**DRAFT RED HERRING PROSPECTUS**
Dated: March 23, 2017
*(The Draft Red Herring Prospectus will be updated upon filing with the RoC)*
*(Please read section 32 of the Companies Act, 2013)*
**100% Book Built Issue**

# COCHIN SHIPYARD LIMITED

Our Company was incorporated as Cochin Shipyard Limited on March 29, 1972 as a private limited company under the Companies Act, 1956, with the Registrar of Companies, Kerala at Ernakulam. Our Company became a deemed public limited company under section 43A of Companies Act, 1956 on July 1, 1982. Our Company again became a private limited company with effect from July 16, 1985. Our Company became a public limited company with effect from November 8, 2016 and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Kerala at Ernakulam. For further details, including details of change in registered office of our Company, see "*History and Certain Corporate Matters*" on page 134.


**Registered Office**: Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi - 682015 Kerala, India.
**Contact Person:** Ms. V. Kala, Company Secretary and Compliance Officer; Tel: +91 (484) 2501306; Fax: +91 (484) 2384001
**E-mail**: secretary@cochinshipyard.com; **Website**: www. www.cochinshipyard.com
**Corporate Identity Number**: U63032KL1972GOI002414


**OUR PROMOTER: THE PRESIDENT OF INDIA ACTING THROUGH THE MINISTRY OF SHIPPING**

**PUBLIC ISSUE OF 33,984,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF COCHIN SHIPYARD LIMITED ("OUR COMPANY" OR "ISSUER") FOR CASH AT A PRICE* OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION ("ISSUE") CONSISTING OF A FRESH ISSUE OF 22,656,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF 11,328,000 EQUITY SHARES BY THE PRESIDENT OF INDIA AGGREGATING TO ₹ [●] MILLION ("OFFER FOR SALE", AND "THE SELLING SHAREHOLDER"). THE ISSUE INCLUDES A RESERVATION OF UP TO 824,000 EQUITY SHARES AGGREGATING TO ₹ [●] MILLION FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) ("EMPLOYEE RESERVATION PORTION"). THE ISSUE LESS EMPLOYEE RESERVATION PORTION IS REFERRED TO AS THE NET ISSUE. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 25.00% AND 24.39% RESPECTIVELY, OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND, RETAIL DISCOUNT, EMPLOYEE DISCOUNT, IF ANY, IN RUPEES, TO THE RETAIL INDIVIDUAL BIDDERS, THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BRLMS AND WILL BE ADVERTISED IN ALL EDITIONS OF ENGLISH NATIONAL DAILY NEWSPAPER BUSINESS STANDARD, ALL EDITIONS OF HINDI NATIONAL DAILY NEWSPAPER BUSINESS STANDARD AND KOCHI EDITION OF MALAYALAM DAILY NEWSPAPER MATHRUBHUMI, MALAYALAM BEING THE REGIONAL LANGUAGE OF KERALA, WHERE OUR REGISTERED OFFICE IS LOCATED AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.**

**Retail Discount of ₹ [●] per Equity Share to the Issue Price may be offered to the Retail Individual Bidders and Employee Discount of ₹[●] per Equity Share to the Issue Price may be offered to the Eligible Employees Bidding in the Employee Reservation Portion.*

In case of any revision to the Price Band, the Bid/Issue Period will be extended by atleast three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the other members of the Syndicate.

In terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), this is an Issue for at least 10% of the post-Issue paid-up Equity Share capital of our Company. In accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), the Issue is being made through the Book Building Process wherein 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") ("**QIB Portion**"). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Further, 824,000 Equity Shares shall be reserved for allocation on a proportionate basis to Eligible Employees, subject to valid bids being received at or above the Issue Price. All potential Bidders shall mandatorily participate in the Issue through an Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**"). For details, see "*Issue Procedure*" on page 303.

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Issue Price (determined by our Company and the Selling Shareholder in consultation with the BRLMs as stated in "*Basis for Issue Price*" on page 88) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 17.

**ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, the Selling Shareholder confirms all information set out about itself as the Selling Shareholder in context of the Offer for Sale included in this Draft Red Herring Prospectus and accepts responsibility for statements in relation to itself and the Equity Shares being sold by it in the Offer for Sale.

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/Issue Closing Date, see "*Material Contracts and Documents for Inspection*" on page 357.

| BOOK RUNNING LEAD MANAGERS | | | REGISTRAR TO THE ISSUE |
|---|---|---|---|
| SBI Capital Markets Limited | Edelweiss Ideas create, values protect | JM FINANCIAL | LINK Intime |
| **SBI Capital Markets Limited**<br>202, Maker Tower 'E, Cuffe Parade<br>Mumbai - 400005, Maharashtra, India<br>Tel: +91 (22) 22178300<br>Fax: +91 (22) 22188332<br>E-mail: csl.ipo@sbicaps.com<br>Investor grievance e-mail:<br>investor.relations@sbicaps.com<br>Contact Person: Mr. Nikhil Bhiwapurkar / Mr. Sandeep Tenneti<br>Website: www.sbicaps.com<br>SEBI Registration No.: INM000003531 | **Edelweiss Financial Services Limited**<br>14th Floor, Edelweiss House, Off. C.S.T Road, Kalina<br>Mumbai - 400098, Maharashtra, India<br>Telephone: +91 (22) 40094400<br>Fax: +91 (22) 40863610<br>E-mail: csl.ipo@edelweissfin.com<br>Investor grievance e-mail:<br>customerservice.mb@edelweissfin.com<br>Contact Person: Mr. Siddharth Shah<br>Website: www.edelweissfin.com<br>SEBI Registration No.: INM0000010650 | **JM Financial Institutional Securities Limited**<br>7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025, Maharashtra, India<br>Tel: +91 (22) 66303030<br>Fax: +91 (22) 66303330<br>E-mail: csl.ipo@jmfl.com<br>Investor grievance e-mail:<br>grievance.ibd@jmfl.com<br>Contact Person: Ms. Prachee Dhuri<br>Website: www.jmfl.com<br>SEBI Registration No.: INM000010361 | **Link Intime India Private Limited**<br>C 101, 247 Park, L B S Marg,<br>Vikhroli West, Mumbai 400 083<br>Maharashtra, India<br>Tel: +91 (22) 4918 6200<br>Fax: +91 (22) 4918 6195<br>Email: csl.ipo@linkintime.co.in<br>Investor grievance email: csl.ipo@linkintime.co.in<br>Contact Person: Ms. Shanti Gopalkrishnan<br>Website: www.linkintime.co.in<br>SEBI Registration No: INR000004058 |

**BID/ISSUE PROGRAMME**

| | |
|---|---|
| **BID/ISSUE OPENS ON** | [●] |
| **BID/ISSUE CLOSES ON (FOR QIBs)** (*) | [●] |
| **BID/ ISSUE CLOSES ON (FOR OTHER BIDDERS)** | [●] |

(*) *Our Company and the Selling Shareholder, in consultation with the BRLMs, may, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*

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## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline or policy shall be to such legislation, act, regulation, rule, guideline or policy, as amended, supplemented or re-enacted from time to time.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made there under.*

*Notwithstanding the foregoing, terms used in "Statement of Tax Benefits", "Financial Statements" and "Main Provisions of Articles of Association" on pages 91, 162 and 347, respectively, shall have the meaning ascribed to such terms in such sections.*

### General Terms

| Term | Description |
|---|---|
| "our Company", the "Company", the "Issuer", we, us or our | Cochin Shipyard Limited, a company incorporated under the Companies Act, 1956, having its registered office at Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi - 682015, Kerala, India |

