

VMS INDUSTRIES LIMITED

19th
Annual Report
2010-2011



BOARD OF DIRECTORS

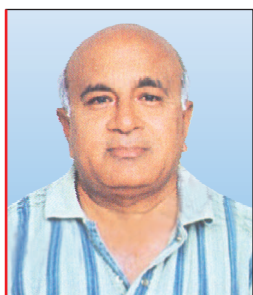

Ajit Kumar Jain
Chairman & Managing Director



Sangeeta Jain
Whole Time Director



Manoj Kumar Jain
Non Executive Director



Bakul Mehta
Non Executive Independent Director



Pranav Parikh
Non Executive Independent Director



Hitesh Loonia
Non Executive Independent Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Hemal Patel

CHIEF FINANCIAL OFFICER

Ms. Nimisha Modi

REGISTERED OFFICE

2nd Floor "Jain House",
Opp. Vitthalwadi, Bhavnagar-364003 Gujarat (India)

WORK SHOP

Ship Recycling Yard
160-M, Alang- Sosiya Ship Breaking Yard,
Alang-364081, Dist. Bhavnagar, Gujarat (India)

REGISTRARS & SHARE TRANSFER AGENTS FOR ELECTRONIC SHARES

Cameo Corporate Services Limited
'Subramanian Building',
No. 1 Club House Road, Chennai – 600 002
Tel: +91-44-28460390/28460425

MAIN BANKERS

Allahabad Bank
Indian Overseas Bank
ICICI Bank Ltd.
Oriental Bank of Commerce

STATUTORY AUDITORS

K. Solanki & Co.,
Chartered Accountants.
3rd Floor, Avishakar-II, Nr. Patel Was Madalpura,
Ellisbridge, Ahmedabad-380006

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its Members. To support this green initiative of the Government in full measure, members who have not registered their e-mail address, so far, are requested to registered e-mail address, in respect of electronic holding with the Depository through their concerned Depository Participants.

No. Contents	Pg. No.
1 Notice	1
2 Directors' Report	2
3 Management Discussion and Analysis	6
4 Report on Corporate Governance	10
5 Auditors' Report	18
6 Financial Statements	21
7 Notes forming part of Financial Statement	28

NOTICE

Notice is hereby given that the 19th [Nineteenth] Annual General Meeting of the Company will be held on 11.00 hours on Thursday 22nd day of September 2011 at the Registered Office of the Company situated at 2nd Floor, "Jain House", Opp. Vitthalwadi, Bhavnagar-364003 to transact the following business.

Ordinary Business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the Year ended 31st March, 2011 and the Balance Sheet as on that date and the Report of the Board of Directors and the Auditor's Report thereon and other documents attached / annexed thereto.
2. To pass with or without modification following resolution as ordinary resolution

"RESOLVED THAT M/s K Solanki & Co., Chartered Accountants, the retiring Statutory Auditors of the Company to hold office as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at remuneration to be determined by Board of Directors of Company and reimbursement of out of pocket expenses."
3. To appoint Director in place of Mr. Bakul K. Mehta, who retire by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Director in place of Mr. Pranav V. Parikh, who retire by rotation and, being eligible, offers himself for re-appointment.

By Order of Board of Directors

Place : Bhavnagar
Date : August 9, 2011

Hemal Patel
Company Secretary

Notes:

- i) A member entitled to attend to vote at the meeting is entitled to appoint a proxy, to attend and vote on poll on his behalf and such a proxy need not be member of the Company, Proxies in order to be effective must be deposited at the Registered Office or with the Registrar and Share Transfer Agents of the Company, M/s Cameo Corporate Services Limited, not less than 48 hours before the meeting.
- ii) The Registrar of Members of the Company and the Share Transfer Registrar shall remain closed on from Thursday September 15, 2011 to Thursday September 22, 2011 (both days inclusive)
- iii) The members are requested to
 - a) Notify immediately any change in their address to the Company
 - b) Bring their copy of the Annual Report to the Annual General Meeting.
- iv) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their Demat accounts. Members holding shares in Physical form, if any, can submit their PAN details to the Company/ Registrar and Transfer Agent M/s Cameo Corporate Services Limited.

