CHAIRMAN'S OVERVIEW

Nikhil P. Gandhi, Chairman

"WE HAVE BEEN INVESTING NOT ONLY IN CAPACITIES THAT WOULD MAKE PIPAVAV SHIPYARD THE LARGEST IN INDIA, BUT ALSO TO ENSURE ADEQUATE FLEXIBILITY OF INFRASTRUCTURE FOR DIVERSIFIED PRODUCT AND SERVICE OFFERINGS, AND CUSTOMISED SOLUTIONS."

Dear all,

The year 2008-09 was the year of a journey's commencement. A journey to build a company like no other. A journey to achieve excellence in whatever we undertake. Above all, journey fuelled by the passion of a likeminded few, pledged to fulfill an audacious commitment. For we shall be satisfied with nothing less than finding India a place of honour on the global shipbuilding map. And I am hugely proud to report the fact that the journey has been well begun indeed.

We live in exciting times! On the one hand, the developed economies are facing a liquidity crisis, leading to lower consumer offtake. With intensified competition, companies are looking to maintaining their margins. The world is shrinking faster and thereby, widening the very scope of business opportunities. On the other hand, therefore, Asia is emerging more and more conspicuously as a preferred manufacturing destination in the wake of vastly increased human resource expenses in the European and the American countries. As both have a large population base with increasing access to disposable income, China and India are emerging as preferred markets for companies in pursuit of sustainable and scalable growth.

The global shipbuilding industry is in an equally vast transit. While South Korea and Japan dominated the shipbuilding industry during the 1970 -1990 decades, China fast emerged as a preferred destination in more recent years. The focus has now shifted to India. India has traditionally enjoyed an edge over China in terms of quality of product. However, offering world-class and world-scale standards in ship-building services still remains a challenge most Indian companies are unwilling to envisage, let alone attempt.

Pipavav Shipyard Limited was formed not merely to exploit the immediate opportunity. A shipyard capable of delivering globally competitive services cannot be supported by momentary shifts of competitive balance. This Company is predicated on a much longer-term view, and founded on a bedrock of hard fact. India does indeed enjoy an edge in its large pool of engineering professionals. The lower cost of resources, the domestic availability of raw materials, the proximity to the key trade centres of the shipping world - Dubai and Singapore - are also advantages that will not only endure but strengthen in the foreseeable future.

Our shipyard will offer products and services at par with the best in the world. We have been investing not only in capacities that would make Pipavav Shipyard the largest in Asia, but also in infrastructure to lend adequate flexibility to ensure diversified product and service offerings, and customised solutions.

We have ensured best in class technology and design expertise by associating with the best shipbuilders in the world like KOMAC and SembCorp.

I feel great pride in the quality of our allies.

However, the best is yet to come - both in terms of opportunities and challenges. The year 2008-09 was very crucial for us. We have a robust order book, proof already of the faith our customers place in our abilities. To live up to their expectations and deliver results would be the biggest focus area for us going forward. I am confident, that with our abilities we can not only reach but raise the bar of performance in the coming year.

So the journey is well begun, and the future is bright.

I take your leave on this note of optimism.

Sincerely,

Nikhil P. Gandhi
Chairman

Bhavesh P. Gandhi,
Executive Vice Chairman

VICE CHAIRMAN'S OVERVIEW

Dear all,

It gives me great pleasure to share our progress during the year with you. The year 2008-09 was a year of project execution. Our sole focus was on timely completion of the planned activities, as scheduled. I am happy to report that we have largely managed to stick to the timelines: it reflects the single-minded focus, determination and hard work put in by each and every member of our organisation.

Such dedication stems from the pride that each of us literally breathes everyday - to create India's largest shipyard, and equip it with truly world-class infrastructure.

Allow me to give you a quick inventory of what make Pipavav Shipyard India's first world-class shipyard:

1. **Capacity:** the shipyard has the largest dry dock in Asia.
2. **Production expertise:** we use the modular method of ship-building, wherein a ship is built block by block. This method, used in all major international shipyards, makes the operation faster and highly efficient.
3. **Flexibility:** the very size of the shipyard gives it the flexibility to handle a large variety of vessel types and a wide range of services.
4. **A diverse product line:** as a strategy, we ventured into production of large ships and Offshore Supply Vessels, and were thus able to replicate the market opportunity in the order book. Going forward, we will also capitalise on offshore fabrication projects, defence vessels and ship repairs, major opportunity areas for us.
5. **Diverse human resource base:** we have strengthened workforce by recruiting the best talents from a global pool of experienced professionals. This cultural as well as professional diversity enriches our engagement with our global customer base.

With the Indian shipbuilding sector becoming fiercely competitive everyday, our Company enjoys a first mover advantage in both capacity buildup and adoption of the latest technology. Our timely entry is expected to provide an advantage of three years over the existing shipbuilders in India.

April 1, 2009 onwards, we also commenced the first stage of production – with block-making – at our SEZ unit.

The year 2009-10 will be crucial for us, in terms of order deliveries.

I take this opportunity to acknowledge the invaluable contribution of all our customers, suppliers, bankers for their support, and our employees for their unstinted commitment. Both are integral to our vision and the story of our growth.

I would also like to thank our Board of Directors for their continuing guidance in shaping our vision. And I am grateful to all our investors for the faith they have reposed in our team as it implements this vision.

I am sanguine that our strategic initiatives will ensure robust shareholder value, and go a long way in securing India's preeminent place in the global shipbuilding industry.

Sincerely,

Bhavesh P. Gandhi,
Executive Vice Chairman

PROFILE OF THE BOARD OF DIRECTORS

1 **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.

2 **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.

3 **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.

4 **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.

5 **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.

6 **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.

7 **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.

8 **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.

9 **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").

10 **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.

11 **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.

DIRECTORS' Report

Dear Members,

Your Directors are delighted to present this Twelfth Directors' Report together with the Audited Annual Accounts for the financial year ended March 31, 2009.

FINANCIAL RESULTS:

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

(Rs. in Thousands)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
Income	6,17,780.19	2,77,489.34
Profit/(Loss) before Taxation	95,938.39	1,16,011.53
Less : Provision for Taxation	46,700.00	67,420.92
Profit/(Loss) after Taxation	49,238.39	48,590.61
Previous Year Loss Adjustment	(5,000.83)	(90,345.30)
Balance of Profit/(Loss) carried to the Balance Sheet	2,482.87	(41,754.69)

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

DIVIDEND:

Considering that the Company commenced commercial operations only on April 1, 2009, it is not recommended that any dividend be paid on the equity shares for the year under review.

SHARE CAPITAL:

During the financial year under review, the Company raised Rs. 5.24 Crores by issue of 6.55 Lakhs Equity Shares of Rs. 10/- each fully paid up.

SHIPBUILDING INDUSTRY:

The past one year has been a difficult time for the world economy. The international ship-building industry has also been affected by the global recession. Shipbuilding orders worldwide have dried up due to the credit crunch and decline in sea-borne trade. The huge new-build vessels capacity scheduled to be introduced in the coming months will only drive freight rates downwards, further affecting the demand for new ships. According to the shipping experts, new-build order cancellations, delayed deliveries and scrapping are inevitable in order to check the vessel demand-supply imbalance which might help in keeping freight rates at reasonable levels. The Container and Tanker sectors are unlikely to recover before 2011. However, there has been some improvement in the Dry-Bulk sector in recent weeks. The Baltic Dry Index, the global benchmark for freight rates of dry bulk carriers had dropped to its 22 year low of 663 in December'08. However, it has recovered since the beginning of this year & has maintained a

steady rise. Until economic conditions in other major economies improve, we do not expect any improvement in global new build orders. The Company is no exception to the downturn in the global commercial new build market. However, the immediate effect of the recession on the Company is being mitigated by negotiations with the Customers.