### Company Related Terms

| Term | Description |
|---|---|
| Articles of Association/AoA | The articles of association of our Company, as amended |
| Audit Committee | The audit committee of the Board of Directors described in "*Our Management*" on page 140 |
| Board/Board of Directors | The board of directors of our Company or a duly constituted committee thereof |
| CPSE Capital Restructuring Guidelines | An Office Memorandum bearing F. No. 5/2/2016-Policy dated May 27, 2016, issued by DIPAM on Guidelines on Capital Restructuring of Central Public Sector Enterprises. |
| CSR & SD Committee | Corporate Social Responsibility and Sustainability Development Committee which was re-constituted pursuant to the board meeting held on May 7, 2016 |
| Director(s) | The director(s) of our Company |
| Equity Shares | The equity shares of our Company of face value of ₹10 each |
| Key Management Personnel | Key management personnel of our Company in terms of section 2(51) the Companies Act, 2013 or regulation 2(1)(s) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" on page 140 |
| Materiality Policy | Our Company, in its Board meeting held on January 24, 2017, adopted a policy on identification of material creditors and material litigations |
| Memorandum of Association/ MoA | The memorandum of association of our Company, as amended |
| MoU | Our Company enters into a Memorandum of Understanding with Department of Public Enterprises, Ministry of Shipping, GoI every financial year |
| Promoter | The Promoter of our Company is the President of India acting through the Ministry of Shipping |
| Registered Office / Registered and Corporate Office | Registered Office of our Company located at Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi - 682015, Kerala, India |
| Restated Financial Statements | The audited standalone financial statements of our Company as at and for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 and as at and for the half year ended September 30, 2016, which comprises the audited standalone balance sheet, the audited standalone statement of profit and loss and the audited standalone cash flow statement and notes to the audited standalone financial statements of assets and liabilities, profit and loss and cash flows, prepared in accordance with Indian GAAP and the Companies Act and |

| Term | Description |
|---|---|
| | restated in accordance with the SEBI ICDR Regulations and the Revised Guidance Note on Reports in Company Prospectuses (Revised) issued by the ICAI, together with the schedules, notes and annexures thereto |
| RoC | Registrar of Companies, Kerala, situated at Ernakulam, India |
| RMC | Risk Management Committee |
| SEBI Exemption Letter | Our Company has received relaxation from the strict enforcement of compliance with corporate governance norms under schedule VIII part A (2)(VIII)(E)(7)(a) and schedule VII(1)(b) of the SEBI ICDR Regulations at the time of filing this Draft Red Herring Prospectus *vide* letter numbered CFD/DIL-II/NR/AEA/OW/2016/z6015 dated September 16, 2016 issued by SEBI |
| SEBI Letter | Our Company has received relaxation from the strict enforcement of schedule VIII, clause VII (E), (F) and (H) of SEBI ICDR Regulations and clause 1.2(iv) of the SEBI (Framework for Rejection of Draft Offer Documents) Order, 2012 at the time of filing this Draft Red Herring Prospectus *vide* letter numbered CFD/DIL-1/BNS/SD/329/1/2016 dated December 6, 2016 issued by SEBI |
| Shareholders | Shareholders of our Company |
| Statutory Auditor/ Auditor | The statutory auditor of our Company, namely, Krishnamoorthy & Krishnamoorthy, Chartered Accountants |

**Issue Related Terms**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form |
| Allot/Allotment/Allotted | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale, to the successful Bidders |
| Allotment Advice | Note, advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom the Equity Shares is Allotted |
| Application Supported by Blocked Amount or ASBA | An application, whether physical or electronic, used by an ASBA Bidder, to make a Bid and authorize a SCSB to block the Bid Amount in the ASBA Account |
| ASBA Account | A bank account maintained with a SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form |
| ASBA Bid | A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations |
| ASBA Bidder | Any Bidder in the Issue who intends to submit a Bid |
| ASBA Form/ Bid cum Application Form | An application form, whether physical or electronic, used by an ASBA Bidder and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Banker(s) to the Issue/Escrow Collection Bank(s) | Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Public Issue Account will be opened |
| Basis of Allotment | The basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in "*Issue Procedure*" on page 303. |
| Bid | An indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. |

| Term | Description |
|---|---|
| | The term Bidding shall be construed accordingly |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid |
| Bid Lot | [●] Equity Shares |
| Bid/Issue Closing Date | The date after which the Designated Intermediaries will not accept any Bids, which shall be published in two national daily newspapers, one each in English and Hindi, and in one Malayalam daily newspaper, each with wide circulation.<br><br>Our Company and the Selling Shareholder, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations. |
| Bid/Issue Opening Date | The date on which the Designated Intermediaries shall start accepting Bids, which shall be published in in two national daily newspapers, one each in English and Hindi, and in one Malayalam daily newspaper, each with wide circulation |
| Bid/Issue Period | The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof |
| Bidder | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied |
| Bidding Centers | Centers at which the Designated Intermediaries shall accept the Bid cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| Book Building Process | Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made |
| Broker Centres | Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker.<br><br>The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Cap Price | The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted |
| Client ID | Client identification number maintained with one of the Depositories in relation to the demat account |
| Collecting Depository Participant or CDP | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Cut-off Price | Issue Price, finalised by our Company and the Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band.<br><br>Only Retail Individual Bidders and the Eligible Employees Bidding in the Retail Portion and Employee Reservation Portion, respectively are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price |
| Demographic Details | Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details |
| Designated CDP Locations | Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. |

| Term | Description |
|---|---|
| | The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Date | The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Issue Account after filing of the Prospectus with the RoC, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Issue |
| Designated Intermediaries | Syndicate Members, sub-Syndicate/agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Issue |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated SCSB Branches | Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Registered-Intermediaries.html or at such other website as may be prescribed by SEBI from time to time |
| Designated Stock Exchange | [●] |
| Draft Red Herring Prospectus or DRHP | This draft red herring prospectus dated March 23, 2017, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue |
| Eligible Employee | All or any of the following:<br>(a) a permanent and full time employee of our Company (excluding such employees who are not eligible to invest in the Issue under applicable laws) as of the date of filing of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company, until the submission of the Bid cum Application Form; and<br>(b) a Director of our Company who is eligible to apply under the Employee Reservation Portion under applicable law and is resident in India<br><br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (which will be less Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe or to purchase the Equity Shares |
| Employee Discount | Discount of ₹ [●] per Equity Share to the Issue Price given to Eligible Employees Bidding in the Employee Reservation Portion |
| Employee Reservation Portion | The portion of the Issue being up to 824,000 Equity Shares aggregating to ₹ [●] million, available for allocation to Eligible Employees, on a proportionate basis.<br><br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. |

| Term | Description |
|---|---|
| Escrow Agreement | The agreement dated [●] entered into between our Company, the Selling Shareholder, the Registrar to the Issue, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for transfer of funds from Public Issue Account and where applicable, refunds of the amounts collected, on the terms and conditions thereof |
| First Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted |
| Fresh Issue | The fresh issue of 22,656,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating to ₹ [●] million by our Company |
| General Information Document/GID | The General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circulars (CIR/CFD/POLICYCELL/III/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, suitably modified and included in "*Issue Procedure*" on page 303. |
| Issue | The public issue of 33,984,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating to ₹ [●] million comprising the Fresh Issue and the Offer for Sale. The Issue comprises of Net Issue and Employee Reservation Portion. |
| Issue Agreement | The agreement dated March 23, 2017 entered into between our Company, the Selling Shareholder, and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue |
| Issue Price | The final price at which the Equity Shares will be Allotted to Bidders.<br><br>The Issue Price will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, on the Pricing Date |
| Issue Proceeds | The proceeds of the Fresh Issue and the Offer for Sale that are available to our Company and the Selling Shareholder, respectively |
| Maximum RIB Allottees | The maximum number of Retail Individual Bidders who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot |
| Mutual Fund Portion | 5% of the QIB Portion, or 829,000 Equity Shares which shall be available for allocation to Mutual Funds only |
| Mutual Funds | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| Net Issue | The Issue less the Employee Reservation Portion being 33,160,000 Equity Shares aggregating to ₹ [●] million |
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of the Issue expenses. For further information about use of the Issue Proceeds and the Issue expenses, see "*Objects of the Issue*" on page 78. |
| Non-Institutional Bidders | All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Retail Portion or Employee Reservation Portion, respectively and who have Bid for the Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Portion | The portion of the Issue being not less than 15% of the Net Issue comprising of 4,974,000 Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price |
| Non-Resident | A person resident outside India as defined under FEMA and includes a Non Resident Indian, FVCIs, FIIs and FPIs |