DETAILS OF DIRECTORS SEEKING REAPPOINTMENT IN ANNUAL GENERAL MEETING (IN PURSUANT OF CLAUSE 49 OF LISTING AGREEMENT)

Name of Director	Mr. Bakul K. Mehta	Mr. Pranav V Parikh
Date of Birth	16/06/1953	05/06/1959
Nationality	Indian	Indian
Date of Appointment on the Board	28.04.2010	28.04.2010
Qualification	B. Com	B.E.-CIVIL/ M.I.E.
Experience of functional area	Business	Consultant
Shareholding in the Company	NIL	NIL
List of Directorship held in other Companies	NIL	NIL
Committee Membership	1	2



VMS Industries Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present herewith their 19th (Nineteenth) Annual Report of your Company together with the Audited Annual Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS

The financial performance of the Company for the Year ended 31st March, 2011 is summarized as below:-

(₹ In Lacs)		
Particulars	Year Ended on 31.03.2011	Year Ended on 31.03.2010
Income / Receipts from Operations	7624.94	2849.10
Other Income	12.60	2.05
Total Income	7637.54	2851.15
Earning Before Financial Charges, Depreciation, and Taxation (EBITDA)	332.25	486.69
Preliminary Exp	1.12	3.11
Financial Charges	109.35	92.11
Depreciation	37.65	45.19
Profit Before Tax (PBT)	184.13	346.28
Less: Provision for Taxation including Deferred	41.07	84.55
Prior Period Adjustment / Excess Provision Written Back	24.12	(0.57)
Profit After Tax (PAT)	167.18	261.16
Profit Brought Forward from Previous Year	310.99	71.23
Profit Available for Appropriation	478.17	332.39
Transfer to Tonnage Tax Reserve	10.62	21.40
Balance Carried to Balance Sheet	467.55	310.99

OPERATIONS REVIEW

During the year under review, the driving areas of the Company were Ship Breaking unit and Off-shore unit which have achieved substantial increase in terms of Services/ Sales Turnover. The decrease in Profit in the current financial year is due to non favorable results in the last quarter of the financial year 2010-11.

As has been stated in the out-look, due to boom in the availability of old ships in the international market, the company's ship breaking unit at Alang Ship Breaking Yard, Bhavnagar is fully operational throughout the year and sales turnover in ship breaking activities has seen a manifold increase. However due to heavy fluctuation in the rates of old ships purchased for breaking, dollar-rupee rates and also sales price of Iron and Steel products of the company, the profit margins could not be achieved as desired. However, now the market has stabilized and taking into account the inventory level of the company as at the year-end, it is hoped that the turnover and the profitability will see a reasonable increase in the current financial year.

DIVIDEND

Looking to future requirements of funds for business operations of the Company, the directors have not recommended any dividend for the Financial Year 2010-11

INITIAL PUBLIC OFFERING (IPO)

Your Company entered the Capital Market with an Initial Public Offer (IPO) of 64,38,227 Equity shares of ₹ 10/- each at a premium of ₹ 30 /- per share in May 2011. Your Company's shares were listed on the Bombay Stock Exchange Limited (BSE) on 14th June, 2011. The issue was subscribed by about 1.46 times.

FUTURE PROSPECTUS

The business activity of Ship-breaking industry at Alang Ship Breaking Yard is likely to increase substantially in view of favorable availability of second hand ships and demand of ship-recycled material. Your Company is also optimistic that with the stabilization in price for the old ship in the international markets and in the sale price of recycled products in the domestic market, the Company will be able to improve the turnover and the profitability ratios in the coming years.

In view of modernization and expansion of various ports in Gujarat, the Company is optimistic of substantial rise in off-shore services activity. The Company is exploring possibility to increase off-shore activities in the near future.

