equity funding to complete the construction of the Pipavav Shipyard, fund future operational needs and debt service payments. The amount of such additional required funding will depend on certain factors, such as whether the shipyard construction project and our shipbuilding projects are completed within budget, any further investments we may make, and the amount of cash flow from our operations in the future. If delays and cost overruns are significant, the additional funding we would require could be substantial. Additional funding may not be available as and when required, or may not be available on reasonable terms. This may adversely affect our construction plans, planned capital expenditures, financial condition and results of operation. In addition, our business operations are expected to be working capital intensive. Our operating results and future growth will depend on our ability to optimise the working capital cycle time and to source adequate working capital commensurate with the size of our business.
- *Changes in interest rates:* The interest rates on certain of our borrowings may fluctuate. The interest rates on certain of our borrowings are subject to annual adjustment based on the prime lending rate of the respective lenders. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our planned capital expenditures, financial condition and results of operations.
- *Changes in freight rates, oil prices and financial conditions in certain sectors:* The demand for ships and Offshore Business products is dependent upon many factors, including the financial condition of companies in the shipping, shipbuilding, off-shore oil and gas and petrochemical industries. In addition, we expect that freight rates and oil prices will significantly affect our business. The demand for ships based on freight rates is cyclical in nature and can be difficult to predict. When freight rates are on the rise, shipowners generally place orders for new ships. Conversely, an excessive supply of ships exerts a downward pressure on freight rates which in turn reduces demand for new ships. Similarly, an increase in oil and gas prices often leads to considerable growth in deepwater and sub-sea activity and demand for offshore supply vessels as oil companies increase their oil exploration, development and production activities. However, a decrease in oil and gas prices will generally result in a decrease in demand for our Offshore Business or other products. We may be unable to accurately predict these cycles and this may have an adverse effect on our business, financial condition and results of operations.
- *Changes in labour costs:* Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe and in certain Asian countries

such as Korea, Japan and Singapore for comparably skilled professionals. However, wage levels have increased significantly in recent years, especially for skilled workers, and we may need to increase the existing levels of our employee compensation to remain competitive and manage attrition, which may negatively affect our profit margins and financial condition.

- *Fluctuations in the rate of exchange between the Rupee and major foreign currencies:* Since our imported purchases will generally be invoiced in foreign currencies, and principally in U.S. dollars, the rate of exchange between such currencies and the Rupee will affect our operating results to the extent it is not passed on to our customer through increased prices. Conversely, since a substantial portion of our sales revenues is expected to be generated and paid in U.S. dollars, appreciation of the Rupee versus the U.S. dollar will result in lower revenue in Rupee terms, which would adversely affect our margins. Our U.S. dollar income however can also provide a natural hedge in relation to our U.S. dollar purchases. To the extent we incur foreign currency-denominated debt, the cost of servicing and repaying such debt and its value in our balance sheet will be adversely affected by a depreciation of the Rupee against such foreign currency.
- *Ability to diversify product mix:* Consistent with our strategy of diversification of product mix, we expect to have the flexibility to timely adjust our allocation of resources to various products offered and produced by us, with regard to market conditions in the commercial, naval and other shipbuilding, Offshore Business and related activities. However, we may not be able to predict optimally when to switch from one product to another, or to do so as quickly as we anticipated and this could have an adverse effect on our financial condition and results of operations.
- *Our ability to bid successfully and our execution capability:* We expect that our commercial and other shipbuilding as well as Offshore Business contracts will generally be obtained either through a competitive bidding process or through direct negotiations. In selecting contractors for major projects, customers generally limit the tenders or enquiries to contractors they have pre-qualified based on, among other criteria, experience, technological and financial strength, size of previous contracts in similar projects and the price competitiveness of the bid. Our ability to bid for and win such projects will depend on our ability to meet such pre-qualification requirements. We expect that substantially all of the contracts that will be entered into by us will be fixed-price contracts under which we retain all cost savings on completed contracts but are liable for all cost overruns. Our project management capability, as well as our ability to maintain operating costs at a competitive rate, will be crucial to the profitability of our business.
- *Dependence on a small number of customers:* We have a limited operating history and we are currently dependent on a small number of customers. If we were to lose one of our customers, or be unable to solicit new customers, our business, prospects, financial condition and results of operations could be adversely affected.
- *Fixed-Price Contracts:* We intend to undertake a substantial share of our work on a fixed-price basis. Under fixed-price contracts, we execute work on a lump sum basis under which we are at risk that we may not be able to perform all of the work profitably for the specified contract amount. We bear the risk of increases in costs due to inflation, inefficiency, faulty estimates, and labour productivity, unless otherwise provided for in the contract. We track information about the bid process and the historical results of prior fixed-price contracts, evaluate the availability of materials and labour and other factors on an ongoing basis. We use our best judgment to predict the impact to the profitability on the work. A significant change in one or more of these estimates could affect the reported or future profitability of one or more of our contracts.
- *General economic conditions globally and in India:* Currently, our order book for commercial shipbuilding comprises orders from foreign companies. We intend to derive a portion of our commercial and other shipbuilding revenues and a portion of the Offshore Business revenues from the Indian market. We therefore will also be affected by general economic conditions in India, particularly economic conditions affecting the Indian shipbuilding, Indian defence sectors and upstream oil and gas sectors. India's GDP growth, industrial growth and demand for vessels and offshore facilities will be important factors in determining our operating results and future growth.
- *Regulatory environment in India:* Taxes and other levies imposed by the Government of India or state governments, as well as tax exemptions, financial policies, subsidies and regulations, may have a material adverse effect on our business, financial condition and results of operations. Further, in respect of shipbuilding contracts entered into after August 14, 2007, there is currently no shipbuilding

subsidy policy in place and there is no assurance that the Government of India will provide any subsidy or other incentives in the future that would be applicable to such orders. To the extent the regulatory environment in India is unfavourable to shipbuilding companies, our business, financial condition and results of operations could be adversely affected.

CRITICAL ACCOUNTING POLICIES

Preparation of financial statements in accordance with Indian GAAP, the applicable accounting standards issued by the Institute of Chartered Accountants of India (“ICAI”) and the relevant provisions of the Companies Act require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the report of our Auditors beginning on page F-1 of this Red Herring Prospectus.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our “critical accounting policies”. Our management uses our historical experience and analyses, the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming our assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following critical accounting policies warrant additional attention:

Basis of Accounting

We maintain our financial statements on an accrual basis following the historical cost convention in accordance with generally accepted accounting principles (GAAP) and in compliance with the Accounting Standards issued by the ICAI and the provisions of the Companies Act.

The preparation of financial statements in conformity with GAAP requires that our management makes estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

Revenue Recognition

We recognise revenue, contract costs, and profit on the percentage-of-completion method based upon costs incurred. Using the percentage-of-completion method requires us to make certain estimates of the total cost to complete a project, estimates of project schedule and completion dates, estimates of the percentage at which the project is complete, estimates of award fees earned, estimates of annual overhead rates and estimates of amounts of any probable unapproved claims and/or change orders. These estimates are continuously evaluated and updated by experienced project management and accounting personnel assigned to these activities, and senior management also reviews them on a periodic basis. The effect of such changes to estimates is recognised in the period in which such changes are determined.

The percentage-of-completion method of accounting involves the use of multiple estimating techniques to project costs at completion, and in some cases includes estimates of recoveries asserted against the customer for changes or work delays. Contract estimates involve various assumptions and projections relative to the future outcome of events over a period of several months or years, including future labour productivity and availability, the complexity and nature of the work to be performed, the cost and availability of materials, the impact of delayed performance, the impact of weather conditions, the impact of timing of deliveries. We use our best judgment to predict the impact to the profitability of the work. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts.

Recognition of Interest/Dividend Income

Interest income is recognized on a time proportion basis on the principal outstanding and at the rate applicable. Dividend revenue is accounted for when the right to receive is established.

Project Development Expenditure

Expenditure related to and incurred during implementation of capital projects is included under capital work-in-progress or project development expenditure as the case may be. These expenditures will be allocated to the respective fixed assets on completion of construction or erection of the capital project or fixed assets.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

Monetary items denominated in foreign currencies at the year end not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction such difference having been recognised over the life of the contract.

Non-monetary foreign currency items are carried at cost.

Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the profit and loss account or project development expenses, as appropriate.

Fixed Assets

Fixed Assets are stated at cost net of Central Value Added Tax and other State and local value added taxes less accumulated depreciation and impairment loss, if any. All costs, including construction related financing costs attributable to fixed asset incurred prior to commencement of commercial production on April 1, 2009 are capitalised. Construction related costs in respect of fixed assets yet to be completed are capitalised on completion of construction of the asset.

Project related expenses incurred prior to commencement of commercial production on April 1, 2009, net of income earned during project development stage, are accounted for as project development expenditure and disclosed under capital work-in-progress.

Investments

Long-term investments are valued at cost inclusive of all expenses incidental to their acquisitions. Short-term and current investments are carried at cost or market value whichever is lower.

Borrowing Costs

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

Inventory

The inventories, which include raw materials, stores and spares and work-in-progress and finished goods 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. The cost of raw materials and stores and spares is determined at weighted average method. The cost of work-in-progress and finished stock is determined on absorption costing method. Scrap is valued at net realisable value.

Government Subsidy

Government subsidy related to shipbuilding contracts are recognised on compliance with the relevant conditions and such grants are recognised in the profit and loss account and accounted for as revenue from operations.

Employees Retirement Benefits

Short term employee benefits are recognised as an expense at an undiscounted amount in the profit and account for general administrative employees or project development expenditure for those employees engaged on projects for the year in which the related service is rendered. Employee benefits for head office and managerial employees are allocated on a proportionate basis to general office and project development expenditure depending on time spent by such employees attending to such projects.

Post employment and other long term employee benefits are recognised as an expense in the profit and account for general administrative employees or project development expenditure for those employees engaged on projects for the year in which the employee has rendered services. The expense is recognised at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account or project development expenditure, as required.

Impairment of assets

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

Taxation

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 have been announced 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 realised in future.

Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation are recognised when there is a present obligation as a result of past events and it is probable that payment would be required. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Preliminary and Issue Expenses:

Start up costs, preliminary expenses and expenses related to issue of equity and equity related instruments are adjusted against the security premium account.

PRESENTATION OF OUR FINANCIAL STATEMENTS

Our financial statements have been prepared in accordance with Indian GAAP and standards issued by the Institute of Chartered Accountants of India and restated in accordance with SEBI Regulations. In accordance with SEBI Regulations, the restatement adjusts the income and expense items which are not accounted for in our audited financial statements under the respective periods they relate to (due to, among other things, subsequent changes in our accounting policies or payments relating to prior periods), so that they are accounted for under the applicable periods. The effect of the restatement is presented below the profit after tax line item in the respective financial statements, with no adjustment to the individual income and operating expense line items, and therefore the discussion of the line items in this section does not reflect the effect of adjustments due to the restatement.

RESULTS OF OPERATIONS

The following table sets forth selected financial data from our restated stand alone profit and loss statement.

The Pipavav Shipyard is currently still under construction. Our commercial production commenced on April 1, 2009. Prior to April 1, 2009, we undertook certain trial production. For Fiscal 2007, 2008 and 2009 all costs relating to the construction of the Pipavav Shipyard and the trial production has been classified as project development expense pending capitalisation. All direct costs relating to shipbuilding activity incurred during trial production have been considered work in progress.

Therefore it is important to note that the profit and loss account statement below reflects the costs incurred other than for shipbuilding or project development expenses.

Particulars	(Rs. in millions)		
	For the Fiscal year ended March 31,		
	2009	2008	2007
Income			
Other Income	617.78	277.49	0.00
Total	617.78	277.49	0.00

Particulars	For the Fiscal year ended March 31,		
	2009	2008	2007
Expenditure			
Payments to and provisions for employees	76.77	50.27	0.00
Administrative, selling and other expenses	313.97	108.67	0.00
Interest and financial charges	129.58	0.77	0.00
Depreciation	1.52	1.77	0.00
Total	521.84	161.48	0.00
Profit before taxes	95.94	116.01	0.00
Provision for taxation			
Current year tax	41.20	64.00	0.92
Fringe benefit tax	5.50	3.42	0.00
Profit after tax	49.24	48.59	(0.92)
Adjustments	0.00	0.66	(59.21)
Net Profit as restated	49.24	49.25	(60.13)
Balance Brought forward	(42.57)	(91.82)	(31.69)
Amount available for appropriation	6.67	(42.57)	(91.82)
Appropriation	0.00	0.00	0.00
Balance carried forward as restated	6.67	(42.57)	(91.82)

Income

Income from operations

We commenced commercial operations on April 1, 2009. We did not generate any income from operations in Fiscal 2009 or Fiscal 2008. The Pipavav Shipyard is expected to be completed in October 2009 (except for the offshore yard). We have commenced construction of four vessels, the first of which we expect to deliver in April 2010.

Other income

Our other income comprises mainly interest on fixed deposits with banks relating to advances received from customers.

Expenditure

Our expenditure comprises payments to and provisions for employees, administrative, selling and other expenses, interest and finance charges and depreciation that are not otherwise accounted for as project development expenses or work-in-progress.

Payments to and provisions for employees

Payments to and provisions for employees include salaries, wages and allowances, performance incentives, benefits, contribution to provident and other funds and welfare and other amenities.

Administrative, Selling and Other Expenses

Expenses relating to administration include rent, rates and taxes, insurance, payments for legal, audit and other professional services, payments to directors, printing and stationery, communications, travel and other expenses. Expenses relating to selling include advertising and publicity expenses and brokerage and commission expenses. Other expenses including net amounts of foreign exchange difference due to the settlement of forward contracts and restatement of the liabilities and losses on sale of assets are also classified under this item.

Interest and Financial Charges

Our interest charges consist primarily of interest expense on loans. For accounting purposes, our borrowings are denominated in Rupees, including those raised in foreign currencies, primarily consisting of Japanese Yen, U.S. Dollars, Norwegian Kronor and Euros.

Depreciation

Depreciation on fixed assets except leasehold improvements is provided on the straight-line method over their estimated useful lives, as determined by our management, at the rates which are equal to or higher than the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year. Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Our management's estimate for the rate of depreciation based on the useful life of the various fixed assets is as follows:

Particulars	Rate of Depreciation
Factory building	3.34
Other building	1.67
Plant and machinery	4.75
Computers	16.21
Office & other equipment	4.75
Furniture & fixtures	6.33
Vehicles	9.50
Software	20.00

Intangible assets comprising software are amortised on a straight line method over their estimated useful lives, determined by management to be 5 years.

Adjustments

The financial statement for Fiscal 2007, 2008 and 2009 have been restated in compliance with the SEBI Regulations. The effects of restatement are shown as a total effect rather than as a restatement of the individual line items in our profit and loss account.

The adjustments to our financial statements, including on account of changes in accounting policies and estimates are described below:

Adjustments	For the Fiscal year ended March 31,		
	2009	2008	2007
Prior Period Items			
Other Income	-	-	0.06
Payments to and provisions for employees	-	(1.80)	11.36
Administrative, selling and other expenses	-	1.14	45.55
Interest and financial charges	-	3.96	0.19
Depreciation	-	0.23	0.72
Fringe Benefit Tax	-	-	1.45
Preliminary and Share Issue Expenses Written Off	-	(4.19)	-
Total	-	0.66	(59.21)

Adjustments in Fiscal 2008

Prior Period Expenses

Adjustments were made in Fiscal 2008 to payments to and provisions for employees, administrative, selling and other expenses and interest and financial charges to restate these items to take into account certain prior period items. Adjustments for prior period items relate to income or expenses which arise in the current

period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods.

Depreciation

Adjustments were made to depreciation expenses in Fiscal 2008 which were restated to take into account the impact of reclassification of certain assets from furniture and fittings to plant and equipment and the revision of depreciation rates of assets costing up to Rs. 5,000 to 100%.

Preliminary and Share Issue Expenses

The expenses that were charged to the profit and loss account during Fiscal 2008 were transferred to the securities premium account in line with Accounting Standard 26 and Section 78 of the Companies Act, 1956, adopted by the Company for the first time in Fiscal 2009.

Adjustments in Fiscal 2007

The Company prepared a profit and loss account first time during Fiscal 2008. During that year an analysis of accumulated pre-operative expenses was carried out and the expenditure not related directly, indirectly or incidentally to the project was accounted for in the profit and loss account of the year in which it was incurred. Accordingly, income and expense items were restated in Fiscal 2007 in line with this change in presentation of accounts and associated accounting policies.

Comparison of Fiscal 2009 to Fiscal 2008

Income

Our total income increased by 122.63% to Rs. 617.78 million in Fiscal 2009 from Rs. 277.49 million in Fiscal 2008, primarily due to the full year impact of interest on advances received in Fiscal 2008.

Expenditure

Our total expenditure increased by 223.16% to Rs. 521.84 million in Fiscal 2009 from Rs. 161.48 million in Fiscal 2008. This increase was primarily due to an increase in the interest and finance charges in connection with our working capital facilities and foreign exchange difference due to the settlement of forward contracts.

Payments to and Provisions for Employees

Payments to and provisions for administrative and head office employees not otherwise accounted for as project development expenses or work-in-progress increased by 52.72% to Rs. 76.77 million in Fiscal 2009 from Rs. 50.27 million in Fiscal 2008.

Payments to and provisions for employees increased due to an increase in the number of employees.

Administrative, Selling and Other Expenses

Our administrative, selling and other expenses increased by 188.92% to Rs. 313.97 million in Fiscal 2009 from Rs. 108.67 million in Fiscal 2008. These expenses increased mainly due to an increase in the foreign exchange differences due to the settlement of forward contracts.

Interest and Financial Charges

Interest and financial charges increased substantially to Rs. 129.58 million in Fiscal 2009 from Rs. 0.77 million in Fiscal 2008. This figure increased primarily due to payment of finance charges for availing our working capital facility.

Depreciation

Our depreciation costs decreased by 14.12% to Rs. 1.52 million in Fiscal 2009 from Rs. 1.77 million in Fiscal 2008. Our depreciation expense decreased primarily due to the reclassification of certain fixed assets from furniture and fixtures to plant and machinery.

Profit Before Tax

Our profit before tax decreased by 17.31% to Rs.95.94 million in Fiscal 2009 from Rs. 116.01 million in Fiscal 2008.

Provision for Tax

In Fiscal 2009, we provided for Rs. 46.70 million for tax compared to Rs. 67.42 million in Fiscal 2008. This was on account of a decrease in profit in Fiscal 2009 as compared to Fiscal 2008.

Net Profit after Tax as Restated

As a result of the foregoing factors, our restated net profit decreased by 0.02% to Rs. 49.24 million in Fiscal 2009 from Rs. 49.25 million in Fiscal 2008. As a percentage of total income, our net profit decreased to 7.97% in Fiscal 2009 from 17.75% in Fiscal 2008.

Comparison of Fiscal 2008 to Fiscal 2007

Income

Our total income increased to Rs. 277.49 million in Fiscal 2008 from nil in Fiscal 2007, primarily due to interest generated on advances deposited by customers.

Expenditure

Our total expenditure increased by to Rs. 161.48 million in Fiscal 2008 from nil in Fiscal 2007.

Payments to and Provisions for Employees

Payments to and provisions for administrative and head office employees not otherwise accounted for as project development expenses or work-in-progress increased to Rs. 50.27 million in Fiscal 2008 from nil in Fiscal 2007.

Prior to Fiscal 2008, payments to and provisions for all employees were accounted for as project development expenses or work-in-progress, as the case may be.

Administrative, Selling and Other Expenses

Our administrative, selling and other expenses increased to Rs.108.67 million in Fiscal 2008 from nil million in Fiscal 2007.

Prior to Fiscal 2008, administrative, selling and other expenses relating were accounted for as project development expenses or work-in-progress, as the case may be.

Interest and Financial Charges

Interest and financial charges increased to Rs. 0.77 million in Fiscal 2008 from nil in Fiscal 2007. This figure increased primarily due to interest charged on loans. Prior to Fiscal 2008, such interest charges were capitalised.

Depreciation

Our depreciation costs increased to Rs. 1.77 million in Fiscal 2008 from nil in Fiscal 2007.

Profit Before Tax

Our profit before tax increased to Rs. 116.01 million in Fiscal 2008 from nil in Fiscal 2007.

Provision for Tax

In Fiscal 2008, we provided for Rs. 67.42 million for tax compared to Rs. 0.92 million in Fiscal 2007.

Net Profit after Tax as Restated

As a result of the foregoing factors, our restated net profit increased to Rs. 49.25 million in Fiscal 2008 from Rs. (60.13) million in Fiscal 2007.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity requirements have been to finance the capital expenditure for construction of the Pipavav Shipyard and meet working capital needs. We have met these requirements primarily by raising equity capital and short-term and long-term borrowings.

As of March 31, 2009, we had cash and cash equivalents of Rs.6,618.00 million, including fixed deposits of Rs. 6,336.68 million pledged with banks as margin for bank guarantees and letters of credit. Our total investments may vary significantly from quarter to quarter depending on, among other factors, our capital expenditures and whether we place excess cash in bank deposits or in money market funds. Our principal uses of cash have been construction and development costs related to the construction of the Pipavav Shipyard and costs relating to our shipbuilding activities. In the future, our principal uses of cash are expected to be construction and fabrication costs related to our shipbuilding projects and our Offshore Business projects.

Net Current Assets

As of March 31, 2007, 2008 and 2009, our net current assets, defined as the difference between current assets, loans and advances, on one hand, and current liabilities and provisions, on the other hand, under Indian GAAP were Rs. 786.88 million, Rs. 2,494.83 million and Rs. 1,441.23 million, respectively. The decrease in our net current assets as of March 31, 2009, as compared to March 31, 2008, was primarily on account of significant development of the Pipavav Shipyard in Fiscal 2009 leading to increases in inventory, advances and a corresponding increase in amounts due to sundry creditors in respect of supplies and fees payable to contractors. The increase in our net current assets as of March 31, 2008, as compared to March 31, 2007, was primarily due to the increase in our cash and bank balance on account of advances received from customers.

Current Assets, Loans and Advances

Current assets, loans and advances consist of inventories, cash and bank balances and loans and advances. Total current assets, loans and advances as of March 31, 2007, 2008 and 2009 were Rs. 1,141.88 million, Rs. 10,403.08 million and Rs. 12,351.86 million, respectively.

The increase in our total current assets as of March 31, 2009, as compared to March 31, 2008, was primarily due to increases in the inventories and work in progress due to the commencement of shipbuilding activities. The increase in our total current assets as of March 31, 2008, as compared to March 31, 2007, was primarily due to the increase in the cash and bank balances on account of advance payment received from the customers.

Loans and advances primarily consist of advances made to our suppliers and advances made to our Subsidiary, E Complex. As of March 31, 2007, 2008 and 2009, loans and advances totalled Rs. 39.86 million, Rs. 1,449.39 million and Rs. 2,550.93 million, respectively. The substantial increase in loans and advances as of March 31, 2009 and March 31, 2008, as compared to March 31, 2007 was primarily due to an increase in advances made to our suppliers in respect of the commencement of shipbuilding activities in 2008 and advances to our Subsidiary.

Current Liabilities and Provisions

Current liabilities and provisions consist primarily of liabilities to sundry creditors, advance from customers as well as provisions for gratuity and tax. As of March 31, 2007, 2008 and 2009, current liabilities and provisions were Rs. 355.00 million, Rs. 7,908.25 million and Rs. 10,910.63 million, respectively.

Advances from customers are paid in instalments up to the point that the ship is delivered and correspond to key milestones in respect of the construction and sea trials of the ships. These key milestones are set out in the contract terms with each customer and include: (i) signing of the contract, (ii) three months from the date of receipt of the first advance, (iii) at or prior to steel cutting, (iv) keel laying and (v) launching. Final payment is made upon delivery of the ship.

Total advances as of March 31, 2007, 2008 and 2009 were nil, Rs. 6,874.04 million and Rs. 8,215.26 million, respectively.

Net Cash Flow

Set forth below is a statement of our net cash flow from operating activities, net cash flow from investing activities, net cash flow from financing activities for the years ended March 31, 2007, 2008 and 2009.

(Rs. in million)

	For the years ended March 31,		
	2009	2008	2007
Cash flow from operating activities	(173.71)	5,593.95	(16.28)
Net cash flow from (used in) investing activities	(8,337.30)	(5,110.55)	(981.97)
Net cash from (used in) financing activities	6,746.69	6,796.90	2,099.34
Net increase/(decrease) in cash and cash equivalents	(1,764.32)	7,280.30	1,101.09

Net Cash from Operating Activities

Net cash used in our operating activities for Fiscal 2009 was Rs. 173.71 million. Our restated profit before tax for Fiscal 2009 was Rs. 95.94 million. The difference was attributable to an adjustment for a decrease in interest income of Rs. 617.78 million, an amount payable towards statutory taxes of Rs. 171.76 million, and adjustments for a decrease in inventories and trade and other receivables of Rs. 2,611.56 million and Rs. 452.01 million, respectively. These were offset by an adjustment for an increase in trade payables of Rs. 3,392.75 million.

Net cash generated in our operating activities for Fiscal 2008 was Rs. 5,593.95 million. Our restated profit before tax for Fiscal 2009 was Rs. 116.67 million. The difference was attributable to adjustments for an increase in trade payables of Rs. 8,857.38 million. These were offset by adjustments for a decrease in inventories and trade and other receivables of Rs. 571.37 million and Rs. 2,441.83 million, respectively.

Net cash used in our operating activities for Fiscal 2007 was Rs. 16.28 million. Our restated loss before tax for Fiscal 2009 was Rs. 57.76 million. The difference was attributable adjustments for a decrease in trade and other receivables of Rs. 26.32 million, offset by an increase in trade payables of Rs. 69.12 million.

Net Cash used in Investing Activities

Our net cash used in investing activities was Rs. 8,337.30 million in Fiscal 2009. This reflected expenditure on fixed assets of Rs. 9,758.93 million, investment of surplus cash in mutual funds and other investments of Rs. 5,272.48 million and advances to our Subsidiary of Rs. 598.87 million offset by Rs. 6,542.09 million in sale proceeds from the disposal of investments, dividend income of Rs. 15.38 million and Rs. 735.42 million received in interest income.

Our net cash used in investing activities was Rs. 5,110.55 million in Fiscal 2008. This reflected expenditure on fixed assets of Rs. 3,648.80 million, investment of surplus cash in mutual funds and other investments of Rs. 1,429.79 million and advances to our Subsidiary of Rs. 309.83 million offset by Rs. 277.19 million received in interest income.

Our net cash used in investing activities was Rs. 981.97 million in Fiscal 2007. This reflected expenditure on fixed assets of Rs. 561.26 million, investment of surplus cash in mutual funds and other investments of Rs. 2,527.38 million and investment in our Subsidiary of Rs. 189.67 million offset by Rs. 2,206.28 million in sale proceeds from the disposal of investments and dividend income of Rs. 22.38 million.

Net Cash from Financing Activities

In Fiscal 2009, our net cash from financing activities was Rs. 6,746.69 million. We raised Rs. 39.61 million from equity, net of issue expenses and raised Rs. 4,923.71 million from long term borrowings and Rs. 2,808.06 million in short term loans. We repaid Rs. 120.88 million in long term borrowings and paid interest and finance charges of Rs. 903.81 million.

In Fiscal 2008, our net cash flow from financing activities was Rs. 6,796.90 million. We raised Rs. 7,224.46 million from equity, net of preference capital redemption and issue expenses and raised Rs. 6.91 million in borrowings consisting principally of domestic long term loans. We repaid Rs. 429.75 million in long term borrowings and paid interest and finance charges of Rs. 4.72 million.

In Fiscal 2007, our net cash flow from financing activities was Rs. 2,099.34 million. We raised Rs. 1,629.66 million from equity, net of preference capital redemption and conversion of share application money and raised Rs. 1,000.00 million in short term loans. We repaid Rs. 138.47 million in long term borrowings and paid interest and finance charges of Rs. 391.85 million.

Net Capital Expenditure

Net capital expenditure for fiscal year ended March 31, 2007, 2008 and 2009, which totalled Rs. 561.26 million, Rs. 3,648.80 million and Rs. 9,758.93 million, respectively, consisted of costs related to construction. For more information, see “Objects of the Issue” beginning on page 48 of the Red Herring Prospectus.

Net Sources of Funds

As of March 31, 2009 we had cash and cash equivalents of Rs. 6,618.00 million, of which Rs. 6,336.68 million represented fixed deposits pledged with banks as margin for bank guarantees and letters of credit. As of March 31, 2009, we had working capital of Rs. 1,441.23 million. As of March 31, 2009, we had an outstanding long term debt from financial institutions and banks of Rs.7,745.90 million. As of March 31, 2009, the aggregate amount of secured and unsecured loans was Rs. 11,536.05 million. We have in the past relied principally on sale of equity interests and borrowings from banks and financial institutions as our main sources of funds. We expect that, going forward, we will finance our capital expenditures and working capital requirements with a combination of the proceeds from this Issue, bank borrowings and internal accruals.

Taking into account the estimated net proceeds available to us from the Issue and available bank facilities, we believe we have sufficient working capital for our requirements for at least the next 12 months. However, there can be no assurance that our business will not change in a manner that would consume our available capital resources more rapidly than anticipated. For more information, see “Objects of the Issue” beginning on page 48 of this Red Herring Prospectus.

INDEBTEDNESS, CONTRACTUAL OBLIGATIONS, COMMITMENTS AND OTHER OFF-BALANCE SHEET ARRANGEMENTS

Aggregate outstanding indebtedness amounted to Rs.4,663.34 million, Rs. 3,925.15 million and Rs. 11,536.05 million as of March 31, 2007, 2008 and 2009, respectively. Long-term debt (excluding current portion of such loans) was Rs.3,365.9 million, Rs. 2,943.07 million and Rs.7,745.90 million as of March 31, 2007, 2008 and 2009, respectively. The weighted average rate of interest with respect to outstanding long-term loans for the respective periods was 11.03%, 10.97% and 12.67% per annum, respectively. The terms of certain of our borrowings contain certain restrictive covenants, such as requiring lender consent for incurring further indebtedness, creating further encumbrances on our assets, disposing of our assets, undertaking guarantee obligations, declaring dividends or incurring capital expenditures beyond certain limits. Some of these borrowings also contain covenants which limit our ability to make any change or alteration in our capital structure, make investments, effect any scheme of amalgamation or restructuring, enlarge or diversify our scope of business. Certain of our long-term debts are secured by a charge over our immoveable and moveable property. See the section “Financial Indebtedness” beginning on page 222 of the Red Herring Prospectus.

The following table sets forth the details of our capital commitments and contingent liabilities:

(Rs. in million)	
Contingent Liabilities	As of March 31, 2009
Guarantees given by Company's Banker	
Refund Guarantee given to customers (net of liabilities accounted for)	5,064.21
Other Bank Guarantees	103.56
Demand not acknowledged as debts	
Excise Duty	106.68
Custom Duty	13.88
Income Tax	0.18
Other claims related to geology and mining charges	8.54
Letter of credit opened in favour of Supplier	932.10
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	1,562.48
Total	7,791.63

Except as disclosed above, there are no commitments or contingent liabilities or off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Financial and Other Derivative Instruments

Our primary market risk exposures are interest rate and foreign currency exchange rate risk. The following table sets forth the details of the derivative contracts entered into by the Company for hedging currency and interest rate related risks outstanding as of March 31, 2009:

(Rs. in million)	
Particulars	As of March 31, 2009
Forward Contracts	1,019.00

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

General

Market risk is the risk of loss related to adverse changes in market rates and prices, such as interest rates, foreign exchange rates and commodity prices. We are exposed to various types of market risks, in the normal course of business. The following discussion and analysis, which constitute "forward-looking statements" that involve risk and uncertainties, summarise our exposure to different market risks.

Commodities

The cost of construction of our facilities is subject to fluctuations in commodities prices, such as steel and cement. The prices for such commodities have increased significantly in recent years due to higher global growth and construction. Steel, based on our Company's estimates, and depending upon the cost of steel and other equipment in the global market, can constitute between 35% and 50% of the total cost of raw materials used in the type of Panamax bulk carriers that we are currently building and is the principal raw material that we require in the construction of our ships. Steel is also needed in the various structures we expect to manufacture as part of the Offshore Business. Between the first quarter of 2007 and the second quarter of 2008, average global steel prices rose by 125% from around US\$ 600 to around US\$1,350 per tonne, but subsequently fell to under US\$600 per tonne in the fourth quarter of 2008, and remains at between US\$ 600 and US\$ 650 per tonne as of the date of this Red Herring Prospectus. We expect to purchase steel plate from domestic and international suppliers. As we expect most of our contracts to be fixed price contracts, we will be exposed to significant increases in the prices of steel plate and other commodities. In the event that our raw material costs increase significantly, our results of operation will be adversely affected.

Freight Rates

We expect that freight rates will significantly affect our business. The demand for ships based on freight rates is cyclical in nature and estimating future demand and making corresponding adjustments to capacity on the supply side is extremely difficult. When freight rates are on the rise, shipowners generally place orders for new ships. Shipbuilding is a long process, and after developing an available shipbuilding

capacity, there is typically a long period of time between the ship order and delivery dates. Often, investment decisions are completed and orders are made while freight rates and demand are high, but new capacity typically only comes online a few years later, when freight rates and demand may have weakened. Further, due to the large number of competing operators making similar investment decisions, increases in capacity tend to occur on a large scale in a relatively short period of time, which may result in over capacity of ship supply. This over-capacity may then exert a downward pressure on freight rates and in turn reduce demand for new ships. The cycle begins again when shrinking fleets create a capacity shortage, which once again leads to an increase in freight rates and results in an increase in orders for new ships. Our ability to accurately predict these cycles will affect our results of our operations. For example, we may incur substantial costs to increase our shipbuilding capacity in anticipation of a rise in freight rates and resultant demand for new ships and, if demand for new ships does not increase or if we are unable to secure sufficient orders for our enhanced shipbuilding capacity, we will still be subject to significant operational costs, including increased depreciation, and our revenues could be inadequate to meet such increased costs. Conversely, if we do not expand our capacity sufficiently to meet increased demand, we may be unable to take advantage of market growth.

Oil and Gas Prices

We expect the international prices of oil and gas to significantly affect our Offshore Business. High prices for oil and gas in the international market generally lead to increased exploration and production activity, both onshore and offshore. Conversely, when oil and gas prices fall, upstream oil and gas sector companies generally reduce their offshore exploration and production investments. This could have a material adverse on demand for our Offshore Business Products, which could materially and adversely affect our business, prospects, financial condition and results of operations.

Interest Rate

We have, and expect to continue to have, significant borrowings. An increase in the interest rates for our existing and future borrowings may adversely affect our ability to service long-term debt and to finance our projects, all of which in turn may adversely affect our construction plans, planned capital expenditures, financial condition and results of operations.

Foreign Currency Exchange Rates

We are exposed to foreign currency exchange rate risk. The cost of our raw materials and future capital expenditures, including any imported equipment and machinery are denominated in currencies other than Indian Rupees, primarily in US Dollars, but also in Japanese Yen, Euros and Norwegian Kronor. Therefore, declines in the value of the rupee against such other currencies would result in an increase in the Rupee cost of making such purchases. Furthermore, since a substantial portion of our sales revenues is expected to be generated and paid in U.S. dollars, appreciation of the Rupee versus the U.S. dollar will result in lower revenue in Rupee terms, which would adversely affect our margins. We may incur borrowings in US dollars or other foreign currencies. Declines in the value of the Rupee against the U.S. dollar or other foreign currencies increase the Rupee cost of servicing and repaying such borrowings and their value in our balance sheet. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future.

