

Corporate Information

Board of Directors

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

Board Committees

Audit Committee

Mr. R. M. Premkumar, Chairman
Mr. Bhavesh Gandhi, Member
Mr. R. M. V. Raman, Member
Mr. S. Venkiteswaran, Member
Mr. Samar Ballav Mohapatra, Member

Shareholders' and Investors' Grievances Committee

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

Remuneration Committee

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

Company Secretary & Compliance Officer

Mr. Ajit Dabholkar

Registered Office

Pipavav Port, Post Ucchaiya, Via-Rajula,
District Amreli, PIN - 365 560, Gujarat.
Tel No. (02794) 661 000
Fax No. (02794) 661 100
Website: www.pipavavshipyard.com
Investor Grievance e-mail: company.secretary@pipavavshipyard.com

Corporate Office

SKIL House,
209 Bank Street Cross Lane,
Fort, Mumbai - 400 023.
Tel No. (022) 6619 9000
Fax No. (022) 2269 6022

SEZ Unit

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

Registrar and Transfer Agent

Karvy Computershare Private Limited
17-24, Vitthalrao Nagar,
Madhapur, Hyderabad - 500 081.
Tel No. (040) 2342 0815 to 2342 0824
Fax No. (040) 2342 0814
E-mail ID: einward.ris@karvy.com
Contact Person: Mr. S. Krishnan

Statutory Auditor

M/s. Chaturvedi & Shah,
Chartered Accountants

Internal Auditor

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



From the Chairman's desk...

- View from the top

Dear Stakeholders,

Welcome to Pipavav Shipyard.

At the outset, I would like to thank every stakeholder for their overwhelming response to our IPO. Your support has put a lot of responsibility on us and I assure you, our team will invest unstinted efforts to deliver sustainable growth.

As all of you are already aware, the Hon'ble Prime Minister of India dedicated Pipavav Shipyard to the Nation on June 1, 2010. We have been motivated by the encouraging words of the Hon'ble Prime Minister during the Dedication Ceremony viz. *".....I am truly impressed by the commitment to innovation, farsighted vision, commitment to do things the best possible way, commitment to get away from the 'chalta hai' tradition which has often held our country back. So with these words I once again congratulate Pipavav Shipyard for a massive contribution to nation building activities of our Country....."*. We are indebted to the Hon'ble Prime Minister for these kind and inspiring words.

Let me share with you now as to why we are excited about the future.

Post a challenging 2008-09, there was a distinct turnaround in the global economic climate in 2009-10. While the developed economies in the west exhibited a slow and uncertain recovery, emerging economies like India and

China have bounced back rather quickly. India, in particular, grew at a better than expected growth rate. Accelerating urbanisation, rising disposable incomes and increasing consumption is expected to give a significant impetus to the growth of the Indian economy in the coming years based on massive investment in defence, infrastructure, energy and offshore sectors.

Defence Opportunities

You are aware that the Indian Navy's requirements have so far been largely met through orders placed on public sector shipyards or through imports.

The available reports indicate that the Indian Navy has very huge acquisition plans. It would need more than 100 ships of different types including submarines in the next two decades. The Indian Coast Guard would also need about 160 ships over the next seven years. To meet these requirements, there is a need to create technologically advanced additional capacity in the country which opens up tremendous opportunities to private sector shipyards. To fill this large mismatch between the Defence requirements and the available capacities, Government of India is encouraging the participation of private sector shipyards, directly and through PPP mode.

Pipavav Shipyard, with most advanced facilities and India's largest dockyard, has become operational at the right time.

"We believe we are now a step closer to achieving our dream of placing India on the world map as a major shipbuilding nation. We have embarked upon our journey to make the Company one of the best in the world in every aspect with focus on Defence, Offshore and Heavy Engineering in the coming decade and to contribute humbly towards India becoming net exporter of warships, oil and gas assets."

It is to our credit that we have been declared as the successful bidder for construction of five Offshore Patrol Vessels for the Indian Navy with order value of approx. ₹ 2,900 Cr. This is a path breaking achievement and paves the way for future active participation in the defence acquisition programmes. And this is just the beginning. There are high value programmes in the pipeline and your Company is ready to take on these challenges. Pipavav Shipyard will remain in the forefront to participate in such programmes; given the size, the scale and modern infrastructure it has created especially to cater to strategic defence requirements.

Offshore Oil & Gas Opportunities

Crude prices in international market are presently hovering around US\$ 70-75 per barrel. World economic growth is expected to be predominantly driven by the ever rising demand from Asia's continually growing economies, particularly India and China. Both Indian and Chinese oil companies, seek to establish themselves within the global hydrocarbon market by investing in E&P activities.