| Term | Description |
|---|---|
| Offer for Sale | Offer for sale of 11,328,000 Equity Shares by the Selling Shareholder at the Issue Price. |
| Price Band | Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including any revisions thereof.<br><br>The Price Band, the Retail Discount, the Employee Discount and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and will be advertised, at least five Working Days prior to the Bid/Issue Opening Date in all editions of English national daily newspaper Business Standard, all editions of Hindi national daily newspaper Business Standard and Kochi edition of Malayalam daily newspaper Mathrubhumi, Malayalam being the regional language of Kerala, where our registered office is located. |
| Pricing Date | The date on which our Company and the Selling Shareholder, in consultation with the BRLMs, will finalise the Issue Price |
| Prospectus | The Prospectus to be filed with the RoC after the Pricing Date in accordance with section 26 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information including any addenda or corrigenda thereto |
| Public Issue Account | A bank account opened with the Bankers to the Issue by our Company under section 40(3) of the Companies Act, 2013 to receive monies from the ASBA Accounts on the Designated Date |
| QIB Category/QIB Portion | The portion of the Net Issue being 50% of the Net Issue comprising of 16,580,000 Equity Shares which shall be Allotted to QIBs |
| Qualified Institutional Buyers or QIBs or QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations |
| Red Herring Prospectus or RHP | The Red Herring Prospectus dated [●] issued in accordance with section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue, including any addenda or corrigenda thereto.<br><br>The Red Herring Prospectus will be registered with the ROC at least three Working Days before Bid Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date |
| Registered Brokers | Stock brokers registered with the stock exchanges having nationwide terminals, other than the Members of the Syndicate, eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI |
| Registrar Agreement | The agreement dated March 23, 2017 entered into between our Company, the Selling Shareholder and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Registrar to the Issue or Registrar | Link Intime India Private Limited, a company incorporated under the Companies Act, 1956, having its registered office at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India |
| Retail Discount | Discount of ₹ [●] per Equity Share to the Issue Price given to Retail Individual Bidders in the Retail Portion |
| Retail Individual Bidder(s)/RIB(s) | Individual Bidders, other than Eligible Employees Bidding in the Employee Reservation Portion who have Bid for the Equity Shares for an amount not more |

| Term | Description |
|---|---|
| | than ₹ 200,000 in any of the bidding options in the Net Issue (including HUFs applying through their Karta and Eligible NRIs) |
| Retail Portion | The portion of the Net Issue being not less than 35% of the Net Issue consisting of 11,606,000 Equity Shares which shall be available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Issue Price |
| Revision Form | Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Forms or any previous Revision form(s).<br><br>QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity and of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders cannot revise their Bids after the Bid/Issue Closing Date |
| Self Certified Syndicate Bank(s) or SCSB(s) | Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Registered-Intermediaries.html and updated from time to time |
| Selling Shareholder | The President of India, acting through the Ministry of Shipping |
| Specified Locations | Bidding centres where the Syndicate shall accept ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Registered-Intermediaries.html and updated from time to time |
| Stock Exchanges | BSE Limited and the National Stock Exchange of India Limited |
| Syndicate Agreement | The agreement dated [●], entered into between, the BRLMs, the Syndicate Members, our Company, the Selling Shareholder and Registrar to the Issue in relation to the collection of Bid cum Application Forms by Syndicate Members |
| Syndicate Members | Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, in this case, [●] |
| Syndicate or Members of the Syndicate | The BRLMs and the Syndicate Members |
| Underwriters | The Book Running Lead Manager(s) and the Syndicate Member(s) |
| Underwriting Agreement | The agreement dated [●] to be entered into among the Underwriters, our Company and the Selling Shareholder on or after the Pricing Date |
| Working Day | "Working Day" means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 |

**Technical/Industry Related Terms/Abbreviations**

| Term | Description |
|---|---|
| 3D | 3-Dimensional |
| A&N Administration | Andaman and Nicobar Administration |
| AHTS | Anchor Handling Tug Supply vessel |
| BWTS | Ballast Water Treatment System |
| CCTV | Closed-circuit Television |
| CGT | Compensated Gross Tonnage |
| CoPT | Cochin Port Trust |

| Term | Description |
|---|---|
| CSD | Cutter Suction Dredgers |
| CSR | Corporate Social Responsibility |
| cu m | cubic metre |
| CUSAT | Cochin University of Science and Technology |
| DCI | Dredging Corporation of India |
| DD DPR | A detailed project report dated October 5, 2016 prepared by HaskoningDHV India Private Limited in relation to setting up of a new Dry Dock |
| DGLL | Directorate General of Lighthouses and Lightships |
| DGS | Director General of Shipping |
| Dry Dock | Setting up of a new dry dock within the existing premises of our Company |
| Dry Dock Project Consultant | HaskoningDHV India Private Limited |
| DWT | Dead Weight Tonnage |
| EEZ | Exclusive Economic Zone |
| EOT crane | Electrical Overhead Travelling crane |
| ERP | Enterprise Resource Planning |
| ETP | Effluent Treatment Plant |
| FPV | Fast Patrol Vessels |
| GCDA | Greater Cochin Development Authority |
| GME | Graduate Marine Engineering |
| GTT | GTT (Gaztransport & Technigaz) SA |
| GTV | Geotechnical Vessel |
| HDPEL | Hooghly Dock & Port Engineers Limited |
| HVAC | Heating, Ventilation and Air-Conditioning |
| IAC | Indigenous Aircraft Carrier |
| IHOP | Integrated Hull Outfit and Painting |
| INS | Indian Naval Ship |
| IRRPL | India Ratings and Research Private Limited |
| ISO | International Organization for Standardization |
| ISRF | International Ship Repair Facility |
| ISRF DPR | A detailed project report dated May 21, 2015 prepared by a consortium of Inros Lackner SE, Bremen, Germany and Tata Consulting Engineers Limited, India in relation to setting up of ISRF at Cochin Port Trust |
| ISRF Project Consultant | A consortium of Inros Lackner AG, Bremen, Germany and Tata Consulting Engineers Limited, India |
| JCEP | Jyoti Comprehensive Education Programme |
| kV HT cable | kilo Volt High Tension Cable |
| kW | Kilowatt |
| LDCL | Lakshadweep Development Corporation Limited |
| LLTT | Level Luffing Transfer Trolley |
| LNG | Liquefied Natural Gas |
| m | metre |
| MOEFCC | Ministry of Environment, Forest and Climate Change |
| MT | Motor Tanker |
| MV | Motor Vessel |
| NABL | National Accreditation Board for testing and calibration Laboratories |
| NDT | Non-Destructive Testing |
| NPCC | National Petroleum Construction Company, Abu Dhabi |
| OEM | Original Equipment Manufacturer |
| OHSAS | Occupational Health and Safety Assessment Series |
| PSV | Platform Supply Vessel |
| Ro-Ro | Roll-On/Roll-Off |
| STCW | International Convention on Standards of Training, Certification and Watchkeeping for Seafarers |
| STP | Sewage Treatment Plant |
| Techcross | Techcross Inc. |
| TSHD | Trailing Suction Hopper Dredgers |
| UTL berth | Union Territory of Lakshadweep berth |

| Term | Description |
|---|---|
| V L T panels | Volt Low Tension Panel |
| WSV | Well Stimulation Vessel |