We hedge firmly committed transactions using forward contracts. Our hedging policy is designed to reduce the impact of foreign currency exchange rate movements, and we expect any gain or loss in the hedging portfolio to be offset by a corresponding gain or loss in the underlying exposure being hedged. These contracts do subject us to risk of accounting gains and losses; however, the gains and losses on these contracts typically offset or partially offset gains and losses on the assets, liabilities, and transactions being hedged. The bank counterparties in these contracts expose us to credit-related losses in the event of their non-performance.

The following table sets forth the details of foreign currency exposures that are not hedged by derivative instruments or forward contracts as of March 31, 2009:

Particulars	As of March 31, 2009
Receivables	753.45
Payables	12,024.99

(Rs. in million)

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2009 THAT MAY AFFECT THE FUTURE OF OUR OPERATIONS

Since March 31, 2009, the following significant events have occurred. We anticipate that each of these events will have an impact on our financial condition and results of operations in future fiscal years:

- We commenced commercial operations on April 1, 2009. For Fiscal 2010 onwards we will capitalise all pre-operative expenses incurred during the construction of our Pipavav Shipyard and all shipbuilding expenses previously are accumulated under capital work in progress. These expenses will be capitalised in accordance with the generally accepted accounting principles and relevant Accounting Standards and Guidance Notes issued by ICAI as appropriate. This will have a direct impact on the presentation of our financial statements for Fiscal 2010 onwards.
- All of our commercial shipbuilding customers have sought to renegotiate their agreements with us following the global economic downturn in 2008, which, among other things, has contributed to our customers having difficulty obtaining funding or resulted in insolvency issues for our customers' customers. The process of legally documenting our revised commercial understanding, which include downward revision of price, revision of delivery dates, changes in specifications, conversion of certain firm orders into options exercisable at the customer's discretion in consideration for an option fee payable to us and the granting of unilateral rights to terminate the obligation to accept delivery of a vessel, is currently underway as of the date of this Red Herring Prospectus. Further, we are engaged in arbitration proceedings with our customer Setaf in respect of all four vessels that it has ordered from us. While we expect the agreements with Golden Ocean and AVGI to be amended satisfactorily, we cannot assure you that such amendments will eventually be signed, or if signed, that they will correspond to the commercial understandings that we believe that we have reached with them. We also cannot assure you that the outcome of the arbitration proceedings with Setaf will be favourable for our Company. Failure to amend agreements with AVGI and/or Golden Ocean and/or an unfavourable outcome with respect to our arbitration with Setaf could have an adverse effect on our business, profitability and financial condition.
- On June 26, 2009 we received notification from ONGC of the award of contract for construction of 12 OSVs scheduled for delivery from June 2011 to December 2011, with an aggregate contract value of US\$ 111.85 million (Rs. 5,354 million). We were obliged to execute a definitive contract within one month from the date of award of contract, however, we have not yet entered into a definitive contract with ONGC. Pursuant to this notification of award of contract, ONGC requires us to construct and supply the vessels from our SEZ Unit in "technical collaboration" with Jurong Shipyard, Singapore. The contract is a fixed priced contract that does not allow for an escalation of contract price on any grounds.

Unusual or infrequent events or transactions

Except as disclosed in the Red Herring Prospectus, to our knowledge there have been no unusual or infrequent events or transactions that have taken place since our incorporation,

Significant economic changes that materially affected or are likely to affect income from continuing operations

Except as disclosed in the Red Herring Prospectus, to our knowledge there have been no significant economic changes that materially affected or are likely to affect income from continuing operations.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Our business has been impacted and we expect will continue to be impacted by the trends identified in this section, and the uncertainties described in the section "Risk Factors" beginning on page xiii of the Red Herring Prospectus. To our knowledge, except as we have described in this Red Herring Prospectus, there are no other known factors, which we expect to have a material adverse impact on our revenues or income from continuing operations.

Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.

Except as described in this section and in the sections “Risk Factors” and “Our Business” beginning on pages xiii and 76, respectively, of the Red Herring Prospectus, to the best of our knowledge, there is no future relationship between expenditure and income that will have a material adverse impact on the operations and finances of our Company.

Significant regulatory changes that materially affected or are likely to affect income from continuing operations

Except as described in the section “Regulations and Policies in India” on page 97 of the Red Herring Prospectus, there have been no significant regulatory changes that have materially affected or are likely to affect our income from continuing operations.

The extent to which our business is seasonal

Our revenue is not subject to changes due to seasonal conditions to any material extent.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND US GAAP

The audited financial statements of the Company have been prepared in accordance with Indian GAAP, which differ in certain material respects from US GAAP.

The areas in which differences between Indian GAAP vis-a-vis US GAAP could be significant to the consolidated financial position and consolidated results of operations of the Company are summarized below. US GAAP being an exhaustive set of Standards, Rules and Interpretations issued by various authoritative agencies, no assurance can be given that these differences listed by us covers all possible differences.

Further, no attempt has been made to identify future differences between Indian GAAP and US GAAP as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP and US GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP and US GAAP that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own advisors for an understanding of the principal differences between Indian GAAP and US GAAP, and how these differences might affect the financial statements appearing in this Red Herring Prospectus.

Description	Indian GAAP	US GAAP
Contents of Financial Statements	Companies are required to present a balance sheet, a profit and loss account and (if applicable) a cash flow statement along with detailed schedules, descriptions of accounting policies and notes. A statement of changes in equity is not required. Comparative financial information is required for one year.	Companies are required to present a balance sheet, an income statement, a statement of shareholders' equity (including comprehensive income) and cash flows, together with descriptions of accounting policies and notes to the financial statements. SEC regulations generally require three years of comparative financial information except for the Balance Sheet
Format	The format of the balance sheet is prescribed under the Companies Act, 1956. No format is prescribed for the profit and loss account, but it should comply with certain requirements on disclosure of income and expenses under the Companies Act.	No specific format is mandated for the financial statements. Generally, items are presented on the face of the balance sheet in decreasing order of liquidity. Income statement items may be presented using a single-step or a multiple step format. Expenditures must be presented by function.
Accounting Convention	Historical cost, but fixed assets, other than intangibles may be revalued. On adoption of Accounting Standard (AS) 30 and AS 31 certain categories of financial instruments will be reported at fair value.	No Revaluation is permitted except for some securities and derivatives at fair value.
Revaluation of Property, Plant and Equipment	Revaluation of an entire class of fixed assets on a systematic basis is permitted based on an appraisal by a competent valuer.	Revaluations are not permitted.
Other Comprehensive Income	All items of income are included in net income, unless specifically permitted to be adjusted to equity.	Certain revenues and expenses are excluded from net income and classified as other comprehensive income. Items included in other comprehensive income are classified based on their nature. Other comprehensive income is classified separately into (i) foreign currency items, (ii) minimum pension liability adjustments and unrealised gains and (iii) losses on certain investments in debt and equity securities.

Description	Indian GAAP	US GAAP
Accounting Treatment for Changes in Accounting Policies	Include effect in the income statement of the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.	Generally include effect in the current year income statement through the recognition of a cumulative effect adjustment. Disclose pro forma comparatives. Retrospective adjustments for specific items. Further, it requires restating comparatives and prior year retained earnings. The amendment is applicable to accounting changes that are made in fiscal years beginning after December 15, 2005.
Consolidation and Investment in Subsidiaries	Companies listed on stock exchanges are generally required to prepare consolidated financial statements under the relevant listing norms. However, separate stand-alone financial statements of the parent only are also required.	Consolidation is required for entities where the parent has majority financial control. Separate financial statements of the parent only are not presented.
	In stand-alone financial statement of the parent, investments in subsidiaries are accounted for at cost less an allowance for other than temporary impairments. Current investments are carried at the lower of cost and fair value.	
	For the purposes of identifying the voting interests held in an investee, direct interests and those indirect interests held through a subsidiary are considered.	For the purposes of identifying the voting interests held in an investee, all direct and indirect interests are considered. Entities where the minority shareholder has protective rights only are consolidated. Entities where the minority shareholder has substantive participating rights overcome the presumption that the majority shareholder controls the entity thus precluding consolidation of the results of that entity. In such cases, the equity method of accounting applies.
	Reporting date differences between the parent and the subsidiary cannot be more than six months. Adjustments should be made for effects of significant transactions occurring between two dates.	Reporting date difference between the parent and the subsidiary cannot be more than three months. Disclosures should be made for significant intervening transactions.
	Consolidated financial statements should be prepared using uniform accounting policies. If not practicable, the proportions of the items accounted for using the different accounting policies should be disclosed.	In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities", an interpretation of Accounting Research Bulletin 51, that applies to variable interest entities created after 31st January, 2003, and to variable interest entities in which an enterprise obtains an interest after that date. Variable interest entities in which a party could face risk of loss without having an equity interest are consolidated.
Investments in Associates or Affiliates	The equity method of accounting for investments in associates is required in consolidated financial statements wherever the same are prepared (generally for listed companies). There is no requirement to apply the equity method of accounting in the stand-alone financial statements of the parent and the same are accounted for in the same manner as other investments in the stand alone financial statements of the parent.	Investments over which the investor can exert significant influence; generally presumed when the investor owns between 20 per cent. And 50 per cent. Of the voting stock. Such investees are required to be accounted for using the equity method.
Interests in joint ventures in consolidated	In the consolidated financial statements, the venturer should consolidate the joint venture in case it is also a subsidiary or else to report its	Predominantly use the equity method, while the practice of proportional consolidation is found in extractive oil and gas industry in limited

Description	Indian GAAP	US GAAP
financial statements	interest in the jointly controlled entity using the proportionate consolidation method. The consolidation of such an entity does not preclude other venturer(s) treating such an entity as a joint venture.	circumstances.
Contents of financial statements – Disclosures	Generally, disclosures are not extensive as compared to U.S. GAAP. Disclosures are driven by the requirements of the Companies Act and the accounting standards.	In general, U.S. GAAP has extensive disclosure requirements. Areas where U.S. GAAP requires specific additional disclosures include, among others; concentrations of credit risk, significant customers and suppliers, use of estimates, income taxes, pensions, and comprehensive income.
Business combinations	<p>No comprehensive accounting standard on business combinations. All business combinations are recognized at book value except amalgamation of entities under purchase method of accounting and business acquisition comprising of assets and liabilities only.</p> <p>An entity acquired, other than on amalgamation, is taken at book value (actual cost incurred for acquiring the entity) for the purpose of consolidation. No fair value adjustments are considered in the consolidated accounts for such acquired entities. On consolidation, the assets and liabilities of the acquired entity are incorporated at their existing carrying amounts.</p> <p>Under pooling method, the difference between consideration paid and the amount of share capital of transferor company is accounted in 'Reserves/Goodwill'.</p> <p>Under purchase method, net asset of the transferor company is recorded either at their existing carrying amounts or at its fair value. The difference between consideration paid and net asset acquired is taken to Goodwill/Capital Reserve.</p>	<p>Statement of Financial Accounting Standards ("SFAS") No. 141, deals with Business Combinations. Business combination occurs when an entity acquires net assets that constitute a business or acquires equity interests of one or more entities and obtains control over that entity or entities.</p> <p>SFAS 141 requires the use of the purchase method of accounting for business combinations. It requires intangible assets to be recognized. In case an intangible asset does not arise from contractual or other legal rights, it shall be recognized as an asset apart from goodwill only if it is separable.</p> <p>Under purchase accounting, the consideration is measured at fair value, the purchase price is allocated to the fair values of the net assets acquired including intangibles, and goodwill is recognized for the difference between the consideration paid and the fair value of the net assets acquired. In case the sum of the amounts assigned to net assets exceed the cost of the acquired entity, the excess shall be allocated as a pro rata reduction of the amounts that otherwise would have been assigned to all of the acquired assets. If any excess remains after reducing the assets, the remaining excess shall be recognized as an extraordinary gain.</p>
Start up Costs and Intangible Assets	Expenditure incurred from the date of incorporation to the date of commencement of commercial operations and directly attributable to fixed assets, is capitalised as part of the cost of the respective asset.	Costs in respect of any start up are expensed as incurred.
	The useful life of an intangible asset may be very long but is always finite.	All intangible assets that have an indefinite useful life are required to be tested at least annually for impairment.
	If the intangible asset is amortised over a period exceeding ten years from the date when the asset is available for use, a company should estimate the recoverable amount of an intangible asset at	.

Description	Indian GAAP	US GAAP
	least at each financial year end even if there is no indication that the asset is impaired. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.	
Research and Development cost	Research expenses are expensed when incurred. Expenses on Development are allowed to be capitalised only if, (a) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise, and, (b) the cost of the asset can be measured reliably.	All Research and development costs are expensed when incurred except for such costs of materials and equipment or facilities that are acquired or constructed for research and development activities that have alternative future uses (such costs are capitalized).
Depreciation	A company selects the most appropriate method of depreciation based on factors such as the type, nature and use of such asset and circumstances prevailing in the business so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset, subject to the minimum depreciation requirements as per the provisions of the relevant statute.	Depreciation is provided in a systematic and rational manner over the estimated useful economic life of the assets.
Impairment of Assets	Companies must assess whether there is any indication that an asset is impaired at each balance sheet date. If such an indication exists, the company is required to estimate the recoverable amount of the asset. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of such asset is reduced to its recoverable amount. Such reduction is reported as an impairment loss. Reversal of an impairment loss is subjected to certain conditions.	Impairment is indicated, and a detailed calculation must be performed, if an asset's carrying amount exceeds the expected future cash flows to be derived from the asset on an undiscounted basis. Impairment is measured based on fair value. The impairment review is based on undiscounted cash flows at the lowest level of independent cash flows. If the undiscounted cash flows are less than the carrying amount, the impairment loss must be measured using fair value. Reversal of an impairment loss is prohibited.
Borrowing Costs and Capitalised Interest	Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (net of income earned on temporary deployment of funds) are capitalised as a cost of such asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. The capitalisation period begins when activities to ready the asset for use commence, and ends when the asset is ready for use. Capitalised interest is expensed over the estimated useful life of the asset as part of the depreciation charge. As per Accounting Standard 16, Foreign exchange losses arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost are treated as a part of borrowing cost.	Interest costs are capitalised as part of the cost of an asset that is constructed or produced for a company's own use. The capitalisation period begins when activities to ready the asset for use commence, and ends when the asset is ready for use. Capitalised interest is expensed over the estimated useful life of the asset as part of the depreciation charge. Borrowing costs generally includes only interest. Income on temporary investments of funds borrowed for construction of an asset generally does not reduce borrowing costs eligible for capitalisation. Foreign exchange gains or losses are not included in interest cost.
Investments	Investments are classified as long term investment and current investment.	Investments in marketable equity and all debt securities are classified according to management's holding intent and ability, into one of the following categories: trading, available for sale, or held to maturity.

Description	Indian GAAP	US GAAP
	Long term investments are measured at cost. Diminution in value of long term investments is provided for if it is considered as other than temporary in nature.	Trading securities are marked to fair value, with the resulting unrealised gain or loss recognised in the income statement.
	Current investments are carried at lower of cost and net realisable value.	Available-for-sale (AFS) securities are marked to fair value, with the resulting unrealised gain or loss recorded directly in a separate component of equity called "other comprehensive income" until realised, at which time the gain or loss is reported in income.
		Held-to-maturity (HTM) debt securities are carried at amortised cost.
		Non-temporary impairments in the value of HTM and AFS investments are accounted for as realised losses.
		Reclassification is required from AFS into trading if the asset is put in a portfolio with a pattern of short-term profit taking. No reclassification from trading to AFS.
		If investments classified as HTM are sold, such assets cannot be classified as held-to-maturity again.
Derivative Financial Instruments	<p>Gains/losses, on investment in derivatives / futures, being the difference between the contracted rate and the rate on the settlement or sale date, whichever is earlier, are recognized in the Profit and Loss Account on settlement/sale. The open contracts as at the year end are marked-to-market and the resultant loss, if any, is charged to the Profit and Loss Account. The gains are not recognised.</p> <p>There is no mandatory comprehensive accounting standard regarding derivative financial instruments. The Institute of Chartered Accountants of India has issued accounting standard on Derivatives, which is recommendatory in nature w.e.f. accounting year beginning on or after 1st April, 2009 and mandatory w.e.f. accounting year beginning on or after 1st April, 2011.</p>	<p>The FASB issued SFAS No.137, "Accounting for Derivative Instruments and Hedging activities –Deferral of the effective date of FASB statement No.133, which amends SFAS No.133, "Accounting for Derivatives Instruments and Hedging activities", with effect from April 1, 2001.</p> <p>SFAS no.133 establishes accounting and reporting standards for derivative instruments and hedging activities, including certain derivative instruments embedded in other contracts, and requires that an entity recognizes all derivatives as assets or liabilities in the balance sheet and measure them at fair values, with changes in fair values being recognized in earnings, unless it qualifies the criterion of effective hedge, as defined in SFAS No. 133, in which case the changes in fair value is recognized as other comprehensive income in under shareholder's equity.</p> <p>The gain or loss on derivative financial instrument that is designated and effective as hedges are generally recognized earnings in the same period as the corresponding gain or loss on the underlying transaction being hedged.</p> <p>In a fair value hedge, a derivative instrument is marked to its fair value currently through earning with an offsetting partial mark-to-fair-value of the hedged item (for the risk being hedged) currently through earnings.</p> <p>In a cash flow hedge, a derivative instrument is first marked to its fair value with the effective portion of the gain or loss reported initially in comprehensive income (equity) and the ineffective portion reported currently in earnings. The gain or loss on the derivative instrument is reclassified from equity into earnings in the same period as the loss or gain on the hedged cash flow.</p>

Description	Indian GAAP	US GAAP
Deferred Taxation	<p>Deferred tax are generally recognised for all timing differences. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the enacted or the substantially enacted tax rate.</p> <p>A deferred tax asset should be recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on unabsorbed depreciation and carried forward losses under tax laws should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>Deferred tax assets and liabilities should be disclosed under a separate heading in the balance sheet of the enterprise, separately from current assets and current liabilities.</p>	<p>Deferred tax liabilities and assets are recorded for the tax effect of all temporary differences between the tax and book bases of assets and liabilities and operating loss carry-forwards, at currently enacted tax rates expected to be in force when the temporary differences reverse. Changes in tax rates are reported in the income statement in the period of enactment.</p> <p>A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realised. For companies entitled to a tax holiday, the tax consequences of temporary differences that reverse after the tax holiday, and which give rise to a liability, are recognised.</p>
Retirement benefits	AS-15 deals with Accounting for retirement benefits. Actuarial gains or losses are recognized in income statement.	Actuarial gains or losses are recognized in Other Comprehensive Income” (OCI) and amortized in the income statement over the remaining service period of the employees. Past service costs is presented within OCI with unrecognized actuarial gains and losses.
Compensated absences	Leave encashment for vacation accrual is viewed as retirement/long term benefit and is reported based on actuarial valuation.	Vacation earned but not taken is reported as a liability based on the actual number of days entitlement, priced at the balance sheet salary rate.
Foreign Exchange Differences	All exchange difference relating to monetary assets and liabilities are required to be charged to profit and loss account with an option in respect of Long Term monetary items in relation to acquisition of fixed assets, where the exchange difference can be adjusted to the carrying value of such fixed assets or for other long term monetary items, in which case the exchange difference is transferred to “Foreign Currency Monetary Item Translation Difference Account” to be amortised by 31 st March, 2011 or settlement of such assets/liabilities, whichever is earlier.	Exchange differences relating to monetary assets and liabilities are recognised in the income statement
	Premium or discount on forward exchange contracts is amortised and recognised in the income statement over the period of such contract, except in respect of contracts relating to liabilities for purchases of fixed assets where the amortisation is adjusted to the carrying value of the fixed assets.	
Dividends	Presented as an appropriation to the income statement. Dividends are accounted in the year when proposed.	Dividends are recorded when they are declared and notice has been given to the shareholders.

Description	Indian GAAP	US GAAP
Fair values of financial instruments	There is no requirement to disclose the fair value of financial instruments except in case of quoted investments.	Extensive disclosure is required of the fair values of financial instruments and the methodologies for determining fair values.
Buyback of equity/Treasury stock	There is no specific accounting standard in respect of treasury stock. Under the Companies Act, shares that are bought back directly by the company are to be cancelled on acquisition.	Equity stock bought back by the company can be held as treasury stock if it is intended to be reissued and/or sold. Treasury stock is shown as a redemption in stockholder's equity.
Assignment of liabilities	There is no specific accounting standard. Liabilities deferred/assigned can be derecognised subject to disclosure as contingent liability when applicable.	Derecognition is permitted subject to certain conditions.
Goodwill	<p>Goodwill arises mainly upon consolidation, purchase of business and amalgamations.</p> <p>For companies that prepare consolidated financial statements, goodwill arising on consolidation is not amortized, but tested for impairment.</p> <p>In case of purchase of business, goodwill arising on consolidation is not amortized, but tested for impairment.</p> <p>In case of amalgamation, in the standalone financial statements goodwill is amortized to income on a systematic basis over its estimated useful life, not exceeding five years unless a longer period can be justified.</p>	<p>Under SFAS No. 142 goodwill is tested for impairment annually. The impairment test is based on estimates of fair value at a reporting unit level.</p> <p>Goodwill is not amortized in any case.</p>
Issuance and redemption costs for certain borrowings	Certain debts (Bonds and securities) issuance costs and redemption premium payable upon the redemption of certain debts may be charged to the Securities Premium Account as per Section 78 of the Companies Act.	All debt issuance costs are amortized using the effective interest rate method over the life of the debt. Redemption premiums are accrued as a yield adjustment over the life of the debt.
Provisions	Discounting of liabilities is not permitted and all provisions are carried at their full values.	Where the effect of the time value of money is material, the amount of a provision may be the present value of the expenditures expected to be required to settle the obligation. The discount rate should be pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate should not reflect risks for which future cash-flow estimates have been adjusted and, any change in present value of Provision is recognized as Interest Cost. A provision must only be discounted when the timing of the cash flows is fixed.
Guarantees	These are required to be disclosed as contingent liabilities.	A guarantor is required to recognize at inception a liability for the fair value of the obligation undertaken in issuing the guarantee, except for certain types of guarantees that are accounted for as derivatives or are reported as equity or guarantees between parents and subsidiaries.
Mandatorily	Instruments characterized as preferred shares are	Mandatorily redeemable preferred shares are

Description	Indian GAAP	US GAAP
redeemable preferred shares	recorded as equity, even if they are mandatorily redeemable. Payment related to them is characterized as dividend.	generally classified as a liability and any payments related to them, even if characterized as a dividend, are recorded as interest expense.
Segment reporting	Report primary and secondary (business and geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	Report based on operating segments and the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).
Cash flow statements	Standard headings, but limited flexibility of contents. Use direct or indirect method. However for listed companies, only indirect method is required.	Similar headings to Indian GAAP, but more specific guidance for items included in each category. Use direct or indirect method.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the secured borrowings (fund-based) of the Company as of June 30, 2009:

Name of the Lender	Loan Documentation	Amount (fund-based) outstanding as of June 30, 2009 (Rs. in million)	Interest Rate	Repayment Schedule
Housing and Urban Development Corporation Limited*	Loan Agreement dated September 12, 2005 and amendment letter dated May 5, 2006 ^{(1) (2) (4) (7)}	2,358.03	14.75% for the first disbursement of Rs. 1880 million; 15.50% for disbursement of Rs 700 million	37 quarterly instalments commencing February 28, 2008
Union Bank of India	Sanction letters dated January 14, 2006 and August 16, 2007 and Term Loan Agreement (Hypothecation) dated May 10, 2006 ⁽³⁾⁽⁹⁾⁽¹¹⁾	200.00	IDBI BPLR minus 100 basis points (floating)	32 quarterly instalments commencing October 2010
EXIM Bank	Rupee Loan Agreement dated November 10, 2006 ^{(2) (6)}	600.00	1% below Bank's PLR, subject to min of 10.5% p.a., subject to reset after the expiry of three years from the date of the first disbursement and every three years thereafter	40 equal quarterly instalments commencing October 2009
Infrastructure Leasing & Financial Services Limited	IL&FS Term Finance Agreement dated September 20, 2005 and Supplementary Term Finance Agreement dated October 6, 2007 ⁽⁵⁾⁽⁸⁾	437.50	11% p.a., payable quarterly in arrears (exclusive of interest tax) reset at the end of the fifth and the tenth year from the loan release date	29 quarterly instalments commencing March 30, 2008
Consortium comprising IDBI Bank Limited, Bank of India, Life Insurance Corporation of India, Punjab National Bank, Oriental Bank of Commerce, State Bank of Patiala, Union Bank of India and UCO Bank	Common Loan Agreement dated June 6, 2008 ^{(2) (10)}	4536.20	In respect of lenders other than the Life Insurance Corporation of India, BPLR minus 100 basis points, which the lenders may reset 3 years from the initial disbursement and every 3 years thereafter BPLR is floating basis. In respect of the Life Insurance Corporation of India, 11% (fixed)	Amortization schedule starting April 1, 2010 - 40 equal quarterly instalments
IDBI Bank Limited**	Sanction letter dated June 1, 2009 ⁽²⁾⁽⁴⁾⁽⁹⁾⁽¹¹⁾	None	IDBI BPLR minus 100 basis points (floating), subject to resets on an annual basis	36 equal quarterly instalments commencing from April 1, 2011

* Pursuant to a letter dated August 3, 2009, the Company has applied to HUDCO for (i) a change in the applicable rate of interest to IDBI BPLR minus 100 basis points, and (ii) substitution of the current corporate and personal guarantees with a joint corporate guarantee from SKIL and Punj Lloyd.

** Pursuant to a letter dated June 27, 2009 and an agreement dated July 1, 2009, IDBI has sanctioned a bridge loan of Rs. 500.00 million, which amount is within the limit of the rupee term loan of Rs.750.00 million sanctioned under the letter dated June 1, 2009. IDBI has disbursed the entire amount under the bridge loan in the month of July 2009.

1 Under the terms of the loan agreement, the Company shall not, without the prior permission of the lender, alter the equity structure; issue any further shares whether on a preferential basis or otherwise; change its capital structure in any manner whatsoever; pay any dividend; undertake any new project or diversification, modernization or substantial expansion of the project; engage in any business or activities other than those which the Company is currently engaged in, either alone or in partnership or joint venture with any other person, nor acquire any ownership interest in any other entity or person or enter into any profit-sharing or royalty agreement or similar arrangement whereby the Company's income or profits are, or might be,

shared with any other entity or person; or enter into any management contract or similar arrangement whereby its business or operations are managed by any other person. Pursuant to the conditions in the loan agreement, the shares of the Company held by SKIL Infrastructure Limited or any of the other promoters will not be divested at any point during the tenure of the loan without the prior approval of the lender. In addition, within one year from the date of disbursement of the take out finance component of the loan, the Company has to finalize arrangements for additional equity of Rs.3,750 million including from Mazagon Dock Limited, achieve financial closure of the total project and invest at least 50% of the additional equity. No dividend shall be payable during the currency of the loan without prior written permission of HUDCO. Further, the Company shall not make any drastic changes in the management set up without HUDCO's permission. All favourable terms and conditions of sanction stipulated/to be stipulated by other participating financial institutions/banks and CDR empowered group shall also apply to the proposed loan to the extent they are relevant, as determined by HUDCO.

- 2 Under the terms of the loan documentation, the lender has a right to appoint a nominee director to the Board of the Company.
- 3 Under the terms of the loan documentation, the shares of the promoter directors shall not be transferred without the prior consent of the lender. In addition, any major change in the management of the Company involving transfer of ownership requires the prior permission of the lender. The lender may recover in part or in full or withdraw or stop financial assistance, at any stage, without any notice or giving any reason for any such purpose whatsoever.
- 4 Under the terms of the loan documentation, the lender has the right to convert at its option the whole or part of the defaulted amount into fully paid-up equity shares of the Company.
- 5 Under the terms of the loan documentation, the Company shall not issue any new shares or amend its articles or memorandum of association without the prior written consent of the lenders.
- 6 Under the terms of the loan agreement, the Company shall not, without the prior permission of the lender, amend its articles or memorandum of association; or effect any material change in its board or management set up or in the ownership of its business; or change its shareholding pattern; or alter or expand the shipyard project. Prior permission of the lender is also required for a transfer of the promoters' shares.
- 7 Under the terms of the loan documentation, the Company agrees that at all times during the currency of the HUDCO Limited loan, the debt-equity ratio shall not be more than 3:1.
- 8 In case of a default under the facility, IL&FS shall have the right to convert its exposure, in part or full (including additional exposure) and for interest and other charges thereon into equity shares of the Company at a price which is the minimum face value of the equity shares or prevailing market price, whichever is less.
- 9 The Company shall not, without the prior written approval of the lenders, make any modification to any of the project documents.
- 10 Under the terms of the Common Loan Agreement:
 - (a) The Company shall not register any transfer of SKIL's shares. Also, SKIL and Grevek (and such other shareholders who may be recognized as "Promoters" with the prior written approval of the lenders) shall not disinvest their equity shares without prior permission of the lenders.
 - (b) Without the prior approval of the lenders, the Company shall not make any compromise, adjustment or settlement in connection with any loss or any other event entitling the Company to claim under any insurance policy.
 - (c) The Company shall not change its capital structure, including the debt to equity ratio or take any action of merger, consolidation, reorganization or amalgamation, or for the sale, lease, transfer or other disposal of its assets except to the extent as may be approved by the lenders in writing.
 - (d) The Company shall not acquire the assets of any person or any class of shares, debentures or partnership or similar interest of any person except with the lenders' written permission. The Company shall not make any investment in any entity, including SKIL and Grevek (and such other shareholders who may be recognized as "Promoters" with the prior written approval of the lenders) other than as permitted. The Company shall not make any investments by way of deposits, loans or in the share capital of any other concern (including subsidiaries) beyond the projected and accepted level by IDBI Bank Limited. The Company shall not convey, sell, lease, transfer or otherwise dispose of or mortgage or charge all or any of its assets or properties except in the ordinary course of business.
 - (e) The Company shall not make any payment of dividend or other distribution without the prior written consent of the lenders unless the conditions specified in the loan agreement are satisfied.
 - (f) The Company shall not make any capital expenditure excepted as provided in the financing plan in the loan agreement.
 - (g) The Company shall not create any security interest in the property secured under the loan agreement or any of its property or assets except as provided in the agreement or with the prior written permission of the lenders. The Company shall not make any payments on unsecured debt except with the written permission of the lenders.
 - (h) The Company shall not engage in any business other than the project or create any subsidiaries without the prior written permission of the lenders.
 - (i) The Company shall not take any action to modify, cancel or terminate any project document to which it is a party or to sell, assign or otherwise dispose off its interest in such project document. The Company may not abandon or agree to abandon the project. The Company will not materially alter the scope of the project.
 - (j) The Company shall not directly or indirectly create, incur, contract, assume or suffer or otherwise become liable for any debt except as permitted under the loan agreement.
 - (k) The Company shall not pay any commission to SKIL and Grevek (and such other shareholders who may be recognized as "Promoters" with the prior written approval of the lenders) or its directors or managers or other persons having substantial interest in the Company for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability in connection with any financial assistance obtained for or by the Company or in connection with any obligation undertaken for or by the Company for the project.
 - (l) The Company shall not utilize the loans for (i) the subscription or purchase of shares, (ii) repayment of dues of banks or financial institutions, (iii) any other project, (iv) extending loans to subsidiaries or associate companies or making inter-corporate deposits or for speculative purposes save and except investment in permitted investments to deploy temporary surplus funds.
 - (m) The Company shall not materially alter the scope of the project or undertake any new project or expansion/diversification of its existing facilities without the prior written consent of the lenders.
 - (n) The Company shall not amend, modify or supplement its Memorandum of Association or Articles of Association in any material manner without the prior written consent of the lenders.
 - (o) The Company shall not, without prior approval of the lenders, undertake guarantee obligations on behalf of any other person, including group companies.

- (p) The Company shall not make any change in its management set up, which in the lenders' view would adversely affect the normal conduct of the Company's business, etc., without the prior written consent of the lenders.
 - (q) The Company shall not enter into any agreement with any other lender or foreign buyer (other than working capital bankers) relating to utilization of receivables through any other mechanism including securitization towards repayment of any of its dues without the lenders' prior written approval.
 - (r) The Company shall not change its financial year without the approval of the lenders.
 - (s) An event of default will occur if SKIL and Grevek (and such other shareholders who may be recognized as "Promoters" with the prior written approval of the lenders) (i) fail to maintain the management control of the Company or contribute to the project equity capital of the Company, or (ii) transfer or dispose of the shares held by them in the Company and/or the Company's group companies, without the prior written approval of IDBI Bank Limited.
 - (t) In case an event of default occurs, IDBI Bank Limited has the right to appoint a whole-time/nominee director as long as such event continues, the lenders shall be entitled to, *inter alia*, review the management setup and require the Company to restructure it as they may consider necessary and call upon SKIL and Grevek (and such other shareholders who may be recognized as "Promoters" with the prior written approval of the lenders) and other shareholders who have agreed to contribute to the project equity capital, to pay to the credit of the Trust and Retention Account, the uncalled capital in respect of shares already issued by the Company and the unsubscribed portion of the project equity capital.
- 11 Under the terms of the sanction letter, no repatriation of profits/dividends on equity share capital shall be paid by the Company or any of the monies due to promoters or guaranteed by the promoters shall be redeemed, until the commercial operations date. Thereafter, repatriation of profits/dividends or any of the monies due to promoters could be declared subject to prior approval of lenders and certain other conditions. Any additional terms and conditions of sanction stipulated by other lenders and existing lenders shall also be applicable to the proposed loan to the extent and in the manner acceptable to the concerned bank.

In addition, pursuant to a letter dated July 31, 2009, LIC has agreed in-principle to the sanction of a term loan of Rs.450.00 million on certain terms and conditions. The letter states that LIC reserves the right to amend any of the terms and conditions thereof at its sole discretion and is under no binding obligation to release any financial assistance unless the loan document and other documents are executed within four months from the date of the sanction letter. Pursuant to a letter dated August 3, 2009, United Bank of India has sanctioned a term loan of Rs. 850.00 million on certain terms and conditions and pursuant to a letter dated August 13, 2009, Karnataka Bank has sanctioned a term loan of Rs. 500.00 million on certain terms and conditions. Pursuant to an agreement dated August 28, 2009, IL&FS Financial Services Limited has sanctioned a short term loan of Rs.1,000.00 million. IL&FS Financial Services Limited has disbursed the entire amount on September 3, 2009.

In general, under the terms of the secured term loans, we are under an obligation not to permit any change in ownership or control or undertake new projects or create any additional charge, lien or other encumbrances on the secured assets or create any interest in such security in favor of any other party without prior consent of the lender. Further, we also have certain working capital facilities from several banks and financial institutions. For further information on the working capital facilities, see the section "Financial Statements" beginning on page F-1 of the Red Herring Prospectus.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there is no outstanding material litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against the Company and the Subsidiary, and there are no material defaults, non payment of statutory dues, overdues to banks or financial institutions, defaults against banks or financial institutions, defaults in dues payable to holders of any debenture, bonds or fixed deposits or arrears of preference shares issued by the Company and the Subsidiary, defaults in creation of full security as per terms of issue or other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and the Subsidiary and no disciplinary action has been taken by SEBI or any stock exchanges against the Company, the Subsidiary, the Promoters, the Promoter Group or the Directors, that may have a material adverse effect on our consolidated financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

Neither the Company nor the Subsidiary, the Promoters, the Promoter Group and the Directors have been declared as wilful defaulters by the Reserve Bank of India or any other Governmental authority and, other than as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or are pending against them.

Contingent liabilities of the Company as of March 31, 2009

The Company had contingent liabilities in an ascertainable amount of Rs.6,229.15 million, as set forth in its restated stand alone financial statements as of March 31, 2009. For further information, see note 4 of Annexure VI of the restated stand alone financial statements of the Company as of March 31, 2009, beginning on page F-1 of the Red Herring Prospectus.