DIRECTORS

Mr. Bakul Mehta and Mr. Pranav Parikh are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. None of the Directors of the company are disqualified under section 274(1) (g) of the Companies Act, 1956 from being appointed as a Director of any other public company. The Board recommends their reappointment for your approval.

Brief resumes of the above Directors, nature of their expertise in specific functional areas and names of the Public Limited Companies in which they hold Directorships and Memberships / Chairmanships of Committees of the Board and their shareholding in the Company, as stipulated under Clause 49 of the Listing Agreement are given in the Report on Corporate Governance forming part of the Annual Report

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, the Directors confirm that:

- a) In the preparations of the Annual Accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
- b) Appropriate accounting policies have been selected and applied consistently and such judgments & estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profit of the Company for the accounting year ended on that date;
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) The annual accounts of the Company have been prepared on a going concern basis.

RISK MANAGEMENT

The Company is exposed to the risk from the market fluctuations of foreign exchange as well as the fluctuation in the price of iron and steel. The Company's raw material is old ship, which is purchased from the international market on credit ranging upto 180 days to 360 days. Though the Company is not hedging or covering the foreign exchange requirement, the Company is regularly monitoring the foreign exchange movement and suitable remedial measures are taken as and when felt necessary. Though the Company is employing such measures, the Company is still exposed to the risk of any foreign exchange fluctuation.

Likewise, the Company's finished products are mainly re-rollable scrap generated from ship breaking and the price of the same is linked to the market rate for iron and steel. Any ups and downs in the price of the iron and steel will affect the profitability of the Company. The Company keeps a watch on the movement of scrap prices and accordingly decides its policy regarding purchase of ships and sale of scrap.

DISCLOSURES UNDER SECTION 217(1) (d) OF THE COMPANIES ACT, 1956

Except as disclosed elsewhere in this report, following material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year and the date of this report:

1. The Company enlisted its Equity Shares through its Initial Public Offer ("IPO") aggregating to ₹ 25.75 crore through 100% book building process by issuing 64, 38,227 Equity Shares. The IPO was fully subscribed and the Issue Price of the IPO was fixed at Rs. 40/- per share including premium of Rs. 30/- per share. The allotment of 64,38,227 Equity Shares was made on June 10, 2011 in accordance with the Basis of Allotment approved by the Bombay Stock Exchanges and the equity shares were listed on BSE on July 14, 2011.
2. Sale of Speed Boat known as "Kalptaru":-

The Company has sold the Speed Boat known as "Kalptaru" as per the sale confirmation letter dated April 2, 2011 for total consideration of ₹ 99.75 Lacs including VAT of ₹ 4.75 Lacs. The sale of Speed Boat will not have major effect looking to overall operations of the Company.

**STATUTORY INFORMATION**

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 related to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo for the financial year ended 31st March 2011 are given in Annexure - I attached hereto and forming part of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

As required under the provisions of Clause 49 (IV) (f) of Listing Agreement, a detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis Report which form of this Report as Annexure - II.

PARTICULARS OF EMPLOYEES

There are no employees in the Company whose particulars are required to be provided under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

CORPORATE GOVERNANCE REPORT

We adhere to the principal of Corporate Governance mandated by the Securities and Exchange Board of India (SEBI) and have implemented all the prescribed stipulations. As required by Clause 49 of the Listing Agreement, a detailed report on Corporate Governance forms part of this Report as Annexure - III. The Auditors' Certificate on compliance with Corporate Governance requirements by the Company is attached.

TRANSFER TO RESERVES IN TERMS OF SECTION 217 (1) (B) OF THE COMPANIES ACT, 1956

For the financial year ended 31st March, 2011, the Company had not transferred any sum to Reserves except ₹ 10.62 Lacs under Tonnage Tax Reserve Account.

AUDITORS

The present Statutory Auditors of the Company, M/s. K. Solanki & Co., Chartered Accountants, Ahmedabad, retire as Statutory Auditors at the conclusion of this Annual General Meeting. They are eligible for re-appointment and the Company has received a Certificate from them that their re-appointment, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such an appointment within the meaning of sub-sections (3) and (4) of Section 226 of the Companies Act, 1956. Their reappointment is recommended by the board.