According to very recent reports, Shipping Corporation of India has planned purchases of USD 2.6 billion in the next four years. Positive signals from policy-makers are also encouraging. The Government, in the last week of February'09, approved a move to disburse about Rs 5,100 Crores as shipbuilding subsidy to domestic shipyards for orders secured till August 14, 2007. The Shipping Ministry is also expected to consider extension of the subsidy scheme, which lapsed in August 2007. The Shipping Ministry is also in favour of setting up a Central Fund of nearly USD 2 billion. This will be used to finance domestic ship owners acquisition plans. The Government is considering linking this facility to ship acquisition at Indian shipyards.

Beyond the traditional market for merchant ships, there is also a huge market for Offshore structures & vessels, Naval ships and Ship-repairs. NELP (New Exploration Licensing Policy) has been instrumental in attracting investments in the Indian E&P (Exploration & Production) sector. Similarly, the Government's commitment to building up the country's indigenous defence capabilities has created significant opportunities in the Naval Vessels sector. In line with this, the company has established its Offshore and Naval divisions, which are fully operational.

Despite the downturn, certain vessels are still in demand. For e.g. dredging vessel sales are still being reported. Similarly, demand for Offshore Support Vessels (OSVs) and Anchor Handling Tug cum Supply Vessels (AHTS Vessels) would also continue due to the steady demand for oil. In the past decade, Indian yards have carved a niche for themselves in this segment. In this regard, the Company has won the contract from ONGC for construction of 12 Offshore Support Vessels in global tender.

Shipyards at traditional ship-building nations are saturated and one has to wait for a period, as long as five years for delivery of vessels. Indian shipyards are able to deliver vessels in half of that time.

PROJECT DEVELOPMENT:

The work relating to conversion of existing wet basin into dry dock and creation of other required facilities for the shipyard is completed. The Dry dock of the company is capable of accommodating ships of up to 400,000 DWT and/or multiple combinations of smaller vessels. As already stated, the Company commenced its commercial operations w.e.f. April 1, 2009.

HUMAN RESOURCES:

Employees are the most precious asset of the Company. The Company successfully creating work environment that boosts innovation and meritocracy. During the year under review, The Company built management Team by employing experienced personnel with strong capabilities in various aspects. As on March 31, 2009, the Company has employed 514 full time employees (Previous year 254). The Company believes in hiring the best people, retaining them and ensuring their development into an expert talent base.

CORPORATE SOCIAL RESPONSIBILITIES:

The Company is the sole sponsor of training at two Industrial Training Institutes (I.T.I.s) respectively situate at Rajula and Mahuva, Gujarat, in the vicinity of the Company's Shipyard. This initiative of the Company is well received by the local communities. The Company endeavours to make a green shipyard. Towards this objective more than 5,700 sapling/trees have been planted and being maintained at both the units of the Company. Further, the Company plans to plant

additional 9,150 trees during monsoon of 2009. The Company is planting several varieties of mangroves in the sea bed admeasuring about five hectares.

SUBSIDIARY COMPANY:

E Complex Private Limited, the wholly owned subsidiary of the Company is developing a sector specific SEZ. The Company has set up its Block Making facilities in the said SEZ, which is now known as its SEZ Unit.

CORPORATE GOVERNANCE:

The Company has complied with relevant provisions of all applicable laws, statutes and enactments including the Companies Act, 1956.

Your Company's philosophy of Corporate Governance, envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations

The Company's philosophy of corporate governance envisages attainment of the highest level of transparency, accountability and equity in all facets of its operations and in all interactions with its stakeholders including the shareholders, employees, governments, lenders, customers and suppliers. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time.

AUDIT COMMITTEE:

The Audit Committee of the Board comprises of Mr. R.M. Premkumar (Chairman of the Audit Committee), Mr. Bhavesh Gandhi, Mr. Atul Punj, Mr. R. M. V. Raman and Mr. S. Venkiteswaran, Directors. The Audit Committee has reviewed the Annual Accounts for the year ended March 31, 2009 enclosed with this Report.

DIRECTORS:

Since the last Annual General Meeting, Mr. T.R. Prasad resigned from the office of the Director of the Company with effect from January 13, 2009. The Board of Directors places on record its appreciation of the valuable services rendered by Mr. T.R. Prasad during his tenure as the Director of the Company.

Mr. Atul Punj, Mr. Vimal Kishore Kaushik and Mr. Mahesh Gandhi, Director are liable to retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

PERSONNEL:

A statement containing prescribed details of the Employees, as required to be provided pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is annexed and marked as annexure "A" and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors on the basis of information and explanation provided by the executive management confirm that:

(i) In the preparation of the Annual Accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed along with proper explanation relating to material departures.

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

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

(iv) The Directors had prepared the Annual Accounts for the financial year ended March 31, 2009 on 'going concern' basis.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

The Company during the year under review has not commenced commercial operations. As stated earlier, Commercial Operations have been commenced with effect from April 1, 2009.

The Company has yet to undertaken any research and development activities.

In these circumstances, provisions of Section 217(1)(e) of the Companies Act, 1956 concerning to energy conservation and technology absorption do not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review the Company imported Raw Material and Components on CIF basis of INR 22,01,170.23 Thousands (Previous year 3,33,334.39 Thousands). Similarly, the Company imported on CIF basis Capital Goods worth INR 23,29,831.27 Thousands (Previous year INR 1,32,837.83 Thousands)

AUDITORS:

M/s Chaturvedi & Shah and M/s. GPS & Associates, Chartered Accountants, Joint Statutory Auditors of the Company, will be retiring at the ensuing Annual General Meeting. M/s. GPS & Associates, Chartered Accountants, have communicated their non – availability for re-appointment as Joint Statutory Auditors. M/s Chaturvedi & Shah, Chartered Accountants, retiring Joint Statutory Auditors be appointed as Statutory Auditors of the Company at the ensuing Annual General Meeting. M/s Chaturvedi & Shah, Chartered Accountants, have communicated their willingness to accept office of statutory Auditors from the conclusion of the ensuing Annual General Meeting till the next Annual General Meeting, if appointed.

ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

Sd/-

Nikhil Gandhi
Chairman

Place : Mumbai
Date : June 30, 2009

AUDITORS' Report

To

TO THE MEMBERS OF PIPAVAV SHIPYARD LIMITED.

1. We have audited the attached Balance Sheet of PIPAVAV SHIPYARD LIMITED, as at 31st March, 2009, and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we give in the Annexure hereto, a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the company.
4. Further to our Comments in the Annexure referred to in Para 3 above, we report that:
   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of such books;
   c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) On the basis of the written representations received from the directors as on March 31, 2009, and taken on records by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.
   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the significant Accounting Policies & notes there on, in particular Note No. 8 of Schedule 17 regarding payment of managerial remuneration which is subject to the approval of Central Government, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
      (ii) in the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
      (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Chaturvedi & Shah
Chartered Accountants

Sd/-
R. Koria
Partner
Membership No.
– 35629

For GPS & Associates
Chartered Accountants

Sd/-
H. Y. Gurjar
Partner
Membership No.
– 32485

Mumbai
Date: 30th June, 2009

ANNEXURE TO THE AUDITORS' REPORT

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

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

i. In respect of its fixed assets:
   a. The company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company. No material discrepancies were noticed on such physical verification.
   c. In our opinion, the Company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

ii. In respect of its inventories:
   a. As explained to us, inventories have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on the physical verification of inventory as compared to the book records.

iii. In respect of Loans, secured or unsecured, granted or taken by the company to/ from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
   a. The Company has granted unsecured loan to a wholly-owned subsidiary company of it. The maximum amount outstanding at any time during the year was Rs. 14,42,358 thousands and the year end balance was Rs. 9,08,700.81 thousands.
   b. In our opinion and according to the information and explanations given to us, the aforesaid loan is interest free and other terms and conditions, are not prima facie prejudicial to the interest of the company.
   c. The said loan is repayable on demand and there is no repayment schedule.
   d. As the said loan is repayable on demand, the question of overdue amount does not arise.
   e. The company has not taken any loans during the year from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the provisions of sub clauses (f) and (g) of paragraph 4 of the order are not applicable.