Outstanding Litigation and Material Developments/Proceedings against the Company and the Subsidiary

Cases against the Company (including appeals from adverse decisions)

There is no outstanding litigation and material developments/proceeding filed against the Company.

Cases by the Company (including appeals from adverse decisions)

Other than as set out below, there is no outstanding litigation and material developments/proceeding (including appeals from adverse decisions) filed by the Company:

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
1.	Special Civil Application No. 14289 of 2008	December 3, 2008	Pipavav Shipyard Limited and Ajit Dabholkar	Union of India and Others	High Court of Gujarat	Rs. 135 million	The Department of Revenue Intelligence ("DRI") carried out search and seizure proceedings against the Company on August 27, 2008, September 23, 2008 and October 14, 2008 for alleged non-payment of excise duties and customs duties in respect of steel used by the Company for the construction of the dry dock at the Pipavav Shipyard. The DRI believed that the	The Company has executed a bond for a sum of Rs. 135 million, as directed. The Company has not yet responded to the show cause notice issued by the DRI as the DRI has not released certain documents it had seized earlier.

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
							<p>Company's plant could not be termed as capital goods since it was a civil construction and hence, the Company was wrongly availing the exemption of excise duties and customs duties. The Company filed a petition challenging the action of the DRI in relation to the seizure of the Company's plant (i.e., the dry dock, raw materials like steel in stock) and for obstructing the procurement and utilization of various raw materials like steel and capital goods required for construction of the dry dock by imposing certain conditions for issuance of CT-3 Certificates / Procurement Certificates necessary for duty free procurement of indigenous and imported goods.</p> <p>By its order dated December 11, 2008, the Gujarat High Court, subject to certain conditions, stayed the order of seizure of DRI dated October 14, 2008 pursuant to which the dry dock was seized and directed the respondents to issue CT-3/procurement certificates within 2 days of submission of application for such certificate by the Company.</p> <p>The DRI filed a Special Leave Petition before the Supreme Court of India challenging the order dated December 11, 2008 of the Gujarat High Court. Pursuant to its order dated May 15, 2009, the Supreme Court of India disposed of the petition, with the following observations (i) a show cause notice dated March 20, 2009 had been issued to the Company by the DRI to</p>	<p>Pursuant to a letter dated May 11, 2009, the Company has requested the DRI to release the seized documents.</p> <p>The matter is currently pending.</p>

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
							which the Company's response was awaited; and (ii) the directions issued to the Company in relation to furnishing a bond of Rs.135 million and depositing a sum of Rs. 35 million pursuant to the order dated January 7, 2009 (as modified by order dated February 9, 2009) of the Supreme Court of India were complied with by the Company.	
2.	Revision Petition No. PSL/T/Geo & Min/08	December 24, 2008	Pipavav Shipyard Limited	The District Geologist	Additional Director (Appeals and Flying Squad), Geology and Mining Department	Rs. 9,755,002	Pursuant to an order dated March 1, 2008, the District Geologist instructed the Company to pay an aggregate sum of Rs. 9,755,002 for violation of certain provisions of the Gujarat Mineral (Prevention of Illegal Mining Transportation and Storage) Rules, 2005 and Mines and Minerals (Development and Regulation) Act, 1957 in connection with the transfer of soil from E Complex land to certain portions of the land owned by the Company. The Company filed appeal proceedings before the Additional Director (Appeals and Flying Squad), Geology and Mining Department which on December 20, 2008 upheld the order of the District Geologist. The Company has filed a revision petition challenging the December 20, 2008 order.	The Company has deposited an amount of Rs. 9,755,002. The last hearing was on June 16, 2009. The matter is reserved for final order.
3.	SIAC Arbitration No. 068 of 2009	April 2009	Pipavav Shipyard Limited	STX Corporation	Singapore International Arbitration Centre (SIAC)	US\$6,260,136.10 (Rs. 299,672,715.11)	The Company served an arbitration notice dated April 28, 2009 on one of its steel plate supplier, STX Corporation, for non-compliance with the provisions of Contract No. STX-PV080502 dated May 2, 2008 by STX Corporation, such as supplying steel plates which were below the standard agreed to by the parties and providing fake	SIAC has appointed Mr. Ron Solter as the sole arbitrator pursuant to its letter of appointment dated July 2, 2009.

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
							certificates.	
4.	HMB/AMF/ 58598-2	May 2009	Pipavav Shipyard Limited	SETAF s.a.s	Arbitration Tribunal, London	US\$ 144 million (Rs. 6,893.28 million)	Under the shipbuilding contracts entered into with a customer, SETAF s.a.s, one of the grounds for termination is if the refund guarantee provided by a certain banks (covering the advance payments and interest thereon) ceases to be valid during the term of the contract. On account of an alleged anticipated delay in the delivery of one of the vessels, SETAF had threatened to cancel the shipbuilding contracts entered into with the Company and to invoke the refund guarantees. SETAF has claimed that in certain cases, the refund guarantees delivered by the Company do not cover the entire period. On May 20, 2009, upon an application made by the Company, the Queen's Bench Division, Commercial Court granted an order of interim injunction restraining SETAF s.a.s. from making any demands under any of the refund guarantees provided by the Company. The Company served a notice dated May 21, 2009 to SETAF referring certain matters to arbitration, including whether SETAF was entitled to cancel its ship building contracts with the Company and demand refunds and other payments under the refund guarantees. On June 10, 2009, the injunction against SETAF was vacated in an appeal proceeding.	The Company with the objective of amicably settling the dispute, has subsequently extended the period of refund guarantees for 30 days beyond of the permissible extended delivery date.

Tax Cases involving the Company

Other than case disclosed below, there are no outstanding tax cases involving the Company.

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
1.	Show Cause Notice No. No.ACIT/T DS- CIR/PSYL/2 009-10	July 15, 2009	Assistant Commissioner of Income Tax, TDS Circle, Rajkot	Pipavav Shipyard Limited	Office of the Assistant Commissioner of Income Tax, TDS- Circle	Rs.3,756,124	The Commissioner has alleged that the Company has made certain payments to various parties on which tax was not deducted as required under the provisions of the Income Tax Act. The Company has been asked to show cause as to why the Company should not be treated as an assessee in default under Section 201 of the Income Tax Act.	At the hearing held on July 31, 2009, oral submissions were made and a written reply submitted by the Company. The matter is pending.

Proceedings initiated against the Company for economic offences

There are no proceedings initiated against the Company for any economic offences.

Details of past penalties imposed on the Company

There are no past penalties imposed on the Company.

Cases by the Subsidiary

There is no outstanding litigation and material developments/proceeding by the Subsidiary.

Cases against the Subsidiary

Other than as set out below, there is no outstanding litigation and material developments/proceeding against the Subsidiary:

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
1.	Show Cause Notice No. No.Chi.JMN /3/Breach of Condition Case/114/09	June 9, 2009	The Government	Manager, Metdist Industries Limited (now known as E Complex Private Limited)	Court of Collector, Amreli	Rs.2,733,950	The applicant issued a show cause notice to the Manager, Metdist Industries Limited (now known as E Complex Private Limited) alleging that Metdist Industries Limited had transferred the indivisible and non-saleable land allotted to Metdist Industries Limited to E Complex Private Limited, pursuant to its change of name without obtaining the prior permission of the authorities and without	E Complex has filed a reply on June 29, 2009 and the matter is currently pending. The next date of hearing is September 7, 2009.

S. No.	Suit No./ Case No./ Appeal No.	Dated	Plaintiff/ Petitioners/ Complainant/ Applicant	Defendant/ Respondent	Name & Address of the Court/ Arbitration Panel	Amount under Consideration	Brief Description of Case	Status
							paying the premium amount. The show cause notice further alleged that E Complex Private Limited had transported in an unauthorized manner, the mineral for filling the land of Pipavav Shipyard Limited without the prior permission of the authorities.	

Tax Cases involving the Subsidiary

There are no outstanding tax cases by or against the Subsidiary.

Proceedings initiated against the Subsidiary for economic offences

There are no proceedings initiated against the Subsidiary for any economic offences.

Details of past penalties imposed on the Subsidiary

There are no past penalties imposed on the Subsidiary.

Litigation/Proceedings involving the Directors of the Company

Except as described below, there is no outstanding material litigation, suits or criminal prosecutions or civil proceedings, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by the Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

Cases against Directors

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Cases against Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi								
1.	181 and 182 / M / 06	November 24, 2006. On February 13, 2007, the Additional Chief Metropolitan Magistrate forwarded the case to the police station for further investigation.	Vasant Investment Corporation Limited	Mr. Nikhil P. Gandhi and Mr. V. G. Honnavar	Additional Chief Metropolitan Magistrate, Esplanade Court, Mumbai	Rs.1,006,720 and Rs.2,576,604	A criminal case was filed by the complainant under Sections 420, 467, 468 and 471 read with Section 120B of the Indian Penal Code against Mr. Nikhil P. Gandhi and Mr. V. G. Honnavar (Accused No.6 and 7) alleging forgery of bills and that the accused persons conspired and connived with each other towards such forgery.	Summons have been issued against the accused, who provided their reply at the Cuffe Parade Police Station on September 13, 2007. The matter is pending. The next date of hearing is yet to be notified.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
2.	C.C. No. 3/CW/06	February 8, 2006	Assistant Commissioner of Customs (P)	Metropolitan Industries, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Mr. Hitesh Shah and Fairlon Engineering	Metropolitan Magistrate, Esplanade Court, Mumbai	Rs. 20,000,000	The complainant has filed a criminal case under Sections 132, 135(1)(a) and (b) and 140 of the Customs Act, 1962 and Sections 109 and 120B of the Indian Penal Code alleging fraudulent evasion of customs duty of Rs.20,000,000 with a penalty in respect of export of Cupra Nickel and import of copper and nickel praying for a process of law to be issued against the partners of the respondent.	Summons have been received and the next date of hearing is September 13, 2009.
3.	2273/2001	October 2001	Mantech Consultants	Mr. Nikhil P. Gandhi	Metropolitan Court, Ahmedabad	-	A criminal case was filed by Mantech Consultants for dishonour of cheques. The payment has already been adjusted by the company against the deposit of security amount.	The payment made to Mantech Consultants has been stayed by the High Court and this stay is valid until the next hearing is fixed in the lower court.
4.	O.A. 86/2004	March 2004	Administrator of Specified Undertaking of Unit Trust of India and UTI Trustee Company Private Limited through UTI Asset Management Company Private Limited	Grevek Investments, Mr. Bhavesh P. Gandhi and 11 others	Mumbai Debt Recovery Tribunal-I	Rs.1,237,300,000 (principal amount of Rs.310,000,000 with 25% IRR)	In 2000, UTI had subscribed to 3,100,000 secured fully convertible debentures of Rs. 100 each of Koatex Infrastructure Limited (now known as Krosslink Infrastructure Limited). The fully convertible debentures have since been converted into equity shares. 12 defendants jointly and severally executed a share buyback undertaking with UTI. The applicants filed before the Debt Recovery Tribunal for recovery of amounts due under the share buyback undertaking. The defendants filed their written statement on October 4, 2006 disputing the claim.	The matter is currently pending.
Cases against Mr. Atul Punj								
5.	2166 of 2002	November 26, 2002	Time Warner Entertainment Co.	Spectra Net Limited, Mr. Atul Punj and Mr. Uday Punj	Delhi High Court	Rs.5 million	A claim by way of damages for Rs.5,000,000 in respect of alleged infringement	The matter is pending for cross-examination of

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
							of copyright has been filed primarily against Spectra Net Limited (internet service provider) and the cable operators. Mr. Atul Punj has been impleaded in the capacity of director of defendant no. 1. The alleged infringement of copyright has been caused by defendants no. 6 and 7, i.e., the cable operators without the consent of defendants no. 1 and 2. Pleadings are complete.	the plaintiff. The next date of hearing is November 5, 2009.
6.	348 of 1999	December 8, 1999	Federal Bank	Punj Lloyd, Mr. Atul Punj and others	Debt Recovery Tribunal, Delhi	Rs.8.86 million and Rs.7.84 million	A claim was filed against Punj Lloyd as lessee and Mr. Atul Punj (as guarantor) to recover a sum of Rs.8.86 million being the amount of lease rents and hire charges of equipment and Rs.7.84 million being the amount guaranteed along with interest thereon at 21.42% p.a. The assets in question were hypothecated by the lessor and a charge was created in favour of the bank. A reply has been filed stating that all payments to Premium International Finance Limited, the lessor, were made before filing of this petition and as such, nothing is payable by Punj Lloyd or Mr. Atul Punj.	The matter is pending for plaintiff's evidence. The next date of hearing is October 23, 2009.
7.	OA No.79 of 1995 (CS no.2108 of 1994)	September 19, 1994	Hong Kong and Shanghai Banking Corporation (HSBC)	Punj Sons Private Limited, Mr. S.N.P. Punj, Mr. Atul Punj, Mr. Uday Punj and others	Debt Recovery Tribunal, Delhi	Rs. 6,318,233	A petition has been filed by HSBC for the recovery of Rs.6,318,233 along with interest against Punj Sons Private Limited, Mr. S.N.P. Punj, Mr. Atul Punj and Mr. Uday Punj, who were guarantors for the loan taken by Punj Sons Travel Limited.	The matter is pending for respondent's evidence.

Cases by the Directors

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Cases by Mr. Atul Punj								
1.	Civil Writ Petition No. 5088 of 1999	August 13, 1999	Mr. Atul Punj	New Delhi Municipal Council (NDMC)	Delhi High Court	Nil	This petition challenges the classification of domestic consumer under the category of MIXED LOAD (HT) pursuant to which the occupants of 10, Prithviraj Road (residence) were required to pay the electricity charges on a higher tariff. The petition was allowed on July 31, 2007 in favour of the petitioner. The NDMC has preferred a Review Petition (RP No.21 of 2008) against the order dated July 21, 2007.	The matter is pending for filing of rejoinder. The next date of hearing is October 9, 2009.

Proceedings initiated against the Directors for economic offences

There are no proceedings initiated against the Directors for any economic offences.

Details of past penalties imposed on the Directors

There are no past penalties imposed on the Directors.

Details of proceedings initiated by the Stock Exchanges against companies in which the Directors of the Company are directors

S. No.	Company	Authority	Date of Notice	Brief Description and Penalty Imposed
Horizon Infrastructure Limited				
1.	Horizon Infrastructure Limited (formerly Horizon Battery Technologies Limited)	NSE	NSE Letter Ref. No.: NSE/TW/LIST/10247 dated February 28, 2000	The equity shares of the company were listed at the NSE on October 9, 1996. Subsequently the company was suspended from trading at NSE due to non-compliance with certain clauses of the listing agreement. The company has satisfactorily complied with the relevant listing requirements and submitted a compliance report to NSE. The trading recommenced with effect from January 25, 2008. Pursuant to a letter dated March 6, 2009, SEBI informed Horizon Infrastructure Limited of an investigation in its shares' price movement.

Details of proceedings initiated by SEBI against companies in which the Directors of the Company are directors

Except as disclosed on page 252 of the Red Herring Prospectus in relation to Spectra Punj Lloyd Limited, in which Mr. Vimal Kishore Kaushik, one of our Directors, is also director and on page 233 of the Red Herring Prospectus in relation to Horizon Infrastructure Limited, in which Mr. Bhavesh P. Gandhi, Mr.

Nikhil P. Gandhi and Mr. Ajai Vikram Singh are also Directors, there are no proceedings initiated by SEBI against companies in which the directors of the Company are also directors.

Litigation involving the Promoters

Except as described below, there is no outstanding material litigation, suits or criminal prosecutions or civil proceedings, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by the Promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act).

In respect of Punj Lloyd, only litigation which involves an amount of Rs.10 million or more has been disclosed. The aggregate number and amount of cases by and against Punj Lloyd, including its ISP division, involving an amount less than Rs.10 million is set out below:

Category	Number of Cases	Aggregate Amount (in Rs. million)
Cases by Punj Lloyd	18	26.7
Cases against Punj Lloyd	69	55.7

Cases against the Promoters

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Punj Lloyd								
1.	SLP(C) 7664 of 2007	May 5, 2007	Ratnagiri Gas and Power Private Limited (RGPPPL)	Dabhol Veej Prkalp Kamgar Sangh (DVPKS), DPC, IDBI, Punj Lloyd	Supreme Court of India	Cannot be quantified.	A petition was filed by RGPPPL against the final judgment and order dated December 4, 2006 of the High Court of Judicature at Mumbai in CWP No. 4968 of 2006, wherein the High Court had held RGPPPL as a necessary party in Complaint No. 321 of 2002 filed by DVPKS before the Industrial Tribunal at Kolhapur, Maharashtra. A special leave petition was filed against the order of the High Court, Mumbai.	The SLP has been disposed off with the liberty to raise legal contentions before the Industrial Tribunal.
2.	Arbitration Petition No. 40/2008	December 12, 2007	Hindustan Petroleum Corporation Limited (HPCL) and another	Punj Lloyd	High Court of Mumbai	Rs.36.1 million	An arbitration petition was filed by HPCL challenging the arbitration award dated September 11, 2007 arising out of the Mundra Delhi Pipeline Project passed in favour of Punj Lloyd	The next date of hearing is yet to be notified.

Our Promoters, Grevek Investments and Punj Lloyd are also a party to separate proceedings before the Mumbai Debt Recovery Tribunal-I and the Debt Recovery Tribunal, Delhi, respectively. For details, see “— Litigation/Proceedings involving the Directors of the Company — Cases against Directors” beginning on page 231 of the Red Herring Prospectus.

Cases by the Promoters

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Punj Lloyd								
Arbitration Matters								
1.	40 of 2005	July 16, 2005	Punj Lloyd	U.P. State Bridge Corporation Limited	Justice Jaspal Singh (Retd.)	Rs.12.9 million	An arbitrator was appointed by the Delhi High Court on an Arbitration Application filed by Punj Lloyd towards claims of Rs. 12,900,000 including interest at a rate of 18% per annum until October 31, 2005 in relation to the Peeragarhi Flyover Project. The claims include outstanding payment and interest thereon. A statement of claim has been filed by Punj Lloyd.	The matter is pending for cross-examination of the claimant's witness. The next date of hearing is October 3, 2009.
2.	NA	NA	Punj Lloyd	Petronet MHB Limited	Justice S.Rajendra Babu (Retd), Arbitrator	Rs.52.04 million	This arbitration relates to adjudication of claims arising out of the Mangalore Bangalore Pipeline Project. Pursuant to an order dated September 7, 2004 issued by the Supreme Court of India in a special leave petition filed by Punj Lloyd, the judge, pursuant to an order dated August 5, 2005 allowed Punj Lloyd's application and appointed an arbitrator. Petronet MHB Limited filed a writ petition against this order before the High Court of Karnataka, which pursuant to its order dated December 14, 2005 dismissed the petition as not maintainable before the High Court. Petronet filed a special leave petition against this order, which was also dismissed by the Supreme Court of India. Arguments have been completed by both parties.	The matter is reserved for pronouncement of award.
3.	NA	October 16, 2006	Punj Lloyd	National Highway Authority of	Justice P.K.Bahri, Justice Jaspal	Rs.33.59 million	The matter relates to claims pertaining to non-payment of Punj	The next date of hearing before the arbitral

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
				India (NHAI)	Singh and Mr. Majumdar, Arbitrators		Lloyd's final bill and certain other amounts withheld by NHAI. Punj Lloyd has 24 claims which, <i>inter-alia</i> , include delay in handing over the right of way, delay caused by NHAI in commencement of project, non-payment for construction of culverts and minor bridges, etc. Objections have been raised by NHAI on jurisdiction to decide claims number 18 to 24. The arbitral tribunal pursuant to its order dated March 5, 2008 held such claims to be non-arbitrable. OMP No. 340/08 and A.A No. 14/08 were filed in the Delhi High Court in respect of such order and were decided in favor of Punj Lloyd pursuant to an order dated February 17, 2009. NHAI has filed a special leave petition (SLP No. 14885-86) against such order before the Supreme Court of India. The matter is now fixed before the arbitral tribunal for Punj Lloyd's evidence.	tribunal is November 23, 24 and 25, 2009. The next date of hearing is yet to be notified.
4	NA	February 13, 2009	Punj Lloyd Limited	National Highways Authority of India (NHAI)	Major Gen. Joginder Singh, Lt. Gen. N.K.Khanna and Mr. K.K.Singhal	Approximately Rs.13 million	The matter involves claims by way of undisputed items of the final bill and withheld amount by NHAI in respect of the AP-17 Project.	The matter is pending for final arguments. The next dates of hearing are September 10 and 11, 2009.
5.	NA	May 6, 2005	Punj Lloyd	Gas Authority of India Limited (GAIL)	Justice Rangnathan (Retd.), Arbitrator	Rs.1,301.3 million and USD 0.94 million and Rs.597.7 million and USD 0.649 million	The matter is an arbitration for claims relating to the Dahej Vijaipur Pipeline project (Spread.1, 2, 3 and 4). The claims relate to unjustified deductions by GAIL which are not only in violation of the provisions of the contract but also contrary to the circumstances under which the contract was executed. GAIL/EIL, while admitting that	The next dates of hearing are September 21 to 23, 2009.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
							such project was executed ahead of schedule. Punj Lloyd's claims relate to imposition of intermediate liquidated damages, non-payment for swabbing, deductions on account of equipment deployment, dumpsite management, etc. The claims regarding liquidated damages were objected to by GAIL as non-arbitrable. The objection was upheld by the arbitrator pursuant to an order dated July 14, 2007. Accordingly Punj Lloyd filed two suits, 1605/07 and 1680/07, for recovery in respect of such non-arbitrable claims of liquidated damages.	
6.	NA	May 12, 2005	Punj Lloyd	Valentine Maritime (Mauritius) Limited (VMML)	Justice G.T. Nanavati (Retd.). Justice Jaspal Singh (Retd.) & Justice S.D Dave (Retd.)	Approximately Rs.33.2 million and USD 6,600	Punj Lloyd filed claims relating to idling and extra work in respect of the work done at Mundra Port. VMML has also filed its counter claims for USD 640,776.	The matter is pending for claimant's evidence. The dates of hearing, i.e., July 24 to 26, 2009 were cancelled and new dates are yet to be notified.
7.	NA	August 1, 2008	Punj Lloyd	Bharat Petroleum Corporation Limited	J. Dinkar (Sole Arbitrator)	Rs.28.4 million	Arbitrators were appointed by mutual consent of the parties in accordance with Clause 91 of the GCC. The matter involves a claim towards service tax in an amount of Rs.2,84,56,984 with interest at 18% p.a. Pleadings are complete.	The next date of hearing is September 5, 2009.
8.	NA	December 13, 2008	Punj Lloyd	Hindustan Petroleum Corporation Limited	R. Krishnan (Sole Arbitrator)	Rs. 64.3 million	The project was awarded to Punj Lloyd in October 2005. Punj Lloyd has filed a statement of claim on the issues such amount withheld as price reduction, additional payment for work done at Bhima river crossing and additional payment for re-routing of	The next date of hearing is yet to be notified.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
							pipeline.	
9.	Arbitration Petition No. L-642 of 2009	July 16, 2009	Punj Lloyd	IOT Infrastructure and Energy Services Ltd.	High Court, Mumbai	Rs.27.9 million	The matter involves a petition seeking an injunction restraining Respondent No. 1 from invoking the bank guarantee No.0007BH00189004. The injunction has been granted.	A notice has been issued to the respondents.
10.	NA	January 19, 2009	Punj Lloyd	Gammon India Ltd. (GIL)	Justice B.N. SriKrishna (Retd.), Justice B.P. Saraf (Retd.), Mrs. Sujata Manohar (Retd.)	Rs.29.4 million (REL) Rs.29.4 million (AEL)	The matter involves claims regarding recovery of security deposits in terms of the agreements to sell dated February 3, 2005 in respect of Rajahmundry Express Way Ltd. (REL) and Andhra Express Way Ltd(AEL). By virtue of such agreements, Punj Lloyd agreed to sell 6.5% of its equity share holding in REL & AEL to Gammon India Ltd. A statement of claim was filed and the matter is pending for filing of a reply by GIL.	The next date of hearing is yet to be notified.
11.	OMP No.464 of 2006	September 23, 2006	Punj Lloyd – Progressive Constructions Limited (JV)	National Highways Authority of India (NHAI)	Delhi High Court	Approximately Rs.27.5 million	A petition was filed by the JV under Section 34 of the Arbitration and Conciliation Act challenging the arbitral award dated July 2, 2006 which awarded a sum of Rs.4.5 million against the total claim of Rs.27.5 million in relation to the Jaipur Bypass road project.	The order is reserved.
12.	AA No.173 of 2008	May 5, 2008	Punj Lloyd – Progressive Constructions Limited (JV)	National Highways Authority of India (NHAI)	Delhi High Court	Approximately Rs.424 million	Petition filed by the JV for the appointment of the presiding arbitrator in relation to the Jaipur Bypass road project.	The matter is not on board.
Criminal Cases								
13.	910 of 2004	July 16, 1997	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	Punj Lloyd entered into a lease agreement in respect of certain equipment and was issued crossed cheques towards lease rentals. Out of such payments, ten cheques were dishonoured. Punj Lloyd filed criminal complaints under Sections 138 and 142	The matter is pending for claimant's evidence. The next date of hearing is November 11, 2009.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
							of the Negotiable Instruments Act read with Section 420 of the Indian Penal Code against VHEL Industries Limited. This complaint relates to Cheque No. 259703 dated May 10, 1997 for Rs.1,214,424.	
14.	928 of 2004	October 6, 1997	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259704 dated August 10, 1997 for Rs.1,214,424.	The next date of hearing is November 11, 2009.
15.	894 of 2004	December 18, 1997	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259705 dated November 10, 1997 for Rs.1,214,424.	The next date of hearing is November 11, 2009.
16.	898 of 2004	December 25, 1998	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259706 dated February 10, 1998 for Rs.1,214,424	The next date of hearing is November 11, 2009.
17.	895 of 2004	December 8, 1998	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259709 dated November 10, 1998 for Rs.1,214,424	The next date of hearing is November 11, 2009.
18.	4299 of 2004	March 26, 1999	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259710 dated May 10, 1999 for Rs.1,214,424	The next date of hearing is November 11, 2009.
19.	6566 of 2004	July 8, 1999	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259711 dated May 10, 1999 for Rs.1,214,424	The next date of hearing is November 11, 2009.
20.	896 of 2001	September 29, 1999	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs. 1,214,424	This criminal complaint relates to Cheque No. 259712 dated August 10, 1999 for Rs.1,214,424	The next date of hearing is November 11, 2009.
21.	1488 of 2001	January 4, 2000	Punj Lloyd	VHEL Industries Limited and Others	Mr. Pritam Singh (MM), Court No. 8, Patiala House Court, New Delhi	Rs.1,214,424 and Rs.202,404	This complaint relates to Cheque Nos. 259713 & 259773 both dated November 10, 1999 for Rs.1,214,424 and 202,404, respectively.	The next date of hearing is November 11, 2009.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Injunction or Recovery Proceedings								
22.	306 of 2006	November 18, 2005	Punj Lloyd	Delhi State Industrial Development Corporation	High Court, Delhi	Approximately Rs.18.8 million	This suit for recovery was filed by Punj Lloyd for an amount of Rs. 18.8 million with interest at 18% p.a.	The matter is pending for plaintiff's evidence. The next date of hearing is November 30, 2009.
23.	CS (OS) 1605 of 2007	August 22, 2007	Punj Lloyd	Gas Authority of India Limited (GAIL)	High Court, Delhi	Approximately Rs.291 million	Suit for recovery for claiming liquidated damages imposed by GAIL in respect of DVPL Project (Spread 1, 2 & 3).	The matter is pending for Punj Lloyd's evidence. The next date of hearing is November 12, 2009.
24.	CS (OS) 1680 of 2007	August 25, 2007	Punj Lloyd	Gas Authority of India Limited (GAIL)	High Court, Delhi	Approximately Rs.169 million	Suit for recovery for claiming liquidated damages imposed by GAIL in respect of DVPL Project (Spread 4).	The matter is pending for Punj Lloyd's evidence. The next date of hearing is October 7, 2009.
25.	15661 of 2004	March 30, 2004	Punj Lloyd	Petronet MHB Limited	City Civil Judge, Bengaluru	Approximately Rs.300,000,000	This suit for recovery relates to outstanding payments in respect of the Mangalore Bangalore Pipeline Project. The defendant is yet to file a written statement. Petronet has filed an application under Section 8 of the Arbitration and Conciliation Act, 1996 for referring the disputes to arbitration which is pending disposal.	The next date of hearing is October 16, 2009.
26.	2271 of 2008	October 31, 2008	Punj Lloyd	DBS Bank Limited, Doshion Limited and Sembawang Engineers & Constructors Pte. Ltd. (SEC)	Delhi High Court	Rs.21 million and Rs.34.45 million	SEC, a subsidiary of Punj Lloyd entered into a sub-contract dated May 10, 2006 with Doshion Limited, Ahmedabad and issued two bank guarantees for Rs.21 million and Rs.34.45 million. Doshion proceeded to invoke such bank guarantees by filing a forged completion certificate. Punj Lloyd filed a suit for a permanent injunction and declaration to restrain Doshion from encashing the bank guarantees. Punj Lloyd obtained a temporary	The next date of hearing is September 7, 2009.

<u>S. No.</u>	<u>Appeal No./Case No.</u>	<u>Dated</u>	<u>Applicant</u>	<u>Respondents</u>	<u>Name & Address of the Court/ Arbitration Panel</u>	<u>Amount Under Consideration</u>	<u>Brief Description of Case</u>	<u>Status</u>
							injunction from the High Court and respondent no. 2 has filed an application for vacation of the injunction.	
Civil Writ Petition								
27.	Civil Writ Petition No. 3722 of 2008	March 20, 2008	Punj Lloyd	State of Madhya Pradesh and others	High Court of Madhya Pradesh at Jabalpur	Rs.58.9 million	A writ petition was filed by Punj Lloyd challenging the demand letter dated January 23, 2008 issued by the appropriate authority under the Madhya Pradesh Building and Other Construction Workers Welfare Cess Act, in respect of Bina Refinery Project for Bharat Oman Refineries Limited. A written statement has been filed.	The matter is pending for final arguments.
Others								
28.	CC No. 81 of 2006	December 22, 2006	Punj Lloyd	Corporate Risks India Private Limited (CRI)	National Consumer Disputes Redressal Commissioner, Delhi	Approximately Rs.52.7 million and interest at 12% p.a.	Punj Lloyd filed a complaint against CRI for damages due to deficiency in services. Pursuant to an order dated September 14, 2006, the National Consumer Disputes Redressal Commission dismissed Punj Lloyd's complaint. Punj Lloyd filed an appeal (Civil Appeal No. 1026 of 2006) against this order before the Supreme Court of India. The Supreme Court pursuant to its order dated December 11, 2008 set aside the order of the Commission and remanded the complaint.	The matter is listed for complainant's evidence. The next date of hearing is December 4, 2009.

Tax Cases Against the Promoters

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Punj Lloyd								
1.	2867/DEL/2007	October 3, 2008	CIT, Delhi-V	Punj Lloyd	HC, New Delhi	Rs.39,762,244	The case is in relation to assessment year 2003-2004.	The matter is pending for hearing.
2.	2868/DEL/2007	October 3, 2008	CIT, Delhi-V	Punj Lloyd	HC, New Delhi	Rs.17,442,661	The case is in relation to assessment year 2004-2005.	The matter is pending for hearing.

Tax Cases by the Promoters

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
SKIL Infrastructure Limited								
1.	NA	NA	SKIL	Assistant Commissioner of Income Tax	Commissioner of Income Tax (Appeals) Central Range V, Mumbai	Rs.292,400,000	For the assessment year 2006 – 2007, the levy of a concealment penalty of Rs.292,400,000 under Section 271(1)(c) of the I.T. Act was disputed.	The matter is pending.
Punj Lloyd Limited								
2.	ST 381 of 2009	May 12, 2009	Punj Lloyd	Commissioner of Central Excise, New Delhi	CESTAT, New Delhi	Rs.108,068,227	The demand was made on the ground that Punj Lloyd had provided commercial/industrial construction services without paying, or declaring in their periodic returns, applicable service tax and education cess payable thereon.	The CESTAT has, on June 18, 2009, stayed the realisation of the penalty.

Litigation involving the Promoter Group Companies

Except as described below, there is no outstanding material litigation, suits or criminal proceedings or civil prosecutions or tax liabilities against companies promoted by the Promoters, and there are no material defaults, non-payment of statutory dues, over dues to banks/ financial institutions, defaults in dues payable to holders of any debentures, bond or fixed deposits and arrears on preference shares issued by the group companies (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956).