**Conventional and General Terms or Abbreviations**

| Term | Description |
|---|---|
| ₹/Rs./Rupee(s)/INR | Indian Rupees |
| AGM | Annual General Meeting |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations |
| Air Act | The Air (Prevention and Control of Pollution) Act, 1981 |
| Approval of Models Rules | The Legal Metrology (Approval of Models) Rules, 2011 |
| AS/Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year |
| BIS Act | The Bureau of Indian Standards Act, 1986 |
| BSE | BSE Limited |
| CAG | Comptroller and Auditor General |
| CAGR | Compounded Annual Growth Rate |
| Category I Foreign Portfolio Investors | FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations |
| Category II Foreign Portfolio Investors | FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations |
| Category III Foreign Portfolio Investors | FPIs who are registered with SEBI as "Category III foreign portfolio investors" under the SEBI FPI Regulations |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate Identity Number |
| Client ID | Client identification number of the Bidders beneficiary account |
| Companies Act | Companies Act, 1956 and/or the Companies Act, 2013, as applicable |
| Companies Act, 1956 | Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) |
| Companies Act, 2013 | The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections |
| CRZ | Coastal Regulation Zone |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996 |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India |
| DP ID | Depository Participant's Identification |
| DP/Depository Participant | A depository participant as defined under the Depositories Act |
| DPE | Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India |
| EBITDA | Earnings before interest, taxes, depreciation, and amortisation |
| ECB | External Commercial Borrowing |
| Environment Act or EPA | Environment Protection Act, 1986 |
| EPS | Earnings Per Share |
| Equity Listing Agreement | Listing Agreement to be entered into with the Stock Exchanges on which the Equity Shares of our Company are to be listed |
| ESI Act | Employees State Insurance Act, 1948 |
| EU | European Union |
| FCNR | Foreign Currency Non-Resident |
| FDI | Foreign Direct Investment |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| GoI | Government of India |
| GST | Goods and Services Tax |
| Consolidated FDI Policy | Consolidated FDI Policy issued by the DIPP by circular D/o IPP F. No. 5(1)/2016-FC-1 of 2016, with effect from June 7, 2016, as amended. |

| Term | Description |
|---|---|
| FEMA | Foreign Exchange Management Act, 1999, read with rules and regulations thereunder |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended |
| FII(s) | Foreign Institutional Investors as defined under the SEBI FPI Regulations |
| Financial Year/FY/Fiscal | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| FIPB | Foreign Investment Promotion Board |
| FPI(s) | A foreign portfolio investor as defined under the SEBI FPI Regulations |
| FTA | Foreign Trade (Development and Regulation) Act, 1992 |
| FTP | Foreign Trade Policy (2015 - 2020) |
| FVCI | Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations |
| GAAR | General Anti Avoidance Rules |
| GDP | Gross Domestic Product |
| GIR | General Index Register |
| GoI or Government | Government of India |
| GST | Goods and services tax |
| Hazardous Chemical Rules | Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 |
| Hazardous Wastes Rules | The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 |
| I(D&R) Act | Industrial (Development and Regulation) Act, 1951, as amended |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Income Tax Act | The Income Tax Act, 1961 |
| Ind-AS | The Indian Accounting Standards |
| Ind-AS Rules | Companies (Indian Accounting Standards) Rules, 2015 |
| India | Republic of India |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial Public Offering |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IRS | Indian Register of Shipping |
| IST | Indian Standard Time |
| IT | Information Technology |
| KGST | Kerala General Sales Tax Act, 1963 |
| KVAT | Kerala Value Added Tax, 2003 |
| Legal Metrology Act | Legal Metrology Act, 2009 |
| LM Act | The Legal Metrology Act, 2009 |
| Merchant Shipping Act | Merchant Shipping Act, 1958 |
| MICR | Magnetic Ink Character Recognition |
| Mn | Million |
| MoU | Memorandum of Understanding |
| Municipal Solid Wastes Rules | The Solid Wastes Management Rules, 2016 |
| N.A./NA | Not Applicable |
| NAV | Net Asset Value |
| NECS | National Electronic Clearing Services |
| NEFT | National Electronic Fund Transfer |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India |
| NRE Account | Non Resident External Account |
| NRI | A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | The National Stock Exchange of India Limited |

| Term | Description |
|---|---|
| OCB/ Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue |
| ONGC | Oil & Natural Gas Corporation |
| p.a. | Per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PIL | Public Interest Litigation |
| PSU | Public Sector Undertaking |
| Public Liability Act | Public Liability Insurance Act, 1991 |
| RBI | The Reserve Bank of India |
| RoNW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| SEBI FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations |
| Securities Act | United States Securities Act of 1933 |
| SCI | Shipping Corporation of India Limited |
| sq mt | square metre |
| Sq. ft. | Square feet |
| State Government | The government of a state in India |
| STT | Securities Transaction Tax |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| T | Tonne |
| U.K. or UK | United Kingdom |
| U.S./U.S.A./United States | United States of America |
| US GAAP | Generally Accepted Accounting Principles in the United States of America |
| USD/US$ | United States Dollars |
| VAT | Value Added Tax |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be |
| Water Act | The Water (Prevention and Control of Pollution) Act, 1974, as amended |
| Water Cess Act | The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended |

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and all references to the "U.S.", "U.S.A" or "United States" are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### Financial Data

Unless stated otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Our Company's Financial Year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless the context otherwise requires, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a financial year are to March 31 of that calendar year.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two or one decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Our Restated Financial Statements have been prepared in accordance with Indian GAAP. There are significant differences between Indian GAAP, Ind AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to Ind AS, IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our annual financial statements for periods subsequent to April 1, 2016, will be prepared and presented in accordance with Ind AS. Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS may not be comparable to our historical financial statements prepared under the Indian GAAP.

We have published Ind AS financial statements on December 14, 2016, comprising of selective financial information in the format as prescribed under SEBI circular number CIR/IMD/DF1/69/2016 dated August 10, 2016 ("**SEBI Circular**"). The Ind AS financial statements have been prepared and published in order to comply with the requirements prescribed under Regulation 52 of the SEBI Listing Regulations since our secured bonds are listed on the BSE. The Ind AS financial statements comprise of selective financial information which have been (i) audited as of September 30, 2016; and (ii) unaudited as of September 30, 2015. As the results for the prior period ended September 30, 2015 are unaudited in compliance with the SEBI Circular, such Ind AS financial statements cannot be included and do not form part of this Draft Red Herring Prospectus.

On February 16, 2015, the Ministry of Corporate Affairs issued the Ind-AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind-AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standards converged with IFRS, although any company may voluntarily implement Ind AS for the accounting period beginning from April 1, 2015.

We have not made any attempt to quantify or identify the impact of the differences between Indian GAAP and Ind AS applied to our financial statements and it is urged that you consult your own advisors regarding the impact of difference, if any, on financial data included in this Draft Red Herring Prospectus.