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

v. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
   a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
   b. The transactions, made in pursuance of the contracts or arrangements, entered in the register maintained under section 301 of the Companies Act, 1956, and aggregating during the year to Rs. Five lacs or more in respect of each party, have been made at prices, which are reasonable. The Company has not made any similar transactions with any other party.

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

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

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

ix. According to the information and explanations given to us in respect of statutory dues:
   a. The company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty, Excise Duty, Cess and any other material statutory dues with the appropriate authorities during the year except in few cases.
   b. According to the information and explanations given to us, no undisputed amounts payable in respect of such statutory dues were outstanding as at 31st March, 2009 for a period of more than six months from the date they became payable.
   c. The disputed statutory dues aggregating to Rs. 85,553.41 thousands that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates	Amount (Rs. in thous-ands)	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	2008-09	71,675.50	Directorate of Revenue Intelligence
The Customs Act, 1962	Custom Duty	2008-09	13,877.91	Directorate of Revenue Intelligence
Total			85,553.41	

x The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

xi. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of dues to banks and financial Institutions.

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

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

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

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

xvi. To the best of our knowledge and belief and according to information and explanations given to us, in our opinion, the term loans raised have prima facie been applied for the purpose for which they were raised.

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 us and as represented to us, by the management, we are of the opinion, that funds raised on short term basis aggregating to Rs. 716,369.90 thousands have been utilized for purchase of Fixed Assets.

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

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

xx. During the year covered by our report the company has not raised any money by public issue.

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

For Chaturvedi & Shah
Chartered Accountants

Sd/-
R. Koria
Partner
Membership No.
– 35629

For GPS & Associates
Chartered Accountants

Sd/-
H. Y. Gurjar
Partner
Membership No.
– 32485

Mumbai
Date: 30th June, 2009

BALANCE SHEET as at March 31, 2009

(Rs. in Thousands)

Particulars	Schedules	As at March 31, 2009		As at March 31, 2008	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5,803,481.63		5,796,933.88	
Reserves and Surplus	2	6,747,284.53		6,749,446.15	
			12,550,766.16		**12,546,380.03**
Loan Funds					
Secured Loans	3	7,745,899.50		2,943,071.32	
Unsecured Loans	4	3,790,142.83		982,079.37	
			11,536,042.33		**3,925,150.69**
Total			**24,086,808.49**		**16,471,530.72**
APPLICATION OF FUNDS					
Fixed Assets	5				
Gross Block		495,708.62		182,409.31	
Less - Depreciation		75,822.98		46,421.68	
Net Block		419,885.64		135,987.63	
Capital Work In Progress		21,560,190.98		11,815,907.39	
			21,980,076.62		**11,951,895.02**
Investments	6		665,505.76		1,940,569.30
Current Assets, Loans and Advances					
Inventories	7	3,182,929.78		571,374.42	
Cash and Bank Balances	8	6,617,999.75		8,382,318.18	
Loans and Advances	9	2,550,927.03		1,449,390.48	
		12,351,856.56		10,403,083.08	
Less:					
Current Liabilites and Provisions	10				
Liabilities		10,789,114.41		7,830,627.09	
Provisions		121,516.04		72,851.23	
		10,910,630.45		7,903,478.32	
Net Current Assets			**1,441,226.11**		**2,499,604.76**
Miscellaneous Expenditure	11		-		**37,706.95**
(to the extent not written off)					
Profit and Loss Account			-		**41,754.69**
Total			**24,086,808.49**		**16,471,530.72**
Significant Accounting Policies	16				
Notes to Accounts	17				

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

sd/-
R Koria
Partner

For GPS & Associates
Chartered Accountants

sd/-
H Y Gurjar
Partner

For and on Behalf of the Board of Directors

sd/-
Nikhil P. Gandhi
(Chairman)

sd/-
Bhavesh P. Gandhi
(Executive Vice Chairman)

sd/-
Jaiprakash Rai
(Chief Executive Officer)

sd/-
Hasmukh Daftary
(Chief Financial Officer)

sd/-
Ajit Dabholkar
(Company Secretary)

Place : Mumbai
Date : June 30, 2009

PROFIT & LOSS ACCOUNT for the year ended March 31, 2009

(Rs. in Thousands)

Particulars	Schedules	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME			
Other Income	12	617,780.19	277,489.34
Total		**617,780.19**	**277,489.34**
EXPENDITURE			
Payments to and Provisions for Employees	13	76,769.84	50,269.76
Administrative, Selling and Other Expenses	14	313,967.63	108,669.50
Interest and Financial Charges	15	129,579.79	767.23
Depreciation		1,524.54	1,771.32
Total		**521,841.80**	**161,477.81**
Profit Before Taxes		95,938.39	116,011.53
Provision For Tax - Current Tax		41,200.00	64,000.00
- Fringe Benefit Tax		5,500.00	3,420.92
Profit after Tax		49,238.39	48,590.61
Prior Period Item (Net)		(5,000.83)	(90,345.30)
Balance brought forward		(41,754.69)	-
Amount Available for Appropriation		2,482.87	(41,754.69)
Appropriations		-	-
Balance carried to Balance sheet		2,482.87	(41,754.69)
Earnings per Equity share of Rs. 10/- each			
- Basic (In Rupees)		0.08	(0.10)
- Diluted (In Rupees)		0.08	(0.10)
(Refer note no - 14 of Schedule 17)			
Significant Accounting Policies	16		
Notes to Accounts	17		

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

sd/-
R Koria
Partner

For GPS & Associates
Chartered Accountants

sd/-
H Y Gurjar
Partner

For and on Behalf of the Board of Directors

sd/-
Nikhil P. Gandhi
(Chairman)

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(Executive Vice Chairman)

sd/-
Jaiprakash Rai
(Chief Executive Officer)

sd/-
Hasmukh Daftary
(Chief Financial Officer)

sd/-
Ajit Dabholkar
(Company Secretary)

Place : Mumbai
Date : June 30, 2009

SCHEDULES attached to and forming part of Balance Sheet

(Rs. in Thousands)

Particulars	As at March 31, 2009		As at March 31, 2008	
SCHEDULE - 1				
SHARE CAPITAL				
Authorised				
800,000,000 (PY 800,000,000) Equity shares of Rs. 10/- each		8,000,000.00		8,000,000.00
		8,000,000.00		**8,000,000.00**
Issued, subscribed and Paid Up				
580,348,163 (PY 579,693,388) Equity Shares of Rs. 10/- each fully paid		5,803,481.63		5,796,933.88
Total		**5,803,481.63**		**5,796,933.88**
SCHEDULE - 2				
RESERVES AND SURPLUS				
Securities Premium Account				
Balance as per last Balance Sheet	6,749,446.15		1,087,650.00	
Add - on issue of Shares	45,834.26		5,661,796.15	
Less - Preliminary and Issue Expenses Written Off	50,478.75		-	
		6,744,801.66		6,749,446.15
Profit and Loss Account		2,482.87		-
Total		**6,747,284.53**		**6,749,446.15**
SCHEDULE - 3				
SECURED LOANS				
Term Loan :				
- from Banks	3,613,600.00		200,000.00	
- from Financial Institutions	4,125,425.40		2,734,316.18	
		7,739,025.40		2,934,316.18
Vehicle Loans		6,874.10		8,755.14
Total		**7,745,899.50**		**2,943,071.32**

1) The above term loan is 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) Vehicle Loans are secured by Hypothecation of the specific vehicles financed.