Disclosure of litigation involving Promoter Group companies in relation to Punj Lloyd as a Promoter of the Company is restricted to matters where the amount under consideration is Rs.10 million or more. The aggregate number and amount of cases by and against such companies, involving an amount less than Rs.10 million is set out below:

Category	Number of Cases	Aggregate Amount (in Rs. million)
Cases by Promoter Group companies in relation to Punj Lloyd as a Promoter of the Company	30	7.95
Cases against Promoter Group companies in relation to Punj Lloyd as a Promoter of the Company	10	28.6

Cases against the Promoter Group Companies

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Metropolitan Industries								
1.	Suit no. 532/2001	January 5, 2001	Jawaharlal Nehru Port Trust, Nhava Sheva	Metropolitan Industries	High Court of Judicature at Mumbai	Rs.631,600.92 including interest of Rs.206,700 at a rate of 18% per annum on the principal amount of Rs.424,900.92	The plaintiff filed a suit for recovery of Rs.631,600.92 with interest at a rate of 18% per annum towards demurrage charges for a consignment imported from Belgium. The consignment was shipped by the shipper after the expiry of the defendant's letter of credit and advance license. Though the defendant requested its Indenting Agent to communicate to the shipper to ship the consignment before expiry of the letter of credit and advance license, the consignment was shipped ten days after such expiry.	The matter is pending before the High Court of Judicature at Mumbai. The defendant filed its written statement on October 1, 2007. The next date of hearing is yet to be notified.
2.	ECA File No. 0302002000 70/AM03/1 386 - Lic No. 303629	June 28, 2002	A letter from the Directorate General of Foreign Trade for personal hearing against the showcause notice dated June 28, 2002	Metropolitan Industries	Director ate General of Foreign Trade (DGFT), Mumbai	Rs.16,276,000	Metropolitan Industries had made partial imports against this license but could not make exports. Pursuant to the Export Import Policy, Metropolitan Industries had applied for clubbing of this licence with four other licences (nos. 303510, 304750, 304749 and 304748) and there was no shortfall in export obligations. Such application for clubbing of export obligations was submitted in September 2001 together with the required documents. Certain documents could not be submitted and therefore, an	The application for clubbing of licenses had been pending since September 2001. The application for clubbing and discharge of export obligation was granted on February 23, 2009. DGFT letter dated July 7, 2009 received requiring compliance within 30 days.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
							Affidavit and an Indemnity Bond as prescribed under the Export Import Policy were submitted on September 5, 2001.	
3.	File No. 640/AM92 Licence No. 303510 - DEEC No. 053286	May 1, 2001	DGFT, Mumbai	Metropolitan Industries	Pending for EODC and decision on clubbing proposal	Rs.31,415,000	A show cause notice was issued to Metropolitan Industries on May 1, 2001, to which a reply was sent on May 8, 2001. Metropolitan Industries applied for clubbing of four licenses. The DGFT stated that the firm has not fulfilled any export obligation against the licence and thus there was a short fall.	The application for clubbing of licenses had been pending since September 2001. The application for clubbing and discharge of export obligation was granted on February 23, 2009. DGFT letter dated July 7, 2009 received requiring compliance within 30 days.
4.	File No. 853/AM92 Lic. No. 304750 - DEEC No. 062654	May 22, 1992	DGFT, Mumbai	Metropolitan Industries	Pending for EODC and decision on clubbing proposal	-	No show cause notice or feedback has been received from the DGFT in respect of this licence.	The application for clubbing of licenses was pending. The application for clubbing and discharge of export obligation was granted on February 23, 2009. DGFT letter dated July 7, 2009 received requiring compliance within 30 days.
5.	File No. 842/AM92 Lic. No. 304749 - DEEC No. 062653	May 22, 1992	DGFT, Mumbai	Metropolitan Industries	Pending for EODC and decision on clubbing proposal	-	No show cause notice or feedback has been received from the DGFT in respect of this licence.	The application for clubbing of licenses was pending. The application for clubbing and discharge of export obligation was granted on February 23, 2009. DGFT letter dated July 7, 2009 received requiring compliance within 30 days.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
6.	File No. 851/AM92 Lic. No. 304748 DEEC No. 062652	May 22, 1992	DGFT, Mumbai	Metropolitan Industries	Pending for EODC and decision on clubbing proposal	-	No show cause notice or feedback has been received from the DGFT in respect of this licence.	The application for clubbing of licenses was pending. The application for clubbing and discharge of export obligation was granted on February 23, 2009. DGFT letter dated July 7, 2009 received requiring compliance within 30 days.
7.	ECA file no. 030200507 AM01/1387 & Lic File No. 0385040003 77AM94 & Lic No. 316256 DEEC No 090697- resultant product- Trimethoprim	October 24, 2001	DGFT, Mumbai	Metropolitan Industries	Pending for EODC and decision on clubbing proposal	Rs. 9,828,000	Metropolitan Industries had imported partially against this licence. However, no exports could be made against this licence. Pursuant to the Export Import Policy, an application for clubbing of this licence with Licence No. 3422832 was submitted in September 2001, against which there were substantial exports and when viewed collectively, did not indicate a shortfall in export obligation.	The application for clubbing of this license with License no. 3422832 was pending. The application for clubbing and discharge of export obligation was granted on February 23, 2009. DGFT letter dated July 7, 2009 received requiring compliance within 30 days.
8.	Show Cause no. F. No. 9/72/HQ/95 - 96/ECA1/1 257 Lic. No. 3422832	December 30, 1996	DGFT, Mumbai	Metropolitan Industries	Pending for EODC and decision on clubbing proposal	-	Metropolitan Industries had imported partially against this licence. However no exports could be effected against this licence. As per the Export Import Policy, the application was submitted during September 2001 for clubbing of this licence with Licence No. 3422832 against which there were substantial exports and when viewed collectively there existed no shortfall in export obligation.	The application for clubbing is pending.
Sembawang Engineers & Constructors Pte Limited								
9.	44/2006/A	January 27, 2006	Jorong Town Corporation (JTC)	Sembawang Engineers & Constructors	Supreme Court of Singapore	USD 3,801,353	JTC is alleging that due to the SEC's proposal to change the	Justice Chan Seng Onn in his oral judgment

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
				Pte Limited (SEC)			use of reinforced concrete lintels (which was provided for in the original specifications) to galvanised steel lintels, defects such as cracks as well as the buckling of the walls have occurred within Spectrum I.	delivered on January 19, 2009, granted judgement in favour of JTC. Notice of Appeal was withdrawn by SEC. JTC is expected to commence trial for assessment of damages.
10.	NA	July 28, 2008	Genisys Integrated Engineers Ltd "Genisys"	Sembawang Engineers & Constructors Pte Limited (SEC)	Arbitration proceedings, Singapore International Arbitration Centre	Singapore\$693,487.60	This matter relates to a claim by Genisys Integrated Engineers Ltd for works done in the Singapore National Eye Centre. SEC has withheld Singapore\$693,487.60 (US\$462,325) for work done on Genisys's behalf.	Genisys has appealed against the award of the arbitrator dated January 20, 2009.
Punj Lloyd Aviation Limited								
11.	Show cause notice no. VIII/CCP/A /CU/88/08/3 /935	April 15, 2009	Commissioner of Customs, New Delhi	Punj Lloyd Aviation Limited	Commissioner of Customs, New Delhi	Rs.17.8 million	A show cause notice was issued by the Commissioner of Customs (Preventive), New Delhi.	The date of the next hearing is October 1, 2009.

Metropolitan Industries, a Promoter Group entity, is a party to separate proceedings before the Metropolitan Magistrate, Esplanade Court, Mumbai. For details, see “— Litigation/Proceedings involving the Directors of the Company — Cases against Directors” beginning on page 231 of the Red Herring Prospectus.

Spectra Net Limited and Sembawang Engineers & Constructors Pte Limited, our Promoter Group entities, are parties to separate proceedings before the Delhi High Court. For details, see “— Litigation/Proceedings involving the Directors of the Company — Cases against Directors” and “—Litigation involving the Promoters — Cases by the Promoters” beginning on pages 231 and 240, respectively, of the Red Herring Prospectus.

Cases by the Promoter Group Companies

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Metropolitan Industries								
1.	11/158-159/03-04/Ecn-	October 19, 2001	Metropolitan Industries	DGFT	Ministry of Commerce and Industry	Rs.11,500,000	An appeal was filed against the adjudication orders	After the hearing, the DGFT set aside

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
	I/2078 - The licences which were covered against this are as follows: (Lic. No. 2003579 - Resultant Product - Oxyphenbutazone & Lic. No. 3219183, 3285012, 2264735, 2264750 & 2260553 - Resultant Product - Sulphamethoxazole. Appeal against Adj. Order File No. 0385040004 99AM88/180 & 0385040004 45 AM88/163				(DGFT)		dated June 23, 2006 and June 16, 2003 demanding fiscal penalty of Rs. 4,000,000 and Rs. 7,500,000 on the ground of non-fulfillment of export obligation. Metropolitan Industries had filed an appeal stating that the documents had been submerged in water during floods in July 2005 and the matter was more than 10 years old, hence the papers could not be located. An application under the Right to Information Act, 2005 was also filed demanding copies of relevant documents from the DGFT and the customs authorities.	the adjudication order and remanded the case to the adjudicating authority for de novo consideration and granted an opportunity to Metropolitan Industries to present the case to the adjudicating authority. The matter is pending at this stage.
Spectra Punj Lloyd Limited								
2.	8368 of 2005	August 18, 2005	Spectra Punj Lloyd Limited	Progressive Constructions Limited and Others	Delhi High Court	Rs. 23,248,025	A suit for recovery has been filed against the defendants and notice has been issued.	The next date of hearing is October 26, 2009.
Spectra Net Limited								
3.	CS (OS) 1622 of 2003	August 26, 2003	Spectra Net Limited	Mr. Ravi Kohli proprietor of M/s KAC Trendsetters	High Court, Delhi	Rs.12,597,265.73	A suit for recovery has been filed against the defendant, a cable operator, towards the recovery of video feed charges and material supplied.	The matter is fixed for cross examination of the plaintiff's witness. The next date of hearing is November 22, 2009.
Sembawang Engineers & Constructors Pte Limited								
4.	S/824/2005	November 15, 2005	Sembawang Engineers & Constructors Pte Limited (SEC)	RDC Holdings Limited	Supreme Court of Singapore	USD 1,933,554.78 (value of shortfall in steel bars) Claims: USD 334,465.13 and USD 68,089.17 and Global Settlement	This concerns an agreement for management of steel bars between SEC & RDC Holdings Pte Limited. RDC Holdings Pte Limited has mismanaged the steel bars causing a shortfall. This also	A Deed of Settlement has been signed. The petition will be disposed of upon encashment of post dated cheques.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
						Figure- USD 3,200,000	concerns all SEC/RDC entities exploring the possibility of a global settlement.	
5.	Suit No. 656 of 2008	October 6, 2008	Sembawang Engineers & Constructors Pte Limited (SEC)	Covec	High Courts, Republic of Singapore	Singapore\$41,492,000 in liquidated damages	SEC engaged Covec as a subcontractor to carry out reinforced concrete works. Covec was obliged under the subcontract to complete the works within the subcontract period, which was from April 26, 2002 to November 1, 2004. Covec completed the works on September 20, 2007. Clause 29 of the subcontract provides for the imposition of liquidated damages at the rate of Singapore\$41,000 for each day of delay by Covec in completing the works. SEC is entitled to recover liquidated damages of Singapore\$41,492,000 from Covec on account of the 1,012 days of delay from November 1, 2004 to September 20, 2007	The suit is in progress.
6.	NA	April 3, 2009	Sembawang Engineers & Constructors Pte Limited (SEC)	Doshion Limited	Singapore Institute of Arbitrators	US\$4,696,434.38	This relates to a contractual dispute between SEC and Doshion Limited in respect of breach of the subcontract for the design, supply, delivery, installation supervision, testing and commissioning of the water and waste water treatment system, chlorination system, chemical storage system and cooling water treatment system for Ca Mau 1 and Ca Mau 2 shared facility and Ca Mau 2 as part of the construction of a 750 MW combined cycle power plant at Ca Mau in Vietnam. Pursuant to Clause 23.1 of the subcontract, all disputes are to be finally resolved by arbitration in accordance with the Rules of Arbitration of	The statement of claim was filed on July 15, 2009.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
							the Singapore Institute of Arbitrators. SEC has served the request for arbitration on April 3, 2009 on Doshion Limited in accordance with such rules. The principal relief and/or remedy that SEC seeks against Doshion Limited includes (a) payment of the sum of US\$4,696,434.38 and any further sum(s) incurred by SEC in undertaking rectification works and/or outstanding works on Doshion Limited's behalf under the subcontract.	
PT Punj Lloyd Indonesia								
7.	290/Pdt.G/2007/PN.JKT.PS T	August 22, 2007	PT Punj Lloyd Indonesia	PT. Asuransi Prisma, Indonesia	Central Jakarta, District Court	USD 2,838,000	This concerns an insurance claim towards damage of goods during voyage through sea.	The defendant had declared its company as bankrupt.
8.	1253/Pdt.G/2007/PN.JKT.SE L	September 11, 2007	PT Punj Lloyd Indonesia	PT. Sumatra Trans Continental and Others	South Jakarta, District Court	Indonesian Rupiahs 2,002,496,133 (USD 210,000)	This involves a claim for damages for breach of contract.	The case is in progress, there is a conflict between the defenders as there are two parties claiming to represent STC.
Montana Infrastructure Limited								
9.	Appeal filed in SSRD Ahmed abad MVV/G HARK HED/R JT/01/09 in relation to the decision in Rev/Ten/HHD P/55/S HARA TBHA NG/135 /07 Special	November 26, 2008 February 18, 2009	Montana Infrastructure Limited ("Montana")	Collector, Rajkot	SSRDA, (Revenue) Ahmedabad; Gujarat High Court	-	Monatana had purchased agricultural land under a sale deed dated September 2, 1996. Montana violated certain conditions of the permission dated December 31, 1999 granted by the Collector, Rajkot. The Collector, Rajkot passed an order vesting the land with the Government, and Montana filed an appeal against the Collector's order before the S.S.R.D.A. (Revenue Dept.) The company has also filed a Special Civil Application in the High Court for setting aside the Collector's order.	Both the cases are pending. The next date of hearing in the High Court is yet to be notified. The next date of the S.S.R.D.A. matter will be fixed after the High Court's hearing/ order.

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
	Civil Application No.2297							

Tax Cases Against the Promoter Group Companies

S. No.	Appeal No./Case No.	Dated	Applicant	Respondents	Name & Address of the Court/ Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
Montana Infrastructure Limited								
1.	Demand Notice No. VII(b)48(4) 14/Cus/PR/99	December 23, 1997	Assistant Commissioner of Customs (Preventive) Tax Recovery Officer, M & P Wing, Mumbai	Montana Infrastructure Limited, Mr. Bhavesh P. Gandhi and Others	Joint Commissioner of Customs (Preventive) M & P Wing, Everest House, Marine Drive, Mumbai	Rs.500,000	Show cause Notice no. SIU/III-04/97/117 dated December 23, 1997 was issued and the Commissioner of Customs (P), Mumbai issued an order on March 10, 1998 and the CESTAT issued an order on October 29, 1999 directing Montana Infrastructure Limited to pay Rs.500,000 custom duty and penalty. Montana Infrastructure Limited wrote a letter dated November 11, 2000 to the Deputy Commissioner of Customs, Preventive (Refund Section) stating that Sea King Marine Services, (SKMS), one of the group companies, is entitled to a refund from the above department amounting to Rs.6,308,933 and SKMS has requested the department to deduct a sum of Rs.500,000 out of this refund. SKMS had also given their NOC authorising to department to deduct Rs.500,000. SKMS also filed an appeal in the High Court at Mumbai to obtain this refund. The matter is pending before the High	Mr. A. K. Jain, Advocate replied to the department on October 3, 2007. The department issued a letter directing payment of the penalty, to which letter a reply was sent on July 24, 2009.

<u>S. No.</u>	<u>Appeal No./Case No.</u>	<u>Dated</u>	<u>Applicant</u>	<u>Respondents</u>	<u>Name & Address of the Court/ Arbitration Panel</u>	<u>Amount Under Consideration</u>	<u>Brief Description of Case</u>	<u>Status</u>
							Court.	
Metropolitan Industries								
2.	107/07	December 2007	Commissioner of Customs (P), Mumbai	Metropolitan Industries, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, Hitesh Shah and Fairlon Engineering	Mumbai High Court	Rs.18,450,567	The respondent is engaged in export of Cupro Nickel and import of Copper and Nickel against its advance license. The Commissioner of Customs claimed duty of Rs.20,000,000 for unauthorized import/fraudulent clearance of goods. The respondent had filed an appeal against this demand before the CESTAT. Subsequently CESTAT passed an order in favour of the Metropolitan Industries and others. The Commissioner of Customs (Preventive), Mumbai has filed an appeal and challenged the order of the CESTAT.	The first hearing for the matter was on January 16, 2008. The next date of hearing is yet to be notified.

Tax Cases by the Promoter Group Companies

<u>S. No.</u>	<u>Appeal No./Case No.</u>	<u>Dated</u>	<u>Applicant</u>	<u>Respondents</u>	<u>Name & Address of the Court/ Arbitration Panel</u>	<u>Amount Under Consideration</u>	<u>Brief Description of Case</u>	<u>Status</u>
Metropolitan Industries								
1.	-	February 1, 2005	Metropolitan Industries	Assistant Commissioner of Income Tax, Central Circle 25, Mumbai	Commissioner of Income Tax (Appeals), Central V, Mumbai	Rs. 5,701,858	For the assessment year 2002-2003, the Assessing Officer disallowed a claim of business expenses on the ground of discontinuation of business.	The matter is pending and the date of hearing is yet to be notified.

Details of past penalties imposed on the Promoter Group Companies

There are no past penalties imposed on the Promoter Group Companies.

Details of proceedings initiated by SEBI against the Promoter Group companies

S. No.	Company	Authority	Date of Notice	Brief Description and Penalty Imposed
Spectra Punj Lloyd Limited				
1.	Spectra Punj Lloyd Limited	SEBI	Letter dated September 20, 2004	SEBI alleged that Spectra Punj Lloyd Limited (“Spectra Punj”) had violated the disclosure requirements under Regulations 6 and 8 of the Takeover Code. By this letter, SEBI proposed a consent order subject to payment of a Rs.175,000 penalty by Spectra Punj and advised it to execute and provide to SEBI a consent letter in a prescribed format. Spectra Punj agreed to the payment of such penalty and provided SEBI its consent by a letter dated November 3, 2004. Spectra Punj has not received any further communication from SEBI in relation to this matter.

Note on entries under “Amount under Consideration” in this section

All entries under the heading “Amount under Consideration” in the tables presented above are estimates only and are made on the basis of the issues in dispute. The actual monetary, criminal or other liability when the outstanding litigation is finally decided by the court, tribunal or other authority before which the matter is pending may be more or less than that stated under this head.

Material Developments since the Last Balance Sheet Date

In the opinion of the Board, other than as disclosed in the Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities over the next twelve months.

GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake this Issue and its current business activities and no further major approvals are required to undertake the Issue or continue its business activities. Unless otherwise stated, these approvals are valid as of the date of the Red Herring Prospectus.

Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

1. The Board of Directors has, pursuant to a resolution adopted at its meeting held on September 11, 2007, as amended by the resolution adopted at its meeting held on June 17, 2008, which was further amended pursuant to a circular resolution dated July 18, 2009, authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to a resolution adopted at a general meeting held on September 11, 2007, as amended by the resolutions adopted at the annual general meeting held on July 15, 2008 which was further amended by the resolution adopted at an extra-ordinary general meeting held on July 27, 2009, approved the Issue and authorized the Board of Directors and/or a committee thereof to decide the terms and conditions of the Issue.
3. The Company has obtained in-principle listing approvals dated March 11, 2008 and February 29, 2008 from the BSE and the NSE, respectively.
4. The Company has also obtained necessary contractual approvals required for the Issue.

Approvals for the Business

We require various approvals to carry on our business in India. The approvals that we require include the following:

S. No.	No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Approvals of the Company				
1.	PAN Number AABCP1491L under the I.T. Act	Income Tax Department, Government of India	Nil	Valid until cancelled
2.	Tax Deduction Account Number RKTP00565F under the I.T. Act	Income Tax Officer TDS-2, Rajkot	July 17, 2003	Valid until cancelled
3.	Registration No. PT/R/1/1/21/30141 under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer, Mumbai	December 18, 1999	Valid until cancelled
4.	Registration No. PT/E/1/1/21/18/13781 under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer, Mumbai	January 24, 2000	Valid until cancelled
5.	Registration No. E-448013359 under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	Profession Tax Officer, Gujarat	September 21, 2000	Valid until cancelled
6.	Registration No. R 448000582 under the Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	Profession Tax Officer, Gujarat	November 22, 2000	Valid until cancelled
7.	Registration No. 27770609509V under the Maharashtra Value Added Tax Act, 2002	Sales Tax Department, Maharashtra	May 21, 2007	Valid until cancelled

S. No.	No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
8.	Registration No. 27770609509C under the Central Sales Tax Act, 1956	Sales Tax Department, Maharashtra	May 21, 2007	Valid until cancelled
9.	Registration No. 24131300326 under the Gujarat Sales Tax Act, 1969	Sales Tax Department, Gujarat	December 7, 2005	Valid until cancelled
10.	Registration No. 24631300326 under the Central Sales Tax (Registration and Turnover) Rules, 1957	Sales Tax Department, Gujarat	May 24, 2007	Valid until cancelled
11.	Service Tax Registration Number ST Mumbai STCDN-II192006	Office of the Deputy Assistant Commissioner of Service Tax, Mumbai	July 28, 2006	Valid until cancelled
12.	Registration No. A-II/022387 under the Bombay Shops and Establishments Act, 1948	Office of the Inspector under the Bombay Shops and Establishments Act, 1948	April 29, 2000	Valid until December 31, 2009
13.	Registration No. MH/PE/APP/44547/EnFI/019/833/358 under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952	Office of the Regional Provident Fund Commissioner	July 6, 2000	Valid until cancelled
14.	Certificate of Importer-Exporter Code No. 0899003702	Ministry of Commerce, Government of India	August 30, 1999, reissued on February 27, 2008	Valid until cancelled. In case of any change in the name or address or constitution of the IEC holder, the IEC holder shall cease to be eligible to import or export against the IEC after the expiry of 90 days from the date of such a change unless in the meantime, the consequential changes are effected in the IEC by the licensing authority.
15.	Letter of permission No. KASEZ/100%EOU/II/39/2005-06/58 for establishment of new undertaking under 100% EOU scheme for manufacture of shipbuilding, ship repair	Office of the Development Commissioner, Kandla SEZ	April 4, 2006	<p>The Company is required to achieve positive Net Foreign Exchange as prescribed in the EOU Scheme for a period of five years from the date of commencement of production failing which it would be liable for penal action.</p> <p>Valid for three years within which the Company should implement the project and commence production.</p> <p>The Company has informed the relevant authority about the commencement of production with effect from April 1, 2009.</p>
16.	Green Card No. KASEZ/11/2006-07 certifying the Company as a 100% Export Oriented Unit	Office of the Development Commissioner, Kandla SEZ	June 6, 2006	Valid until June 5, 2011
17.	Letter No. KASEZ/100%EOU/II/39/05-06-2733 acknowledging the validity of Letter of permission No. KASEZ/100%EOU/II/39/2005-06/58 for five years from the date of commencement of production	Office of the Development Commissioner, Kandla SEZ	June 10, 2009	The Company has been informed that the Letter of permission granted to its EOU shall be valid for a period of five years from the date of commencement of production <u>i.e.</u> , up to March 31, 2014.
18.	Letter of permission for import or indigenous procurement of Raw Materials/Capital goods	Office of the Development Commissioner, Kandla	July 12, 2006	Valid until cancelled

S. No.	No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
		SEZ		
19.	Consent to establish (NOC) no. GPCB/CE/CCA-AMR-38/17453 under Section 25 of the Water Act and Section 21 of the Air Act for fabrication of modules for ship building	Gujarat Pollution Control Board	June 25, 2007	Valid for five years In case of any change in ownership or management, the name and address of the new owners, partners, directors or proprietors should be immediately intimated to the Gujarat Pollution Control Board.
20.	Consent to establish (NOC) no. GPCB/CE/CCA-AMR-38/17455 under Section 25 of the Water Act and Section 21 of the Air Act for assembly of fabricated modules/blocks for building 10-12 ships per annum	Gujarat Pollution Control Board	June 25, 2007	Valid for five years In case of any change in ownership or management, the name and address of the new owners, partners, directors or proprietors should be immediately intimated to the Gujarat Pollution Control Board.
21.	Permission under Section 35(1) of the GMB Act to start construction activities for the shipyard project at Pipavav Port.	Gujarat Maritime Board	June 25, 2007	The Company has to obtain all statutory clearances including environmental and CRZ clearances from the concerned authorities of the Government of India/Government of Gujarat prior to commencement of work. The Company has to obtain no-objection certificates from the Customs Department, Government of India. The Company cannot handle any cargo whatsoever from the proposed docks. The permission is subject to the provisions of a sub-concession agreement to be signed between the Company and GPPL, which shall be consistent with the original concession agreement between GMB and GPPL. All mortgages of equity or assets, etc shall require prior written consent of the GMB/Government of Gujarat. An acquisition of more than 10% direct or indirect interest in the Company by any person (either alone or together with its associates) shall require and shall be subject to the prior approval of the GMB/Government of Gujarat, which approval shall be withheld if <i>inter alia</i> , such acquisition is in the opinion of the GMB/Government of Gujarat, prejudicial to national interest or otherwise. Any change, direct or indirect in the management/ownership, merger/acquisition or change in substantial number of directors in favour of any other entity shall be

S. No.	No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
				<p>subject to prior specific approval of the GMB/Government of Gujarat.</p> <p>The policy for shipbuilding which is under consideration will be applicable to the Company on finalization of the policy.</p>
22.	License no. 01/2007-08 licensing the Company as a private bonded warehouse under Section 58 of the Customs Act, 1962 and granting permission under Section 65 of the Customs Act, 1962 for shipbuilding and ship repair/refit activities.	Assistant Commissioner, Central Excise Rural Division, Bhavnagar	August 6, 2007	<p>Valid for five years.</p> <p>The stock to be held in the warehouse at any time shall not exceed Rs.24,080 million and duty thereon, Rs.1,530 million.</p> <p>The license shall cease to be valid whenever there is a change in constitution of the firm.</p>
23.	Letter of approval no. KASEZ/P&C/6/68/06-07/11085 for the establishment of a unit in the SEZ developed by E Complex Private Limited for undertaking authorized operations of manufacturing ships, vessels, hulls and offshore structures including FPSO, rigs, platforms, etc.	Development Commissioner, Kandla Special Economic Zone	January 8, 2008	<p>The goods must be exported for a period of five years from the date of commencement of production activities.</p> <p>Net Foreign Exchange as prescribed in the Special Economic Zone Rules, 2006 must be achieved from the commencement of production for the period during which the Company operates a unit in the SEZ.</p> <p>The date of commencement of production (<u>i.e.</u>, April 1, 2009) was notified to the Development Commissioner. The letter of approval shall be valid for five years from the date of commencement of production, <u>i.e.</u>, until March 31, 2014.</p> <p>To comply with the terms and conditions of this approval, the Company has executed a bond-cum-legal undertaking pursuant to which it cannot change the name and style under which it conducts business or the location of the manufacturing premises except with the written permission of the Development Commissioner.</p>
24.	Letter no. F. No. KASEZ/P&C/6/68/06-07/2608 certifying the validity of Letter of approval No. KASEZ/P&C/6/68/06-07/11085 for five years from the date of commencement of production	Development Commissioner, Kandla Special Economic Zone	June 8, 2009	The Company has been informed that the Letter of permission granted to its SEZ unit shall be valid for a period of five years from the date of commencement of production <u>i.e.</u> , up to March 31, 2014.
25.	Letter no. F. No. 12/955/2007-CL.VII approving the increase in the maximum number of directors on the Board from 12 to 15.	Ministry of Corporate Affairs, Government of India	September 4, 2008	-
26.	Registration Nos. 1634174, 1634175 and 1634176 in respect of trade mark associated with the name and logo of "Pipavav Shipyard Limited" in Classes 12, 37 and 39.	Controller General of Patents Designs and Trade Marks Registry, Department of Industrial Policy and Promotion,	With effect from December 24, 2007	Valid for a period of ten years from the date of registration and renewable for a period of ten years from the date of expiration of the original registration or of the last

S. No.	No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
		Ministry of Commerce and Industry		renewal of registration, as the case may be.
27.	Environmental clearance (NOC) No. 11-60/2008-IA.III under the Coastal Regulation Zone Notification, 1991, as amended for construction of ship building facility at Pipavav Port, Taluk Rajula, District Amreli, Gujarat.	Ministry of Environment and Forests, Government of India	December 10, 2008	To comply with the terms and conditions of the NOC, including, strict compliance with the Coastal Regulation Zone Notification, 1991, as amended, and requirement of a specific prior permission from the concerned State/Central Groundwater Board for any proposed withdrawal of ground water in the CRZ area.
Approvals of the Subsidiary				
1.	PAN Number AAACM4095N under the I.T. Act.	Income Tax Department, Government of India	Nil	Valid until cancelled
2.	Letter (F. no. CEX/MHV/E-complex/100%EOU/2007-08) referring to Notification no. 01/2007-CUS(NT) dated June 23, 2007 issued by the Commissioner of Central Excise, Bhavnagar, Department of Revenue, Ministry of Finance, Government of India declaring Village Lunsapur, Taluka Jafarabad, District Amreli, Gujarat as a Warehousing Station under Section 9 of Customs Act, 1962 for the limited purpose of setting up 100% EOUs.	Superintendent, Central Excise, A.R. Mahua, District Bhavnagar	July 23, 2007	-
3.	Letter of permission no. KASEZ/100%EOU/II/50/2006-07/135 for establishment of a new undertaking under 100% EOU scheme for the manufacture of fabricated blocks for ship building.	Development Commissioner, Kandla SEZ	April 5, 2007	<p>E Complex is required to achieve positive Net Foreign Exchange as prescribed in the EOU Scheme for a period of five years from the date of commencement of production failing which it would be liable for penal action.</p> <p>E Complex is required to make an investment of Rs.4,000,000,000 in plant and machinery in the new project. Further, a minimum of Rs.10,000,000 is required to be invested in plant and machinery before the commencement of commercial production. Details of such investment, duly verified by an independent chartered accountant are required to be provided to the Development Commissioner.</p> <p>Valid for three years within which E Complex should implement the project and commence production. This permission will automatically lapse if an application for extension of validity is not made before the end of the said period.</p>
4.	Letter of permission no. IC/IM/LOP/1733/T-3/1017 for manufacture of fabricated block for ship building.	Industries Commissioner, Gandhinagar, KASEZ	April 16, 2007	-
5.	Letter of approval no. F.1/67/2007-SEZ for development, operation and maintenance of the sector specific SEZ for engineering goods over an area of 156 hectares at villages	Department of Commerce (SEZ Section), Ministry of Commerce and Industry,	December 20, 2007	E Complex shall obtain the approval of the SEZ Board for specific activities proposed to be undertaken for development,

S. No.	No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
	Rampara and Lunsapur, District Amreli, Gujarat.	Government of India		operation and maintenance of the SEZ. Valid for three years within which E Complex shall implement the project. To comply with the terms and conditions of this approval, E Complex has executed a bond-cum-legal undertaking pursuant to which it cannot change the name and style under which it conducts business or the location of the manufacturing premises except with the written permission of the Development Commissioner.
6.	Notification by the Central Government notifying an area measuring 124.1199 hectares in villages Rampara and Lunsapur as an SEZ.	Department of Commerce (SEZ Section), Ministry of Commerce and Industry, GOI	January 2, 2008	-
7.	Demarcation of 124.1199 hectares of land in villages Rampara and Lunsapur as a Processing Area pursuant to letter no. KASEZ/P&C/5/9707/1083.	Development Commissioner, Kandla Special Economic Zone	January 8, 2008	-
8.	Letter No. KASEZ/P&C/5/97/07/11081 for approval of goods and services for approved authorized operations.	Development Commissioner, Kandla Special Economic Zone	January 8, 2008	E Complex is required to submit to the Development Commissioner and the specified officer, half-yearly reports from an independent chartered engineer regarding the utilization of goods.
9.	Letter No. F.1/67/2007-SEZ for approval by the SEZ Board of authorized operations to be carried out by E Complex in the sector specific engineering SEZ.	Department of Commerce (SEZ Section), Ministry of Commerce and Industry, GOI	March 10, 2008	The procedure prescribed in the Special Economic Zones Rules, 2006 must be followed for availing the exemptions, drawback and concessions.
10.	Letter no. KASEZ/P&C/5/97/07/120 for approval of goods and services for approved authorized operations.	Development Commissioner, Kandla Special Economic Zone	April 2, 2008	E Complex is required to submit to the Development Commissioner and the specified officer, half-yearly reports from an independent chartered engineer regarding the utilization of goods.
11.	Letter No. KASEZ/P&C/5/9707/6220 for approval of goods and services for approved authorized operations.	Development Commissioner, Kandla Special Economic Zone	July 31, 2008	Subject to the conditions specified in letters no. KASEZ/P&C/5/97/07/11081 and KASEZ/P&C/5/97/07/120. Certain additional conditions have also been specified in respect of the goods and services approved pursuant to this letter. Any goods and services for creation of infrastructure in excess of that approved pursuant to letter no. F.1/67/2007-SEZ dated March 10, 2008 will not be eligible for any exemptions, concessions or drawback.

Approvals Applied for but not yet Received

Approvals of the Company

1. Application dated September 9, 2008 to the Ministry of Corporate Affairs, Government of India seeking approval for the remuneration payable to Mr. Bhavesh P. Gandhi for the period commencing from April 1, 2008 to March 31, 2009, which was in excess of the limits specified under Section 269 of the Companies Act.
2. Application dated January 9, 2009 to the Ministry of Corporate Affairs, Government of India seeking approval for the remuneration payable to Mr. Bhavesh P. Gandhi for the period commencing from January 1, 2009 to December 31, 2011, which is in excess of the limits specified under Section 269 of the Companies Act.

The Company will apply for other statutory approvals as and when required.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors has, pursuant to resolution adopted at its meeting held on September 11, 2007, as amended by the resolution adopted at its meeting held on June 17, 2008 and the circular resolution dated July 18, 2009, authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The Board, pursuant to its resolution dated June 11, 2007, has authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue. The IPO Committee has approved and authorized the Draft Red Herring Prospectus pursuant to its resolution dated January 16, 2008 and the board of directors approved the Red Herring Prospectus pursuant to its circular resolution dated July 30, 2009.

The shareholders of the Company have, pursuant to a resolution dated September 11, 2007, as amended by the resolutions adopted at the annual general meeting held on July 15, 2008 and an extraordinary general meeting held on July 27, 2009, under Section 81(1A) of the Companies Act, authorized the Issue.

Prohibition by SEBI, RBI or governmental authorities

The Company, the Directors, the Promoters, the Promoter Group, the directors or person(s) in control of the Promoter or the Promoter Group entities, the Subsidiary and the companies in which the Directors are associated as directors, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Certain Directors are also associated with the securities market. There are no actions initiated by SEBI against any such entity.

Except as disclosed in the section “Outstanding Litigation and Material Developments” beginning on page 225 of the Red Herring Prospectus, none of the Company, the Subsidiary, the Directors, the directors of the Subsidiary, the Promoters, the Promoter Group entities and the companies in which the Directors are associated as directors, have been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

Eligibility for the Issue

The Company is not eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations since the Company does not have a track record of distributable profits in terms of Section 205 of the Companies Act for at least three out of the immediately preceding five years.

The Company is eligible to make the Issue in accordance with Regulation 26(2) of the SEBI Regulations as explained below:

“An issuer not satisfying any of the conditions stipulated in sub-regulation (1) may make an initial public offer if:

- (a) (i) *The issue is made through the book-building process and the issuer undertakes to allot at least fifty per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers.*
or
- (ii) *at least 15% of the cost of the project is contributed by scheduled commercial banks or public financial institutions, of which not less than 10% shall come from the appraisers and the issuer undertakes to allot at least ten per cent of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make the allotment to the qualified institutional buyers.*
- (b) (i) *The minimum post-issue face value capital of the issuer is Rs.10 crores (Rs.100 million).*

or

- (ii) *the issuer undertakes to provide market-making for at least 2 years from the date of listing of the specified securities, subject to the following:*
- (A) *the market makers offer to buy and sell quotes for a minimum depth of 300 specified securities and ensure that the bid-ask spread for their quotes does not, at any time, exceed 10%;*
- (B) *the inventory of the market makers, as on the date of allotment of the specified securities, shall be at least 5% of the proposed issue."*

The Company is an unlisted company not complying with the conditions specified in Regulation 26(1) of the SEBI Regulations and is, therefore, required to meet both the conditions detailed in Regulation 26(2) of the SEBI Regulations.

- The Company will comply with Regulation 26(2)(a)(i) of the SEBI Regulations and at least 60% of the Net Issue is proposed to be allotted to QIBs (in order to comply with the requirements of Rule 19(2)(b) of the SCRR) and in the event the Company fails to do so, the full subscription monies shall be refunded to the Bidders.
- The Company will comply with the second proviso to Regulation 43(2)(c) of the SEBI Regulations; accordingly, not less than 10% and 30% of the Net Issue shall be available for allocation to Non-Institutional Bidders and Retail Individual Bidders, respectively, subject to valid Bids being received.
- The Company will comply with Regulation 26(2)(b)(i) of the SEBI Regulations and the post-Issue face value capital of the Company shall be Rs.6,657,983,880, which is more than the minimum requirement of Rs.10 crores (Rs.100.0 million).