For details in connection with risks involving differences between Indian GAAP and IFRS see "*Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP, Ind AS and IFRS, which may be material to investors' assessments of our financial condition*" on page 35 and for risks in relation to Ind AS, see "*Risk Factors – Public companies in India, including us, are required to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to ICDS in India is* *very recent and we may be negatively affected by such transition.*" on page 35 and "*Significant Differences between Indian GAAP and Ind AS*" on page 230.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 17, 114 and 236, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements prepared in accordance with Companies Act, Indian accounting policies and practices and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

**Currency and Units of Presentation**

All references to:

- "Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and
- "USD" or "US$" are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000.

**Exchange Rates**

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

*(Amount in ₹, unless otherwise specified)*

| Currency | As on March 31, 2012(1) (2) | As on March 31, 2013(1) (2) | As on March 31, 2014(1) (2) | As on March 31, 2015(1) (2) | As on March 31, 2016(1) (2) | As on September 30, 2016(2) | As on February 28, 2017(2) |
|---|---|---|---|---|---|---|---|
| 1 US$ | 54.78 | 54.39 | 60.10 | 62.59 | 66.33 | 66.65 | 66.74 |
| 1 EUR | 68.34 | 69.54 | 82.57 | 67.51 | 75.09 | 74.75 | 70.72 |

(1) *In case March 31 of any of the respective years is a public holiday, the previous calendar day not being a public holiday has been considered.*
(2) *Exchange rate is rounded off to two decimal places.*
*Source:* www.rbi.org.in

**Industry and Market Data**

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information and from the report titled "A study on shipbuilding and ship repairing industry" dated March 2017 ("**CRISIL Report**") issued by CRISIL which includes the following disclaimer:

*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 17.

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

In accordance with the SEBI ICDR Regulations, the "*Basis for Issue Price*" on page 88 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans, prospects or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate. Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- Dependence of commercial shipbuilding on the growth of global economy and global economic conditions;
- Dependence on limited number of customers for a significant portion of our revenue and loss of our major customers;
- Commissioning of our new proposed Dry Dock or the new ISRF in a timely manner or without cost overruns;
- Non accuracy of the cost estimates by the Dry Dock Project Consultant and the ISRF Project Consultant;
- of losses under our fixed price contracts as a result of cost overruns, delays in delivery or failures to meet contract specifications;
- Our future growth and expansion being limited by our production capacities and the location at which we operate;
- The loss of, or shutdown of, our operations at our shipyard in Kochi from which our entire business operations are based;
- Non yielding of benefits, expected by us, from our strategic cooperation agreements;
- Inability to successfully execute our growth strategies;
- Inability to attract or retain key personnel; and
- Any adverse change in laws, rules and regulations and legal uncertainties.

For further discussion of factors that could cause the actual results to differ from the expectations, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 17, 114 and 236, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure the Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although, we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and BRLMs will ensure that the Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

In accordance with SEBI requirements, our Company and the Selling Shareholder shall severally ensure that investors in India are informed of material developments from the date of this Draft Red Herring Prospectus in relation to the statements and undertakings made by them in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Issue. Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual updation of the disclosures made in the Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment decision in our Equity Shares. If any one or a combination of the following risks actually occur, our business, prospects, financial condition and results of operations could suffer and the trading price of our Equity Shares could decline and you may lose all or part of your investment. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and regions in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition.*

*To obtain a more detailed understanding of our Company, prospective investors should read this section in conjunction with titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 114 and 236, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See the section "Forward-Looking Statements" on page 15.*

*Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Financial Statements.*

### INTERNAL RISK FACTORS

### Risk relating to Our Business and Our Industry

1. ***Worldwide demand and pricing in the commercial shipbuilding industry are highly dependent upon global economic conditions. If the global economy fails to grow at an adequate pace, it may adversely impact the commercial shipbuilding industry which may negatively affect our business, financial condition and growth prospects.***

The commercial shipbuilding industry is highly cyclical in nature and is also sensitive to the cyclical nature of the industries it serves such as the oil, natural gas, shipping, transportation and other trade-related industries. According to the CRISIL Report, a fall in the price of crude oil contributed to a recession in the shipbuilding industry as international oil companies reduced capital expenditure, and delayed or cancelled orders for drill ships and offshore production facilities.

The demand and pricing of our vessels are highly sensitive to global and regional economic conditions particularly in India, China, South Korea, the Middle East, Western Europe and the USA, as well as seasonal and regional changes in demand and changes in the global fleet size. CRISIL has noted that there has been a sharp decline in the global shipbuilding order book after 2011. Particularly in relation to our commercial shipbuilding business, continued economic growth in the world economy that exceeds growth in the global fleet size will be necessary to sustain a continued demand for new ships.

However, there can be no assurance that such economic growth will continue in the future or sustain or improve the performance of the shipbuilding and ship-repair industry. Any future deterioration in global economic conditions as well as downward trends in trade-related industries, and our failure to accurately predict these cycles could have a material adverse effect on our business, financial condition, results of operations and prospects.

2. ***Loss of any of our major customers or a reduction in their orders, or failure to succeed in tendering for shipbuilding or ship repair projects for the Indian Navy in the future, despite our previous track record will have a material adverse impact on our business, financial condition, results of operations and growth prospects as we are dependent on a few of our major customers.***

Our top two customers accounted for 87.69%, 82.46%, 89.94% and 73.16% of our revenue from operations in Fiscals 2014, 2015, 2016 and the half year ended September 30, 2016, respectively. Further, we are currently building India's first Indigenous Aircraft Carrier ("**IAC**") for the Indian Navy and this forms a significant part of our current order book. In the past we have undertaken complex and sophisticated repairs to ships of the Indian Navy, Indian Coast Guard and merchant navy. Although part of our business strategy includes focusing on the expected growth in the requirements of the Indian Navy for new ships, we do not have any contractual arrangements with the Indian Navy or GoI to construct or repair naval ships.

Although we have more than 10 years of experience working with these customers, and have current orders from these customers, we cannot assure you that these customers will continue to engage us or that we will continue to sustain the general level of revenues that we have secured from them in the past. For example, recently a new order for a series of FPVs was placed by the Indian Coast Guard with a private shipyard for the first time. Our customer, in the ship building and ship repair industry, follow the competitive bidding process and due to such procurement policy and competition we may suffer loss of new business from existing clients. If any of our major customers ceases to have business dealings with us or materially reduces the level or frequency of their orders for new vessels from us and we are unable to secure new orders from other sources to replace such a loss or reduction, our business, financial condition, results of operations and prospects will be adversely affected.

***3. We cannot assure you that our proposed Dry Dock or International Ship Repair Facility will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new proposed dry dock or the new ship repair facility in a timely manner or without cost overruns, our business, results of operations and financial condition may be adversely affected.***

In addition to our existing dock, we are in the process of building a Dry Dock at a total estimated cost of ₹ 17,989.91 million (based on a conversion rate of 1 USD = ₹ 67.83). The length of the Dry Dock will be greater than the length of our existing docks. The larger size of our proposed Dry Dock will enable us to build and repair ships of higher capacity and large naval vessels such as aircraft carriers. Further, the higher width of our proposed Dry Dock will also enable us to undertake building and repair of rigs, within our shipyard.

In relation to our proposed Dry Dock, HaskoningDHV India Private Limited has prepared a Detailed Project Report ("**DPR**") dated October 5, 2016. We have also completed the Environmental Impact Assessment study and have obtained environmental clearance dated November 9, 2016 ("**Environment Clearance**") from the Ministry of Environment, Forests and Climate Change ("**MoEFCC**"). However, the Environmental Clearance is subject to certain conditions including obtaining prior clearance of the wildlife from the standing committee of the National Wildlife Board and the outcome of an ongoing litigation in the Supreme Court of India. For more details, see "*Risk Factor – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation v. Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife.*" on page 20.