SCHEDULE - 4				
UNSECURED LOANS				
From Banks*		3,492,698.99		684,635.53
Inter Corporate Deposit		297,443.84		297,443.84
Total		**3,790,142.83**		**982,079.37**

Note: Amount Repayble in one year is Rs. 3,790,142.83 thousands (P.Y.:- Rs. 684,635.53 thousands)

* Includes Rs. 1,651,327.89 thousands (P.Y.: Rs. 359,965.89 thousands) relating to discounting of letter of credits / buyers credit for the project and Rs. 1,841,371.10 thousands (P.Y.: Rs. 324,669.64) thousands for operations

SCHEDULE - 5

FIXED ASSETS

(Rs. in Thousands)

DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 1, 2008	Addition During The Year	Adjustment	As on March 31, 2009	up to March 31, 2008	Addition During The Year	Adjustment	up to March 31, 2009	As at Marchl 31, 2009	As at Marchl 31, 2008
A) Tangible Assets										
Buildings	-	125,928.47	-	125,928.47	-	44.09	-	44.09	125,884.38	-
Plant & Machinery	130,383.57	153,802.67	6,390.56	290,576.80	40,807.99	14,309.75	66.42	55,051.32	235,525.48	89,575.58
Furniture and Fixtures	19,595.45	18,725.02	(6,901.12)	31,419.35	2,561.47	11,075.89	7.84	13,629.52	17,789.83	17,033.98
Vehicles	27,908.02	12,658.71	(15.92)	40,550.81	2,873.35	3,029.49	-	5,902.84	34,647.97	25,034.67
B) Intangible Assets										
Software *	4,522.27	2,710.92	-	7,233.19	178.87	1,016.34	-	1,195.21	6,037.98	4,343.40
Total	**182,409.31**	**313,825.79**	**(526.48)**	**495,708.62**	**46,421.68**	**29,475.56**	**74.26**	**75,822.98**	**419,885.64**	**135,987.63**
Previous year	124,687.34	58,559.26	(837.29)	182,409.31	38,172.26	8,407.40	157.97	46,421.68	135,987.63	-
Capital Work in Progress									21,560,190.98	11,815,907.39

* Other than Internally Generated

** Includes Rs. 225.16 thousands (P. Y. Rs. 30.08 thousands) relating to earlier years

Notes:

	As at 31st Mar 09	As at 31st Mar 08
1) Capital Work in Progress includes		
- Advances on Capital Account	86,760.31	846,549.35
- Material at site	20,431.20	-
- Buildings under construction	3,057,339.01	1,505,836.83
- Plant and Machinery under installation	12,869,973.69	5,923,091.93
- Pre-operative Expenses	5,525,686.77	3,540,429.28
	21,560,190.98	**11,815,907.39**

2) Intangible Assets are re-grouped from Plant and Machnery

3) During the year Furniture and Fixtures amounting to Rs. 6,849.50 thousands have been regrouped to Plant and Machinery

4) Buildings are constructed on the Leasehold Land.

SCHEDULES attached to and forming part of Balance Sheet

Rs in Thousands

Particulars	Numbers		Face Value (Rs.)	As at March 31, 2009	As at March 31, 2008
	31.03.2009	31.03.2008			
SCHEDULE - 6					
INVESTMENTS					
Long Term Investments, (Other than Trade, Unquoted)					
Government and Other Securities					
6 years National Savings Certificate				5.00	5.00
(Deposited with Sales Tax Department)					
In Equity shares of Subsidiary Company					
- Fully Paid up					
E Complex Pvt.Ltd.	21,709,327	21,709,327	10.00	189,673.18	189,673.18
In Units of Mutual Funds					
Principal Monthly Income Plan Plus - Growth	-	9,588,770	10.00	-	150,000.00
Principal Monthly Income Plan Growth	-	11,907,878	10.00	-	215,500.00
SBI Arbitrage opportunities Fund	-	13,288,683	10.00	-	157,973.21
				-	523,473.21
Current Investments (Other than Trade, Unquoted)					
In Units of Mutual Funds					
Kotak Floater Long Term Growth*	5,469,316.83	-	10.00	75,630.26	-
LIC MF Liquid Fund Plus - Daily Dividend Plan	40,019,731.72	-	10.00	400,197.32	-
Kotak Series 4	-	12,500,000	10.00	-	125,000.00
Standard Chartered Plan B	-	12,294,128	10.00	-	128,124.76
Standard Chartered Plan A	-	1,007,213	10.00	-	10,320.49
1084 Pru ICICI Interval Fund 2	-	25,471,629	10.00	-	256,478.92
Reliance Liquid + Institutional	-	603,039	1,000.00	-	657,493.74
Templeton QIP	-	4,995,654	10.00	-	50,000.00
				475,827.58	**1,227,417.91**
Total				**665,505.76**	**1,940,569.30**

NOTE:
1) *Pledged with Infrastructure Leasing & Financial Services Ltd for Bank Guarantees
2) Investments Purchased and Sold During the Year

MUTUAL FUNDS	Face Value (Rs.)	Units (Nos)	Cost (Rs. in Thousands)
AIG India Treasury + Institutional	10.00	16,201,790	170,000.00
G-50 Grindlays Floating Rate LT Inst Plan B	10.00	13,053,768	130,609.47
1084 Pru ICICI Interval Fund 2	10.00	25,971,569	259,715.69
ICICI Prudential Instituitional Liquid Plan	10.00	26,524,582	330,000.00
28Q ICICI Prudential - Flexible Income Plan Dividend - Daily	10.00	13,767,937	145,575.28
Kotak Series 4	10.00	12,500,000	125,000.00
Kotak Liquid Institutional Premium	10.00	4,042,561	49,432.83
Lotus India - Institutional	10.00	15,035,082	150,586.87
Mirae Assets Super Institutional	10.00	50,059	50,128.80
Principal Monthly Income Plan Plus - Growth	10.00	9,588,770	150,000.00
Principal Monthly Income Plan Growth	10.00	11,907,878	215,500.00
Reliance Liquid + Institutional	10.00	1,671,715	1,860,985.64
Reliance Liquidity - Growth Option	10.00	20,865,956	270,000.00
Reliance Liquid Fund Treasury Plan Institutional	10.00	13,923,664	280,000.00
SBI Arbitrage Opportunities Fund - L114D	10.00	14,029,550	157,973.21
Standard Chartered Plan B	10.00	12,469,393	129,959.00
Standard Chartered Plan A	10.00	1,020,828	10,461.97
IDFC Liquidity Manager Plus	10.00	10,367	10,369.00
Templeton India TMA	10.00	250,191	250,358.90
Templeton QIP	10.00	4,995,654	50,000.00

SCHEDULES attached to and forming part of Balance Sheet

Rs in Thousands

Particulars	As at March 31, 2009	As at March 31, 2008
SCHEDULE - 7		
INVENTORIES		
(as taken, valued and certified by the Management)		
Raw Materials and Components	1,775,385.64	376,886.59
Work in Progress *	1,405,683.35	194,487.83
Scrap	1,860.79	-
Total	**3,182,929.78**	**571,374.42**
* During Trial Run		
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash on Hand	401.86	421.77
Balances with Scheduled Banks		
- In Current Accounts	280,915.55	305,502.36
- In Fixed Deposit Accounts	6,336,682.34	8,076,394.05
(Pledged with banks as Margin for Bank Guarantees and Letter of Credits)		
Total	**6,617,999.75**	**8,382,318.18**
SCHEDULE - 9		
LOANS AND ADVANCES		
(Unsecured & considered good)		
To Subsidiary *	908,700.81	309,828.07
Advance recoverable in cash or in kind or for the value to be received **	1,269,593.23	910,615.97
Deposits	166,980.86	127,521.80
Advance Taxes (including Fringe Benefit Tax) (Net)	205,652.13	101,424.64
Total	**2,550,927.03**	**1,449,390.48**
* Maximum Balance During the year Rs. 1,442,358.00 thousands (PY : 854,043.83 thousands)		
** Subject to Confirmation		
SCHEDULE - 10		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
(Subject to Confirmations)		
Acceptances	451,254.36	13,301.74
Sundry Creditors		
- Dues to Micro Small and Medium Enterprises	8,539.34	-
(Refer Note No 10 of Schedule no 17.)		
- Dues to Others	1,990,153.37	193,496.86
Advance from Customers	8,215,265.03	6,874,040.59
Other Liabilties	71,233.61	732,484.01
Interest Accrued but not due on Loans	52,668.70	17,303.89
Total	**10,789,114.41**	**7,830,627.09**
PROVISIONS		
For Income Tax	41,200.00	64,000.00
For Fringe Benefit Tax	5,500.00	3,420.92
For Wealth Tax	263.00	112.00
For Gratuity / Leave Encashment	15,503.04	5,318.31
For Mark to Market Losses on Forward Contracts	59,050.00	-
Total	**121,516.04**	**72,851.23**