In India, the government is encouraging a greater number of foreign companies to enter operations in the country's E&P sector. Despite significant challenges, India will become a key oil and gas player over the coming decade. With India's present energy growth projected to increase at a rate of 8% CAGR till 2032, US\$ 150 billion investment will be required

in this sector. In India, two-thirds of sedimentary basins remain unexplored. The Krishna-Godavari basin, in the Bay of Bengal, covers more than 24,000 sq. kms. offshore oil and gas fields in water depths up to 2,000 mtrs.

With oil and gas demand expected to significantly outstrip supply in the years ahead, the National Oil Companies are working to ensure greater domestic production of oil and gas. The increased E&P spending has and will continue to lead to increased activity in the offshore oil and gas assets, construction, installation and support industry. As India meets just about 30% of its energy requirements and the balance is imported, huge infrastructure investment is required for setting up new platforms and for replacement of the ageing assets.

The Company is aiming to gain a substantial share of the offshore construction and oil & gas assets market in India and abroad. We have already laid the keel for all the 12 Offshore Supply Vessels we are constructing for ONGC, ahead of schedule.

Commercial Shipbuilding and Ship Repairs Opportunities

Currently, India accounts for only around 1.12% of the global commercial shipbuilding market. With factors like availability of low-cost skilled labour, progressive regulatory regime, proximity to key trade centres of the shipping world (Dubai and Singapore), large pool of qualified naval engineers, naval architects and high quality standards going



"We are working towards being a one-stop solution provider catering to various requirements of our customers in the maritime field."

in India's favour, this is all set to change in favour of the Indian Shipbuilding Industry.

The demand for new commercial ships has declined substantially over last two years primarily due to the global economic recession resulting in depressed freight market. The global commercial shipbuilding industry has begun a slow recovery. However, Indian growth story offers its own opportunities. In 2010, INSA (Indian National Ship-owners Association) has estimated that the domestic ship-owners are likely to invest about US\$ 4 billion for acquisitions of new vessels over the next 4 years to renew their fleets. This includes publicly announced acquisition plans of Shipping Corporation of India amounting to US\$ 2 billion.

Given the anticipated growth in this sector, Pipavav Shipyard will be targeting in the near future the Ship/Rig Repair market as well. The Indian ship repair market has tremendous potential valued at ₹ 2,790 Cr. per year including estimated earnings of ₹ 1,400 Cr. from repairs of foreign ships visiting India. This sector has potential of generating consistent and stable revenue over the years.

We are working towards being a one-stop solution provider catering to various requirements of our customers in the maritime field.

Heavy Engineering Opportunities

Heavy Engineering sector offers huge potential and your Company is gearing itself to cater to this segment. The Company is exploring to extend its product range to include

high value added products by using its engineering infrastructure. In this connection, your Company is engaged in discussion with some reputed players for strategic tie-ups.

Outlook

As we look ahead at 2010-11 and beyond, we are confident about the future. We have a strong order book and we believe that our focus on the defence and offshore segments will help us grow our order book substantially in the near future. We are all set to deliver our first ship this year.

We believe we are now a step closer to achieving our dream of placing India on the world map as a major shipbuilding nation. We have embarked upon our journey to make the Company one of the best in the world in every aspect with focus on Defence, Offshore and Heavy Engineering in the coming decade and to contribute humbly towards India becoming net exporter of warships, oil and gas assets. We endeavour to combine the benefits of scale of operations with the India advantage and in the process create visibility and sustainable value for all our stakeholders.

I would like to take this opportunity to express my gratitude to all our stakeholders, who have reposed their trust in us and look forward to their continuous support.

Yours Sincerely,

Nikhil P. Gandhi
Chairman

Board of Directors

1 **Mr. Nikhil P. Gandhi**, aged 51, is the Non-Executive Chairman of the Company. Mr. Gandhi is a first generation entrepreneur with business interest in marine equipments, marine engineering and infrastructure. Mr. Gandhi is one of the first directors appointed pursuant to the Articles upon incorporation of the Company. Mr. Gandhi has approximately 27 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. Mr. Gandhi 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. Bhavesh P. Gandhi**, aged 44, is the Executive Vice Chairman of the Company. He has been a Director since December 30, 2005. Mr. Gandhi commenced his career by joining SKIL as a promoter and director responsible for the business development. Mr. Gandhi has approximately 26 years of experience as an entrepreneur. Mr. Gandhi has particular expertise in implementation of infrastructure projects.

3 **Mr. R. M. V. Raman**, aged 64, has been appointed as a nominee Director of EXIM Bank and as such qualified as an Independent Director of the Company. He holds a Master of Financial Management degree from the Jamnalal Bajaj Institute, 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 36 years of experience in international trade financing, development banking and central banking. He has undertaken project feasibility studies and monitoring assignments in many countries. Prior to joining EXIM Bank in 1982, he had worked in Reserve Bank of India for two years and in Industrial Development Bank of India for eight years.