Our Company has been provided the permission to file this DRHP without the receipt of the clearances set out above pursuant to the SEBI Letter. However, the SEBI Letter, among other conditions, mandates that our Company shall obtain all the approvals required for the Dry Dock project prior to the filing of the Red Herring Prospectus. There can be no assurance as to whether we will receive all these approvals in a timely manner or at all.

We entered into an agreement for development and operation of an international ship repair facility dated December 24, 2012 with Cochin Port Trust under which we are in process of setting up. The agreement *inter-alia* contains provisions for liquidated damages, indemnity and termination. The ISRF will be established on 16.90 hectares of land and about 15.60 hectare of water body. Out of this, we have taken on lease approximately 8.12 hectares of land and 15 hectares of water body from Cochin Port Trust ("**CoPT**"), including their existing ship-repair facility, for a period of 30 years pursuant to the lease deed dated April 12, 2013. Since then, we have begun using the existing Dry Dock and allied facilities in the leased area for carrying out ship repair in a limited way. Our Company will have to comply with the conditions set out in the lease deed before it can obtain the lease for the remaining part of the land. However, there can be no assurance that we will be able to obtain the lease for the remaining part of the land from CoPT.

The ISRF will comprise of a ship-lift, transfer system and allied facilities to be built at an estimated cost of ₹ 9,694.1 million. We have appointed a consortium of Inros Lackner SE and Tata Consulting Engineers Limited as project consultants. A detailed project report was prepared by the project consultants and received the GoI approval on May 19, 2016. The Expert Appraisal Committee has already recommended for environmental clearance for the project from the MoEFCC. However, we have not yet received the environmental clearance for the ISRF project. We have also applied to national board for wildlife clearance, MoEFCC (Wildlife Division) and for stage-I forest clearance.

The implementation of Dry Dock project and the ISRF is contingent upon the receipt of the pending approvals. However, we cannot assure you that the construction of our proposed Dry Dock or ISRF, will be completed as scheduled, or will become operational as soon, or operate as efficiently, as planned. For further details of pending approvals, see "*Government and Other Approvals*" on page 271. Our Company has been provided the permission to file this DRHP without the receipt of these clearances pursuant to the SEBI Letter. However, these clearances must be obtained by us prior to filing of the Red Herring Prospectus.

The SEBI Letter has also provided us an exemption from the disclosure of the implementation schedule in this DRHP. However, we are required to disclose the schedule of implementation in the Red Herring Prospectus, in accordance with the SEBI Letter.

4. ***The cost estimates by the Dry Dock Project Consultant and the ISRF Project Consultant have been derived from and benchmarked against similar maritime and dry dock/shipyard projects carried out by the Dry Dock Project Consultant and the ISRF Project Consultant respectively in recent years and may not be accurate.***

The anticipated cost of construction of our proposed Dry Dock will be ₹17,989.91 million (based on a conversion rate of ₹67.83 for one USD). The anticipated cost of the ISRF will be ₹ 9,694.1 million. Our anticipated costs for our proposed Dry Dock and the ISRF are based on the DPRs prepared by the project consultants based on their estimates, budgets and numerous assumptions, and has not been appraised by any bank, financial institution or other independent organisation.

The Dry Dock Project Consultant maintains a confidential detailed in-house database of actual shipyard and maritime construction costs based on all the construction projects they have been involved with. The cost estimates provided under the DPR can be considered to be accurate to within +/-25% at DPR stage. The cost estimate also excludes buildings that are not included within the scope of Dry Dock Project Consultant.

The cost estimate for our proposed Dry Dock project has been carried out by the Dry Dock Project Consultant in February 2016. We shall tender work in relation to the civil work and plant and machinery on the basis of the DPR and thus the final cost incurred by our Company may vary from the cost estimate provided by the Dry Dock Project Consultant. The actual cost of the project may vary from the cost estimate provided by the Dry Dock Project Consultant due to inflation and change in price of the equipment/ raw material/ man-power.

Further, the ISRF Project Consultants have estimated the capital construction costs based on applicable unit rates for similar works as on September 2014. For pricing specific material (i.e. special maritime and onshore equipment), the ISRF Project Consultants have considered imports from eligible countries. The ISRF Project Consultants have considered price escalations up to March 31, 2017.

The actual costs of construction of our facilities may exceed such budgeted amounts due to a variety of factors such as construction delays, adverse changes in raw material costs, interest rates, labour costs, foreign exchange rates, regulatory and environmental factors, weather conditions and our financing needs. We are yet to obtain quotations for the actual construction of our proposed Dry Dock and the ISRF and we are yet to place orders for major civil contracts and plant and machinery for both the projects. Our financial condition, results of operations and liquidity would be materially and adversely affected if our project or construction costs materially exceed such budgeted amounts.

Further, we cannot assure you that the construction of our proposed Dry Dock or ISRF, will be completed as scheduled, or will become operational as soon, or operate as efficiently, as planned. For further details of the scheduled operational dates of our proposed Dry Dock and the ISRF, see *"Objects of the Issue"* on page 78.

If there are delays in the construction of our proposed Dry Dock or the ISRF, problems with their facilities or for other reasons, our proposed Dry Dock or the ISRF does not function as efficiently as intended, or our utilisation of our proposed Dry Dock or the ISRF is not optimal, we may not be able to take additional orders to produce anticipated or desired revenue as planned. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected.

5. ***We could incur losses under our fixed price contracts as a result of cost overruns, delays in delivery or failures to meet contract specifications which may have an adverse effect on our business, financial condition and results of operations.***

Our shipyard operations are subject to risks including, among others, the breakdown, failure or sub-standard performance of machinery, natural disasters like floods, tsunamis, earthquakes, other natural disasters, long periods of adverse weather, social unrest, disruptions in transportation and strikes, which may result in operational disruptions. Although we believe we have taken an insurance cover that is typical for our business, any material operational disruptions will adversely affect our ability to meet our construction schedules and cause delays in the delivery of vessels to our customers.

We are dependent on our suppliers for the timely delivery of raw materials, the most important of the raw materials being steel, bought out equipment and components such as pumps, propellers and engines. Additionally, we outsource certain aspects of our shipbuilding work scope, such as fabrication work, vessel sub-assemblies etc., from time to time, to our subcontractors. We also rely heavily on imports of steel and marine equipment and other shipping related components that are not manufactured domestically or due to pricing advantages. Sometimes, we have to compete with our competitors for these components, resulting in delays in the delivery of such components. We are also dependent on the timely completion of sub-contracted works by our subcontractors when we use their services. We may encounter situations where we are unable to deliver our products on a timely basis due to, amongst other reasons, late or lack of delivery of raw materials from our suppliers, delivery of wrong material or sub-standard material, or late completion of subcontracted works by our subcontractors. In addition, we are also dependent on subcontract labour and production workers for the construction of our vessels. If we are unable to source such raw materials, equipment and components from alternative suppliers on a timely basis, our production schedule may be delayed, thereby delaying the delivery of the vessel to our customers. In addition, our profitability may also be adversely affected if we are unable to secure alternative sources of such raw materials, equipment and components in a cost efficient manner or if we are unable to recover liquidated damages from the defaulting suppliers.