SCHEDULES attached to and forming part of Balance Sheet

(Rs. in Thousands)

Particulars	As at March 31, 2009		As at March 31, 2008	
SCHEDULE - 11				
MISCELLANEOUS EXPENDITURE				
(to the extent not written off or adjusted)				
Preliminary and Issue Expenses				
Balance as per last Balance Sheet	37,706.95		22.50	
Add: Incurred During the year	12,771.80		41,871.61	
		50,478.75		41,894.11
Less: Amount written off		-		4,187.16
Less: Transferred to Security Premium account		50,478.75		-
Total		**-**		**37,706.95**

SCHEDULES attached to and forming part of Profit and Loss account

(Rs. in Thousands)

Particulars	For the year ended March 31, 2009	For the year ended March 31, 2008
SCHEDULE - 12		
OTHER INCOME		
Interest Received	617,780.19	277,189.92
{Tax Deducted at Source Rs. 150,874.85 thousands		
(Previous Year Rs. 53,414.57 thousands)}		
Micellaneous Income	-	299.42
Total	**617,780.19**	**277,489.34**
SCHEDULE - 13		
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
(Including Managerial Remuneration)		
Salaries Wages and Allowances	71,293.35	46,021.93
Contribution to PF and Other Fund	1,123.41	1,053.76
Welfare and Other Amenities	**4,353.08**	**3,194.07**
Total	**76,769.84**	**50,269.76**
SCHEDULE - 14		
ADMINISTRATIVE, SELLING AND OTHER EXPENSES		
ADMINISTRATIVE EXPENSES		
Rent	10,696.67	17,341.92
Rates and Taxes	182.33	1,079.12
Insurance Premium	875.41	2,300.66
Printing and Stationery	797.59	1,190.85
Communication Expenses	1,829.28	2,692.56
Travelling / Conveyance Expenses	24,678.05	32,446.63
Vehicle Maintenance	550.80	590.56
Legal and Professional Charges	25,928.29	12,342.00
Directors Sitting Fees	470.00	481.00
Payment to Auditors	3,612.50	600.00
Miscellaneous Expenses	15,566.66	23,389.12
SELLING EXPENSES		
Advertising / Publicity Expenses	3,346.58	4,184.60
Brokerage and Commission	14,247.34	-
OTHER EXPENSES		
Foreign Exchange Difference (Net)	209,377.09	3,967.27
Loss on Sale of Assets	302.54	1.05
Donations	1,243.50	1,763.00
Wealth Tax	263.00	112.00
Prelimnary Expenses Written Off	-	4,187.16
Total	**313,967.63**	**108,669.50**
Schedule - 15		
INTEREST AND FINANCIAL CHARGES		
Interest		
- On Fixed Loans	428.07	-
- On Others	8,011.02	-
Loan Processing and Other Financial charges	121,140.70	767.23
Total	**129,579.79**	**767.23**

SCHEDULES forming part of the Balance Sheet & Profit & Loss Account

SCHEDULE - 16 : NOTES TO ACCOUNTS

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

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

2. USE OF ESTIMATES:

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

3. FIXED ASSETS:

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

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

4. INTANGIBLE ASSETS:

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

5. DEPRECIATION:

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

(Rs. In Thousands)

1.	**Contingent Liabilities:**	**31.03.2009**	**31.03.2008**
	a) Guarantees given by Company's Bankers		
	i) Refund Bank Guarantees given to customers (Net of liabilities accounted for)	5,064,212.60	2,926,332.52
	ii) Other Bank Guarantees (Bank Guarantees are provided under Contractual/ Legal obligations. No cash outflow is expected)	103,562.05	76,500.00
	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)	106,675.50	-
	ii) Customs Duty (No Cash Outflow is expected in the near future)	13,877.91	-
	iii) Income Tax (No Cash Outflow is expected in the near future)	184.38	-
	iv) Other Claims (Related to Geology and Mining Charges, No Cash Outflow is expected in the near future)	8,535.62	-
	c) Letters of Credit opened in favour of suppliers (Cash Flow is expected on receipt of materials from Suppliers)	932,104.21	1,707,347.26
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)	1,562,476.16	4,540,133.00

3. The company is at an advanced stage of completion of its integrated shipyard project comprising two units, viz. Special Economic Zone (SEZ) and Export Oriented Unit (EOU) situated at Amreli in Gujarat and trial run of certain facilities has commenced during the year. The expenditure incurred during the construction period / Trial Run are classified as "Project Development Expenditure" pending capitalization and will be apportioned to the assets on the completion of the project. 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 Thousands)

Particulars of Expenses	**2008 – 2009**	**2007 – 2008**
Opening Balance	3,540,429.28	2,695,630.00
Add:		
Opening Work In Progress (Trial Run)	194,487.83	-
Raw Material Consumed	820,517.69	15,944.00
Stores & Spares Consumed	32,386.83	730.70
Other Manufacturing Expenses	343,022.99	177,122.28
Power & Fuel	15,268.00	690.85
Rent	25,783.16	3,315.89
Salaries Wages and Allowances	236,075.00	124,522.69
Contribution to PF and Other Fund	5,248.54	1,594.91

		(Rs. In Thousands)
Particulars of Expenses	**2008 – 2009**	**2007 – 2008**
Welfare and Other Amenities	8,558.65	1,377.40
Legal and Consultancy Charges	242,657.25	20,001.00
Conveyance, Travelling and Vehicle Expenses	135,094.85	21,924.00
Rates and Taxes	8,643.05	2,862.26
Insurance	13,778.94	4,979.57
Communication Expenses	6,592.25	2,153.00
Repairs & Maintenance – Building	8,194.54	1,510.96
Repairs & Maintenance – Plant & Machinery	5,328.29	3,436.39
Repairs & Maintenance – Others	3,674.27	3,003.65
Miscellaneous Expenditure	70,475.09	25,364.37
Loss on Sale on Long – Term Investments	19,294.96	-
Interest on Fixed Loans	589,307.82	498,503.13
Interest Others	169,051.98	1,264.87
Bank and Financial Charges	51,230.37	315,615.00
Foreign Exchange Difference (Net)	452,692.54	-
Depreciation	27,725.86	6,606.00
Sub Total -	**7,025,520.04**	**3,928,152.92**
Less :		
Closing Work In Progress (Trial Run)	1,405,683.35	194,487.83
Dividend on Current Investments	15,377.36	125,381.65
Profit on sale of Current Investments	13,834.34	4,025.90
Interest on FD [TDS Rs. 15,964.63 Thousands (PY Rs. 11,125.84 Thousands)]	64,063.04	63,828.26
Miscellaneous Income	875.18	-
Sub Total -	**1,499,833.27**	**387,723.64**
Closing Balance	**5,525,686.77**	**3,540,429.28**

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 for the year ended 31st March, 2009.

4. The Company has issued, a Bond-cum-Legal Undertaking for Rs. 2,440,000 Thousands 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. 2,000 Thousands 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. 1,530,000 Thousands as a security for compliance of applicable provisions of the Customs Act, 1962 and the Excise Act, 1944 for EOU unit.