Further, in accordance with Regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay as specified herein, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

Accordingly, the Company is eligible for the Issue under Regulation 26(2) of the SEBI Regulations.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, ENAM SECURITIES PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED, AND THE CO-BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK

RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, JM FINANCIAL CONSULTANTS PRIVATE LIMITED, CITIGROUP GLOBAL MARKETS INDIA PRIVATE LIMITED, ENAM SECURITIES PRIVATE LIMITED AND SBI CAPITAL MARKETS LIMITED, AND THE CO-BOOK RUNNING LEAD MANAGERS, KOTAK MAHINDRA CAPITAL COMPANY LIMITED AND MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 16, 2008 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

- “1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,**

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AND OTHER APPLICABLE LEGAL REQUIREMENTS;**
- 3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID;**
- 4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**

6. WE CERTIFY THAT CLAUSE 4.6 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, WHICH RELATES TO SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE CLAUSE HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
7. WE UNDERTAKE THAT CLAUSES 4.9.1, 4.9.2, 4.9.3 AND 4.9.4 OF THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION AND SUBSCRIPTION FROM ALL FIRM ALLOTTEES WOULD BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - NOT APPLICABLE.
8. WHERE THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION IS NOT APPLICABLE TO THE ISSUER, WE CERTIFY THE REQUIREMENTS OF PROMOTERS' CONTRIBUTION UNDER CLAUSE 4.10 {SUB-CLAUSE (A), (B) OR (C), AS MAY BE APPLICABLE} ARE NOT APPLICABLE TO THE ISSUER. - NOT APPLICABLE.
9. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
11. WE CERTIFY THAT NO PAYMENT IN THE NATURE OF DISCOUNT, COMMISSION, ALLOWANCE OR OTHERWISE SHALL BE MADE BY THE ISSUER OR THE PROMOTERS, DIRECTLY OR INDIRECTLY, TO ANY PERSON WHO RECEIVES SECURITIES BY WAY OF FIRM ALLOTMENT IN THE ISSUE.
12. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
 - (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE COMPANY AND

- (b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.”**

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS AND THE CO-BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Disclaimer from the Company, the BRLMs and the CBRLMs

The Company, the Directors, the BRLMs and the CBRLMs accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at the Company's instance and anyone placing reliance on any other source of information, including the Company's website www.pipavavshipyard.com, or the website of any Subsidiary, or the website of any Promoter or member of the Promoter Group or the website of any affiliate or associate of any such entity, would be doing so at his or her own risk.

The BRLMs and the CBRLMs accept no responsibility, save to the limited extent as provided in the memorandum of understanding entered into among the BRLMs, the CBRLMs and the Company on July 30, 2009, as amended by an addendum dated September 4, 2009 and the Underwriting Agreement to be entered into between the Underwriters and the Company.

All information shall be made available by the Company, the BRLMs, the CBRLMs and the other members of the Syndicate to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither the Company nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that Bid in the Issue will be required to confirm, and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in the Issue and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs.250 million and the National Investment Fund, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold

Equity Shares of the Company. The Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to the exclusive jurisdiction of the competent courts in Mumbai, Maharashtra, India.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Red Herring Prospectus nor any invitation, offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer clause of the BSE

The Bombay Stock Exchange Limited (the “BSE”) has given by its letter dated March 11, 2008, permission to this Company to use the BSE’s name in this offer document as one of the stock exchanges on which this Company’s securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The BSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company’s securities will be listed or will continue to be listed on the BSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent

to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this offer document has been submitted to the National Stock Exchange of India Limited ("NSE"). The NSE has given by its letter ref.: NSE/LIST/68010-A dated February 29, 2008, permission to the Company to use the NSE's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The NSE has scrutinized this draft offer document for its internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that the offer document has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that the Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of CARE

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospectus of the issuer also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Filing

A copy of the Draft Red Herring Prospectus dated January 16, 2008 was filed with SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act will be delivered for registration to the RoC at ROC Bhavan, CGO Complex, Opposite Rupal Park Society, Near Ankur Cross Road, Navrangpura, Ahmedabad – 380 013, Gujarat, India.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered and sold in the Issue. The NSE will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from applicants in reliance on the Red Herring Prospectus. If such money is not repaid within eight days after the Company have become liable to repay it (i.e., from the date of refusal or within 10 weeks from the Bid/Issue Closing Date, whichever is earlier), then the Company and every Director of the

Company who is an officer in default shall, on and from the expiry of such eight day period, be liable to repay the monies, with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of formalities for the listing and commencement of trading at the Stock Exchanges are taken within seven working days of finalization of the basis of allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, the legal advisors, the Advisor to the Issue, the Bankers to the Company, the Bankers to the Issue, the Monitoring Agency, the lenders and experts; and (b) the BRLMs, the CBRLMs, the Syndicate Members, the Escrow Collection Bankers and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI Regulations, Chaturvedi & Shah, Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus to the RoC.

Chaturvedi & Shah, Chartered Accountants, have given their written consent to inclusion of their report relating to the possible tax benefits accruing to the Company and its shareholders in the form and context in which it appears in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus to the RoC.

CARE, a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and the Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus with the Designated Stock Exchange.

Expert Opinion

We have not obtained any expert opinions other than the report of CARE in respect of the IPO grading of this Issue, the financial statements set out in the section “Financial Statements”, the information in the section “Statement of Tax Benefits” and the information memorandum prepared by IDBI.

Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rs. in million)	As a % of total Issue expenses	As a % of Issue size
Listing fees	[●] ⁽¹⁾	[●]	[●]
Lead management fee, underwriting and selling commissions	[●] ⁽¹⁾	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Fees and expenses for IPO Grading	[●]	[●]	[●]
Other (Monitoring Agency's fees, Registrar's fees, legal fees, etc.)	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

(1) Will be completed after finalization of the Issue Price.

Fees Payable to the BRLMs, the CBRLMs, the Syndicate Members and the Advisor

The total fees payable to the Book Running Lead Managers, Co-Book Running Lead Managers and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per their engagement letter dated January 7, 2008, copies of which are available for inspection at the Company's registered office. The total fees payable to the Advisor to the Issue will be as per the terms of its engagement letter dated November 26, 2007, a copy of which is available for inspection at the Company's registered office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CANs/refund orders (or revised CANs, if required), preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the memorandum of understanding between the Company and the Registrar to the Issue dated September 24, 2007, as amended by an addendum dated September 1, 2009, a copy of which is available for inspection at the Company's registered office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to make refunds in any of the modes described in the Red Herring Prospectus or send allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the last five years

The Company has not made any previous rights or public issues in India or abroad in the five years preceding the date of the Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

The Company has not made any previous issues of shares for consideration other than cash.

Underwriting commission, brokerage and selling commission on Previous Issues

Subject to the proposed Pre-IPO Placing, since this is an initial public offering of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Companies under the Same Management

No company under the same management within the meaning of Section 370(1B) of the Companies Act has made any public or rights issue during the last three years.

Promise v/s performance

The details of the initial public offering of Punj Lloyd, a Promoter are as hereunder:

Issue opened on	December 13, 2005
Issue closed on	December 16, 2005

There were no projections in the prospectus issued by the Company. The objects of PLL's initial public offering were listing of the equity shares on the stock exchanges and to finance purchase of capital equipment, prepayment of debt, project related investments and general corporate purposes. The objects mentioned in the offer document to the initial public offer have been achieved.

Punj Lloyd also completed qualified institutional placements of its equity shares under Chapter XIII A of the SEBI Guidelines in August 2007 and August 2009.

Other than as disclosed above, the Company, the Promoters, Promoter Group Companies and the Subsidiary have not made any public or rights issue in the last three years.

Outstanding Debentures or Bond Issues or Preference Shares

The Company has no outstanding debentures, bonds or redeemable preference shares as of the date of the Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public offering of the Equity Shares of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

There is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of the Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the Issue contemplated in consequence of the contract; or
- The amount of the purchase money is not material.

The Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Issue and the Company will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of the letters of allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid-cum-Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders for the redressal of genuine investor grievances shall be fifteen days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has authorized Mr. Ajit Dabholkar, the Company Secretary appointed by the Company as the Compliance Officer, to redress all complaints, if any, of the investors participating in the Issue. He can be contacted at the following address:

Mr. Ajit Dabholkar
SKIL House,
209 Bank Street Cross Lane,
Fort, Mumbai – 400 023
Maharashtra, India

Tel: +91 22 6619 9139
Fax: +91 22 2269 6022
Email: company.secretary@pipavavshipyard.com

Other Disclosures

The Promoters, the directors of the Promoters, any member of the Promoter Group or the directors of the Company and its Subsidiary have not purchased or sold any securities of the Company during a period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

Disposal of investor grievances by listed companies under the same management as the Company

There is no listed company under the same management as the Company.

Change in Auditors

There have been no changes in the Company's auditors in the last three years, except as described below:

Name of Auditor	Date of Appointment	Date of resignation	Reasons for change
GPS & Associates	October 18, 1997	August 11, 2009.	Expiry of term and did not seek reappointment.
Chaturvedi & Shah	July 15, 2008	-	Appointment as Auditors.

* GPS & Associates and Chaturvedi & Shah were the joint auditors of the Company for the fiscal year ended 2009.

Capitalization of Reserves or Profits

The Company has not capitalized its reserves or profits at any time during the last five years.

Tax Implications

Investors that are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, see the section "Statement of Tax Benefits" beginning on page 61 of the Red Herring Prospectus.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Interest of Promoters and Directors

For details, see the sections "Our Management", "Our Promoters and Promoter Group Companies" and "Related Party Transactions", beginning on pages 121, 138 and 191, respectively, of the Red Herring Prospectus.

Payment or Benefit to Officers of the Company

Except as stated otherwise in the Red Herring Prospectus, during the preceding two years no amount or benefit has been paid or given, or is intended to be paid or given, to any of the Company's officers except normal remuneration rendered as Directors, officers or employees. Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company is entitled to any benefit upon termination of such officer's employment in the Company or superannuation. None of the beneficiaries of loans, and advances and sundry debtors are related to the Directors of the Company. For details, see the section "Our Management" beginning on page 121 of the Red Herring Prospectus.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN, the listing agreements with the Stock Exchanges, other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates as may be entered into in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and the listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

1. The Board of Directors has, pursuant to a resolution adopted at its meeting held on September 11, 2007, as amended by the resolution adopted at its meeting held on June 17, 2008 and a circular resolution dated July 18, 2009, authorized the Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The Board pursuant to its resolution dated June 11, 2007 has authorized a committee of its Directors referred to as the IPO Committee to take decisions on behalf of the Board in relation to the Issue. The IPO Committee has approved and authorized the Draft Red Herring Prospectus pursuant to its resolution dated January 16, 2008 and the Board of Directors has approved the Red Herring Prospectus pursuant to its circular resolution dated July 30, 2009.
2. The shareholders of the Company have, pursuant to a resolution adopted at a general meeting held on September 11, 2007, as amended by the resolutions adopted at the annual general meeting held on July 15, 2008 and an extraordinary general meeting held on July 27, 2009, authorized the Board of Directors to decide the terms and conditions of the Issue.
3. The Company has obtained in-principle listing approvals dated March 11, 2008 and February 29, 2008 from the BSE and the NSE, respectively.
4. The Company has also obtained all necessary contractual approvals required for the Issue.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari passu* with the existing Equity Shares of the Company including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see the section “Main Provisions of the Articles of Association” beginning on page 322 of the Red Herring Prospectus.

Mode of Payment of Dividend

The Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act.

Face Value and Issue Price

The face value of each Equity Share is Rs.10. The Issue Price of the Equity Shares is Rs.[●] per Equity Share. At any given point of time there shall be only one denomination of Equity Shares. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs and the CBRLMs, and advertised in all editions of the Economic Times in English, Navbharat Times in Hindi, Financial Express in Gujarati and Maharashtra Times in Marathi, at least two working days prior to the Bid/Issue Opening Date.

Compliance with the SEBI Regulations

The Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and any issue of bonus shares;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to applicable foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and consolidation/splitting, see the section “Main Provisions of the Articles of Association” beginning on page 322 of the Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form. As per the SEBI Regulations, the trading of the Equity Shares shall be in dematerialized form only. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be in electronic form in multiples of one (1) Equity Share, subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in Mumbai, Maharashtra, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares that are Allotted shall vest. A person, being a nominee entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same benefits to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can only be made on the prescribed form available upon request at the registered office of the Company or with the Registrar.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either to:

- register himself or herself as the holder of the Equity Shares; or
- make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonus or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

Further, in terms of Regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of Allottees to whom Equity Shares will be Allotted will not be less than 1,000.

Application by Eligible NRIs, FIIs or FVCIs

It is to be distinctly understood that there is no reservation for Eligible NRIs, FIIs or FVCIs.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation/splitting except as provided in the Articles of Association. See the section “Main Provisions of the Articles of Association” beginning on page 322 of the Red Herring Prospectus.

ISSUE STRUCTURE

The Issue of 85,450,225 Equity Shares of Rs.10 each, at the Issue Price for cash, aggregating Rs.[•] million is being made through the 100% Book Building Process. Up to 600,000 Equity Shares will be reserved in the Issue for subscription by Employees at the Issue Price. The Issue will constitute 12.83% of the fully diluted post-Issue paid-up capital of the Company. Since the date of filing the Draft Red Herring Prospectus, the Company has completed a Pre-IPO Placing of 1,399,775 Equity Shares.

If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money shall be refunded forthwith.

	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
Number of Equity Shares ⁽¹⁾	At least 50,910,135 Equity Shares.	Not less than 8,485,022 Equity Shares or the Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 25,455,068 Equity Shares or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	Up to 600,000 Equity Shares.
Percentage of Issue size available for allotment/allocation	At least 60% of the Net Issue shall be allotted to QIB Bidders. However, 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 10% of the Net Issue or the Net Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 30% of the Net Issue or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.	Up to 0.70% of the Issue.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) 2,545,507 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 48,364,628 Equity Shares shall be Allotted on a proportionate basis to all QIBs	Proportionate.	Proportionate.	Proportionate.

	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
	including Mutual Funds receiving allocation as per (a) above.			
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds Rs.100,000.	Such number of Equity Shares so that the Bid Amount exceeds Rs.100,000.	[●] Equity Shares.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the Issue size, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue size, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed Rs.100,000.	Such number of Equity Shares not exceeding the Issue size.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply ⁽²⁾	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub accounts (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds, multilateral and bilateral development financial institutions, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs.250 million in accordance with applicable law and the National Investment Fund.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the <i>Karta</i>), companies, corporate bodies, scientific institutions, societies and trusts.	Individuals (including HUFs in the name of the <i>karta</i> and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs.100,000 in value.	Eligible Employees as on the date of the Red Herring Prospectus.
Terms of Payment	QIB Margin Amount shall be payable at	Margin Amount applicable to Non-	Margin Amount applicable to Retail	Margin Amount applicable shall be

	QIBs[#]	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion
	the time of submission of the Bid-cum-Application Form to the members of the Syndicate. [#]	Institutional Bidders shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate.	Individual Bidders shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate. ^{##}	payable at the time of submission of Bid-cum-Application Form to the members of the Syndicate.
Margin Amount	At least 10% of the Bid Amount. [#]	Full Bid Amount on Bidding.	Full Bid Amount on Bidding. ^{##}	Full Bid Amount on Bidding.

[#] The QIB Portion includes the Anchor Investor Portion in accordance with the SEBI Regulations. The Anchor Investor Margin Amount shall be payable at the time of submission of the application forms by the Anchor Investors.

^{##} In case of ASBA Bidders, the SCSBs shall be authorized to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA Bid-cum-Application Forms.

- (1) Subject to valid Bids being received at or above the Issue Price. This Issue is being made through a 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to QIBs. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. Further, up to 600,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue. If the aggregate demand in the Employee Reservation Portion is greater than 600,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis, provided that the maximum allotment to any Employee shall be 15,000 Equity Shares. In the case of the Employee Reservation Portion, a single applicant may make an application for a number of specified securities which exceeds the reservation.

Under-subscription, if any, in the Non-Institutional Portion and Retail Portion, will be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange. See the section "Issue Procedure" beginning on page 279 of the Red Herring Prospectus.

- (2) In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid-cum-Application Form.

Withdrawal of the Issue and Conditions Subsequent to Allotment

The Company, in consultation with the BRLMs and the CBRLMs, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If the Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. If the Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh draft red herring prospectus with the SEBI

We are also required to obtain the final RoC acknowledgement of the Prospectus after it is filed with the RoC. Notwithstanding the foregoing, subsequent to Allotment, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for only after Allotment.

Letters of Allotment or Refund Orders

The Company shall credit each beneficiary account with its depository participant within two working days from the date of Allotment. Applicants that are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through Direct Credit, NEFT or RTGS. In the case of other applicants, the Company shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk within 15 days of the Bid/Issue Closing Date.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 15 days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members, and/or demat credits are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Bid/Issue Program

BID/ISSUE OPENING ON	September 16, 2009
BID/ISSUE CLOSING ON	September 18, 2009

The Company may consider participation by Anchor Investors for up to 15,273,040 Equity Shares in accordance with the SEBI Regulations on the Anchor Investor Bid/Issue Date. For details, see the section “Issue Procedure – Anchor Investor Portion” beginning on page 308 of the Red Herring Prospectus.

Bids and any revision in Bids will be accepted only between **10:00 a.m. and 3:00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned in the Bid-cum-Application Form except that on the Bid/Issue Closing Date, Bids and any revision in Bids (excluding the ASBA Bidders) will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until (i) 4:00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders and (ii) 5:00 p.m. or such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders and Eligible Employees where the Bid Amount is up to Rs. 1,00,000. Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3:00 p.m. (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are advised that in the event a large number of Bids are received on the Bid/Issue Closing Date, as has been typically experienced in certain public offerings, this may lead to some Bids not being uploaded due to lack of sufficient time to upload, and such Bids that cannot be uploaded will not be considered for allocation in the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday). Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid-cum-Application form for a particular Bidder, the details as per the physical application form of that Bidder will be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid-cum-Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall request rectified data from the SCSB.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received until the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLMs and the CBRLMs to the Stock Exchange(s) within half an hour of such closure.

The Company, in consultation with the BRLMs and the CBRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations, provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after revision of the Price Band subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the websites of the BRLMs, the CBRLMs and at the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

This Issue is being made through the 100% Book Building Process wherein at least 60% of the Net Issue shall be allotted on a proportionate basis to QIBs, including up to 5% of the QIB Portion, which shall be available for allocation on a proportionate basis to Mutual Funds only. If at least 60% of the Net Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, not less than 10% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 30% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further up to 600,000 Equity Shares shall be available for allocation on a proportionate basis to Employees, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLMs and the CBRLMs. In case of QIB Bidders, the Company, in consultation with the BRLMs, may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. In the cases of Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered and date and time stamped at the Bidding centres and such form shall be issued in duplicate signed by the Bidder and countersigned by the relevant member of the Syndicate. The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid. The Bidders shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories is as follows:

Category	Colour of Bid-cum-Application Form
Persons Resident in India and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs applying on a repatriation basis, FIIs, Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions and other Non-Residents applying on a repatriation basis	Blue
Eligible Employees	Pink

The physical ASBA Bid-cum-Application Form shall be white in colour. In accordance with the SEBI Regulations, only Resident Retail Individual Investors can participate by way of the ASBA process. ASBA Bidders shall submit an ASBA Bid-cum-Application Form either in physical or electronic form to the SCSB authorizing blocking of funds that are available in the bank account specified in the ASBA Bid-cum-Application Form used by ASBA Bidders. The ASBA Bidders can only provide one Bid in the ASBA Bid-cum-Application Form at the Cut-off Price. Upon the allocation of Equity Shares, dispatch of the CAN, and

filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form to the SCSB, the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

In accordance with the SEBI Regulations, only QIBs can participate in the Anchor Investor Portion.

In respect of (i) QIBs that are Anchor Investors and (ii) ASBA Bidders, the issue procedure set out below should be read with, and is qualified by, the sections “Issue Procedure –Anchor Investor Portion” and “Issue Procedure –Issue Procedure for ASBA Bidders”, respectively, beginning on pages 308 and 309 of the Red Herring Prospectus, respectively.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.
2. Indian nationals resident in India who are not minors in single or joint names (not more than three).
3. Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid-cum-Application Form as follows: “Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids by HUFs would be considered at par with those from individuals.
4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue.
5. FIIs and sub accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual).
6. State Industrial Development Corporations.
7. Insurance companies registered with the Insurance Regulatory and Development Authority, India.
8. Provident Funds with a minimum corpus of Rs.250 million and who are authorized under their constitution to invest in equity shares.
9. Pension funds with a minimum corpus of Rs.250 million and who are authorized under their constitution to invest in equity shares.
10. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.
11. Companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in equity shares,.
12. VCFs.
13. FVCIs.
14. Indian Mutual Funds registered with SEBI.
15. Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the SEBI Regulations and other regulations, as applicable).
16. Multilateral and bilateral development financial institutions.

17. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in equity shares.
18. Scientific and/or industrial research organizations in India authorized to invest in equity shares.
19. Eligible Employees (as defined in the section “Definitions and Abbreviations” beginning on page iv of the Red Herring Prospectus.)

As per existing regulations, OCBs cannot Bid in the Issue.

Participation by Associates of BRLMs, the CBRLMs and Syndicate Members

The BRLMs, the CBRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs, the CBRLMs and Syndicate Members may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 2,545,507 Equity Shares, allocation shall be made to Mutual Funds on a proportionate basis to the extent of the Mutual Fund Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with current regulations, the following restrictions are applicable for investments by Mutual Funds:

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Bids by Eligible NRIs

Bid-cum-Application Forms have been made available for Eligible NRIs at the Registered Office of the Company and with the members of the Syndicate.

NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI category. The Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) account shall use the application form meant for Resident Indians (white form) and shall not use the forms meant for any reserved category.

In accordance with the SEBI Regulations, Non-Residents cannot subscribe to the Issue under the ASBA process.

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid-up capital of the Company (i.e., 10% of 665,798,388 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total paid-up capital of the Company. In accordance with the foreign investment limits applicable to us, the total FII investment cannot exceed 24% of the Company's total paid-up capital unless otherwise permitted with the approval of the board and the shareholders by way of a special resolution, wherein the aggregate FII holding can go up to 100%. The Board at a meeting held on August 24, 2007 and the shareholders of the Company at an extraordinary general meeting held on August 25, 2007 have approved the increase in the FII limit from 24% to 49%.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII may issue or otherwise deal in offshore derivative instruments (defined as any instrument which is issued overseas by an FII against underlying securities held by it that are listed or proposed to be listed on any stock exchange in India) only in favour of those entities which are regulated by an appropriate regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII shall also ensure that no further issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Associates and affiliates of the Underwriters, including the BRLMs, the CBRLMs and the Syndicate Members, that are FIIs may issue offshore derivative instruments against Equity Shares allocated to them in the Issue.

Bids by the SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on VCFs and FVCIs. Accordingly, the holding by any Venture Capital Fund in one Venture Capital Undertaking should not exceed 25% of the corpus of the Venture Capital Fund.

Pursuant to the SEBI Regulations, the shareholding of SEBI registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering are exempt from lock-in requirements only if the shares have been held by them for at least one year prior to filing the draft prospectus with SEBI.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company, the BRLMs and the CBRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company, the BRLMs and the CBRLMs are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations with respect to such matters.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder should not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000. Where the Bid Amount is over Rs.100,000 due to a revision in the Bid, a revision in the Price Band or upon exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

- (b) **For Non-Institutional Bidders and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and is a multiple of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them under applicable laws.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 to be considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in the Bid or a revision in the Price Band, Bids by Non-Institutional Bidders that are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion.

Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

- (c) **For Bidders in the Employee Reservation Portion:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. Allocation shall be made on a proportionate basis, provided that the maximum allotment to any Employee shall be 15,000 Equity Shares. Eligible Employees, whose Bid Amount does not exceed Rs.100,000, including due to any revision in the Price Band, may Bid at the Cut-off Price. Eligible Employees whose Bid Amount exceeds Rs.100,000 may not Bid at Cut-off Price. In the case of the Employee Reservation Portion, a single applicant may make an application for a number of specified securities which exceeds the reservation.

Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

Bidders are advised to ensure that any single Bid by them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund" below.

Information for the Bidder:

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Bid-cum-Application Form to potential investors, and at the request of potential investors, copies of the Red Herring Prospectus.
3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid-cum-Application Form can obtain such documents from the Registered Office of the Company or from any member of the Syndicate.
4. Eligible investors who are interested in acquiring the Equity Shares should approach any of the BRLMs, CBRLMs or Syndicate Members or their authorized agents to register their Bid.
5. The Bid should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

Method and Process of Bidding

1. The Company, the BRLMs and the CBRLMs shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish such information in two widely circulated national newspapers (one each in English and Hindi) and one widely circulated Gujarati newspaper. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII to the SEBI Regulations. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs and the CBRLMs, and advertised in all editions of the Economic

Times in English, Navbharat Times in Hindi, Financial Express in Gujarati and Maharashtra Times in Marathi, at least two working days prior to the Bid/Issue Opening Date. The BRLMs, the CBRLMs and the Syndicate Members shall accept Bids from the Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.

2. The Bidding Period shall be for a minimum of three working days and shall not exceed ten working days including the days for which the Issue is kept open in case of a revision in the Price Band. Where the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) and one widely circulated Gujarati newspaper and also by indicating the change on the website of the BRLMs, the CBRLMs and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, eligible investors who are interested in acquiring the Equity Shares should approach the members of the Syndicate or their authorized agents to register their Bid.
4. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph “Bids at Different Price Levels”) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.
5. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form has been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build up of the Book and Revision of Bids”.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (“TRS”) for each price and demand option and give such TRS to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.
7. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bids. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.
8. Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account”.
9. The identity of the QIB Bidders shall not be made public.

Bids at Different Price Levels

1. The Bidders can Bid at any price within the Price Band in multiples of [●].
2. The Company, in consultation with the BRLMs and the CBRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
3. In case of a revision of the Price Band, the Bidding Period shall be extended, if required, for three additional working days, subject to a maximum of 10 working days. Any revision in the Price Band

and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and one widely circulated Gujarati newspaper and also by indicating the change on the website of the BRLMs, CBRLMs and at the terminals of the members of the Syndicate.

4. The Company, in consultation with the BRLMs and the CBRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to Rs.100,000 and Bidders in the Employee Reservation Portion may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders, Non-Institutional Bidders or Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs.100,000 and such Bids from QIB, Non-Institutional Bidders or Eligible Employees shall be rejected.

6. Retail Individual Bidders and Bidders in the Employee Reservation Portion who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders and Bidders in the Employee Reservation Portion bidding at the Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the amount payable by the Retail Individual Bidders and Bidders in the Employee Reservation Portion, who Bid at the Cut-off Price, the Retail Individual Bidders and Bidders in the Employee Reservation Portion shall receive the refund of the excess amounts from the Refund Account in the manner described under the paragraph "Payment of Refund".
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation Portion who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs.100,000 if the Bidder wants to continue to Bid at the Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders and Bidders in the Employee Reservation Portion who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. [●].

Escrow Mechanism

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer

the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement among the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder shall pay the applicable Margin Amount, and shall, with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favour of the Escrow Account of the Escrow Collection Bank(s) (see “Payment Instructions” beginning on page 295 of the Red Herring Prospectus), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB Margin Amount only to a BRLM or a CBRLM. Bid-cum-Application Forms accompanied by cash/Stockinvest/money order/postal order shall not be accepted. The Margin Amount based on the Bid Amount is required to be paid at the time of submission of the Bid-cum-Application Form. The Margin Amount shall be entered and printed on the TRS.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account on the Designated Date. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, are required to pay their applicable Margin Amount at the time of submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading “Issue Structure”. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in Date. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be rejected. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid-cum-Application Form.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity in each city where a stock exchange is located in India and where Bids are being accepted.
2. The NSE and the BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorized agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges.
3. Pursuant to Item 12(g) of Part A of Schedule XI to the SEBI Regulations, the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes. The aggregate demand and price for Bids registered on electronic facilities of

- the NSE and the BSE will be uploaded at periodic intervals, not exceeding 30 minutes, consolidated and displayed on-line at all bidding centres as well as on the BSE's website at www.bseindia.com and the NSE's website at www.nse-india.com. A graphical representation of consolidated demand and price will be made available at the bidding centres at the end of each day during the Bidding Period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the Bidder(s). Bidders should ensure that the name given in the Bid-cum-Application Form is exactly the same as the name in which the Depository Account is held. In case the Bid-cum-Application Form is submitted in joint names, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid-cum-Application Form;
 - Investor category – Individual, Corporate, QIBs, Eligible NRI, FVCI, FII, Mutual Fund, etc.;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid-cum-Application Form number;
 - Margin Amount paid upon submission of Bid-cum-Application Form; and
 - Depository participant identification number and client identification number of the demat account of the Bidder.
 5. A system-generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.
 6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 7. In case of QIB Bidders, the BRLMs and the CBRLMs also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in the Red Herring Prospectus.
 8. The permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLMs are cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company.
 9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus or the Red Herring Prospectus has been cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

Build Up of the Book and Revision of Bids

1. The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis. Pursuant to Item 12(g) of Part A of Schedule XI to the SEBI Regulations, the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes.
2. The book gets built up at various price levels. This information will be available from the BRLMs and the CBRLMs on a regular basis.
3. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid-cum-Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. The Bidder must complete the details of all the options in the Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.
6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or electronic transfer of funds through RTGS for the incremental amount in the QIB Margin, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**
9. Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for allocation. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid-cum-Application Form, the decision of the Company, in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange, based on the physical records of Bid-cum-Application Forms, shall be final and binding on all concerned.
10. Under the SEBI Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs and the CBRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.
2. The Company, in consultation with the BRLMs and the CBRLMs, shall finalize the Issue Price and the number of Equity Shares to be allocated in each investor category.

3. The allotment to QIBs will be at least 60% of the Net Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders will be not less than 10% and 30% of the Net Issue, respectively, on a proportionate basis, in a manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Net Issue cannot be allotted to QIBs then the entire application money will be refunded. The allocation under the Employee Reservation Portion would be on a proportionate basis, in the manner specified in the SEBI Regulations and the Red Herring Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
4. In case of over-subscription in all categories, at least 60% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be reserved for Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange.

Under-subscription, if any, in the Retail Portion and Non-Institutional Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company, in consultation with the BRLMs and the CBRLMs. However, if the aggregate demand by Mutual Funds is less than 2,545,507 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
5. The BRLMs, in consultation with the Company shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
6. Allotment to Eligible NRIs, FIIs (or their permitted sub-accounts) registered with the SEBI or Mutual Funds or FVCIs registered with the SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.
7. The Company reserves the right to cancel the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning any reasons whatsoever.
8. Under the SEBI Regulations, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date.
9. The Company, in consultation with the BRLMs, reserves the right to reject any Bid procured from QIB Bidders by any member of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting such Bid shall be provided to such Bidder in writing.
10. The allotment details shall be hosted on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLMs, the CBRLMs and the Syndicate Members may enter into an Underwriting Agreement upon finalization of the Issue Price.
- (b) After signing the Underwriting Agreement, the Company will update and file the Red Herring Prospectus with the RoC, which will be termed the "Prospectus". The Prospectus will have details of the Issue Price, Issue size, underwriting arrangements and will be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue Advertisement

Subject to Section 66 of the Companies Act, the Company shall, after receiving final observations, if any, on the Red Herring Prospectus from the SEBI, publish an advertisement, in the form prescribed by the SEBI Regulations, in two widely circulated national newspapers, one each in English and Hindi and one widely circulated Gujarati newspaper.

Advertisement regarding the Issue Price and the Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. In addition to the information required to be set forth in a statutory advertisement, this advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note (“CAN”)

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs, the CBRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the instructions for credit of the Equity Shares to all investors in this Issue shall be given on the same date of Allotment.
- (b) The BRLMs, CBRLMs or the members of the Syndicate will then send a CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid in full the Bid Amount in the Escrow Account at the time of bidding shall pay the full amount in the Escrow Account by the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid to the Escrow Account.
- (d) The issuance of a CAN is subject to “Notice to QIBs: Allotment Reconciliation and Revised CANs” as set forth below.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This may be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs will be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled physical book prepared by the Registrar. Subject to the SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute

the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund Account on the Designated Date, the Company shall credit the successful Bidder(s) depository account within two working days of the date of Allotment.
- (b) As per the SEBI Regulations, Allotment of the Equity Shares will be only in dematerialized form to the allottees.
- (c) Successful Bidders will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them in the Issue.

GENERAL INSTRUCTIONS

DOs:

- (a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
- (b) Ensure that your Bid is within the Price Band;
- (c) Read all the instructions carefully and complete the Bid-cum-Application Form;
- (d) Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form only;
- (e) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- (f) Ensure that you have collected a TRS for all your Bid options;
- (g) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- (h) Ensure that you mention your PAN allotted under the I.T. Act irrespective of the amount of the Bid in the Bid-cum-Application Form. Applications in which PAN is not mentioned are liable to be rejected (see the section “Issue Procedure – Permanent Account Number” beginning on page 298 of the Red Herring Prospectus);
- (i) Ensure that the name(s) given in the Bid-cum-Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. Where the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form; and
- (j) Ensure that the demographic details are updated, true and correct in all respects.

DON'Ts:

- (a) Do not Bid for lower than the minimum Bid size;

- (b) Do not Bid or revise the Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash, postal order, money order or by Stockinvest;
- (e) Do not send Bid-cum-Application Forms by post; instead submit such forms to a member of the Syndicate only;
- (f) Do not Bid at the Cut-off Price, in the case of a Bid by a QIB Bidder or a Non-Institutional Bidder or such Bidder in the Employee Reservation Portion whose maximum Bid exceeds Rs.100,000;
- (g) Do not complete the Bid-cum-Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs.100,000, in the case of a Bid by a Retail Individual Bidder;
- (i) Do not submit the Bid without the QIB Margin Amount, in the case of a Bid by a QIB; and
- (j) Do not submit the GIR Number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID-CUM-APPLICATION FORM

Bidders can obtain Bid-cum-Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid-cum-Application Form or Revision Form, as applicable (white or blue).
2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
4. Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of Rs.100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the

Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Bidders such as their address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit, and occupation (hereinafter referred to as “Demographic Details”). These bank account details would be used for giving refunds to the Bidders and it is mandatory to provide the bank account details in the space provided in the Bid-cum-Application Forms. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders’ sole risk and none of the BRLMs, the CBRLMs or the Company shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully complete their Depository Account details on the Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN ON THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUM-APPLICATION FORM.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if such refund orders or documents, once sent to the address obtained from the Depositories, are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid-cum-Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidder’s sole risk and none of the Escrow Collection Bank(s), the BRLMs, the CBRLMs or the Company shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds through electronic modes as detailed in the Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s account number, then such Bids are liable to be rejected.

See also “Bids under Power of Attorney” given below.

Bids by Eligible Employees

Eligible Employee shall mean a permanent and full-time employee or a Director of the Company as on the date of the Red Herring Prospectus, who is a person resident in India (as defined under the FEMA) and who continues to be in the employment of the Company until submission of the Bid-cum-Application Form. They do not include employees of the Promoters and the Promoter Group.

Bids under Employee Reservation Portion by Eligible Employees shall be:

- Made only in the prescribed Bid-cum-Application Form or Revision Form (i.e., pink color form).

- Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid-cum-Application Form.
- The sole/First Bidder should be Eligible Employees as defined above. In case the Bid-cum-Application Form is submitted in joint names, it should be ensured that the Depository Account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.
- Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.
- Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Eligible Employees who apply or bid for securities of or for a value of not more than Rs.100,000 in any of the bidding options can apply at the Cut-Off Price. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs.100,000.
- Bid/Application by Eligible Employees can also be made in the Net Issue portion and such Bids shall not be treated as multiple bids.
- If the aggregate demand in this category is less than or equal to 600,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.
- Any under-subscription in the Equity Shares under the Employee Reservation Portion will be added back to the Net Issue.
- If the aggregate demand in this category is greater than 600,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis, subject to maximum allotment to any Employee of up to 15,000 Equity Shares.

Bids by Non-Residents, Eligible NRIs, FIIs and FVCIs on a repatriation basis

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In the names of individuals, or in the names of FIIs or FVCIs and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding Eligible NRIs) or their nominees.
3. In a single name or joint names (not more than three and in the same order as their Depository Participant details).

Bids by Eligible NRIs for a Bid Amount of up to Rs.100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs.100,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the prevailing exchange rate and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE Accounts, details of which should be furnished in the space provided for this purpose on the Bid-cum-Application Form. The Company

will not be responsible for any loss incurred by the Bidder on account of conversion of foreign currency.

It is to be clearly understood that there is no reservation for Non-Residents, Eligible NRIs, FIIs, FVCI and other non-resident Bidders, and all such Bidders will be treated on the same basis as with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be submitted along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by provident funds, subject to applicable law, with minimum corpus of Rs.250 million and pension funds with minimum corpus of Rs.250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by Mutual Funds, venture capital funds registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions that the Company, the BRLMs and the CBRLMs may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid-cum-Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid-cum-Application Form instead of those obtained from the Depositories.