4 **Mr. S. Venkiteswaran**, aged 69, a Senior Advocate, is a non-executive Independent Director of the Company. He has approximately 48 years of experience as a lawyer. He completed his LL.B. degree from the Bombay University. After practising before the trial courts for a few years, Mr. Venkiteswaran specialised in maritime and aviation related commercial disputes. He was designated as a Senior Advocate. He has also been involved

in arbitrations in relation to shipping and has appeared as an expert witness on Indian law in foreign arbitrations 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.

5 **Mr. R. M. Premkumar**, aged 64, is a non-executive Independent Director of the Company. 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. 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. Mr. Premkumar is currently the Chairman and Director of the State Industrial & Investment Corporation of Maharashtra Limited ("SICOM").

6 **Mr. Ajai Vikram Singh**, aged 65, is a non-executive Independent Director of the Company. He joined the Indian Administrative Service in 1967. He has been the 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 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.

7 **Mr. Samar Ballav Mohapatra**, aged 66, is a non-executive Independent Director of the Company. 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.



Company's Profile

Overview

Promoted and developed by the SKIL Group, a pioneer in the Indian infrastructure space since 1990, Pipavav Shipyard Limited (the Company) is engaged in Defence, Offshore, Marine and Engineering sectors.

The Company has two units, one SEZ Unit spread over around 95 hectares of Land and another EOU Unit spread over around 103.92 hectares of Land. The two units are connected by a dedicated road of approximately 4.50 kms. in length. The facilities are well equipped with world class, modern, technologically advanced, shipbuilding engineering infrastructure.

The Company has constructed the largest dry dock in the country and one of the largest in the world; measuring 662 mtrs. in length and 65 mtrs. in width capable of building/repairing vessels upto 400,000 Dead Weight Tonnage (DWT) in size, by adopting modular construction methodology. The dry dock is serviced by two Goliath cranes having 148 m. span/75 m. height with a lifting capacity of 600 tonnes each, and 1,200 tonnes when used in tandem.

Strategic Location

Pipavav Shipyard is situated on the west coast of India on the Dubai-Singapore sea route. It is approximately 150 nautical miles from Mumbai, one of the busiest international maritime ports in India that offers an immense opportunity for the ship repair business. It is also close to the offshore

oil fields on the western coast of India as well as in the Middle East, thus suited to tap the offshore construction market. Proximity to the Pipavav Port enables the Company to benefit from the port's infrastructure facilities as well.



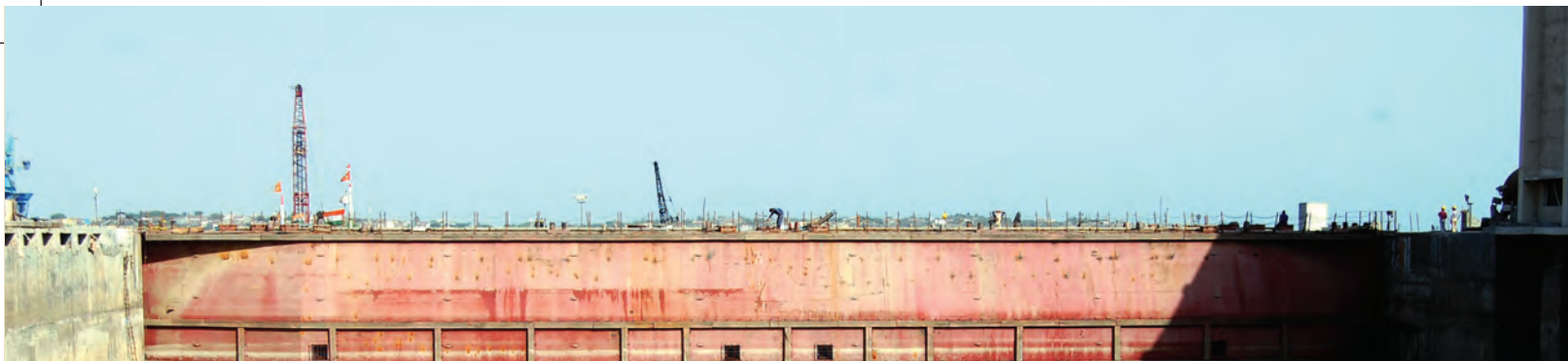
Vision

To make the Company one of the best in the world in every aspect with focus on Defence, Offshore and Heavy Engineering in the coming decade and to contribute humbly towards India becoming net exporter of warships, oil and gas assets.



Mission

To create visibility and value for all stakeholders on a sustainable basis by leveraging on most advanced capabilities to exploit global opportunities.