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

6. During the year, the company has changed its accounting policy relating to accounting of share issue expenses from writing off 1/10th of the expenditure every year to adjusting the same against the balance available in Securities Premium Account in line with Sec. 78 of the Companies Act, 1956. Had there been no change in the policy, the profit for the year would have been lower by Rs. 5,466.59 Thousands.

7. Advances recoverable in cash or in kind or for the value to be received in Schedule 9 includes Rs. 384,856.54 Thousands, 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. Managerial Remuneration:

a) **(Rs. In Thousands)**

Particular	2008 – 2009	2007 – 2008
Salaries	59,400.00*	12,181.00
Contribution to Provident Fund	720.00	-
Perquisites and other allowances	9,600.00	226.00
Directors Sitting Fees	470.00	481.00
Total	**70,190.00**	**12,888.00**

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

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

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

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

9. Auditors Remuneration:

(Rs. In Thousands)

Particular	2008 – 2009	2007 – 2008
Audit Fees	3,000.00	600.00
Tax Audit Fee	425.00	0.00
Certification Charges	92.50	76.93
Other Matters	765.00*	1,250.00
Total	**4,282.50**	**1,926.93**

*Includes Rs. 670 Thousands adjusted against Securities Premium

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

(Rs. In Thousands)

Sr. No.	Particulars	As at March 31st 2009	As At March 31st 2008
a.	Principal amount remaining unpaid	8,539.34	-
b.	Interest due thereon	-	-
c.	Interest paid by the Company in term of Section 16	-	-
d.	Interest due and payable for the period of delay in payment	-	-
e.	Interest accrued and remaining unpaid.	-	-
f.	Interest remaining due and payable even in succeeding years.	-	-

11. Employee Benefits:

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

Defined Contribution Plan

(Rs. In Thousands)

Particular	2008 – 2009	2007 – 2008
Employers Contribution to Provident Fund	4,392.06	2,003.02
Employers Contribution to Pension Fund	1,573.33	533.16
Total	**5,965.39**	**2,536.18**

Defined Benefit Plan

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

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

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

(Rs. In Thousands)

Particulars	Gratuity funded	
	2008 – 2009	2007 – 2008
Defined Benefit Obligation at beginning of the year	1,880.61	1,043.92
Current Service Cost	1,624.97	291.29
Current Interest Cost	242.65	85.95
Actuarial (Gain) / Loss	937.10	459.45
Benefits paid	-	-
Defined Benefits Obligation at the end of the year	4,685.33	1,880.61

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

(Rs. In Thousands)

Particulars	Gratuity Funded	
	2008 – 2009	2007 – 2008
Fair Value of Plan Assets at the beginning of the year	4,036.77	-
Expected Return on Plan Assets	302.76	-
Actuarial Gain / (Loss)	82.21	-
Contributions	1,944.50	4,036.77
Benefits Paid	-	-
Fair Value of the Assets at the end of the year	6,366.24	4,036.77

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

(Rs. In Thousands)

Particulars	Gratuity funded	
	2008 – 2009	2007 – 2008
Fair Value of Plan Assets at the end of the year	6,366.23	4,036.77
Present Value of Defined Benefit Obligation at end of the year	4,685.33	1,880.61
Liabilities / (Assets) recognised in the Balance Sheet	(1,680.90)	(2,114.42)

d) Expenses recognised during the year

(Rs. In Thousands)

Particulars	Gratuity funded	
	2008 – 2009	2007 – 2008
Current Service Cost	1,624.97	291.29
Interest Cost	242.65	85.95
Expected Return on Plan Assets	(302.76)	-
Actuarial (Gain) / Loss	854.90	459.45
Effect of the limit in Para 59(b)	(42.02)	42.02
Net Cost Recognised in Profit and Loss Account	2,377.74	878.71

e) Assumptions used to determine the defined benefit obligations

Particulars	Gratuity funded	
	2008 – 2009	2007 – 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%

12. Segment Reporting

The Company's activities during the year revolve around setting up of the Shipyard Project (Refer to Note No. 3). Considering the nature of the Company's business and operations, there is only one reportable segment (business and /or geographical) in accordance with the requirements of Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

13. Related Party Disclosures

a) List of Related parties

1. Subsidiary Company

E Complex Private Limited

2. Associate Concerns

SKIL Infrastructure Limited

Punj Lloyd Limited

3. Key Management Personnel

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)

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

Awaita Properties Pvt. Ltd.

b) Transactions with related parties for the year ended 31.03.2009

(Rs. in Thousands)

Nature of Transactions	Subsidiaries	Associate Concern	Key Management Personnel				Other Related Parties	Total
	E-Complex Pvt. Ltd.	SKIL Infrastructure Ltd	Mr. Nikhil P. Gandhi (Chairman)	Mr. Bhavesh P. Gandhi (Whole time Director)	Mr Raymond Stewart (CEO)	Mr. J P Rai (CEO)	Awaita Properties Pvt. Ltd.	
Loans and Advances								
Bal. as at 01.04.2008	309,828.07	-	-	-	-	-	-	**309,828.07**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Given during the year	710,022.74	-	-	-	-	-	-	**710,022.74**
	(1,053,101.07)	(-)	(-)	(-)	(-)	(-)	(-)	**-1,053,101.07**
Returned during the year	111,150.00	-	-	-	-	-	(-)	**111,150.00**
	-743,273.00	(-)	(-)	(-)	(-)	(-)		**-743,273.00**
Bal as at 31.03.2009	908,700.81	-	-	-	-	-	-	**908,700.81**
	-309,828.07	(-)	(-)	(-)	(-)	(-)	(-)	**(309,828.07)**
Reimbursements of Expenses Given	568,184.19	24,602.00	-	-	-	-	4,509.00	**597,295.19**
	(-)	-35,671.00	(-)	-182	(-)	(-)	-5,935.00	**-41,788.00**
Reimbursements of Expenses Received	34,826.15	-	-	-	-	-	-	**34,826.15**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Sale of Fixed Assets	-	-	-	-	-	-	-	**-**
	(-)	-662	(-)	(-)	(-)	(-)	(-)	**-662**
Expenditure								
Rent Expenses	100	-	-	-	(-)	(-)	15,480.00	**15,580.00**
	(-)	(-)	(-)	(-)			-15,466.00	**-15,466.00**
Project Development Fees	-	-	-	-	-	-	-	**-**
	(-)	-192,114.00	(-)	(-)	(-)	(-)	(-)	**-192,114.00**
Directors Sitting fees	-	-	90	-	-	-	-	**90**
	(-)	(-)	-110	(-)	(-)	(-)	(-)	**-110**
Remuneration	-	-	-	69,720.00	19,179.00	2,049.00	-	**90,948.00**
	(-)	(-)	(-)	-12,407.00	-16,826.00	(-)	(-)	**-29,233.00**
Sundry Creditors	-	6,496.00	-	-	-	-	2,243.00	**8,739.00**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**
Lease Deposits as on 31.03.2009	50,000.00	-	-	-	-	-	20,000.00	**70,000.00**
	-50,000.00	(-)	(-)	(-)	(-)	(-)	-10,000.00	**-60,000.00**

Note: Figures in brackets pertain to previous year

14. Earnings per share (basic and diluted)

(Rs. In Thousands)

Particulars		2008 – 2009	2007 – 2008
Net Profit after Tax		49,238.39	48,590.61
Less: Prior period Items		5,000.83	90,345.30
Amount available for calculation of Basic EPS and Diluted EPS	(A)	44,237.56	(41,754.69)
Weighted Average No. of Equity Shares outstanding for Basic and Diluted EPS	(B)	580,211,400	436,636,816
Basic and Diluted Earnings per share of Rs. 10/- each (in Rs.)	(A)/(B)	0.08	(0.10)

15. Deferred Tax Liability / (Asset)

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

(Rs. In Thousands)

Particulars	2008 – 2009	2007 – 2008
Deferred Tax Liabilities	-	-
Total	-	-
Deferred Tax Assets		
Related to Fixed Assets	1,810.98	11,663.16
Disallowance under Income Tax	5,269.48	616.00
Total	**7,080.46**	**12,279.16**
Net Deferred Tax Liability / (Assets)	**(7,080.46)**	**(12,279.16)**

As at March 31st 2009, the Company has Net Deferred Tax Assets of Rs. 7080.46 Thousands. 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 recognised in the books of accounts in line with Accounting Standard 22 dealing with accounting for Taxes on Income.