PAYMENT INSTRUCTIONS

The Company shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit such instrument to the members of the Syndicate.
2. Where the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN.
3. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - (a) In the case of Resident QIB Bidders: “Escrow Account—Pipavav Shipyard Public Issue—QIB-R”
 - (b) In the case of Non-Resident QIB Bidders: “Escrow Account—Pipavav Shipyard Public Issue—QIB-NR”
 - (c) In the case of Resident Bidders: “Escrow Account—Pipavav Shipyard Public Issue—R”
 - (d) In the case of Non-Resident Bidders: “Escrow Account—Pipavav Shipyard Public Issue—NR”
 - (e) In case of Eligible Employees: “Escrow Account—Pipavav Shipyard Public Issue—Eligible Employees”
4. In the case of Bids by Eligible NRIs applying on a repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.
5. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application, remitted through normal banking channels or out of funds held in NRE Accounts or FCNR Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of an NRO Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or a FCNR or an NRO Account.
6. In case of Bids by FIIs or FVCIs the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.
7. Where a Bidder has been allocated a lesser number of Equity Shares than it has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Refund Account.
8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.
9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts into the Public Issue Account as per the terms of the Escrow Agreement and the surplus amount shall be transferred to the Refund Account.

10. No later than 15 days from the Bid/Issue Closing Date, the Refund Banks shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.
11. **Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid-cum-Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.**

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in this Issue.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (no more than three). In the case of joint Bids, all refund payments will be made in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one). Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes, etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be performed among the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.

4. The applications will be scanned for similar DP ID and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.
5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Funds and such Bids in respect of more than one scheme of the Mutual Funds will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

Bids made by employees under both under the Employee Reservation Portion as well as in the Net Issue shall not be treated as multiple bids.

The Company, in consultation with the BRLMs and the CBRLMs, reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number ("PAN")

SEBI had issued a circular directing that with effect from July 2, 2007, PAN would be the sole identifiable number for participants transacting in the securities market, irrespective of the amount of transaction. Pursuant to Item XII(B)(17)(c) of Part A of Schedule VIII to the SEBI Regulations, all applicants are required to disclose their PAN allotted under the I.T. Act in the Bid-cum-Application Form, irrespective of the amount of the Bid. Applications in which PAN so allotted is not mentioned would be rejected.

Therefore, irrespective of the amount of the Bid, the Bidder or in the case of a Bid in joint names, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN as the Bid is liable to be rejected on this ground.**

REJECTION OF BIDS

In case of QIB Bidders, the Company, in consultation with the BRLMs and the CBRLMs, may reject Bids provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. In case of Non-Institutional Bidders, Retail Individual Bidders and bids under the Employee Reservation Portion, the Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in the Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Bank account details (for refund) not given;
3. Age of First Bidder not given;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. PAN not stated or GIR Number given instead of PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;

9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders, QIB Bidders and such Bidders in the Employee Reservation Portion whose Bid Amount exceeds Rs.100,000;
11. Bids for a number of Equity Shares, which are not in multiples of [●];
12. Category not ticked;
13. Multiple Bids;
14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLMs, the CBRLMs or the Syndicate Members;
18. Bid-cum-Application Form does not have the Bidder's depository account details;
19. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through the BRLMs and the CBRLMs;
23. Bids by OCBs;
24. Bids by employees or directors of the Company or its subsidiaries who are not eligible to apply in the Employee Reservation Portion;
25. Bids by U.S. residents or U.S. persons excluding "Qualified Institutional Buyers" as defined under Rule 144A under the Securities Act or other than in reliance on Regulation S under the Securities Act; and
26. Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.

Equity Shares in Dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form (i.e., not in the form of physical certificates but fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed among the Company, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated June 19, 2002 among NSDL, the Company and the Registrar to the Issue; and
- (b) an agreement dated February 18, 2008 among CDSL, the Company and the Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily complete the details (including the beneficiary account number and Depository Participant's identification number) appearing on the Bid-cum-Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading "Bidders Depository Account Details" in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid-cum-Application Form vis-à-vis those recorded with his or her Depository Participant.
7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.
9. Non-transferable allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in the case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

PAYMENT OF REFUND

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository the Bidder's bank account details including a nine digit Magnetic Ink Character Recognition ("MICR") code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the Company, the BRLMs, the CBRLMs, the Syndicate Members nor the Escrow Collection Banks shall have any responsibility and undertake any liability for the same.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS—Payment of refund would be done through ECS for applicants having an account at any of the 68 centres notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 68 centres, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.
2. NEFT—Payment of refund may be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code ("IFSC"), which can be linked to an MICR code, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.
4. RTGS—Applicants having a bank account at any of the 68 centres mentioned above, and whose refund amount exceeds Rs.100,000, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC Code in the Bid-cum-Application Form. In the event of failure to provide the IFSC Code in the Bid-cum-Application Form, the refund shall be made through the ECS or direct credit, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.
5. Please note that only applicants having a bank account at any of the 68 centres mentioned above are eligible to receive refunds through the modes detailed hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs.1,500 and through Speed Post/Registered Post for refund orders of Rs.1,500 and above. Some refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY AND INTEREST IN CASE OF DELAY

The Company shall ensure dispatch of allotment advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of the date of Allotment of the Equity Shares. The Company shall dispatch refunds above Rs.1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for Allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of the finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares only in dematerialized form shall be made within 15 days of the Bid/Issue Closing Date;
- Dispatch of refund orders, except for Bidders who have opted to receive refunds through the ECS facility, shall be made within 15 days of the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, and/or demat credits are not made to investors within the 15 day time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. However, the collection centres of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years”.

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to 25,455,068 Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than 25,455,068 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the valid Bids in this portion are less than or equal to 8,485,022 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.
- If the valid Bids in this portion are greater than 8,485,022 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one (1) Equity Share thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders

- Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
 - (a) Allocation to Anchor Investors shall be made in accordance with the SEBI Regulations.
 - (b) After allocation to Anchor Investors, in the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
 - (i) If bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the QIB Portion.
 - (ii) If the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
 - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (c) below.
 - (c) In the second instance allocation to all Bidders shall be determined as follows:
 - (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

- (ii) Mutual Funds who have received allocation as per (a) above, for less than the number of Equity Shares bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
- (iii) Under subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

The BRLMs, the CBRLMs, the Registrar to the Issue and the executive director or the managing director of the Designated Stock Exchange shall ensure that the basis of Allotment is finalized in a fair and proper manner in accordance with the SEBI Regulations. The drawing of lots (where required) to finalize the basis of Allotment shall be done in the presence of a public representative on the governing board of the Designated Stock Exchange.

D. Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. Allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 600,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 600,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a maximum of 15,000 Equity Shares. For the method of proportionate allocation, refer below.
- Only Eligible Employees may apply for Equity Shares under the Employee Reservation Portion.

Procedure and Time of Schedule for Allotment and demat Credit of Equity

The Issue will be conducted through a “100% book building process” pursuant to which the members of the Syndicate will accept Bids for the Equity Shares during the Bidding Period. The Bidding Period will commence on September 16, 2009 and expire on September 18, 2009. Following the expiration of the Bidding Period, the Company, in consultation with the BRLMs and the CBRLMs, will determine the Issue Price, and the basis of allocation and entitlement to Allotment based on the Bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The SEBI Regulations require the Allotment to be completed to successful Bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors’ demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of proportionate basis of Allotment

In the event the Issue is oversubscribed, the basis of Allotment shall be finalized by the Company, in consultation with the BRLMs, the CBRLMs and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs, the CBRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner. Allotment to Bidders shall be made in marketable lots on a proportionate basis as explained below:

- (a) Bidders will be categorized according to the number of Equity Shares applied for by them.
- (b) The total number of Equity Shares to be Allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number

of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.

- (c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.
- (d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.
- (e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and

The successful Bidders out of the total Bidders for a portion shall be determined by the drawing of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (c) above; and

- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

Illustration of Allotment to QIBs (other than Anchor Investors) and Mutual Funds (“MF”)

Issue details

Particulars	Issue details
Issue size	200 million Equity Shares
Allocation to QIB (at least 60% of the Issue)	120 million Equity Shares
Of which:	
a. Reservation For Mutual Funds, (5%)	6 million Equity Shares
b. Balance for all QIBs including Mutual Funds	114 million Equity Shares
Number of QIB applicants	10
Number of Equity Shares applied for	500 million Equity Shares

Details of QIB Bids

S. No.	Type of QIBs	No. of shares bid for (in million)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
11.	TOTAL	500

* A1-A5: (QIBs other than Mutual Funds), MF1-MF5 (QIBs which are Mutual Funds)

Details of Allotment to QIBs Applicants

Type of QIB	Shares bid for	Allocation of six million Equity Shares to MF proportionately (see note 2 below)	Allocation of balance 114 million Equity Shares to QIBs proportionately (see note 4 below)	Aggregate allocation to Mutual Funds
(I)	(II)	(III)	(IV)	(V)
	<i>(Number of equity shares in million)</i>			
A1	50	0	11.54	0
A2	20	0	4.62	0
A3	130	0	30.00	0
A4	50	0	11.54	0
A5	50	0	11.54	0
MF1	40	1.2	8.95	10.15
MF2	40	1.2	8.95	10.15
MF3	80	2.4	17.91	20.31
MF4	20	0.6	4.48	5.08
MF5	20	0.6	4.48	5.08
	500	6	114	50.77

Notes:

- The illustration presumes compliance with the requirements specified in the Red Herring Prospectus in the section “Issue Structure” beginning on page 274 of the Red Herring Prospectus.
- Out of 120 million Equity Shares allocated to QIBs, 6 million (i.e., 5%) will be Allotted on a proportionate basis among five Mutual Fund applicants who applied for 200 million Equity Shares in the QIB Portion.
- The balance 114 million Equity Shares i.e., 120 - 6 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 500 million Equity Shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares).
- The figures in the fourth column entitled “Allocation of balance 114 million Equity Shares to QIBs proportionately” in the above illustration are arrived at as explained below:

For QIBs other than Mutual Funds (A1 to A5) = Number of Equity Shares Bid for \times 114/494

For Mutual Funds (MF1 to MF5) = (No. of Equity Shares bid for (i.e., in column II of the table above) less Equity Shares Allotted (i.e., column III of the table above) \times 114/494

The numerator and denominator for arriving at the allocation of 114 million Equity Shares to the 10 QIBs are reduced by 6 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

The Company shall credit each Equity Share Allotted to the applicable beneficiary account with their Depository Participant within 15 days of the Bid/Issue Closing Date. Applicants residing at the 68 centres notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit and RTGS. In the case of other applicants, the Company shall ensure dispatch of refund orders, if any, of value up to Rs.1,500 by “Under Certificate of Posting”, and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post, except for Bidders who have opted to receive refunds through the ECS facility. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund within 15 days of the closing of the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days of the Bid/Issue Closing Date; and
- Dispatch of refund orders/refund advice will be done within 15 days of the Bid/Issue Closing Date;

The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched, or in cases where the refund or portion thereof is made electronically, the refund instructions have not been given to the relevant clearing system and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode, i.e., ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings by the Company

The Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily. The Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;
- that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed will be taken within seven working days of finalization of the basis of Allotment;
- that the Company shall apply in advance for the listing of Equity Shares;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue;
- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.
- that there would be no further transfer of Equity Shares during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares allotted/to be allotted pursuant to the Issue have been listed or until the Bid monies are refunded on account of non-listing, under-subscription, etc.;
- that the Equity Shares are free and clear of all liens or encumbrances and shall be allotted to the successful Bidders within the specified time;
- that the refund orders or Allotment advice shall be dispatched within the specified time; and
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the closure of the Issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Utilization of proceeds of the Issue

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilized out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized;
- details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested;
- the Company shall comply with the requirements of Clause 49 of the Listing Agreement in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

The Board of Directors also certifies that:

- the utilization of monies received from the Employee Reservation Portion shall be disclosed under an appropriate head in the balance sheet of the Company, indicating the purpose for which such monies have been utilized; and
- the details of all unutilized monies out of the funds received from the Employee Reservation Portion shall be disclosed under a separate head in the balance sheet of the Company, indicating the form in which such unutilized monies have been invested.

ANCHOR INVESTOR PORTION

The Company may consider participation by Anchor Investors in the Net Issue for up to 15,273,040 Equity Shares in accordance with the SEBI Regulations. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., be one day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

1. Anchor Investors shall be QIBs as defined under the SEBI Regulations.
2. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs.100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion.
3. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.
4. The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.
5. The Company, in consultation with the BRLMs and the CBRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements relating to the minimum number of allottees under the SEBI Regulations.
6. Allocation to Anchor Investors shall be completed on the Anchor Investor Bid/Issue Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid/Issue Opening Date.
7. Anchor Investors shall pay the Anchor Investor Margin Amount representing 25% of the Bid Amount at the time of submission of the Bid. Any difference between the amount payable by the

Anchor Investor for Equity Shares allocated and the Anchor Investor Margin Amount paid at the time of Bidding shall be payable by the Anchor Investor within two days of the Bid/ Issue Closing Date.

8. If the Issue Price is greater than the price at which Equity Shares have been allocated to Anchor Investors, the additional amount being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors shall be paid by the Anchor Investors. If the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the Allotment to Anchor Investors shall be at the higher price i.e. the price at which Equity Shares were allocated under the Anchor Investor Portion.
9. The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.
10. None of the BRLMs, the CBRLMs or any person related to the BRLMs, the CBRLMs, the Promoters or the Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors shall be clearly identified by the BRLMs and the CBRLMs and shall be available as part of the records of the BRLMs and the CBRLMs for inspection by SEBI.
11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
12. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “Escrow Account – Pipavav Shipyard Public Issue – Anchor Investor – R”
 - In case of Non-Resident Anchor Investors: “Escrow Account – Pipavav Shipyard Public Issue – Anchor Investor - NR”

Anchor Investors are advised that the above information should be read together with the contents of this section “Issue Procedure” beginning on page 279 of the Red Herring Prospectus.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. The Company and the BRLMs are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. The ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid-cum-Application Form is correctly completed, as described in this section.

The list of banks notified by SEBI to act as SCSBs for the ASBA Process and details on Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at <http://www.sebi.gov.in>.

ASBA Process

A Resident Retail Individual Investor shall submit his Bid through an ASBA Bid-cum-Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilized by the ASBA Bidder (“ASBA Account”) is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid-cum-Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the ASBA Account until finalization of the basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the ASBA Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. Once the basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the requisite amount to the ASBA Public Issue Account. In case of withdrawal or failure of the

Issue, the blocked amount shall be unblocked on receipt of such information from the BRLMs or the CBRLMs.

ASBA Bid-cum-Application Form

The ASBA Bid-cum- Application Form shall contain all relevant information, including as specified in the relevant regulations and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid-cum-Application Form bearing the code of the Syndicate Member and/or the Designated Branch of an SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid-cum-Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid-cum-Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with the SCSB, and accordingly registering such Bids. The ASBA Bidders can submit only one Bid option in the ASBA Bid-cum-Application Form which shall be at Cut-off Price.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Forms as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder. The prescribed colour of the ASBA Bid-cum-Application Form shall be white.

Who can Bid?

In accordance with the SEBI Regulations, only Resident Retail Individual Investors can submit their applications through the ASBA process to Bid for the Equity Shares.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The maximum ASBA Bid cannot exceed [●] Equity Shares in order to ensure that the total Bid Amount blocked in respect of the ASBA Bidder does not exceed Rs.100,000. The ASBA Bidders shall Bid only at the Cut-off Price indicating their agreement to Bid and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

Information for the ASBA Bidders:

1. The BRLMs and the CBRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and the ASBA Bid-cum-Application Form to the SCSBs and the SCSBs will then make such copies available to investors applying under the ASBA process. Additionally, the BRLMs and the CBRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid-cum-Application Form. The SCSBs shall make such documents available on their websites.
2. ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid-cum-Application Form can obtain such documents from the Designated Branches of the SCSBs or the BRLMs and the CBRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid-cum-Application Form in electronic form from the websites of the SCSBs.
3. The Bids should be submitted on the prescribed ASBA Bid-cum-Application Form if applied for in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

4. The ASBA Bid-cum-Application Forms should bear the code of the Syndicate Member and/or Designated Branch of the SCSB.
5. ASBA Bidders shall Bid for Equity Shares only at the Cut-off Price, with a single Bid option as to the number of Equity Shares.
6. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid-cum-Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the applicable Designated Branch.
7. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid-cum-Application Form should be signed by the account holder as provided in the ASBA Bid-cum-Application Form.
8. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid-cum-Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid-cum-Application Form.
9. ASBA Bidders shall not be allowed to revise their Bid or Bid under any reserved category.

Method and Process of Bidding

1. ASBA Bidders are required to submit their Bids either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form should submit their Bids using either the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who hold accounts with them and wish to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and the Red Herring Prospectus.
2. The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid-cum-Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders.
3. Each ASBA Bid-cum-Application Form will give the ASBA Bidder only one option to Bid for the Equity Shares at the Cut-off Price and specify the demand (i.e., the number of Equity Shares Bid for) in such option. After the determination of the Issue Price, the number of Equity Shares Bid for by the ASBA Bidder at the Cut-off Price will be considered for allocation along with the Non-ASBA Retail Individual Bidders who have Bid for Equity Shares at or above the Issue Price or at the Cut-off Price.
4. Upon receipt of the ASBA Bid-cum-Application Form, submitted in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as specified in the ASBA Bid-cum-Application Form, prior to uploading such Bids with the Stock Exchanges.
5. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
6. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid-cum-Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock

Exchanges and generate a Transaction Registration Slip (“TRS”). The TRS shall be furnished to the ASBA Bidder on request.

7. An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form after a Bid on one ASBA Bid-cum-Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. ASBA Bidders are advised that Bids for Equity Shares made in the Issue through the ASBA Bid-cum-Application Form cannot be revised.

Bidding

1. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company, in consultation with the BRLMs and the CBRLMs, and advertised in all editions of the Economic Times in English, Navbharat Times in Hindi, Financial Express in Gujarati and Maharashtra Times in Marathi, at least two working days prior to the Bid/Issue Opening Date. The ASBA Bidders can submit only one Bid in the ASBA Bid-cum-Application Form, that is, at Cut-off Price with a single option as to the number of Equity Shares.
2. The Company, in consultation with the BRLMs and the CBRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.
3. In case of revision in the Price Band, the Bidding Period shall be extended, if required, for three additional working days subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers (one each in English and Hindi) and one widely circulated Gujarati newspaper and also by indicating the change on the website of the BRLMs, CBRLMs and at the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLMs and the CBRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the ASBA Bidders.
5. The ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the funds in the ASBA Account shall be unblocked to the extent of the difference between the Bid Amount and the subscription amount payable.
6. In case of an upward revision in the Price Band announced as above, the number of Equity Shares Bid for shall be adjusted downwards (to the previous multiple lot) for the purpose of allotment, such that no additional amount is required to be blocked in the ASBA Account and the ASBA Bidder is deemed to have approved such revised Bid at the Cut-off Price.

Mode of Payment

Upon submission of an ASBA Bid-cum-Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Any Bid Amount paid in cash, by money order or by postal order or by stockinvest, or an ASBA Bid-cum-Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as specified in the ASBA Bid-cum-Application Form submitted by an ASBA Bidder, will be required to be blocked in the relevant ASBA Account until the finalization of the basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic Registration of Bids by SCSBs

1. In case of ASBA Bid-cum-Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. An SCSB shall not upload any ASBA in the electronic bidding system of the Stock Exchanges unless:
 - (i) it has received the ASBA Bid-Cum-Application Form in a physical or electronic form; and
 - (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid-cum-Application Form or has systems to ensure that electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.
2. The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. ASBA Bidders are advised in the event a large number of Bids are received on the Bid/Issue Closing Date, as has been typically experienced in certain public offerings, this may lead to some Bids not being uploaded due to lack of sufficient time to upload, and such Bids that cannot be uploaded will not be considered for allocation in the Issue.
3. Pursuant to Item 12(g) of Part A of Schedule XI to the SEBI Regulations, the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes. The aggregate demand and price for Bids registered on electronic facilities of the Stock Exchanges will be uploaded at periodic intervals, not exceeding 30 minutes, consolidated and displayed on-line at all bidding centres as well as on the BSE's website at www.bseindia.com and the NSE's website at www.nse-india.com. A graphical representation of consolidated demand and price will be made available at the bidding centres during the Bidding Period.
4. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information relating to the investor into the online system, including the following details:
 - Name of the Bidder(s);
 - Application Number;
 - Permanent Account Number;
 - Number of Equity Shares Bid for; and

- Depository Participant identification number and Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself complete the above-mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above-mentioned details in the electronic bidding system provided by the Stock Exchanges.

5. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and will not, by itself, create any obligation of any kind.
7. The permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLMs or the CBRLMs or the Designated Branches of the SCSBs have been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, management or any scheme or any scheme or project of the Company.
8. The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid-cum-Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, the Company will have a right to reject the Bids only on technical grounds.

Build Up of the Book and Revision of Bids

1. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLMs and the CBRLMs on a regular basis.
3. ASBA Bidders shall not be permitted to revise their Bids.
4. After the Bid/Issue Closing Date, the SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid-cum-Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid-cum-Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs and inform the SCSBs of any error or discrepancy. The SCSBs shall be responsible for providing the rectified data within the time specified by the Registrar to the Issue.
5. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation and/or Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA Bid-cum-Application Forms shall be final and binding.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and the details provided to it by the SCSBs with the Retail Individual Investors that have applied under the non-ASBA process to determine the demand generated at different price levels.

Issuance of CAN

- (a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. However, the investor should note that the Company shall ensure that the instructions for credit of the Equity Shares to all investors in this Issue shall be given on the same date of Allotment.
- (b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.

Unblocking of ASBA Account

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account and shall unblock the excess amount, if any, in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of notification from the Registrar to the Issue by the Controlling Branch of the SCSB in relation to the finalization of the basis of Allotment in the Issue in the event of withdrawal or failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

- (a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the bank account of the ASBA Bidders to the ASBA Public Issue Account on the Designated Date, to the extent applicable, the Company shall credit the successful ASBA Bidders' depository accounts within two working days of the date of Allotment.
- (b) As per the SEBI Regulations, Allotment of the Equity Shares will be only in dematerialized form to the allottees.
- (c) Successful ASBA Bidders will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

DOs:

- (a) Check if you are a Resident Retail Individual Investor and eligible to Bid under ASBA process;
- (b) Ensure that you use the ASBA Bid-cum-Application Form specified for the purposes of ASBA process;
- (c) Read all the instructions carefully and complete the ASBA Bid-cum-Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid-cum-Application Form is white in colour);
- (d) Ensure that your Bid is at the Cut-off Price;
- (e) Ensure that you have mentioned only one Bid option with respect to the number of Equity Shares in the ASBA Bid-cum-Application Form;
- (f) Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form only;
- (g) Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding

has a bank account and not to the Bankers to the Issue or collecting banks (assuming that such collecting banks are not SCSBs), the Company, the Registrar, the BRLMS or the CBRLMs;

- (h) Ensure that the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;
- (i) Ensure that you have mentioned the correct bank account numbers in the ASBA Bid-cum-Application Form;
- (j) Ensure that you have funds equal to the number of Equity Shares Bid for at the Cut-off Price available in the ASBA Account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the Designated Branch of the SCSB;
- (k) Ensure that you have correctly checked the authorization box in the ASBA Bid-cum-Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form in your ASBA Account maintained with a branch of the concerned SCSB;
- (l) Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid-cum-Application Form;
- (m) Ensure that you mention your PAN allotted under the I.T. Act irrespective of the amount of the Bid in the Bid-cum-Application Form. Applications in which PAN is not mentioned are liable to be rejected;
- (n) Ensure that the name(s) and PAN given in the ASBA Bid-cum-Application Form is exactly the same as the name(s) and PAN in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid-cum-Application Form; and
- (o) Ensure that the demographic details are updated, true and correct in all respects.

DON'Ts:

- (a) Do not submit an ASBA Bid if you are not a Resident Retail Individual Investor;
- (b) Do not submit an ASBA Bid if you are applying under any reserved category, including the Employee Reservation Portion;
- (c) Do not revise your Bid;
- (d) Do not Bid for lower than the minimum Bid size;
- (e) Do not Bid on another ASBA or Non-ASBA Bid-cum-Application Form after you have submitted a Bid to a Designated Branch of an SCSB;
- (f) Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs shall not be accepted under the ASBA process;
- (g) Do not send your physical ASBA Bid-cum-Application Form by post; instead submit it only to a Designated Branch of an SCSB;
- (h) Do not complete the ASBA Bid-cum-Application Form such that the Bid Amount against the number of Equity Shares Bid for exceeds Rs.100,000;
- (i) Do not submit the GIR Number instead of the PAN; and

- (j) Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

- (a) Made only in the prescribed ASBA Bid-cum-Application Form in physical mode (through a white coloured form) or electronic mode.
- (b) Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).
- (c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, or on the ASBA Bid-cum-Application Form.
- (d) The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of [●] Equity Shares such that the Bid Amount does not exceed Rs.100,000.
- (e) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the ASBA Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders such as their address and occupation ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE ASBA BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID-CUM-APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE ASBA BID-CUM-APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WITH THE DEPOSITORY PARTICIPANT. IF THE ASBA BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID-CUM-APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the ASBA Bidders, they are advised to update the Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid-cum-Application Form, the ASBA Bidder will be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/allocation advice and letters notifying the unblocking of the bank account of an ASBA Bidder will be mailed to the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/allocation advice or letters notifying the unblocking of the bank account may be delayed if such documents, once sent to the address obtained from the Depositories, are returned undelivered. Please note that any such delay shall be at the sole risk of the ASBA Bidder and none of the Designated Branches of the SCSBs, the members of the Syndicate or the Company shall be

liable to compensate the ASBA Bidder for any losses caused to such ASBA Bidder due to any such delay or pay any interest for such delay.

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidder (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialized form only.

ASBA Bids under Power of Attorney

In case of Bids made under the ASBA process pursuant to a power of attorney, a certified copy of the power of attorney must be submitted along with the ASBA Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid-cum-Application Form, subject to such terms and conditions that the Company, the BRLMs and the CBRLMs may deem fit.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid-cum-Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the ASBA Bid-cum-Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal or rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of the Bid or in respect of unsuccessful Bid-cum-Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. The Bid Amount shall remain blocked in the ASBA Account until finalization of the basis of Allotment in the Issue and consequent transfer of the Bid Amount to the ASBA Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid-Cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the basis of Allotment. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder.

Joint ASBA Bids

Bids under the ASBA process may be made in single or joint names (not more than three). In case of such joint Bids, all communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in the section “Issue Procedure – Multiple Bids” beginning on page 297 of Red Herring Prospectus.

Permanent Account Number

For details, see the section “Issue Procedure – Permanent Account Number (“PAN”)” beginning on page 298 of the Red Herring Prospectus.

REJECTION OF ASBA BIDS

The Designated Branches of the SCSBs shall have the right to reject Bids made under the ASBA process if at the time of blocking the Bid Amount in the ASBA Bidder’s bank account, the relevant Designated Branch determines that sufficient funds are not available in such Bidder’s bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by the SCSB, the Company will have a right to reject such Bid only on technical grounds.

Further, if any DP ID, Client ID or PAN mentioned in the ASBA Bid-cum-Application Form does not match with the Depository Participant’s database, such Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under “Issue Procedure –Grounds for Technical Rejections” beginning on page 298 of the Red Herring Prospectus, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount mentioned in the ASBA Bid-cum-Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
2. Bids at a price other than at the Cut-off Price;
3. Bid made by categories of investors other than Resident Retail Individual Investors;
4. Authorization for blocking funds in the ASBA Bidder’s bank account not ticked or provided;
5. ASBA Bids accompanied by stockinvest/ money order/ postal order/ cash;
6. Signature of sole and/or joint Bidders missing in case of ASBA Bid-cum-Application Forms submitted in physical mode;
7. ASBA Bid-cum-Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
8. ASBA Bid-cum-Application Form is not delivered, either in physical or electronic form, by the ASBA Bidder within the specified time and in accordance with the instructions provided in the ASBA Bid-cum-Application Form and the Red Herring Prospectus;
9. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid-cum-Application Form at the time of blocking such Bid Amount in the ASBA Account; and
10. Revision of any Bid under the ASBA process.

Bidders are advised that Bids under the ASBA process that are not uploaded in the electronic book of the Stock Exchanges due to any of the grounds mentioned above will be rejected.

COMMUNICATIONS

All future communication in connection with Bids made under the ASBA process in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Bidder, the ASBA Bid-cum-Application Form number, details of the Depository Participant, the number of Equity Shares applied for, the date of the ASBA Bid-cum-Application Form, the name and address of the Designated Branch of the SCSB where the ASBA Bid-cum-Application Form was submitted, the bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLMs, the CBRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI Regulations.

The ASBA Bidders can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid-cum-Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

Impersonation

For details, see the section “Issue Procedure – Impersonation” beginning on page 302 of the Red Herring Prospectus.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, the Company undertakes that:

- Allotment of Equity Shares only in dematerialized form shall be made within 15 days of the Bid/Issue Closing Date;
- Instructions for unblocking of the funds in the ASBA Bidder’s Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and
- If the instructions to SCSBs to unblock funds in the ASBA accounts are not given within eight days after the Company becomes liable to repay all moneys received from the applicants, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the monies, with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders. For details, see the section “Issue Procedure – Allotment – Basis of Allotment” beginning on page 301 of the Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. No preference shall be given to ASBA vis-à-vis non-ASBA Bidders or vice versa.

Undertaking by the Company

In addition to the undertakings described under “Issue Procedure – Undertakings by the Company”, with respect to the ASBA Bidders, the Company undertakes that adequate arrangements shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilization of Issue Proceeds

For details, see the section “Issue Procedure – Utilization of proceeds of the Issue” beginning on page 308 of the Red Herring Prospectus.

Description of Equity Shares

For details of the rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares, see “Terms of the Issue – Rights of Equity Shareholders” and “Main Provisions of the Articles of Association” beginning on pages 273 and 322 of this Red Herring Prospectus, respectively.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to members' voting rights, lien on Equity Shares, forfeiture of Equity Shares, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/ splitting are detailed below. Capitalized terms in this section have the meaning given to them in the Articles of Association.

The regulations contained in Table A in Schedule I of the Companies Act shall not apply to the Company except in so far as the same are repeated, contained or expressly made applicable in the Articles of Association or by the Companies Act.

Copies of Memorandum and Articles to be Furnished by the Company

3. Pursuant to Section 39 of the Act, the Company shall, on being so required by a member, send to him within 7 (seven) days of the requirement and subject to the payment of a prescribed fee, a copy of each of the following documents, as in force for the time being.
- (i) the Memorandum;
 - (ii) the Articles, if any;
 - (iii) every other agreement and every resolution referred to in Section 192, of the Act, if and in so far as they have not been embodied in the Memorandum or Articles.

Company's Funds may not be Applied in Purchase of or Lent for Shares of the Company.

- 4.(a) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in pursuance of Sections 100 to 104 or Section 402 of the Act.
- (b) The Company shall not give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or in its holding Company.

Provided that nothing in this clause shall be taken to prohibit:

- (i) the provision by the Company, in accordance with any scheme for the time being in force, of money for the purchase of, or subscription for fully paid shares in the Company or its holding Company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the Company, including any Director holding a salaried office or employment in the Company; or
- (ii) the making by the Company of loans, within the limit laid down in Sub-Section (3) of Section 77 of the Act, to persons (other than Directors or Managers) bona fide in the employment of the Company, with a view to enabling those persons to purchase or subscribe for fully paid shares in the Company or its holding Company to be held by themselves by way of beneficial ownership.
- (c) No loan made to any person in pursuance of the proviso to clause (b) above shall exceed in amount, his salary or wages for a period of six months at the time of granting such loan.
- (d) Nothing in this Article shall affect the right of the Company to redeem any shares issued under Section 80 of the Act.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share capital of the Company shall be as mentioned in Clause 'V' of the Memorandum of Association of the Company, with power to the Board to increase or reduce or modify the said capital and to divide the Shares for the time being of the Company into several classes or consolidate in one class and attach thereto preferential, deferred, qualified or special rights, privileges or conditions, as may be determined by or in accordance with the Articles of Association of the Company and subject to applicable legislative provisions for the time being in force, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided for by the Articles of Association of the Company and subject to applicable legislative provisions for the time being in force. The Company shall be entitled to dematerialise its existing shares, reconvert its shares held by the depositories electronically to physical form and/or to offer its fresh shares in electronic form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.
- (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

Increase Reduction and Alteration of Capital

6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it thinks expedient.

On what conditions the New Shares may be issued

- (a) Subject to the provisions of Section 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given then as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said Sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said Sections with special or without any right of voting and subject to the provisions of Section 80 of the Act any preference shares may be issued on the terms that they are or at the option of the Company are liable to be redeemed.

Further Issue of Capital

- (b) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of the unissued capital or out of the increased share capital, then:
- (i) such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date;
 - (ii) the offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than 30 days from the date of the offer, within which the offer, if not accepted, will be deemed to have been declined;
 - (iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred above shall contain a statement of this right;

- (iv) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.
- (v) Notwithstanding anything contained in Article 6(b)(i),(ii),(iii) and (iv) above, the further shares aforesaid may be offered to any persons [whether or not those persons include the person referred to in Article 6(b)(i)] in any manner whatsoever -
 - (a) If a special resolution to that effect is passed by the Company in General Meeting, or
 - (b) where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in that behalf, that the proposal is most beneficial to the Company.
- (vi) Nothing in Article 6(b)(iii) shall be deemed -
 - (a) to extend the time within which the offer should be accepted; or
 - (b) to authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.
- (vii) Nothing in these Articles shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company -
 - (i) to convert such debentures or loans into shares in the Company; or
 - (ii) to subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term –

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
- (b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the company in General meeting before the issue of the debentures or raising of the loans.

Directors may allot shares as fully paid up

- (c) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up otherwise than in cash, and if so issued, shall be deemed to be fully paid up or partly paid up shares as the case may be.

Same as original capital

- (d) Except, so far as otherwise provided by the conditions of issue or by these presents any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.

Unclassified Shares

- (e) Any unclassified shares (whether forming part of the original capital or of any increased capital of the Company) may subject to the provisions of the Act and these presents be issued either with the sanction of the Company in General Meeting or by the Directors and upon such terms and conditions and with such rights and privileges annexed thereto as by the General Meeting sanctioning the issue of such shares be directed and, if no such direction be given and in all other cases, as the Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of the assets of the Company and any preference shares may be issued on the terms that they are or at the option of the Company are to be liable to be redeemed provided however that (1) no shares shall be issued pursuant to this Article without the sanction of the Company in General Meeting unless they shall subject to the provisions of Section Blot the Act be offered to the persons- who are holders of equity shares of the Company in proportion, as nearly as circumstances admit to the capital paid up on those shares and (2) no unclassified shares shall without the sanction of the Company in General Meeting be issued as preference shares if the aggregate nominal amount of issued preference shares would thereby exceed the aggregate nominal amount of the issued equity shares of the Company.

Power to Issue Redeemable Preference Shares

- 7.(a) Subject to the provisions of Section 80 of the Act and subject to the provisions on which any shares may have been issued, the Company may issue preference shares which are or at the option of the Company are liable to be redeemed.

Provided that:

- (i) no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
 - (ii) no such shares shall be redeemed unless they are fully paid;
 - (iii) the premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's share premium account before the shares are redeemed;
 - (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed; and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- (b) Subject to the provisions of section 80 of the Act and subject to the provisions on which any shares may have been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
 - (c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorized Share Capital.