Highlights of the year

- Successful completion of the Initial Public Offer of the Company during September/October 2009 and subsequent listing of Equity Shares of the Company on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- The Company won the Essar-CNBC TV-18 'Infrastructure Excellence Award 2010' for the development of the Pipavav Shipyard.
- The Company was granted ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 Certificates by Det Norske Veritas, an ISO Certification agency of international repute.
- The Company has been declared as successful bidder for construction of five OPVs for Indian Navy with order value of approx ₹ 2,900 Cr.
- Commencement of commercial operations w.e.f. April 1, 2009.
- During May 2010, the Company raised ₹ 177.80 Cr. by preferential issue of 2.54 Cr. 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures.



Initial Public Offering

Pipavav Shipyard Limited made an Initial Public Offering (IPO) of 8,54,50,225 equity shares of ₹ 10/- each for cash at a price of ₹ 58/- per equity share (including a premium of ₹ 48/- per equity share) to investors other than anchor investors and ₹ 60/- per equity share to anchor investors,

aggregating to ₹ 498.67 Cr. The equity shares were allotted on October 1, 2009 and were listed on the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited on October 9, 2009. The market capitalisation of the Company as on March 31, 2010 was ₹ 4,687.22 Cr.

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Pipavav Port, Post Ucchaiya, Via Rajula, Dist - Amreli, PIN - 365 560, Gujarat, India, on Wednesday, August 25, 2010 at 12.00 noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date along with all Annexures thereto including the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. S. Venkiteswaran, who retires pursuant to Article 170 of the Articles of Association of the Company and being eligible offers himself for re-appointment.
3. To appoint Messrs. Chaturvedi & Shah, Chartered Accountants, having Regn. No. 101720W granted by the Institute of Chartered Accountants of India, as Statutory Auditors for the current year to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to determine their remuneration.

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution to be proposed as a Special Resolution:-

“RESOLVED THAT the Company hereby ratifies, approves, acknowledges and takes on record the allotment of 2,54,00,000 (Two Crores Fifty-Four Lacs), 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debentures of the face value of ₹ 70/- (Rupees Seventy only) each (“CCDs”) to Valiant Mauritius Partners FDI Limited, on all

other terms and conditions as approved by the shareholders at the Extraordinary General Meeting held on May 5, 2010.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all actions and do all such acts, deeds, matters, writings or things which may be deemed necessary or expedient in connection with such acknowledgement by the Company.”

“RESOLVED FURTHER THAT all actions taken by the Board of Directors of the Company including the Securities Allotment and Transfer Committee in connection with the allotment of CCDs be and are hereby ratified.”

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution to be proposed as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, Article 13A of the Articles of Association be hereby deleted and substituted by new Article 13A as reproduced below:-

‘13A Each 10% Fully, Compulsorily and Mandatorily Convertible Unsecured Debenture (“CCD”) issued to Valiant Mauritius Partners FDI Limited shall be compulsorily convertible into one (1) fully paid-up Equity Share of ₹10/- each of the Company (as adjusted taking into account Adjustment Event that have occurred upto the date of conversion of the CCD) (such equity shares to be issued upon the conversion of the CCDs shall be referred to as the “CCD Shares”). For the purposes of this Article 13A, “Adjustment Event” shall mean any share split, bonus issue, stock dividend, rights issue, recapitalisation or recombination affecting equity securities of the Company and any other transaction

having the effect of any of the foregoing.’

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all actions and do all such acts, deeds, matters or things which may be deemed necessary, usual or expedient to give effect to the amendment as aforesaid to the Articles of Association of the Company.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 and subject to the approval of the Central Government, if applicable, Mr. Bhavesh Gandhi, Executive Vice-Chairman be paid performance incentive of ₹1,50,00,000/- (Rupees One Crore Fifty Lacs only) for the financial year 2009-10 in addition to remuneration approved by the Shareholders vide Special Resolution passed at the Extraordinary General Meeting held on October 17, 2008.”

“RESOLVED FURTHER THAT Mr. Bhavesh Gandhi, Executive Vice-Chairman of the Company shall be paid the aforesaid remuneration as minimum remuneration in excess of limits prescribed under Sections 198(1) and/or 309(3) of the Act.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorised to file the required forms with the Registrar of Companies, to give and/or publish the required notices in terms of Sections 302 and 640-B and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise

considered by them in the best interest of the Company.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Proxies in order to be valid must be received by the Company not later than 48 hours before the commencement of the Meeting. The relevant proxy form is attached herewith.

2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Resolutions set out hereinabove is annexed hereto and forms part of this Notice. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Director seeking re-appointment at the forthcoming Annual General Meeting are also attached to this Notice.
3. Only registered members of the Company may attend and vote at the Annual General Meeting. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
4. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of Board Resolution on the letterhead of the Company, signed by one of the Directors or Company Secretary or any other authorised signatory, authorising their representatives to attend and vote on their behalf at the Meeting.
5. Members desiring any information on the accounts of the Company are requested to write to the