AUDITORS' REPORT

Notes to the accounts, as referred in the Auditors Report, are self-explanatory and therefore do not call for any further comments and explanations.

FIXED DEPOSITS

During the year ended on 31st March 2011, the Company has not accepted any Fixed Deposits from public under Section 58A & 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

CAUTIONARY STATEMENT

Statements in the Directors Report and the Management discussion & Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global & domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and its cost, changes in government policies and tax laws, economic development of the country and such other factors which are material to the business operations of the Company.

ACKNOWLEDGEMENT

Your Directors acknowledge with gratitude, the commitment and dedication of the employees, their untiring personal efforts and collective contributions at all levels that has led to the growth and success of the Company. The Directors would also like to thank other stakeholders including banks and business associates who have continued to provide support and encouragement to the Company.

For and on Behalf of Board of Directors

Place : Bhavnagar
Date : August 9, 2011

Ajitkumar Jain
Managing Director

ANNEXURE – I TO DIRECTORS’ REPORT

Information as per Section 217 (1) (e) read with the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the year ended on 31st March 2011.

A CONSERVATION OF ENERGY

- a) Energy conservation measure taken : In the ship breaking and offshore activities carried out by the Company, the energy consumption is Negligible, and does not require any specific energy conservation measures.
- b) Additional investment and proposal if any being implemented for reduction in consumption of energy. : No material consideration looking to the business of the Company
- c) Impact of the measures at (a) & (b) on energy consumption & consequent impact on the cost of production. : N.A.
- d) Total energy consumption and energy consumption per unit of production : Nil

B TECHNOLOGY ABSORPTION:-

The Company is engaged in the business of breaking of old and used ships and in the business of off-shore segment. No material Research & Development is carried out in any specific area and therefore no details are furnished on matters related to Technology Absorption.

C. FOREIGN EXCHANGE EARNING & OUTGO

- 1. Activities relating to export initiatives taken to increase exports, development of new markets for products and services and export plans : NIL
- 2. During the year, the Company earned / spent foreign exchange as under :-
 - Earnings : ₹ 395.97 Lacs
 - Outgo : ₹ 8272.97 Lacs

**MANAGEMENT DISCUSSION AND ANALYSIS****DISCLAIMER STATEMENT**

Certain statements in this report on Management Discussion and Analysis may be forward looking statements and have been issued in terms of the applicable security laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed in the statements or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility in respect of forward looking statements, which may be amended or modified in future on the basis of subsequent developments, information's or events.

BACKGROUND

VMS Industries Ltd was originally incorporated on December 2, 1991 as a Private Limited Company in the name and style of "Varun Management Services Pvt. Ltd" by its Promoters. The Company acquired a Ship Breaking Plot in the year 2007 and to reflect the business of the Company the name was changed to "VMS Industries Pvt. Ltd". The constitution of the Company was changed to Public limited Company with effect from January 29, 2010 and consequently the name was changed to "VMS Industries Limited".

BUSINESS OVERVIEW:

Our present business mainly consists of two business segments:-

1. Ship Recycling Activities:-

During the year 2004, Gujarat Maritime Board auctioned vacant plots and under open bid we have been allotted vacant Plot No. 160 at Alang-Sosiya Ship Breaking Yard admeasuring 1350 sq. meter on a lease basis. However, our Company could not start ship breaking activities due to change in policy for ship recycling plant, requiring higher size (2700 sq mtrs) of plot and therefore we could not get permission for utilization of plot from GMB. Meanwhile, in the year 2007, the plot size was enlarged to 2700 sq. meter as per the instructions given by the Inter Ministerial Committee constituted by Hon. Supreme Court, by merging the adjoining Plot No. 159 and our Company was permitted to use the merged Plot No. 160M for a period of 5 years and subject to renewal thereafter.