Most of our shipbuilding contracts are fixed-price contracts. In the case of IAC which is presently under Phase II construction, the yard effort (work scope) is covered under fixed-price contracts and all procurement is on a cost plus mark-up basis. In relation to small, medium and large vessels, we typically enter into contracts for a period ranging from 18-24 months, 20-36 months and 40-72 months, respectively, prior to the scheduled delivery. All costs including labour and raw materials costs are forecasted by us when we enter into such fixed-price contracts. In case of cost variances from such estimates, we are permitted to retain all cost savings on completed contracts but are liable for the full amount of all cost overruns. In the past, we have witnessed cost overruns in the case of some of our contracts and we may also continue to witness the same in the future. The actual costs incurred on a fixed-price contract may vary from our estimates due to factors such as:

- unanticipated variations in labour and equipment productivity over the term of a contract;
- unanticipated increases in labour, raw material, subcontracting and overhead costs, including as a result of bad weather;
- delivery delays and corrective measures for poor workmanship; and
- equipment failures.

We cannot assure you that these contracts, if secured, can be completed profitably. Significant cost overruns on our fixed price contracts could have a material adverse effect on our business, financial condition, results of operations and prospects.

Depending on the size of the project, variations from estimated contract performance could significantly reduce our earnings, and could result in losses, during any quarter of a fiscal or entire fiscal. All of our fixed price contracts provide for liquidated damages for late delivery. In the past, we have been required to re-negotiate some of the terms, such as price, date of delivery, scope of work, of our shipbuilding contracts due to a delay in delivery of the vessel owing to a combination of internal as well as external factors beyond our control. We have also had to pay liquidated damages for delay in delivery and for quality issues. There can be no assurance that our customers in future will not rescind their shipbuilding contracts with us if there is a delay in delivery beyond the time stipulated in the contract or we may need to renegotiate some of our shipbuilding contracts. This may have an impact on our reputation, which could have a material adverse effect on our financial condition, results of operations and prospects.

***6. The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation v. Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife.***

In relation to our Dry Dock project, we have received an environmental clearance dated November 9, 2016 from the MOEFCC (the "**Environmental Clearance**"). The Environmental Clearance is subject to, amongst other conditions, obtaining prior clearance of the Standing Committee of the National Board for Wildlife. Further, as part of the general conditions, the Environment Clearance is also subject to the final order of the Supreme Court of India in the matter of Goa Foundation vs Union of India in writ petition no. 460 of 2004 (the "**Goa Foundation PIL**"), as may be applicable to the Dry Dock project. There is no assurance that clearance from the Standing Committee of the National Board for Wildlife will be available in time, or at all, to enable us to successfully complete this project. Further, any adverse order by the Supreme Court of India in this matter may negatively affect our ability to obtain the Environment Clearance.

Even in the event such clearance or order is obtained, we may be required to temporarily or permanently discontinue the Dry Dock project or meet additional compliance or other project associated costs (including costs after completion of the project) which cannot be currently ascertained or quantified.

Failure to receive the Environmental Clearance due to one of these reasons or a requirement to incur additional costs as one of the conditions of the Environmental Clearance may adversely affect our business, financial conditions, reputation and results of operations. For further details in relation to the Goa Foundation PIL, see "*Outstanding Litigation and Other Material Developments – Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company*" on page 269.

7. ***Our future growth and expansion is limited by our production capacities and the location at which we operate.***

Our production capacity is limited by, amongst other things, the size of our shipyard, the number, size and capacities of our berths, docks and our plant and equipment. See "*Our Business - Our Operations*" on page 123 for a discussion of our facilities. In addition, the size and capacity of the vessels we construct is limited by our location at which we operate. Our proposed Dry Dock will be constructed within our current premises and the new ISRF facility will be constructed on land leased from Cochin Port Trust. Post the construction of our proposed Dry Dock we will not be able to undertake any further expansion activities on our premises due to a lack of additional space.

Further the operations of the cranes at the proposed Dry Dock will be subject to the restrictions specified in the letter dated December 20, 2016 issued by the Ministry of Defence to *inter alia* our Company. Currently, we are limited to the construction of vessels up to 110,000 DWT and repair of ships up to the size of 125,000 DWT at our shipyard. In the event that we are unable to relocate or increase our production capabilities to enable us to construct such vessels, we may lose business opportunities and our business, results of operations, financial condition and prospects will be adversely affected.

We cannot assure you that we will be able to manage the future expansion of our facilities effectively. Any failure on our part to do so will have a material adverse effect on our business, financial condition, results of operations and prospects.

8. ***Our entire business operations are based out of a single shipyard at Kochi. The loss of, or shutdown of, our operations at our shipyard in Kochi will have a material adverse effect on our business, financial condition and results of operations.***

Our shipbuilding and other facilities are based out of single premises in our shipyard in Kochi. Accordingly, we rely exclusively on our facilities at our shipyard in Kochi to earn revenues, pay our operating expenses and service our debt. Any significant interruption to, or loss or shutdown of, operations at our shipyard in Kochi would adversely affect our business. Our shipbuilding, ship repair, and other business activities, may be subject to unexpected interruptions, including from natural and man-made disasters. Our facilities and operations could be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, raw material shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities.

Furthermore, any significant interruption to our operations directly or indirectly as a result of industrial accidents, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the Government of India were to temporarily take over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity from the State of Kerala or in our water supply could substantially increase our manufacturing costs. We do not maintain business interruption insurance and will not be covered for any claims or damages arising out of such disruptions. Any disruption of our existing supply of basic infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

***9. Our strategic cooperation agreements with various business partners may not yield the benefits we expect.***

We have entered into a number of strategic cooperation agreements with some of our customers. For example, we signed a MoU with Lakshadweep Development Corporation Limited ("**LDCL**") on April 12, 2013 for routine & dry-dock repairs and to also attend to emergency/afloat repairs to vessels. We have also entered into MoUs with DGLL for dry dock repairs of many of their ships, DCI for repairs of dredgers, Wartsila for the setting up of a workshop within our premises. We expect to enter into more strategic cooperation agreements during the development of our business. However, some of these strategic cooperation agreements may not actually bring us benefits as we expected. Furthermore, a strategic cooperation agreement may not be implemented as we expected. If our strategic cooperation partners refuse to adhere to the relevant strategic cooperation agreements or enter into individual contracts with us in relation to a specific matter, we may not have legal rights to hold them liable for our damages or loss of profits. Therefore, a strategic cooperation agreement may not convey any actual benefit to us. You should not rely on the strategic cooperation agreements to evaluate our results of operations and financial condition.

***10. There are outstanding legal and tax proceedings involving our Company. Further, in one of the outstanding legal proceedings, the Chairman and Managing Director of our Company has also been made a performa party. Any adverse decision in such proceedings may expose us to liabilities or penalties and may adversely affect our business, financial condition, results of operations and cash flows.***

As on the date of this Draft Red Herring Prospectus, we are involved in certain civil and tax (direct and indirect) proceedings, which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interests may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending tax proceedings and other material litigation involving our Company is provided below:

***I. Litigation against our Company***

*(in ₹ million)*

| S. No. | Nature of litigation | Number of cases against our Company | Approximate amount involved (to the extent quantifiable) |
|---|---|---|---|
| 1. | Civil proceedings | 36 | 61.90* |
| 2. | Indirect Tax proceedings (consolidated) | 50 | 2,265.84** |
| 3. | Direct Tax proceedings (consolidated) | 12 | 607.79*** |

**Based on conversion rate of ₹67.83 for one US$ as on February 6, 2016. Further, excludes interest not ascertainable.*
*** The customs cases pertain to a refund claim of ₹34.43 million by our Company. The amount calculated for service tax cases excludes penalty fines and interest that have not been quantified. For sales tax cases, our Company has paid tax in certain cases in protest. The liability of our Company shall be reduced to that extent. Further, the amount excludes ₹2.88 million of excess tax paid by our Company in one of the matters.*
**** The total income tax liability as per the tax authorities is ₹167.66 million.*

***II. Litigation by our Company***

*(in ₹ million)*

| S. No. | Nature of litigation | Number of cases by our Company | Approximate amount involved (to the extent quantifiable) |
|---|---|---|---|
| 1. | Civil proceedings | 2 | 420.82* |

** Excludes interest not ascertainable.*

*III.* *Litigation against whole time director*

*(in ₹ million)*

| S. No. | Nature of litigation | Number of cases by our Company | Approximate amount involved (to the extent quantifiable) |
|---|---|---|---|
| 1. | Civil proceedings* | 1 | Not ascertainable |

**Our Chairman and Managing Director has been made a performa party in this legal proceeding.*

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long term liabilities. For further details, see "*Outstanding Litigation and Other Material Developments*" on page 265.