- (d) Where in pursuance of this Article, the Company has redeemed or is about to redeem any preference shares, it shall have power to issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly, the share capital of the Company shall not, for the purpose of calculating the fees payable under section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.

Provided that where new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.

- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.

Provision in case of Redemption of Preference Shares

8. The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being Outstanding, by payment of the nominal amount thereof with dividend calculated up to the date or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect:
- (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office or at such other place as the Directors may decide, in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify to the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company or at such other place as the directors may decide at the time and on the date to be named against surrender of the Certificates in respect of the shares to be so redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.
- (c) Subject to the provisions of Section 80 of the Act, the following provisions shall apply in regard to the redemption of the Cumulative Preference Shares:
- (i) The Company may within such time as may be specified in these Articles by an amendment thereof from the date of issue of the shares, apply any profits or moneys of the Company which may be lawfully applied for the purpose in the redemption of the preference shares at par, together with a sum equal to arrears of dividend thereon drawn to the date of redemption.
- (ii) In the case of any partial redemption under sub-clause(c) (i) of the Article, the Company shall for the purpose of ascertaining the particular shares to be redeemed, cause a drawal to be made at the Registered Office or at such other place as the Directors may decide, in the presence of a representative of the Auditors for the time being of the Company.
- (iii) Forthwith after every such drawal the Company shall give to the holders of the shares drawn for redemption notice in writing of the Company's intention to redeem the same fixing a time (not less than three months thereafter) and the place for redemption and surrender of the shares to be redeemed.

- (iv) At the time and place so fixed each holder shall be bound to surrender to the Company the certificate for his shares to be redeemed payable in respect of such redemption and where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate thereof.
- (v) Any of the Redeemable Cumulative Preference Shares not previously redeemed under the foregoing provisions shall be redeemed at the expiry of 5 years from the date of the issue of the shares at par together with all arrears of the dividend thereon (whether earned or declared or not upto the date).
- (d) Subject to the provisions of the Articles, the Company shall be entitled to create and issue further Preference Shares ranking in all or any respects *pari passu* with the preference shares then outstanding, PROVIDED in the event of its creating and / or issuing further preference shares ranking *pari passu* with the Preference Shares then outstanding the Company would do so only with the consent of the holders of not less than three-fourths of the preference shares then outstanding.
- (e) Redeemable Cumulative Preference Shares shall not confer upon the holders thereof the right to vote their in person or by proxy at any general meeting of the Company save to the extent and in the manner provided by Section 87 (2) of the Act.
- (f) The rights, privileges and conditions for the time being attached to the Redeemable Cumulative Preference Shares may be varied, modified or abrogated in accordance with the provisions of these Articles and of the Act.

Cumulative Convertible Preference Shares

- 9. Subject to the provisions of the Act and the guidelines issued by the Central Government from time to time under the provisions of the Act and for the provisions of the Capital Issues (Control) Act, 1947, the Company may issue Cumulative Convertible Preference Shares (CCP) in such manner as the Board of Directors of the Company may decide and specifically provide for:
 - (i) the Quantum of issue;
 - (ii) the terms of the issue with particular reference to the conversion of CCP into the equity shares of the Company;
 - (iii) the rate of cumulative preferential dividend payable on CCP the voting rights to be attached to CCP and any other terms and conditions which may be attached to the issue of CCP and as permissible in law.

Reduction of capital

- 10. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorized by law and in particular without prejudice to the generality of the foregoing power may by:
 - (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
 - (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
 - (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company;

and may, if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

11. Subject to the provisions of Section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say, it may:
- (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
 - (b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;
 - (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;
 - (d) cancel, shares which at the date of such general meeting have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Modifications of rights

13. If at any time the share capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class, This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to very such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 103 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further shares not to affect right of existing share holders

14. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

Provisions of sections 85 to 88 of the Act to apply

15. The provisions of Section 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debentureholders

- 16.(a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debentureholders in

accordance with Section 152 of the Act. The Company may also keep foreign Register of Members and Debentureholders in accordance with Section 157 of the Act.

- (b) The Company shall also comply with the provisions of Section 159 and 161 of the Act as to filing of Annual Returns.
- (c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, indexes, copies of Annual Returns and giving inspections thereof and furnishing copies thereof.

Commencement of Business

17. The Company shall comply with the provisions of Section 149 of the Act.

Restriction on Allotment

18. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the return as to allotment provided for in Section 75 of the Act.

Shares at the Disposal of the Directors

20. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or at a premium during such time and for such consideration as the Directors may think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Application of premium received on issue of shares

- 22.(a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.
- (b) The share premium account may, notwithstanding, anything in clause (a) above, be applied by the Company.
- (i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (ii) in writing off the preliminary expenses of the Company.
 - (iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or
 - (iv) in providing for the premium payable on the redemption of any redeemable preference shares or any debentures of the Company.

Sale of Fractional Shares

23. If and whenever, as the result of issue of new or further shares or any consolidation or subdivision of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and the Articles if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see the applications of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Deposits and Calls etc. to be a Debt Payable Immediately.

25. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, on the insertion of the name of the holder of such shares, become a debt, due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Company not Bound to Recognise any Interest in Shares other than of Registered Holder.

26. Save as herein provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any shares as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.

Limitation of Time of Issue of Certificate

29. (a) Every member shall be entitled, without payment, to one Certificate for all the shares of each class or denomination registered in his name, or to several certificates, each for one or more of such shares and the Company shall complete and deliver such Certificates within the time provided by Section 113 of the Act unless the conditions of issue thereof otherwise provide. Every Certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors shall prescribe or approve provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one Certificate and delivery of a certificate of shares to one of several jointholders shall be sufficient delivery to all such holders.

- (b) The Company may not entertain any application for split of share/debenture certificate for less than 10 shares/debentures (all relating to the same series) in market lots as the case may be.

Provided however this restriction may not apply to an application made by the existing member or debenture holder for split of share/debenture certificate with a view to making an odd lot holding into a marketable lot subject to verification by the Company.

- (c) Notwithstanding anything contained in Clause (a) above, the Directors shall, however, comply with such requirements of the Stock Exchange where shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulation) Act, 1956 as may be applicable.

Issue of new Certificates in Place of one Defaced, Lost or Destroyed

30. If any certificate be worn out, defaced, mutilated or torn if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu, thereof, and if any certificate be lost or destroyed then upon

proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificate under the Article shall be issued without payment of fees. Out of pocket expenses incurred by the Company in investigating the evidence as to the loss or destruction shall be paid to the Company if demanded by the Directors.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rule made under the Act or the Rules made under Securities Contract (Regulation) Act, 1956 or any other Act, on Rules applicable in this behalf.

The provisions of the Article under this heading shall mutatis mutandis apply to debentures of the Company.

UNDERWRITING COMMISSION AND BROKERAGE

Power to pay certain commission and prohibition of payment of all other commissions discounts etc.

31.(A) The Company may pay a commission to any person in consideration of:

- (i) his subscribing or agreeing to subscribe whether absolutely or conditionally, for any shares in or debentures of the Company, subject to the restrictions specified in sub-section (4A) of Section 76 of the Act, or
- (ii) his procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in or debentures of the Company, if the following conditions are fulfilled, namely:
 - (a) the commission paid or agreed to be paid does not exceed in the case of shares, five percent of the price at which the shares are issued and in the case of debentures, two and half percent of the price at which the debentures are issued;
 - (b) the amount or rate percent of the commission paid or agreed to be paid on shares or debentures offered to the public for subscription, is disclosed in the Prospectus, and in the case of shares or debentures not offered to the public for subscription, is disclosed in the Statement in lieu of Prospectus and filed before the payment of the commission with the Registrar, and where a circular or notice, not being a Prospectus inviting subscription for the shares or debentures is issued is also disclosed in that circular or notice;
 - (c) the number of shares or debentures which such persons have agreed for a commission to subscribe, absolutely or conditionally is disclosed in the manner aforesaid and
 - (d) a copy of the contract for the payment of commission is delivered to the Registrar at the time of delivery of the prospectus or the statement in lieu of prospectus for registration.

(B) Save as aforesaid and save as provided, in Section 79 of the Act, the Company shall not allot any of its shares or debentures or apply any of its moneys, either directly or indirectly, in payment of any commission, discount or allowance, to any person in consideration of:

- (i) his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in, or debentures of the Company or;
- (ii) his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company whether the shares, debentures or money be so allotted or applied by, being added to the purchase money of any property acquired

by the Company or to the contract price of any work to be executed for the Company or the money be paid out of the nominal purchase money or contract price, or otherwise.

- (C) Nothing in this Article shall affect the power of the Company to pay such brokerage as it has hereto before been lawful for the Company to pay.
- (D) A vendor to, promote of, or other person who receives payment in shares, debentures or money from the Company shall have and shall be deemed always to have had power to apply any part of the shares, debentures or money so received for payment of any commission, the payment of which, if made directly by the Company would have been legal under Section 76 of the Act.
- (E) The commission may be paid or satisfied (subject to the provisions of the Act and these Articles) in cash, or in shares, debentures or debenture-stocks of the Company.

CALLS

Director may make Calls

- 32. Save and except under the sanction, approval or consent of the Company in General Meeting, the Board is not authorized to make any calls upon shareholders/debenture holders calling upon the members/debenture holders to deposit uncalled amount on the share/debenture held by them.

Calls to date from Resolution

- 33. A Call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by members/debentureholders on a subsequent date to be specified by the Directors.

Notice of Call

- 34. One month notice in writing shall be given by the Company of every call made payable otherwise than on allotment specifying the time and place of payment provided that before the time of payment of such call, the Directors may by notice in writing to the members/debentureholders to revoke the same.

Directors may Extend Time

- 35. The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debentureholders who on account of residence at a distance or other cause, the Directors may deem fairly entitled to such extension, but no member/debentureholder shall be entitled to such extension, save as a matter of grace and favour.

Sums Deemed to be Calls

- 36. Any sum, Which by the terms of issue of a share/debenture becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture of otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

Instalments on Shares to be Duly Paid

- 37. If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.

Calls on Shares of the Same Class to be made on Uniform Basis

38. Where any calls for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.

Explanation: For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of Joint Holders of Shares

39. The joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares.

When Interest on call or Instalment Payable

40. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.

Partial Payment not to Preclude Forfeiture

41. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of any such payment preclude the forfeiture of such shares as herein provided.

Proof on Trial of Suit for Money due on Shares

42. On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of Members as the holder or one of the holders, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered and that the resolution making the call is duly recorded in the Minutes Book; and that the notice of such call was duly given to the member or his representatives, sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such calls nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters afore said shall be conclusive evidence of the debt.

Payment in Anticipation of Calls may Carry Interest

- 43.(a) The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the money due upon the shares held by him, beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.
- (b) The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

LIEN

Company's Lien on Shares/Debentures

44. Fully paid shares shall be free from all liens and in the case of partly paid shares or debentures the Company shall have a first and paramount lien restricted to moneys called or payable at a fixed time in respect of such shares/debentures whether the time for payment thereof shall have actually arrived or not and shall extend to all dividends, interest, rights and bonuses from time to time declared in respect of such shares or debentures. Unless otherwise agreed the registration of transfer of shares and/or debentures shall operate as a waiver of Company's lien, if any, on such shares and debentures. The Directors may at any time declare any share and/or debenture wholly or in part exempt from the provisions of this Article.

As to Enforcing Lien by sale

45. For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and/or debentures and may authorize one of their members or appoint any officer or Agent to execute a transfer thereof on behalf of and in the name of such member/debenture holder. No sale shall be made until such period, as may be stipulated by the Board from time to time, and until such period, as may be stipulated by the Board from time to time, and until notice of at least 30 days in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of Proceeds of Sale

- 46.(a) The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.
- (b) The Company shall be entitled to treat the registered holder of any share or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute required) be bound to recognize equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims.

FORFEITURE

If call or installment not paid notice must be given

- 47.(a) If any member or debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non payment.

- (b) The notice shall name a day not being less than One Month from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.

In Default of Payment Shares or debentures to be Forfeited

48. If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or instalment & interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of Principal or interest, nor any indulgence granted by the Company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture.

Entry of Forfeiture in Register of Members/Debentureholders

49. When any shares/debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debentureholder in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debentureholders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

Forfeited Share/Debenture to be Property of Company and may be sold

50. Any share of debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.

Power to Annul Forfeiture

51. The Directors may, at any time, before any shares or debentures so forfeited shall have been sold, re-allotted or otherwise disposed of, annul forfeiture thereof upon such conditions as they think fit.

Shareholders or Debentureholders still Liable to pay Money Owing at Time of Forfeiture and Interest

52. Any member or debentureholder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, instalments, interest; expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.

Effect of Forfeiture

53. The forfeiture of a share or a debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of these rights as by these Articles are expressly saved.

Certificate of Forfeiture

54. A Certificate in writing under the hand of one Director and countersigned by the Secretary or any other Officer authorised by the Directors for the purpose, that the call in respect of a share or debenture was made and notice thereof given and that default in payment of the call was made that the forfeiture of the share or debenture was made by a resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.

Validity of Sales under Article 45 and 50

55. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers here in above given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debentureholders in respect of the shares or debentures sold, and the purchaser shall not be bound to see to the regularity of the proceeding, or to the application of the purchase money and after his name has been entered in the Register of members or debentureholders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damages only and against the company exclusively.

Cancellation of Share/Debenture Certificate in Respect of Forfeited Shares/Debentures

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been Previously surrendered to it by the defaulting member or debentureholder) stand Cancelled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.

Title of Purchaser and Allottee of Forfeited Shares/Debentures

57. The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person to whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, reallotment or other disposal of the share or debenture.

Surrender of Shares or Debenture

58. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture from or by any member or debentureholder desirous of surrendering them on such terms as they think fit.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Form of Transfer

60. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, shall be duly complied with in respect of all transfer of shares and registration thereof.

Instrument of Transfer to be executed by Transferor(s) and Transferee(s)

61. Every such instrument of transfer shall be signed both by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of members in respect thereof.

Directors may Refuse to Register Transfer

- 62.(a) Subject to the provisions of Section 111A of the Act and Section 22 of Securities Contract (Regulations) Act, 1956 and the rules and regulations made thereunder, the Directors may, at their own absolute and uncontrolled discretion, decline by giving reasons to register or acknowledge any transfer or the transmission by operation of law of the right to, any shares or interest of a Member in, or debentures of the Company, the Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be was delivered to the Company, send notice of the refusal to the transferee(s) and the transferor(s) or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer not be refused on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.
- (b) Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company.

Custody of Instrument of Transfer

64. The instrument of transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer which the Directors may decline to register, shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

Transfer to Minors etc.

66. Only fully paid shares or debentures shall be transferred to a minor acting through his/her legal or natural guardian. Under no circumstances, shares or debentures be transferred to any insolvent or a person of unsound mind.

Persons Entitled may Receive Dividend without being Registered as Member

- 70.(a) A person entitled to a share by transmission shall, subject to the rights of the Directors to retain such dividends, bonuses or moneys as hereinafter provided be entitled to receive, and may give a discharge for any dividends, bonuses or other moneys payable in respect of the share/debenture.
- (b) This Article shall not prejudice the provisions of Articles of 45 and 56.

JOINT HOLDERS

Joint Holders

76. Where two or more persons are registered as the holders of any share/debenture, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles.
- (a) In the case of a transfer of share/debenture held by joint holders, the transfer will be effective only if it is made by all the joint holders.
- (b) The joint holder of any share/debenture shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share/debenture
- (c) On the death of any one or more of such joint holders the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share debenture, but the Directors may require such evidence of death as they may deem fit, and nothing herein contained

shall be taken to release the estate of a deceased joint holder from any liability on share/debentures held by him jointly with any other person.

- (d) Any one of such joint holders may give effectual receipts of any dividends, interest or other moneys payable in respect of such share/debenture
- (e) Only the person whose name stands first in the Register of Members/Debentureholders as one of the joint holders of any share/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2) (a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.
- (f) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such share shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting provided always that a joint-holders present at any meeting personally shall be entitled to vote in preference to a joint holder present by Attorney or by proxy although the name of such joint-holder present by an Attorney or proxy stands first or higher (as the case may be) in the Register in respect of such shares.)

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

Power to issue shares at Discount

80. With the previous authority of Company in General Meeting and the Sanction of the Company Law Board and upon otherwise complying with the provisions of Section 79 of the Act, it will be lawful for the Directors to issue at a discount, shares of a class already issued.

Trust not Recognised

87. No notice of any trust, express or implied or constructive, shall be entered on the register of members or debenture-holders.

SHARE WARRANTS

Powers to issue share warrants

88. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114 and 115 of the Act and accordingly, the Board may, in its discretion, with respect to any share which is fully paid upon application in writing signed by the persons registered as holder of the share and authenticated by such evidence (if any) as the Board may, from time to time require as to the identity of the person signing the application, and on receiving the certificate (if any) of the share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

Deposit of Share Warrants

- 89.(a) The bearer of a share warrant may at any time deposit the warrant at the office of the Company, and so long as the warrant remains so deposited the depositor shall *have* the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting, and exercising the other privilege of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of members as the holder of the share included in the deposited warrant.
- (b) Not more than one person shall be recognised as depositor of the Share Warrant.

- (c) The Company shall on two days written notice return the deposited share warrant to the depositor.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

92. The Company in general meeting may convert any paid up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein or any part of such interests, in the same manner and subject to the same regulations as, and subject to which shares from which the stock arise might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

GENERAL MEETINGS

Statutory Meeting

94. The statutory meeting of the Company shall be held at such place and time (within a period of not less than one month nor more than six months from the date on which the Company is entitled to commence business) as the Directors may determine and the Directors shall comply with the provision of the Section 165 of the Act relating thereto.

Annual General Meeting

95. Subject to the provisions contained in Section 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Time and place of Annual General Meeting

96. Every annual general meeting shall be called at anytime during business hours; on a day that is not a public holiday, and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to Meeting

97. Sections 171 to 186 of the Act with such adaptation and modifications, if any as may be prescribed, shall apply with respect to meeting of any class of members or debenture holders of the Company in like manner as they would with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

98. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

- 99.(a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.

- (b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.
- (c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.
- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less than one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.
- (e) Where two or more distinct mailers are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter, and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.
- (f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called:
 - (i) by the requisitionists themselves;
 - (ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation: For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub section (2) of Section 189 of the Act.

- (g) A meeting, called under clause (f) above, by the requisitionists or any of them:
 - (i) shall be called in the same manner, as-nearly as possible, as that in which meetings are to be called by the Board; but
 - (ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation: Nothing in clause (g) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

- (h) Where two or more persons held any shares or interest in the Company jointly, a requisition or a notice calling a meeting signed by one or some of them shall, for the purposes of this Article, have the same force and effect as if it had been signed by all of them.
- (i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Length of notice for calling meeting

- 100.(a) A general meeting of the Company may be called by giving not less than twenty one days' notice in writing.

- (b) A general meeting of the Company may be called after giving shorter notice than that specified in clause (a) above, if consent is accorded thereto;
 - (i) in the case of an annual general meeting by all the members entitled to vote thereafter; and
 - (ii) in the case of any other meeting, by members of the Company holding not less than 95 (ninety five) percent of such part of the paid up capital of the Company as gives a right to vote at the meeting;

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purposes of this clause in respect of the former resolution or resolutions and not in respect of the latter

Contents and manner of service of notice and persons on whom it is to be served

- 101.(a) Every notice of a meeting of the Company shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat.
- (b) Notice of every meeting of the Company shall be given:
 - (i) to every member of the Company, in any manner authorized by sub sections (1) to (4) of Section 53 of the Act;
 - (ii) to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied[b] giving the notice in any manner in which it might have been given if the death or insolvency had not occurred;
 - (iii) to the Auditor or Auditors for the time being of the Company in any manner authorized by Section 53 of the Act in the case of any member or members of the Company and
 - (iv) to all the Directors of the Company.

Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under sub-section (3) of Section 53 of the Act, the statement of material facts referred to in Section 173 of the Act need not be annexed to the notice as required by that Section but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

- (c) The accidental omission to give notice to, or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Explanatory statement to be annexed to notice.

102.(A) For the purpose of this Article:

- (i) in the case of an annual general meeting, all business to be transacted at the meeting shall be deemed special with the exception of business relating to
 - (a) the consideration of the accounts, balance sheet and the reports of the Board of Directors and auditors.
 - (b) the declaration of a dividend;
 - (c) the appointment of Directors in the place of those retiring and
 - (d) the appointment of and the fixing of the remuneration of the auditors, and
- (ii) in the case of any other meetings, all business shall be deemed special.

- (B) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including in particular the nature of the concern of interest, if any, therein of every Director, and the manager, if any.

Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects, any other Company, the extent of shareholding interest in that other Company of any such person shall be set out in the circumstances specified in the provision to sub-section (2) of Section 173 of the Act.

- (C) Where any item of business consists of the according to approval to any document by the meeting, the time and place where the documents can be inspected shall be specified in the statement aforesaid.

Quorum for meeting

103.(a) Five members personally present shall be the quorum for a general meeting of the company.

- (b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.

(ii) In any other case, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place, as the Board may determine.

- (c) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Adjourned meeting to transact business

104.(a) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

- (b) Where a resolution is passed at an adjourned meeting of the Company, the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Chairman of General Meeting

105.(a) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

- (b) (i) The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, if there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, subject to Article 182, the Directors present may choose one of themselves to be the Chairman and in default of their doing so, the members present shall choose one of the Directors to be the Chairman and if no Directors present be willing to take the Chair the members present shall choose one of themselves to be the Chairman.

(ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice-Chairman of the Board or by a Director at the expiration of 15 minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with Consent may adjourn the Meeting

106. The Chairman with the consent of the meeting may adjourn any meeting from time to time and from place to place in the city, town or village where the registered office of the Company is \ situated.

Business at the Adjourned Meeting

107. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of Adjourned Meeting

108. When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of the original meeting.

In What Cases Poll taken With or Without Adjournment

109. Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

PROXIES

Proxies

- 110.(a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in case of joint holder, all holders) shall not appoint more than One person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

- (b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member.
- (c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.
- (d) The instrument appointing a proxy shall:
- (i) be in writing, and
 - (ii) be signed by an appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, by under its seal or be signed by an officer or any attorney duly authorised by it.
- (e) Every Instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in usual common form or in such other form as the Directors may approve from time to time.
- (f) An instrument appointing a proxy, it in any of the forms bet out in Schedule IX to the Act shall not be questioned on the ground that it fails to comply with any special requirements specified for such instrument by these Articles.
- (g) Every member entitled to vote at a meeting of the Company or on any resolution to be moved thereat, shall be entitled during the period beginning 24 (twenty four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect

the proxies lodged at any time during the business hours of the Company, provided not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Company.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls.

- 111.(a) No members shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.
- (b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Voting to be by show of Hands in First Instance

114. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.
- (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote for every share held by him.
- (b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Section 187 or 187 A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

Demand for Poll

- 122.(a) Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than Fifty Thousand Rupees has been paid up.
- (b) The demand for a poll may be withdrawn at any time by the person or persons who make the demand.

Scrutineers at Poll

- 126.(a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.
- (b) The Chairman shall have the power, at anytime before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.
- (c) Of the two scrutineers appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Casting Vote

128. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a casting vote or votes to which he may be entitled as member.

Circulation of Members Resolution

131. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of members resolutions.

Resolution Requiring Special Notice

133. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Minutes of Proceedings of General Meeting and of Board and Other Meetings

- 136.(a) The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (b) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:
- (i) in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
 - (ii) in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the even of the death or inability of that Chairman within that period by a Director duly authorized by the Board for the purpose.
- (c) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (d) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (e) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (f) In the case of the meeting of the Board of Directors or of a Committee of the Board the minutes of the meeting shall also contain:
- (i) the names of the Directors present at the meetings, and
 - (ii) in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in the resolution.
- (g) Nothing contained in Clause (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:
- (i) is, or could reasonably be regarded, as defamatory of any person
 - (ii) is irrelevant or immaterial to the proceeding; or
 - (iii) is detrimental to the interests of the Company;

The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusions of any matter in the minutes on the grounds specified in this clause.

- (h) The minutes of meetings kept in accordance with the provisions of Section 193 of the Act shall be evidence of the proceedings recorded therein.

MANAGERIAL PERSONNEL

Number of Directors

141. The number of Directors shall not be less than three and more than fifteen.

Debenture Directors

143. Any Trust Deed for securing debentures or debenture stocks, may, it so arranged, provide for the appointment, from time to time by the Trustees thereof or by the holders of debentures or debenture stocks, of some person or persons to be a Director or Directors of the Company and may empower such Trustees or holders of debentures or debenture stocks from time to time, to remove and reappoint any Director/s so appointed. The Director/s so appointed under this Article is herein referred to as “Debenture Director” and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director(s) shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

144. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), The Industrial Credit and Investment Corporation of India Ltd., (ICICI), Industrial Finance Corporation of India (IFCI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC and Unit Trust of India (UTI) or any other finance Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this Article referred to as “the Corporation”) continue to hold debentures in the Company as a result of underwriting or by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time any person or persons as a Director or Directors wholetime or non-wholetime (which Director or Directors is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any money remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or direct subscription or the liability of the Company arising out of any guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s so appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of the Committee of which

the Nominee Director's is/are member/s as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fee in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India the sitting fees in relation to such Nominee Director/s shall also accrue to IDBI and the same shall accordingly be paid by the Company directly to IDBI.

Provided also that in the event of the Nominee Director/s being appointed as Wholetime Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Lenders and have such rights as are usually exercised or available to a whole time Director in the management of the affairs of the Borrower. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and monies as may be approved by the Lenders.

Special Director

- 145.(a) In connection with any collaboration arrangement with any company or corporation or firm or person for supply of technical know-how and/or machinery or technical advice, the Directors may authorize such Company, Corporation, firm or person (hereinafter in this clause referred to as "Collaborator") to appoint from time to time any person or persons as Director or Directors of the Company (hereinafter referred to as "Special Director") and may agree that such Special Director shall not be liable to retire by rotation and need not possess any qualification shares to qualify him for the office of such Director, so however, that such Special Director shall hold office so long as such collaboration arrangement remains in force unless otherwise agreed upon between the Company and such Collaborator under the collaboration arrangements or at any time thereafter.
- (b) The collaborator may at any time and from time to time remove any such Special Director appointed by it and may at the time of such removal and also in the case of death or resignation of the person so appointed, at any time, appoint any other person as a Special Director in his place and such appointment or removal shall be made in writing signed by such company or corporation or any partner or such person and shall be delivered to the Company at its registered office.
- (c) It is clarified that every collaborator entitled to appoint a Director under this Article may appoint one or more such person or persons as a Director(s) and so that if more than one' collaborator is so entitled there may at any time be as many Special Directors as the Collaborators eligible to make the appointment.

Qualification of Director.

151. A Director need not hold any shares in the Company to qualify him for the office of a Director of the Company.

Remuneration of Directors

152. The remuneration of a Director for his service shall be such sum as may be fixed by the Board of Directors subject to a ceiling as may be fixed by the Board of Directors subject to a ceiling as may be prescribed by the Central Government from time to time for each meeting of the Board or a Committee thereof attended by him. The Directors subject to the sanction of the Central

Government (if any required) may be paid, such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.

Subject to the provisions of the Act, a Director who is either in the whole time employment of the Company or a Managing Director may be paid remuneration as provided in Section 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either by way of monthly payment or at a specified percentage of the-net profits of the Company or partly by one way and partly by other.

Subject to the provisions of the Act, a Director who is neither in the Whole time employment of the Company nor a Managing Director may be paid remuneration as provided in sections 198, 309, 310 and 311 of the Act and Schedule XIII of the Act either:

- (i) by way of monthly, quarterly or annual payment with the approval of the Central Government, or
- (ii) by way of commission if the Company by a special resolution has authorised such payment.

A Director may receive remuneration by way of a fee for each meeting of the Board or a committee thereof attended by him as prescribed by Central Government.

Directors vacating office

158.(a) The Office of a Director shall vacate if:

- (i) he is found to be of unsound mind by a Court of competent jurisdiction;
- (ii) he applies to be adjudicated an insolvent;
- (iii) he is adjudged an insolvent;
- (iv) he is convicted by a Court, of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months;
- (v) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call unless the Central Government by Notification in the Official Gazette removes the disqualification incurred by such failure;
- (vi) he absents himself from three consecutive meetings of the Board of Directors, or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
- (vii) he, whether by himself or by any person for his benefit or on his account or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act;
- (viii) he acts in contravention of Section 299 of the Act;
- (ix) he becomes disqualified by an order of court under Section 203 of the Act;
- (x) he is removed in pursuance of Section 284 of the Act;
- (xi) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company;

- (xii) he resigns his office by notice in writing given to the Company.
- (b) Notwithstanding anything in sub-clauses (iii), (iv) and (v) of Clause (a) above, the disqualifications referred to in these sub-clauses shall not take effect;
 - (i) for thirty days from the date of the adjudication, sentence or order;
 - (ii) where any appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed off, or
 - (iii) where within the seven days aforesaid, any further appeal, or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed off.

Removal of Directors

- 159.(a) The Company may (subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles) remove any director other than ex-officio directors or special directors or debenture directors or a nominee director or a director appointed by the Central Government in pursuance of Section 408 of the Act, before the expiry of his period of office.
- (b) Special Notice as provided by Section 190 of the Act shall be required of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.
 - (c) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.
 - (d) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it do so;
 - (i) in the notice of the resolution given to members of the Company state the fact of the representations having been made, and
 - (ii) send a copy of the representation to every member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations, is not sent as aforesaid because they were received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting, provided that copies of the representations need not be sent or read out at the meeting if so directed by the Court.
 - (e) A vacancy created by the removal of a Director under this Article may, if he had been appointed in pursuance of Section 262 of the Act be filled by the appointment of another Director in his stead by the meeting at which he is removed, provided special notice of the intended appointment has been given under clause (b) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid.
 - (f) If the vacancy is not filled under clause (e), it may be filled as a casual vacancy in accordance with the provisions, in so far as they may be applicable, of Section 262 of the Act, and all the provisions of that Section shall apply accordingly;

Provided that the Director who was removed from office under this Article shall not be re-appointed as a Director by the Board of Directors.

- (g) Nothing contained in this Article shall be taken:
- (i) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as director; or
 - (ii) as derogating from any power to remove a Director which may exist apart from this Article.

Directors may Contract with Company

160 Subject to the restrictions imposed by these Articles and by Sections 292, 293, 294, 295, 297, 300, 311, 370, and 373 and any other provisions of the Act, no Director, Managing Director, or any other Officer or employee of the Company shall be disqualified from holding his Office by contracting with the company either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract arrangement entered into by or on behalf of the Company in which any Director, Managing Director, Joint Managing Director, Executive Director or other officer or employee shall be in any way interested, be avoided, nor shall the Director, Managing Director or any officer or employee so contracting and being so interested be liable to account to the Company for any Profit realised by any such contract or arrangement by reason only of such Director, officer or employee holding that office or of the fiduciary relation thereby established, but the nature of his or their interest must be disclosed by him or them in accordance with the provisions of section 299 of the Act where that section be applicable.

Disclosure of Directors' Interest

- 161.(1) Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract of arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern of interest at the meeting of the Board of Directors, in the manner provided in section 299 (2) of the Act.
- (2) (a) In the case of proposed contract or agreement, the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the questions of entering into the contract or arrangement is first taken into consideration, or if the Director was not, at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he be so concerned or interest.
 - (b) In case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.
- (3) (a) For the purpose of Clause (1) and (2) a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of the specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notices, entered into with that body corporate or firm, shall be deemed to be sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
- (b) Any such general notice, shall expire at the end of the financial year in which it is given, but may be renewed for further a period for one financial year at a time by a fresh notice given in the last month of the financial year in which it would otherwise expire.
 - (c) No such general notice and no renewal thereof, shall be of effect unless either it is given at a meeting of the Board of Directors concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

- (d) Nothing in this Article shall apply to any contract or arrangement entered into between the Company and any other Company where any one or two or more of Directors together holds or hold not more than two percent of the paid up share capital in other company.

Board Resolution necessary for Certain Contracts.

162.(1) Except with the consent with the Board of Directors of the Company, a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such a firm, or a private Company of which the Director is a member or Director, shall not enter into any contract with the Company

- (a) for sale, purchase or supply of any goods, materials or services;
- (b) for underwriting the subscription of any share in the debentures of the Company,

(2) Nothing contained in sub-clause (a) of clause (1) shall affect -

the purchase of goods and materials from the company or the sale of goods and materials to the company by any Director, relative, firm, partner or private company as aforesaid for cash at prevailing market prices; or

(3) Notwithstanding anything contained in Clauses (1) and (2) a Director, relative, firm, partner or private company as aforesaid may, in circumstances of urgent necessity enter, without obtaining the consent of the Board, into any Contract with the Company for the sale, purchase of any goods, material and services even if the value of such goods or cost of such services exceeds rupees five thousand in the aggregate in any year comprised in the period of the contract; but in such a case the consent of the Board shall be obtained at a meeting within three months of the date of which the contract was entered into.

(4) Every consent of the Board required under this article shall be accorded by a resolution of the Board and the consent required under Clause (1) shall not be deemed to have been given within the meaning of that clause unless the consent is accorded before the contract is entered into or within three months of the date on which it was entered into.

(5) If the consent is not accorded to any contract under this Article anything done in pursuance of the contract will be avoidable at the option of the Board.

Disclosure to the members of Directors' Interest in Contract in Appointing Manager, Managing Director or Secretaries and Treasurers

163. If the Company –

- (a) enters in to the contract for the appointment of a Manager or Managing Director of the Company in which contract any Director of the Company is in any way directly or indirectly concerned or interested; or
- (b) varies any such contract already existence and in which a Director is concerned or interested as aforesaid, the provisions of Section 302 of the Act shall be complied with.

Loans to Director etc.

165. The Company shall not without obtaining the previous approval of the Central Government in that behalf, directly or indirectly make any loan to or give any guarantee or provide any security in connection with loan made by any other persons to, or any other persons by –

- (a) any Director of the Company or any partner or relative of any such Director;
- (b) any firm in which any such Director or relative is a partner;

- (c) any private Company of which any such Director is a director or member;
- (d) any body corporate at the general meeting of which not less than twenty-five per cent of the total voting power may be exercised or controlled by any such Director, or by two or more such Directors together; or
- (e) any body corporate, the Board of Directors, Managing Director or Manager whereof, is accustomed to act in accordance with the directions or instructions of the Board, or of any Director or Directors of the Company.

Loans to Companies

166. The Company shall observe the restrictions imposed on the Company in regard to making any loans, giving any guarantee or providing any security to the Companies or bodies corporate under the same management as provided in section 370 of the Act.

Interested Director not to participate or Vote in Board's Proceedings

167. No Director of the Company shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into, or to be entered into, by or on behalf of the company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote it shall be void; PROVIDED that the Board of Directors or any of its number may vote on any contract of indemnity against any loss which it or any one of or more of its number may suffer by reason of becoming or being sureties or surety for the Company. Nothing in this Article shall apply to any contract or arrangement entered into or to be entered into with a public Company or a Private Company which is a subsidiary of the public Company in which the interest of the Director aforesaid consists solely –
- (i) in his being a Director of such Company and the holder of not more than shares of such number or value therein as is requisite to qualify him for the appointment as a Director thereof he having been nominated as such Director by the Company.
 - (ii) in his being a member holding not more than two per cent of its paid up share capital. This Article is subject to the provisions of sub-section (2) of section 300 of the Act.

ROTATION AND APPOINTMENT OF DIRECTORS

Director may be Director of Companies Promoted by the Company

169. A Director may be or become a Director of any Company or in which it may be interested as a vendor, shareholder, or otherwise, and one such Director shall be accountable for any benefits received as Director or shareholder of such Company except in so far as Section 309(6) or Section 314 of the Act may be applicable.