We started the ship recycling activity during the financial year 2009-10 and purchased total Eleven (11) ships for our ship recycling activities till date, whose details are as under:-

Sr.No.	Name of the Ship	Weight (MT)
1.	Loretta D	6150
2.	Colomobo Star II	5850
3.	Madre	8150
4.	Venus Gas	3912
5.	Winco	2987
6.	MT Mar	9653
7.	Libra Gas II	3126
8.	Annoula	9749
9.	Kapadokia	11432
10.	M V Green Neptunic	2420
11.	Jamaima	6522

2. Off-shore business activities and supporting services:-

In the month of May 2008, our Company had entered into the offshore business activities & supporting services. We obtained the required registration and undertook the following activities:-

- Purchased a Tug named ADINATH – 8 which is currently operating in the open market on a hire basis.
- Purchased a Speed Boat named KALPTARU, and entered into a Charter Agreement on 26.02.2009 with GMB for patrolling under ISPS Code at Magdalla Port for a period of 1 (one) year with an extension clause of One year and the same has been extended by GMB till 5th March, 2011. In the month of April 2011, the said Speed Boat was sold-out.

- Apart from the above two business segment, the Company is also Partner in M/s Eternal Automobiles (dealer of Honda Two Wheeler) in Bhavnagar. The current profit sharing ratio of the Company is 80 % and the balance 20 % are with Promoter Group and their Relatives.

INDUSTRY OVERVIEW:-

1. SHIP BREAKING INDUSTRY:-

Overview

Ship breaking is a type of disposal of ship involving the breaking up of ships for scrap recycling, with the hulls being discarded in ship graveyards. Ship breaking is a typical activity, which adds value through a 'demolition' process. Most ships have a lifespan of a few decades before there is so much wear that refitting and repair becomes uneconomical. When a ship goes uneconomic / unsafe as per standards of safety to operate, it is sent for demolition to ship breaking yards. Ship breaking allows materials from the ship, especially steel, to be reused. Equipment on board of the vessel can also be reused. The contribution of the ship breaking yards is to generate value out of unusable ships by segregating it into various components that have their own economic value by subjecting it to a systematic demolishing process.

Until the late 20th century, ship breaking took place in port cities of industrialized countries such as the United Kingdom and the United States. Today, most ship breaking yards are in Pakistan, Bangladesh, and India. Turkey performs just a handful of demolitions each year. Though western countries have developed superior technologies, which result into high productivity, Asian countries have come up a low cost proposition for two reasons. One, relatively the manpower is very cheap in these countries. So even at a lower productivity rate, operations in these countries prove to be relatively cheaper. Second, western countries have very high standards of safety, which calls for costly measures for ensuring safety

The reasons behind ship breaking/ recycling being carried out in these countries are as follows:

- (1) Cheap and abundant labour;
- (2) Vast coastal area with good and favorable tidal impact; and
- (3) Management ability.

Primarily India occupied the first position in the world, but with the passage of time the same was replaced by China

Global Scenario

At present, the global economic integration continues to accelerate and promote international trade. With the shipping industry booming and the continuous growth in global fleets, the number of retired vessels have considerably increased. UNCTAD, "World Ocean Assessment Report", issued in 2008 points out that in 2007 the world's shipping volume reached a record of more than 80 million tons. As of January 2008, the global registration of 100 gross tonnage and above, the total number of merchant shipping 97481, with a total capacity of 11.2 million dwt, 100 every year and have been dismantling decommissioned ships.

China is one of the world's major ship-breaking industry. Since the 20th century, the emergence of organized 60 years of ship-breaking activities began; China's ship-breaking industry has gone through a 40 year course of development. China's ship-breaking enterprises to actively advocated scrapping the green, in the dismantling of production activities, basically the safety, environmental protection, health, some enterprises have passed the international environmental management system and occupational safety and health management system certification; Some enterprises have already or will be included in national and local development of circular economy pilot projects, and has become internationally influential first-class ship-breaking business, and environmental protection in developed countries has been a strong sense of the favour of international ship owners in recent years. (Source: www.eckhardt-marine.com)