16. In accordance with the Accounting Standard (AS – 28) on "Impairment of Assets" the Management during the year carried out an exercise of identifying the asset that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the Management, there was no impairment loss on Fixed Assets during the year ended 31.03.2009.

17. Financial and Other Derivative Instruments:

a) Derivative contracts entered into by the Company and outstanding as on 31st March 2009.

For Hedging Currency related risks

(Rs. In Thousands)

Particulars	As at March 31st 2009	As At March 31st 2008
Forward Contract	1,019,000.00	679,490.00

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

c) Foreign currency exposures that are not hedged by derivative instruments or forward contracts as at 31st March 2009, are:

(Rs. In Thousands)

Particulars	2008 – 2009	2007 - 2008
Receivables	753,446.16	847,455.14
Payables	12,024,989.61	7,502,056.63

18. Expenditure in Foreign Currency

(Rs. In Thousands)

Particulars	2008 – 2009	2007 - 2008
Legal and Professional Charges	218,107.10	104,768.00
Travelling Expenses	9,976.77	13,961.00
Fabrication and Manpower Charges	63,716.35	-

Particulars	2008 – 2009	2007 - 2008
Interest and Bank Charges	40,932.74	19,433.00
Brokerage and Commission	14,808.22	59,477.00
Others	4,338.01	5,649.00
Total	351,879.19	203,288.00

19. Value of Imports calculated on CIF Basis:

(Rs. In Thousands)

Particulars	2008 – 2009	2007 - 2008
Raw Material and Components	22,01,170.23	3,33,334.39
Capital Goods	23,29,831.27	1,32,837.83

20. Raw Materials Consumption

Particulars	2008- 2009		2007 – 2008	
	MT	Value (Rs. In Thousands)	MT	Value (Rs. In Thousands)
Steel	22,736	820,517.69	417	15,944.00

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

Particulars	2008- 2009		2007 – 2008	
	Percentage	Value (Rs. In Thousands)	Percentage	Value (Rs. In Thousands)
i) Raw Materials				
Indigenous	-	-	100%	15,944.00
Imported	100%	820,517.69	-	-
	100%	820,517.69	100%	15,944.00
ii) Stores & Components				
Indigenous	100%	32,386.83	100%	730.70
Imported	-	-	-	-
	100%	32,386.83	100%	730.70

22. Previous year figures have been reworked, regrouped, rearranged and reclassified, wherever necessary to make them comparable with those of the current year and are as per audited accounts for the year ended 31.03.2008

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

sd/-
R Koria
Partner

For GPS & Associates
Chartered Accountants

sd/-
H Y Gurjar
Partner

For and on Behalf of the Board of Directors

sd/-
Nikhil P. Gandhi
(Chairman)

sd/-
Bhavesh P. Gandhi
(Executive Vice Chairman)

sd/-
Jaiprakash Rai
(Chief Executive Officer)

sd/-
Hasmukh Daftary
(Chief Financial Officer)

sd/-
Ajit Dabholkar
(Company Secretary)

Place : Mumbai
Date : June 30, 2009

CASH FLOW STATEMENT for the year ended March 31, 2009

(Rs. in Thousands)

	Particulars	2008 - 2009	2007 - 2008
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax and Extraordinary items	95,938.39	116,011.53
	Adjustments for :		
	Depreciation and amortization	1,524.54	1,771.32
	Preliminary Expenses written off	-	4,187.16
	Interest income	(617,780.19)	(277,189.92)
	Loss on Sale of Asset	302.54	1.05
	Interest Expenses	129,579.79	767.23
	Provision for Wealth Tax	263.00	112.00
	Effect of Exchange Rate Change	59,050.00	-
	Operating profit before working capital changes	(331,121.93)	(154,339.63)
	Adjusted for		
	Inventories	(2,611,555.36)	(571,374.42)
	Trade and other receivables	(452,012.04)	(2,441,831.93)
	Trade Payables	3,397,751.86	8,858,046.00
	Cash Generated from Operations	3,062.53	5,690,500.02
	Net Prior Period Adjustments	(5,000.83)	-
	Direct Taxes Paid	(171,760.41)	(100,744.00)
	Net Cash Flow from Operating Activities	**(173,698.71)**	**5,589,756.02**
B	**Cash Flow from Investing Activities**		
	Purchase of Fixed Assets and Capital Work in Progress	(9,758,936.43)	(3,648,566.46)
	Sale of Fixed Assets	93.52	679.00
	Advance to Subsidiary	(598,872.74)	(309,828.07)
	Purchase of Investment	(5,272,484.23)	-
	Sale of Investment	6,542,087.15	(1,429,791.00)
	Dividend Income Received	15,377.36	-
	Interest Received	735,418.95	277,189.92
	Net Cash Flow from Investing Activities	**(8,337,316.42)**	**(5,110,316.61)**
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of share capital	52,382.01	8,311,530.00
	Redemption of Preference share Capital	-	(45,200.00)
	Issue Expenses	(12,771.80)	(41,872.00)
	Proceeds from Long Term Borrowings	4,923,709.21	(993,079.00)
	Repayment of Long Term Borrowings	(120,881.03)	(429,750.00)
	Short Term Loans (Net)	2,808,063.45	-
	Interest Paid	(903,805.14)	(767.23)
	Net Cash Flow from Financing Activities	**6,746,696.70**	**6,800,861.77**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**(1,764,318.43)**	**7,280,301.18**
	Cash & Cash Equivalents- Opening balance	**8,382,318.18**	1,102,017.00
	Cash & Cash Equivalents- Closing balance	6,617,999.75	8,382,318.18

Notes:
(1) The above cash flow statement has been prepared under the "indirect method" as set out in Accounting Standard 3 - Cash flow Statement
(2) Figures in ( ) indicate outflow
(3) Cash and Cash equivalent at the end of the period include deposit with banks aggregating to Rs. 6,336,682.34 thousands (PY.: 8,076,394.05 thousands) which are pledged with Banks as margin for bank guarantee and letter of credits
(4) Previous Years figures have been regrouped / rearranged / recasted wherever necessary to make them comparable with those of current year

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

sd/-
R Koria
Partner

For GPS & Associates
Chartered Accountants

sd/-
H Y Gurjar
Partner

For and on Behalf of the Board of Directors

sd/-
Nikhil P. Gandhi
(Chairman)

sd/-
Bhavesh P. Gandhi
(Executive Vice Chairman)

sd/-
Jaiprakash Rai
(Chief Executive Officer)

sd/-
Hasmukh Daftary
(Chief Financial Officer)

sd/-
Ajit Dabholkar
(Company Secretary)

Place : Mumbai
Date : June 30, 2009

STATEMENT PURSUANT TO SECTION 212
of the Companies Act, 1956 relating to subsidiary company

Name of the subsidiary company	E Complex Pvt. Ltd.
FINANCIAL YEAR OF THE SUBSIDIARY COMPANY ENDED ON	31.03.2009
Number of Shares in the subsidiary company held by Pipavav Shipyard Limited at the above date	
- Equity shares	2,17,09,327
- Preference shares	–
	(Rs. in Thousands)
The net aggregate of profit ,less losses, of the subsidiary company so far as it concerns the members of Pipavav Shipyard Limited.	
i) Dealt within the accounts of Pipavav Shipyard Limited amounted to :	
a) for the subsidiary's financial year ended March 31, 2009	NIL
b) for previous financial years of the subsidiary since it became subsidiary of Pipavav Shipyard Limited	NIL
ii) not dealt within the accounts of Pipavav Shipyard Limited amounted to :	
a) for the subsidiary's financial year ended March 31, 2009	(132,713.76)
b) for previous financial years of the subsidiary since it became subsidiary of Pipavav Shipyard Limited	(130,837.23)
Changes in the Interest of Pipavav Shipyard Limited between the end of the subsidiary's financial year and March 31 ,2008	
Number of shares acquired	NIL
Material changes between the end of the subsidiary's financial year and March 31, 2008	
i) Fixed assets (net additions)	NIL
ii) Investments	NIL
iii) Moneys lent by the subsidiary	NIL
iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	908,700,807.42