Not less than two thirds of the total number of Directors shall

- (a) be persons whose period of office is liable to determination by retirement of Directors by rotation, and
- (b) Save as otherwise expressly provided in the Act, be appointed by the Company in general meeting.

The remaining Directors shall, in default of and subject to any regulations in the Articles of the Company, also be appointed by the Company, in general meeting.

Ascertainment of Directors Retiring by Rotation and Filling up Vacancy

- 170.(a) At every annual general meeting one-third of such directors for the time being as are liable to retire by rotation, or if their number is not three or multiple of three, then the number nearer to one-third, shall retire from office.

The Debenture Directors, Corporation Directors, Special Directors and subject to Article 146 Chairman, Managing Director or Whole Time Director if any, shall not be subject to retirement under this Article and shall not be taken into account in determining the numbers of Directors to retire by rotation. In these Articles a “Retiring Director” means a Director retiring by Rotation.

- (b) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement amongst themselves, be determined by lot. A retiring Director shall be eligible for re-election.
- (c) At the annual general meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other persons thereto.
- (d) (i) If the place of retiring Director is not so filled up and that meeting has not expressly resolved not to till vacancy, the meeting shall stand adjourned till the same day in the next week, at the same and the place or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.
- (ii) If at the adjourned meeting also, the place of retiring Director is not filled up and that the meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless
- (1) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;
 - (2) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;
 - (3) he is not qualified or is disqualified for appointment;
 - (4) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or
- (e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

PROCEEDINGS OF DIRECTORS

Meeting of Directors

179. The Directors may meet together as a Board of Transaction of business from time to time and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that the meeting of the Board, which had been called in compliance with the term herein mentioned could not be held for want of quorum.

Appointment of Chairman

182. The Directors may from time to time elect from among themselves a chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within fifteen minutes after the time appointed for holding the same the Directors present may choose one of their members to be chairman of the meeting.

Quorum at Board Meeting

183. Subject to Section 287 of the Act the quorum for a meeting of the Board shall be one third of its total strength excluding Directors if any; whose place may be vacant at the time and any fraction contained in that one-third being rounded of as one, or two Directors, whichever is higher PROVIDED THAT WHERE AT ANY TIME THE NUMBER OF INTERESTED Directors exceeds or equal to two third of the total strength of the number of remaining Director that is to say, the number of Directors who are not interested present at the meeting being not less than two, shall be the quorum during such time.

Appointment of Managing Director/Whole-time Director

- 184.(a) Subject to the provisions of Sections 267, 268, 269, 309, 310, 311, 316, 317 and other applicable provisions, if any, of the Act and these Articles the Board of Directors may from time to time appoint one or more Director or Directors to be Managing Director/s or Whole Time Director/s of the Company for the fixed term not exceeding five years at a time or for such period as may be prescribed by the Act or the Central Government from time to time upon such terms and conditions as the Board thinks fit for which he or they is or are to hold such office and may from time to time remove or dismiss him or them from the office and appoint another or others in his or their place or places.
- (b) Any Managing Director or Whole Time Director/s appointed shall not be required to hold any qualification shares and shall not be liable to retire by rotation at any general meeting of the Company.
- (c) Subject to the provisions of Sections 198, 269, 309, 310 and 311 of the Act and also subject to the limitations, conditions and provisions of Schedule XIII to the Act, the appointment and payment of remuneration to the above Director/s shall be subject to the approval of the members in general meeting and of the Central Government if required.
- (d) Subject to the superintendence, control and direction of the Board the day to day management of the Company shall be vested with the Managing Director/s or Whole-Time Director/s, Managing Director/s, if any, with power of the Board to distribute such day to day management functions, if any, manner as deemed fit by the Board subject to the provisions of the Act and these Articles.

Resolution by Circulation

186. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless such resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members at their usual address in India and has been approved by the such of the Directors or members of the Committee, as are then in India or by a majority of such of them, as are entitled to vote on the resolution.

Directors May Appoint Committees

187. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of two or more members of its body as it thinks fit. The Chairman shall have a casting vote at Committee Meetings and the Board may from time to time, revoke and discharge such Committee of the Board either wholly or in part and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and fulfilment of the purposes of its appointment but not otherwise, shall have the like force and effect as if done by the Board.

BORROWING POWERS

Power to borrow

190. Subject to the provisions of Sections 292 and 293 of the Act the Board of Directors may from time to time at their discretion and by means of resolutions passed at their meetings accept deposits from members either in advance of calls or otherwise or borrow or secure the payment of any sum or sums of money for the purpose of the Company.

Conditions on which money may be borrowed

191. The Directors may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, in particular, by the issue of bonds, perpetual or redeemable debentures or debenture stock, or any mortgage charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being. The Directors shall exercise such power only by means of resolutions passed at their meetings and not by circular resolutions.

Securities may be assignable free from equities

192. Debentures, Debenture- Stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Debentures

193. Debentures, debenture-stock bonds or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at General Meetings of the Company appointment of Directors and otherwise. Provided however that Debentures! Bonds with the right to allotment or conversion into Shares shall not be issued without the sanction of the Company in General Meeting and/or the Government as the case may be.

Mortgage of uncalled capital

194. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors may, by instrument under the Company's Seal authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions herein before contained in regard to calls, shall mutatis mutandis, apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors powers or otherwise and shall be assignable if expressed so to be.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board

- 195.(a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.
- (i) The power to make calls on shareholders in respect of money unpaid on their shares;
 - (ii) The power to issue debenture;
 - (iii) The power to borrow moneys otherwise than on debentures;
 - (iv) The power to invest the funds of the Company, and
 - (v) The power to make loans.

Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such conditions as the Board may prescribe.

- (b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegatee.
- (c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegatee.
- (d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which the loans may be made delegatee, the purpose for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual case.
- (e) Nothing in this Article contained shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

196.(a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting:

- (i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;
 - (ii) remit, or give time for the repayment of any debt, due by a Director;
 - (iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;
 - (iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or
 - (v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceeding, whichever is greater.
- (b) Nothing contained in sub-clause (i) of clause (a) above shall affect:
- (i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or
 - (ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

- (c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorize the Company to effect any reduction in -its capital except in accordance with the provisions contained in that behalf in the Act.
- (d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.
- (e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub- section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293 A of the Act.

General powers of the Company vested in Directors

197. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorized to exercise and do not hereby or by the statute or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Acts and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

Dividends Out of Profits Only.

- 202.(i) No dividend shall be declared or-paid by the Company for any financial year except out of the profits of the Company of that year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for the previous financial year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or State Government for the payment of dividend in pursuance of a Guarantee given by the Government and the except after the transfer to the reserves of the Company of such percentage out of the profits for that year not exceeding ten percent as may be prescribed of voluntarily such higher percentage in accordance with the rules as may be made by the Central Government in that behalf. PROVIDED HOWEVER whether owing to inadequacy or absence of the profit in any year, the Company Proposes to the declare out of accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and whether any such declaration shall not be made except with the previous approval of the Central Government.
- (ii) The depreciation shall be provided either –
- (a) to the extend specified in section 350 of the Act; or
 - (b) In respect of each item of the depreciable asset, for such an amount as is arrived at by dividing 95 per cent of the original cost thereof to the company by the specified period in respect of such asset; or
 - (c) on any other basis approved by the Central Government which has the effect of writing off by way of depreciation 95 per cent of the original cost of the Company of its such depreciable asset on the expiry of the specified period; or
 - (d) as regards any other depreciable assets for which no rate of depreciation has been laid down by the Act or any rules made thereunder on such basis as may be approved by the

Central Government by any general order published in the official Gazette or by any special order in the case of the Company.

Provided that where depreciation is provided for in the manner laid down in clause (b) or clause (c), then in the event of the depreciated assets being sold, discarded, demolished or destroyed, the written down value thereof at the end of the financial year in which the asset is sold, discarded, demolished or destroyed, shall be written off in accordance with the provision to section 350 of the Act.

- (iii) No dividend shall be payable except in cash, provided that nothing in this Article shall be deemed to prohibit the capitalisation of the profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by members of the Company.
- (iv) Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
- (v) For the purpose of this Article 'Specified Period' in respect of any depreciable asset shall mean the number of years at the end of which at least 95 per cent of the original cost of that asset to the company will have been provided for by way of depreciation, if depreciation were to be calculated in accordance with the provisions of Section 350 of the Act.

Interim Dividend

203. The Board of Directors may from time to time, pay to the members such interim dividends as in their judgment of position of the Company justifies.

Debts May Be Deducted

204. The Directors may retain by dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Capital Paid up in Advance and Interest Not to Earn Dividend.

205. Where the capital is paid in advance of the calls made upon the footing that the same shall carry interest, such capital shall not whilst carrying interest, confer the right to dividend or to participate in profits.

Dividends in Proportion to Amount Paid-Up

206. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued in terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.

Right to Dividend, Right Shares and Bonus Shares to be held in Abeyance pending Registration of Transfer of Shares

207. Where any instrument of transfer of shares has been delivered to any Company for registration and the transfer of such shares has not been registered by the Company, it shall, notwithstanding anything contained in any other provision of this Act, shall—
- (a) transfer the dividend in relation to such share to the special account referred to in Section 205-A unless the Company is authorised by the registered holder of such shares in writing to pay such dividend to the transferee specified in such instrument of transfer; and

- (b) keep in abeyance in relations to such shares any offer of rights shares under clause (a) of subsection (1) of section 81 and any issue of fully paid-up bonus shares in pursuance of sub-section (3) of section 205.

No Member to Receive Dividend whilst indebted to the Company and the Company's Right to Reimbursement thereof

208. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Effect of Transfer of Shares

209. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends How Remitted

210. The dividend payable in cash may be paid by cheque or warrant sent through post direct to the registered address of the shareholder entitled to the payment of the dividend or in case of joint holders to the registered address of one of the joint holders which, is first named on the register of the members or to such person and to such address as the holder or the joint holder may in writing direct. The, Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend Lost, to the member or person entitled thereto by forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.

Notice of Dividend

211. Notice of Declaration of any dividend whether interim or otherwise shall be given to the registered holder of share in the manner herein provided.

Unpaid Dividend or Dividend Warrant Posted

- 212.(a) Where the Company has declared dividend but which has not been paid or claimed within 30 days from the date of declaration of the dividend, the Company shall within 7 days from the date of expiry of said period of 30 days, transfer the unpaid/unclaimed dividend amount to a special bank account to be opened by the Company in any Scheduled bank titled 'Pipavav Shipyard Limited Unpaid Dividend Account'.
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the fund established under sub section (1) of Section 205C of the Companies Act, 1956.

213. There shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

Dividend and Call Money together

214. Any General Meeting declaring as dividend may on the recommendations of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend; and the dividend may, if, so arranged between the Company and the members may be set off against the calls.

CAPITALISATION

Capitalisation

215.(a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any moneys, investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/ or the Capital Redemption Reserve Account) may be capitalised:

- (i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company, or
- (ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in:

- (1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;
 - (2) in writing off the preliminary expenses of the Company;
 - (3) in writing off the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or
 - (4) in providing for the premium payable on the, redemption of any redeemable preference shares or of any debentures of the Company, provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.
- (b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respective rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a) (ii) above shall be made on the footing that such members become entitled thereto as capital.
- (c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a)(ii) above provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.
- (d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such

arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

- (e) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and in respect of the partly paid shares the sums so applied in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.
- (f) When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled, as aforesaid and such appointment shall be effective.

ACCOUNTS

Statement of Accounts to be furnished to General Meeting

219. The Board of Directors shall lay before each annual general meeting a Profit and Loss Account for the financial year of the Company and a Balance Sheet made up as at the end of the financial year which shall be a date, which shall not precede the day of the meeting by more than six months or such extended period as shall have been granted by the Registrar of Companies under the provisions of the Act.

Balance Sheet and Profit and Loss Account

- 220.(a) Subject to the provisions of Section 211 of the Act, every Balance Sheet and Profit and Loss Account of the Company shall be in the forms set out in Parts I and II respectively of Schedule VI of the Act, or as near thereto as circumstances admit. There shall be annexed to every Balance Sheet a statement showing the bodies corporate (including separately the bodies corporate in the same group) in the shares of which investments have been made by it (including all investments, whether existing or not, made subsequent to the date as at which the previous Balance Sheet was made out) and the nature and extent of the investments so made in each body corporate.
- (b) So long as the Company is a holding Company having a subsidiary the Company shall conform to Section 212 and other applicable provisions of the Act.
- (c) If in the opinion of the Board, any of the current assets of the Company have not a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion shall be stated.

AUDIT

Accounts to be audited

226. Every Balance Sheet and Profit and Loss Account shall be audited by one or more Auditors to be appointed as hereinafter mentioned.

Appointment of Auditors

- 227.(1) The Auditors shall be appointed and their qualifications, rights and duties regulated in accordance with Sections 224 to 229 and 231 of the Act.
- (2) The Company shall at each Annual General Meeting appoint an Auditor or Auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall within seven days of appointment give intimation thereof to the Auditors so appointed unless he is retiring Auditor.

- (3) At any Annual General Meeting a Retiring Auditor, by whatever authority appointed shall be reappointed unless:
 - (a) he is not qualified for re-appointment
 - (b) he has given the Company notice in writing of unwillingness to be re-appointed.
 - (c) A resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be re-appointed or
 - (d) Where notice has been given of an intended resolution to appoint some persons or person in the place of a retiring Auditor, and by reason of death, incapacity or disqualification of that person or of all those persons as the case may be, the Resolution cannot be proceeded with
- (4) where at Annual General Meeting no Auditors are appointed or reappointed the Central Government may appoint a person to fill the vacancy
- (5) The company shall, within seven days of the Central Government's power under the sub- clause (4) becoming exercisable give notice of that fact to that Government.
- (6) The Directors may fill any casual vacancy in the office of the Auditor, but while any such vacancy continues, the serving or continuing Auditor or Auditors (if any) may act but where such vacancy is caused by resignation of an Auditor the vacancy shall only be filled by the Company in general meeting.
- (7) A person other than a retiring Auditor, shall not be capable of being appointed at an annual general meeting unless a special notice of a resolution for appointment of that person to the office of Auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act and the Company shall send a copy of any such notice to retiring Auditor and shall give notice thereof to the members in accordance with Section 225 of the Act. The provisions of this sub-clause shall also apply to a resolution that retiring Auditor shall not be re-appointed.

WINDING UP

Distribution of Assets

- 239.(a) Subject to the provisions of the Act, if the company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- (b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

Distribution in specie or kind

240. Subject to the provisions of the Act,
 - (a) If the Company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with

the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

- (b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any, to dissent and ancillary rights as it such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

241. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECRECY CLAUSE

Secrecy Clause

- 242.(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Director, before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters thereto, and shall be such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.
- (b) No member or other person (not being a Director) shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the company's trading, or any matter which may relate to the conduct of the business of the company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

Directors and Others Right to Indemnity

- 243.(a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Whole Time Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs, losses and expenses (including traveling expenses) which such Director, Manager, Secretary and Officer or Employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.
- (b) Subject as aforesaid, every Director: Managing Director, Manager, Secretary or other Officer and employee of the Company shall indemnified against any liability incurred by him in defending any

proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Director and other Officers not responsible for the Acts of others

244. Subject to the provisions of Section 20 of the Act, no Director, Managing Director, Whole Time Director or other officer of the Company shall be Liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, within whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, to be delivered to the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, located at ROC Bhavan, CGO Complex, Opposite Rupal Park Society, Near Ankur Cross Road, Navrangpura, Ahmedabad – 380 013, Gujarat, India for registration and also the documents for inspection referred to hereunder, may be inspected at the office of the Company at Pipavav Port, Post Ucchaya, Via Rajula, Rajula - 365 560, Gujarat, India, from 10:00 a.m. to 4:00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts

1. Engagement letter dated January 7, 2008, appointing JM Financial, Citi and Enam as the BRLMs and KMCC, SBI CAPS and Motilal Oswal as the CBRLMs.
2. Memorandum of Understanding dated July 30, 2009 among the Company, the BRLMs and the CBRLMs and addendum dated September 4, 2009.
3. Memorandum of Understanding dated September 24, 2007 between the Company and the Registrar to the Issue and addendum dated September 1, 2009.
4. Engagement letter dated October 4, 2007, appointing IDBI as the Monitoring Agency.
5. Escrow Agreement dated [●] among the Company, the BRLMs, the CBRLMs, the Escrow Collection Banks and the Registrar to the Issue.
6. Syndicate Agreement dated [●] among the Company, the BRLMs, the CBRLMs and the Syndicate Members.
7. Underwriting Agreement dated [●] among the Company, the BRLMs, the CBRLMs and the Syndicate Members.

Material Documents

1. The Company's Memorandum of Association and Articles of Association, as amended.
2. The Company's certificate of incorporation, as amended.
3. Resolutions adopted by the Board of Directors and the shareholders of the Company in relation to the Issue and other related matters.
4. Present terms of employment between the Company and the Directors as approved by the Board and the shareholders of the Company.
5. Reports of the Auditors, Chaturvedi & Shah, Chartered Accountants, and GPS & Associates, Chartered Accountants, each dated July 30, 2009, as amended by addenda dated September 4, 2009 and prepared as per Indian GAAP and the Companies Act and restated as per SEBI Regulations in connection with the Red Herring Prospectus.
6. Copies of annual reports of the Company and the Subsidiary for the years ended March 31, 2005, 2006, 2007, 2008 and 2009, as applicable.
7. Consent of the Auditors, Chaturvedi & Shah, Chartered Accountants, and of GPS & Associates, Chartered Accountants, for inclusion of their respective reports on restated Indian GAAP in the form and context in which it appears in the Red Herring Prospectus.

8. Consents of the Bankers to the Company, the BRLMs, the CBRLMs, the Syndicate Members, the Registrar to the Issue, the Escrow Collection Bank(s), the Bankers to the Issue, the Advisor to the Issue, the Monitoring Agency, the IPO Grading Agency, the Legal Advisors to the Company and the Underwriters, the Directors of the Company, the Company Secretary and Compliance Officer, as referred to, in their respective capacities.
9. Consent of IDBI for the use of the Information Memorandum in connection with their appraisal and the Information Memorandum dated June 2009.
10. Shareholders' Agreement among the Company, IL&FS, SKIL and Grevek Investments dated June 16, 2006 and letters dated January 8, 2008, July 3, 2008 and July 24, 2009 by IL&FS to the Company.
11. Share Subscription and Shareholders Agreement among the Company, Trinity, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi dated January 22, 2007 and letters dated October 12, 2007 and July 21, 2009 by Trinity to the Company.
12. Share subscription agreement and shareholders' agreement among the Company, New York Life, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi, each dated February 23, 2007 and the letter dated July 30, 2009 by New York Life to the Company.
13. Subscription agreement between the Company and Unit Trust of India dated September 27, 2000, letters dated February 28, 2007 and March 30, 2007 and letters dated October 18, 2007, September 24, 2008 and July 29, 2009 by UTI Asset Management Company Private Limited to the Company.
14. Bond Subscription Agreement among the Company, SKIL, Grevek Investments, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and 2i Capital PCC dated September 18, 2006, addendum dated February 3, 2007 and a letter dated July 18, 2009 by the Company to 2i Capital PCC that has been agreed and accepted by 2i Capital PCC.
15. Agreement dated April 22, 2005 among Sneha Metals, SKIL and the Company, letter dated March 30, 2007 from the Company to Sneha Metals, letter dated October 1, 2007 by Sneha Metals to the Company, letter dated April 26, 2008 by Sneha Metals to the Company and letter dated July 21, 2009 by the Company to Sneha Metals that has been agreed and accepted by Sneha Metals.
16. Subscription and Shareholders' Agreement dated September 15, 2007 among SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi, the Company and Punj Lloyd and letters dated October 23, 2007 and July 29, 2009 by Punj Lloyd to the Company.
17. Investment agreement dated September 25, 2007 among CEFL, SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and the Company, deed of adherence among ABN AMRO, CEFL, SKIL, Mr. Nikhil P. Gandhi, Mr. Bhavesh P. Gandhi and the Company dated September 27, 2007, deed of adherence dated April 20, 2009 by Citadel MT Trading Ltd. in favour of the parties to the investment agreement, letter dated October 12, 2007 by ABN AMRO to the Company and letter dated July 27, 2009 by Citadel MT Trading Ltd. to the Company.
18. Subscription agreement dated October 12, 2007 between the Company and IDBI and letters dated October 30, 2007 and July 30, 2009 by IDBI to the Company.
19. Investment agreement dated October 25, 2007 among the Company, SembCorp Marine Limited, SKIL, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi and letter dated July 22, 2009 from SembCorp Marine Limited to the Company.
20. Investment agreement dated November 6, 2007 among SCB Asian Infrastructure Fund, SKIL, the Company, Mr. Nikhil P. Gandhi and Mr. Bhavesh P. Gandhi and letters dated December 20, 2007 and July 29, 2009 by SCB Asian Infrastructure Fund to the Company.
21. Subscription agreement dated November 29, 2007 between the Company and the India Fund Inc.

22. Subscription Agreement between the Company and The Asia Opportunities Offshore Master Fund Limited dated December 4, 2007.
23. Share Subscription Agreement between the Company and Merrill Lynch International dated December 20, 2007.
24. Share Subscription Agreement between the Company and Deutsche Bank AG dated January 9, 2008.
25. Loan Agreement between the Housing and Urban Development Corporation Limited and the Company dated September 12, 2005 and amendment thereto dated May 5, 2006.
26. Sanction letter dated January 14, 2006 by the Union Bank of India and Term Loan Agreement (Hypothecation) between the Union Bank of India and the Company dated May 10, 2006.
27. Rupee Loan Agreement between the Export-Import Bank of India and the Company dated November 10, 2006.
28. IL&FS Term Finance Agreements dated September 20, 2005 and Supplementary Term Finance Agreement dated October 10, 2007.
29. Common Loan Agreement dated June 6, 2008 among the Company and a consortium comprising IDBI Bank Limited, Bank of India, Life Insurance Corporation of India, Punjab National Bank, Oriental Bank of Commerce, State Bank of Patiala, Union Bank of India and UCO Bank.
30. Sanction letter dated June 1, 2009 by IDBI to the Company.
31. General powers of attorney executed by the Directors in favour of person(s) for signing and making necessary changes to the Red Herring Prospectus and other related documents.
32. Initial listing applications dated January 31, 2008 and January 30, 2008 to the BSE and NSE, respectively, and in-principle listing approvals dated March 11, 2008 and February 29, 2008 from the BSE and the NSE, respectively.
33. Tripartite Agreement among NSDL, the Company and the Registrar to the Issue dated June 19, 2002.
34. Tripartite Agreement among CDSL, the Company and the Registrar to the Issue dated February 18, 2008.
35. Due diligence certificate dated January 16, 2008 issued to SEBI from the BRLMs and the CBRLMs.
36. SEBI observation letter no. CFD/DIL/PB/RA/138225/2008 dated September 18, 2008.
37. IPO grading report dated February 19, 2008 and letters dated February 18, 2008 and August 27, 2009 issued by CARE, a credit rating agency registered with SEBI.
38. Consent dated July 27, 2009 of Anmol Sekhri Consultants Private Limited, Chartered Engineers, for the use of their report, and such report dated July 27, 2009.
39. Auditor's certificate dated March 4, 2008 in relation to the beneficiaries of the Pipavav Shipyard Employees Welfare Trust.

Any of the contracts or documents mentioned in the Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in the Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/- Mr. Nikhil P. Gandhi	Sd/- Mr. Bhavesh P. Gandhi
Sd/- Mr. R.M.V. Raman	Sd/- Mr. Mahesh M. Gandhi
Sd/- Mr. Atul Punj	Sd/- Mr. Sunil Chawla
Sd/- Mr. Michael Pinto	Sd/- Mr. Vimal Kishore Kaushik
Sd/- Mr. R.M. Premkumar	Sd/- Mr. S. Venkiteswaran
Sd/- Mr. Ajai Vikram Onkar Singh	Sd/- Mr. Samar Ballav Mohapatra

SIGNED BY THE CHIEF EXECUTIVE OFFICER

Sd/-
Mr. J.P. Rai

SIGNED BY THE CHIEF FINANCIAL OFFICER

Sd/-
Mr. Hasmukh Daftary

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Sd/-
Mr. Ajit Dabholkar

Date: September 5, 2009

Place: Mumbai

Mr. Hasmukh Daftary
President - Finance & Accounts
Pipavav Shipyard Limited
SK11, House
209 Bank Street Cross Lane,
Fort
Mumbai - 400 023

4TH Floor, Godrej Colliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457

February 18, 2008

Confidential

Dear Sir,

IPO Grading

Please refer to your request for grading of your Initial Public Offering (IPO) of 868 Lac equity shares of face value of Rs.10 each.

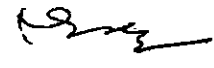
2. CARE has assigned a '**CARE IPO Grade 3**' [**Grade Three**] to the proposed IPO issue of Pipavav Shipyard Limited (PSL.). **CARE IPO Grade 3** indicates **average fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.
3. Please note that wherever '**CARE IPO Grade 3**' [**Grade Three**] appears, it should invariably be followed by the definition '**CARE IPO Grade 3** [**Grade Three**] indicates average fundamentals'.
4. The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure 1**. The rationale for this grading will be communicated to you separately.
5. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
6. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.



7. Please note that as per the existing regulations, CARE is required to disclose all IPO gradings. As such, in the absence of any request for review of rating within a week of this letter, CARE will disclose this IPO grading to the public.
8. Please note that the disclaimer as given hereunder should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
9. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,


[Umeshpratap Singh]
Manager

Yours faithfully,

[D. R. Dogra]
Executive Director

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure 1

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

up

Mr. Hasmukh Daftary
President – Finance & Accounts
Pipavav Shipyard Limited
SKIL House
209 Bank Street Cross Lane,
Fort
Mumbai - 400 023

February 19, 2008

Confidential

Dear Sir,

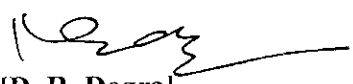
IPO Grading

Please refer to our letter dated February 18, 2008, on the above subject.

2. As already advised, our Rating Committee has assigned a 'CARE IPO Grade 3' grading to the Initial Public Offer of Pipavav Shipyard Limited. The rationale for the Grading is enclosed as Annexure to this letter.
3. The above rationale would be included in our quarterly journal, CAREVIEW. We shall be grateful for any comments that you may have on the rationale as early as possible. In case we do not hear from you by February 27, 2008, we will proceed on the basis that you do not have any comments to offer.
4. CARE IPO grading is not a recommendation to buy, sell, or hold any security.
5. If you need any clarification, you are welcome to approach us in this regard.

Thanking you,


[Umeshpratap Singh]
Manager

Yours faithfully,

[D. R. Dogra]
Executive Director

Encl: As above

Grading Rationale

Pipavav Shipyard Ltd.

IPO Grading

CARE IPO Grade 3

CARE has assigned 'CARE IPO Grade 3' to the proposed Initial Public Offer (IPO) of Pipavav Shipyard Limited (PSL). CARE IPO Grade 3 indicates average fundamentals. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the relative assessment of the fundamentals of the issuer. PSL proposes an IPO of 868 lack equity shares of face value of Rs.10.

Grading factors in strong order book position, SEZ approval to the subsidiary of the company (E Complex Pvt. Ltd.), professionally qualified & experienced management and strategic tie up with Punj Lloyd Ltd. (PLL). However, grading is constrained by absence of track record in shipbuilding, project execution risk associated with the green-field expansion, past CDR history of company and concentration of order book to main line shipping sector. Inherent cyclicity in the ship building sector and execution of long orders within timeframe are the key grading sensitivities.

Background

SKIL Infrastructure Limited incorporated Pipavav Ship Dismantling and Engineering Limited on Oct.17, 1997 to gain on the IMO regulations for discarding single hull tankers. However, the ship dismantling business became unfeasible as the IMO regulations, regarding single hull vessels, got postponed to 2010. Company requested lenders to extend the moratorium period as well as for a rescheduling of the payments on the loan and went through the CDR mechanism. Company has since prepaid the lenders under the CDR scheme and currently not subject to the terms of the CDR scheme thereof. Subsequently, in April 2005, the main business of the company was changed from ship dismantling to shipbuilding and ship repair. Accordingly the name of the company was changed to Pipavav Shipyard Limited. Original promoters were joined by Punj Lloyd Limited (PLL) as co-promoter in FY08 by acquisition of 22.34% share capital of PSL.

A handwritten signature or mark, possibly a stylized 'P' or 'D', located below the background text.

Management

Senior management comprises of Mr. Bhavesh Gandhi, executive vice chairman and Mr. Raymond Steward chief executive officer (CEO), they are assisted by team of key managerial personnel (KMPs). Although KMPs have been inducted recently, they bring on board huge experience in the related industry.

Corporate Governance

The company has four Independent – Non Executive directors out of total number of 11 directors on the board. In the recent past, the company has complied with SEBI Guidelines in respect of Corporate Governance specifically with reference to broad basing the board, including appointment of independent directors and constituting of committees such as Audit, Remuneration Committee and Share Holders'/Investors' Grievances Committee. Corporate governance practice in terms of adhering to clause 49 of listing agreements has been initiated since October 2007 in view of IPO.

Project Particulars

The construction of the Pipavav Shipyard is being conducted on an owner-managed basis, whereby the company would manage various parties providing the engineering, procurement and construction services for the construction of the shipyard. The original promoter, SKIL, is experienced in the construction of infrastructure projects on an owner-managed basis. The scope of the green field expansion of Pipavav Shipyard includes:

- Conversion of one existing wet basin into a 651 meters long and 65 meters wide, capable of accommodating ships of up to 400,000 DWT and / or multiple combinations of smaller vessels;
- The construction of a fabrication and block assembly facility for shipyard operations;
- The establishment of dryland facilities comprising a fabrication area for the Offshore Business Products; and
- Installation of a shiplift facility, including multiple land berths, for building and repairing small to medium sized ships, including naval vessels.



PSL also executed cooperation agreements with various companies that have experience in the shipbuilding business like – KOMAC, a Korean ship design consulting firm - to provide with procurement support for supply of non-Indian sourced shipbuilding materials, shipboard machineries and equipments, production management services related to the start-up and initial operation of the Pipavav Shipyard, and technical support services related to the construction of the Panamax bulk carriers which comprise the initial order book. PILS Co. Limited of South Korea, a procurement and logistics firm - to assist the company with the procurement of certain component parts for production SembCorp, a company which operates shipyards and offshore construction and fabrication facilities in Singapore – the company executed a technical assistance agreement. In November 2007, SembCorp acquired a strategic equity stake of 175 lakh equity shares in the company, representing an approximate interest of 3.02%. As a co-promoter, Punj Lloyd has agreed to conduct all of its offshore business (excluding the construction and fabrication of subsea pipelines) in India through PSL and is expected to provide the company with access to opportunities in the Offshore Business . As of the date, the company has agreements with three international clients for the construction of 26 Panamax bulk carriers. These contracts have an aggregate face value of approximately Rs.42,99.26 crore.

Project cost and means of finance:

The project cost of shipyard is estimated at Rs. 2888 crore, to be financed through a mix of equity contribution, term loan and IPO proceeds. The details of the same are as follows:

(In Rs. Crore)

Sr. No.	Particulars	Amount
1.	Equity -Pre IPO placement	1248.68
2.	Term loan from FIs	935.20
3.	IPO Proceeds	704.94
	Total	2888.82

The company would be implementing the project in two phases. Phase – I expected to be complete by FY09 and covers the infrastructure required for ship building and ship

up

repairs activities. The total cost of the Phase – I is Rs.2189.5 crore. Phase – II, which covers infrastructure for the offshore services division, expected to be completed during FY10 with a total capital cost of Rs.699 crore.

IPO Issue Details

PSL is proposing to make Initial Public Offer (IPO) of 868.50 lakh equity shares for cash at the market determined price per share. The issue of equity shares will constitute 13.04% of the fully diluted post-issue equity share capital of the company. However, the company is considering a Pre-IPO placement of not more than 28.50 lakh equity shares to certain investors prior to the Issue, prior to filing of RIIP with ROC. In such a situation, the size of the proposed IPO will be reduced to the extent not beyond 10% of the post-issue capital, being offered to the public.

The proceeds from the issue of shares are intended to be deployed as follows:

1. Construction of facilities for shipbuilding, ship repair and offshore business
Rs. 2371.29 crore
2. Margin for working capital Rs. 457.52 crore
3. General corporate purpose Rs. 60 crore

Industry

The global shipbuilding industry is dominated by Japanese and Korean shipyards which control nearly 78% of the total shipbuilding orders. As a result of increasing demand for the vessels, the waiting period for shipbuilding climbed to well over three years with deliveries for some vessels stretching till 2010. India, ranking 8th in terms of global order book, has 32 shipbuilding yards belonging to the public and private sectors with about 46% of the order book geared towards offshore segment. The future growth in Indian shipbuilding sector is driven by availability of low cost and technically qualified manpower, world over shipyards operating at maximum capacity and niche developed by Indian shipyards in construction of OSVs. Growth for OSVs is expected to remain buoyant on account of continuous rise in crude prices and government emphasis on the energy security through NELP (new exploration licensing policy). However, some of the concerns faced by the shipbuilding industry are - availability of man power going forward, continuous rupee appreciation,



uncertainty about extension of government subsidy for vessels booked post August 2007 and possible delay in completion of planned capacity expansion. Existing upturn in the ship building industry is governed by high freight rates and increasing investment in oil & gas exploration sector mainly due to mounting oil prices. However, any correction in the oil prices is expected to result in dip in the investment in the exploration sector thereby affecting freight rates and hence demand for newer ships. Since the Japanese and Korean shipyards are booked for more advanced big vessels, the demand from offshore sector is heading towards Indian shipyards. The downturn in the shipbuilding would release the pressure from these global capacities to accommodate orders from offshore sector thereby increasing competition for Indian shipyards.

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DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Mr. Hasmukh Daftary
President – Finance & Accounts
Pipavav Shipyard Limited
SKIL House
209 Bank Street Cross Lane,
Fort
Mumbai - 400 023

4TH Floor, Godrej Coliseum,
Somaiya Hospital Road,
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E-mail : care@careratings.com
www.careratings.com

August 27, 2009

Confidential

Dear Sir,

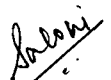
IPO Grading

Please refer to our letter dated July 15, 2008 and your subsequent letter dated July 13, 2009, requesting us to revalidate the IPO grading.

2. Our rating committee has reaffirmed a 'CARE IPO Grade 3' to the proposed IPO issue of Pipavav Shipyard Ltd (PSL). **CARE IPO Grade 3 indicates average fundamentals.** The explanatory notes regarding the grading symbols of CARE for IPO grading are given in **Annexure**.
3. Please note that wherever 'CARE IPO Grade 3' [Grade three] appears, it should invariably be followed by the definition 'CARE IPO Grade 3' [Grade three] indicates **average fundamentals**".
4. Please arrange to get the grading revalidated, in case the proposed IPO issue is not made within two months from the date of this letter.
5. Please note that the IPO grading is a one time exercise undertaken before an IPO issue and it does not have any ongoing validity.
6. Please note that the disclaimer, as given hereunder, should be disclosed wherever the IPO grading assigned by CARE is mentioned, including offer document and issue prospectus.
7. If you need any clarification, you are welcome to approach us in this regard.

Thanking You,

Yours faithfully,


[Saloni Jain]
Analyst


[Mahendra Patil]
Manager

Encl : As above

DISCLAIMER:

CARE's IPO grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Annexure

CARE IPO grading Scale

CARE IPO grade	Evaluation
CARE IPO Grade 5	Strong fundamentals
CARE IPO Grade 4	Above average fundamentals
CARE IPO Grade 3	Average fundamentals
CARE IPO Grade 2	Below average fundamentals
CARE IPO Grade 1	Poor fundamentals

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