Ship Recycling At Alang, Bhavnagar (Gujarat)

- Alang has a very high inter-tidal gradient. This enables the ship to beach right at the shore during high tide and when the tide recedes the ship stands almost at a dry-dock. This not only makes work easy but also makes easy in terms of collecting the valuables and the waste items from the sand. Usually heavy items are dropped into the sea-water during high tide and this minimizes damage.
- Due to high tidal gradient, larger ships can come straight into the shore. This reduces the total working time on each ship.
- Since the beach is sandy, the heavy items do not sink in the mud and similarly the hazardous waste matter such as paint and other heavy metal and other deposits do not leach into the soil.
- At Alang, due to the fact that ships are beached just on the threshold of the plot, dismantling takes place in controlled conditions.
- The rainfall is mild and work can be carried out throughout the year.

6. Due to the relatively moderate rainfall and shelter from strong tides and winds and also because of the absence of rocks around the area, the Alang yard can recycle smaller ships easily. Therefore, the numbers of ships that can come to this yard are many. In contrast, Gaddani in Pakistan and Chittagong in Bangladesh have strong winds and strong tides respectively and hence they can only demolish very large vessels. Chinese seacoast has typhoons all through the monsoon season and hence ship recycling cannot go throughout the year in an uninterrupted manner. (Source: www.sriaindia.com)

Outlook

The ship recycling activities create economic opportunities for thousands of labourers and contribute to the economic growth of regions. The average life of a ship is about 27 years. Once a ship loses its economic life, it has to be replaced with a new one. Practically 100% of the ship is recycled. Ship breaking can be claimed to be a sound sustainable industrial activity. Ship demolition remove large volumes of obsolete tonnage from fleets which otherwise require to huge monetary consideration to manage if not dismantled. As per the 2007 report of working group for ship repair industry for 11th Five Year Plan (2007-2012), the industry has the potential of ' 2440-2790 crore per year.

2. OFFSHORE INDUSTRY

India is naturally endowed with a long coastline spanning 7,517 km wherein the country's 13 major ports and around 200 non-major ports are located across nine maritime states. Of the non-major ports, around 66 are operational and these are mainly in the States of Gujarat, Andhra Pradesh, Goa and Maharashtra. Post- liberalization, the participation of private players in the port sector has been encouraging as is evident from their investments in green field commercial and captive ports and in various port related logistics and support activities.

(Source: *Indian Ports & Infrastructure Review, October 2010, Volume 2: Issue 10*)

Demand for Offshore Support Vessels

The demand for offshore support vessels is dependent by a number of factors that are discussed earlier, including;

- Economic activities and global oil and gas demand;
- Levels of drilling activity;
- Levels of offshore activity;
- Oil and gas prices and E&P spending;
- Location of oil fields and water depth;
- Decommissioning or refurbishment of rigs; and
- Availability of offshore support vessels.

Growth Driver

The major growth of offshore supporting vessels depends on growth of ports. The present policy of the Central Government and State Government envisage high growth in port sector as detailed below and this will result in higher growth of offshore supporting vessels.

To facilitate private sector participation, Government of India has also put in place a favorable and investor friendly policy framework. Some of the policy initiatives taken by the Ministry include:-

- 100 % foreign direct investment allowed in Shipping and Port sectors.
- The Model Concession Agreement for port projects has been simplified and this has expedited the decision making process.
- Bidding documents have also been standardized to ensure uniformity and transparency in the award of projects.
- Tariffs are being fixed upfront by the Tariff Authority of Major Ports.
- Acquisition of all types of ships has been brought under the Open General License.

As a result of these initiatives, private investment in the port sector has increased significantly over the years. About 24 PPP projects involving an investment of almost 65 billion Indian Rupees have been completed and another 19 PPP projects in major ports are under implementation, involving an investment of almost ' 125 billion. Currently 22 PPP projects are under bidding and scheduled to ward in current financial year involving an investment of almost'160 billion.

(Source: *Indian Ports & Infrastructure, October 2010, Volume 2: Issue 10*)