For and on Behalf of the Board of Directors

sd/-
Nikhil P. Gandhi
(Chairman)

sd/-
Bhavesh P. Gandhi
(Executive Vice Chairman)

sd/-
Jaiprakash Rai
(Chief Executive Officer)

sd/-
Hasmukh Daftary
(Chief Financial Officer)

sd/-
Ajit Dabholkar
(Company Secretary)

Place : Mumbai
Date : June 30, 2009

18 Additional Information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT

and Company's General Business Profile

I Registration Details

Registration No.	0 4 - 3 3 1 9 3	State Code		0 4
Balance Sheet Date	3 1 (Date) 0 3 (Month) 2 0 0 9 (Year)			

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

Public Issue	N I L	Rights Issue		N I L
Bonus Issue	N I L	Private Placement		5 2 3 8 2

III Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities	3 4 9 9 7 4 3 8 . 9 4	Total Assets		3 4 9 9 7 4 3 8 . 9 4
Sources of Funds				
Paid - up Capital	5 8 0 3 4 8 1 . 6 3	Reserves and Surplus		6 7 4 7 2 8 4 . 5 3
Secured Loans	7 7 4 5 8 9 9 . 5 0	Unsecured Loans		3 7 9 0 1 4 2 . 8 3
Application of Funds				
Net Fixed Assets and CWIP	2 1 9 8 0 0 7 6 . 6 2	Investments		6 6 5 5 0 5 . 7 6
Net Current Assets	1 4 4 1 2 2 6 . 1 1	Miscellaneous Expenses		N I L
Accumulated Losses	N I L			

IV Performance of Company (Amount Rs. in Thousands)

Turnover (Other Income)	6 1 7 7 8 0 . 1 9	Total Expenditure		5 2 1 8 4 1 . 8 0
Profit Before Tax	9 5 9 3 8 . 3 9	Profit After Tax		4 9 2 3 8 . 3 9
Earning per Share in Rs.	0 . 0 8	Dividend Rate (%)		N I L

V Generic Names of Three Principal Products /Services of Company (As per monetary terms)

Item Code No. (ITC Code) N A
Product Description

Item Code No. (ITC Code) N A
Product Description

Item Code No. (ITC Code) N A
Product Description

Aframax:

Crude oil tanker or product tanker too large to pass through the Panama Canal, and below 120,000 DWT.

AHTS:

Anchor Handling Tug Supply. Offshore vessel used for jobs such as the relocation of oil rigs and their anchors.

Brent:

Crude oil from the North Sea. Brent oil is traded at the International Petroleum Exchange in London. The price of Brent is used as a benchmark for several other types of European oil.

Bulk vessel:

Vessels transporting large cargo quantities, including coal, iron ore, steel, grain, gravel, oil, etc.

Capesize:

Dry bulk carrier of more than approximately 80,000 DWT, too large to pass through the Panama Canal.

Cbm:

Cubic Meter.

CGT:

Compensated Gross Tonnage. International unit of measurement that facilitates comparison of different shipyards' production regardless of the types of vessel produced.

DWT:

Dead Weight Tons. International unit of measurement that indicates loading capabilities in metric tonnes of the particular vessel, including the weight of crew, passengers, stores, bunkers etc.

FPSO:

F(P)SO: Floating (Production) Storage Offloading Unit. Ship used as substitute for a conventional oil platform at oil fields that are either too deep in the ground or too small to justify the use of a conventional oil platform. If the ship is an FPSO, it has oil (or gas) processing capabilities.

GT:

Gross Tons. Unit of 100 cubic feet or 2.831 cubic meters, used in arriving at the calculation of gross tonnage.

Handy, tank:

Crude oil tanker, product tanker or chemical tanker of between 10,000 and 25,000 DWT.

Handymax, dry cargo

Dry bulk carrier of between 40,000 and 60,000 DWT.

Handysize, dry cargo

Dry bulk carrier of between 10,000 and 40,000 DWT.

IMO:

International Maritime Organisation.

Lo-Lo:

Lift on – Lift off. Cargo carrying vessel that has its cargo lifted on and/or off. This type of ship may also have passenger carrying capacity (Pax-Lo) and/or Ro-Ro features (Ro-Lo).

Multi-Purpose:

Dry bulk carrier with multiple applications, mainly as a feeder vessel, or for special cargo.

Nautical Mile:

Distance unit measure of 1,852 meters, or 6,076.12 ft.

Offshore vessel:

Vessel serving the offshore oil industry.

OPEC:

Organisation of Petroleum Exporting Countries.

Panamax, container:

Container carrier with the maximum dimensions for passing through the Panama Canal (width of 32.21 metres, length of 291 metres) of approximately 3,000–5,000 TEU.

Panamax, tanker:

Crude oil tanker or product tanker with the maximum dimensions for passing through the Panama Canal (width of 32.21 metres and length of 289.5 metres) of approximately 50,000–80,000 DWT.

Panamax, dry cargo:

Dry bulk vessel with the maximum dimensions for passing through the Panama Canal (width of 32.21 metres and length of 289.5 metres) of approximately 60,000–80,000 DWT.

PSV:

Platform Supply Vessel. Offshore vessel serving the offshore oil installations.

Ro-Con:

Ro-Ro vessel with container capacity

Ro-Ro:

Roll On – Roll Off. Vessels on which the cargo is rolled on board and ashore.

Stand-by vessel:

Offshore vessel used to monitor and fight fires and environmental accidents on oil rigs.

Suezmax:

Crude oil tanker with the maximum dimensions for passing through the Suez Canal (120,000–200,000 DWT.).

TUE:

The Twenty-foot equivalent unit, a measure used in intermodal transport

VLCC:

Very Large Crude Carrier. Crude oil tanker of between 200,000 and 320,000 DWT.

Corporate Information

Board of Directors

Nikhil Gandhi, Chairman

Atul Punj, Co-Chairman

Bhavesh Gandhi, Executive Vice Chairman

Vimal Kishore Kaushik, Non-Executive Director

R. M. V. Raman, Nominee & Independent Director

Mahesh M. Gandhi, Non-Executive Director

Sunil Chawla, Non-Executive Director

S. Venkiteswaran, Independent Director

R.M. Premkumar, Independent Director

Ajai Vikram Singh, Independent Director

Samar Ballav Mohapatra, Independent Director

Audit Committee

R.M. Premkumar, Chairman

Bhavesh Gandhi, Member

Atul Punj, Member

R. M. V. Raman, Member

S. Venkiteswaran, Member

Company Secretary & Compliance Officer

Ajit Dabholkar

Registered Office

Pipavav Port, Post – Ucchaiya,

Via – Rajula, Dist. – Amreli,

Pin code - 365 560, Gujarat

Corporate Office

SKIL House, 209 Bank Street Cross Lane,

Fort, Mumbai – 400 023

SEZ Unit

Village Rampara – II, Taluka Rajula &

Village Lunsapur, Taluka Jafarabad,

Dist. Amreli, Pin code - 365 560, Gujarat

Registrar & Share Transfer Agents

Karvy Computershare Pvt. Ltd.

Plot No. 17 – 24, Vittalrao Nagar, Madhapur,

Hyderabad – 500 081

Investor Grievance e-mail Id.

company.secretary@pipavavshipyard.com