***11. The delivery of IAC which forms a significant portion of our current order book has been delayed. Future delays may materially and adversely affect our reputation, results of operations and financial condition.***

We are building India's first IAC for the Indian Navy. The publicly available CAG report on this matter titled 'Union Defence Services Navy and Coast Guard' tabled on July 26, 2016 states that IAC's delivery with completion of all delivery-related activities is likely to be achieved only by 2023.

This delay has been attributed by the CAG Report to several reasons including late procurement of key parts, further delayed supply of key raw materials including steel and other bought out components and frequent changes to and lack of design information. The Indian Navy has claimed that many changes to the design which led to the delay were proposed by us.

The CAG report also cites our lack of experience both in relation to vessel type and size and the complexity of the project. While we do not agree with CAG's assessment of this matter, further delay and disagreements in relation to this project may materially and adversely affect our reputation, results of operations and financial condition.

***12. We may be unable to attract and retain sufficient skilled or qualified personnel. Our business, financial condition and results of operations could be adversely affected if we are unable to recruit and retain suitable staff for our operations.***

Our operations require highly skilled and qualified personnel, such as engineers, skilled workmen and other technicians. Further, we will require additional employees and subcontract labour and production workers at our proposed Dry Dock and ISRF facilities. However, competition for skilled shipyard labour in India is intense. Our competitors may also be expanding their operations and may require additional workers. As a result, we may from time to time, experience difficulties in attracting and retaining highly skilled employees. For example, our engineers are instrumental in analysing the design blueprints of new vessels and play a central role in designing the hull, electrical and piping system and producing the production engineering drawings. They also play a critical role in our cost management system, as we are dependent on them to formulate production design plans that will allow for the efficient utilisation of our raw materials. Our inability to maintain a sufficient number of skilled and qualified personnel to handle the more sophisticated and technology-intensive processes, or our inability to pay substantially higher salaries to procure these personnel could have a material adverse effect on our business, financial condition, results of operations and prospects.

Labour shortages could increase the cost of labour and hinder our productivity and ability to complete the construction of our vessels on time, which would materially and adversely affect our business, financial condition, results of operations and prospects.

We believe that the present salary levels of our employees are high compared to average industry standards in India. An increase in labour costs or minimum wage laws in Kerala may further increase our employee and labour costs. Employee compensation in India has historically been lower than employee compensation in the United States and Western Europe and in Asian countries such as South Korea and Japan, for comparably skilled professionals, which has been one of our competitive strengths. Employee compensation increases in India may reduce some of this competitive advantage and may negatively affect our profit margins. Furthermore, as per the CRISIL Report, the effective cost of labour in Indian shipyards is higher as compared to Japanese and Korean shipyards, due to a lack of automated systems in Indian shipyards augmenting the production process. Although labour costs in India are lower, they may increase at a faster rate than in the aforementioned countries and regions, which could result in increased costs relating to engineers, managers and other mid-level professionals. We may need to continue to increase the levels of our employee compensation to retain key employees and manage attrition. Such increase may have an adverse effect on our business, profitability and financial condition.

Further, we utilise contract labour in our shipyard on a regular basis. In the event that we are unable to secure our required contract labour through these arrangements, or if the costs for such services increase, our business, and results of operations may be adversely affected. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Any such order from a regulatory body or court may have an adverse effect on our business, results of operations, cash flows and financial condition.

13. ***Our growth rate, the number of orders we have received in the past and our current order book may not be indicative of our future growth rate or the number of orders we will receive in the future.***

Our order book on hand, as of a certain date, represents the total nominal value of the contracts that have not been completed, excluding the portion of revenue in respect of those orders that we have recognized as of such date. As of September 30, 2016, our shipbuilding order book consisted of nine vessels with an aggregate outstanding revenue value of ₹ 30,783.28 million. The successful conversion of these orders into our revenue depends on a number of factors including, among other things, absence of adverse changes in the Indian and global shipping markets, the availability of funds to ship-owners, competition, our production capacity, our research and development and our ability to deliver the vessels on time. Some of the factors are beyond our control and by nature, are subject to uncertainty. Going forward, our order book may be affected by delays, cancellations and the renegotiations of the contracts, if any, therefore we cannot assure you that we will be able to deliver all of our existing orders on schedule and successfully turn them into our revenue. Therefore, you should not consider our order book as an accurate indicator of our future performance or future revenue.

As of September 30, 2016, our ship repair order book had a total outstanding revenue value of ₹ 4,019.42 million. While we currently do not have any ships on order in which we have a lack of experience or expertise, in the future we may contract orders for new products or we may diversify our products into lines in which we have no experience and in such circumstances we cannot assure you that we may not encounter delays in the delivery of these vessels or that these vessels will not have defects, poor workmanship or non-conformity to specifications.

We have grown steadily in the last few years. Our total revenues and PAT have increased from ₹14,737.01 million and ₹1,553.28 million respectively in Fiscal 2012 to ₹20,992.84 million and ₹2,858.29 million, respectively, in Fiscal 2016 at a CAGR of 9.25% and 16.47% respectively from Fiscal 2012 to Fiscal 2016. We cannot assure you that we will be able to maintain our past growth rate or secure the same number of orders we have received in the past. Our past growth rate or secured orders should not be relied upon as indicators of our future growth rate or orders we will receive in the future. To the extent that we experience any significant decrease in demand for our products, increase in competition or increase in the prices of raw materials, equipment and components, our business, financial condition and results of operations may be materially and adversely affected. Our continuous growth depends on a number of factors, many of which are beyond our control, including the impact on demand for our products resulting from the macroeconomic policies of the Indian government and governments in other countries, the level of competition in India and sectors in which we conduct business and the prices we pay for raw materials, equipment and components.

Furthermore, we face risks of a low growth rate of orders because the shipbuilding orders placed by our customers are typically non-recurring in nature. As a result, we cannot assure you that we will receive the same number of orders as or more orders than we have received in the past or that the contract value of the order book will remain the same or increase. As a result, you should not take the number of orders we have received in the past or the current value of our order book as an indicator of our performance or numbers of orders in the future.

14. ***We may face claims and incur additional rectification costs for defects and warranties in respect of our vessels and offshore business structures which could have a negative effect on our business, financial condition and results of operations.***

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

***15. Our operations expose us to potential liabilities that may not be covered by insurance or greater than our existing insurance cover. As a result should we incur substantial liability which our insurance does not cover our business, financial condition and results of operations may be adversely affected.***

Our operations are subject to inherent risks such as equipment defects, malfunctions and failures, equipment misuse and natural disasters that can result in fires and explosions. We maintain a standard fire and special perils policy but we do not have insurance for business interruption. Substantial portions of our activities involve the fabrication and refurbishment of large steel structures, the operation of cranes and other heavy machinery and other operating hazards. These risks could expose us to substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damages. Although we have obtained insurance for our employees as required by Indian laws and regulations, as well as our important properties and assets, our insurance may not be adequate to cover all potential liabilities. We also maintain various other insurance policies including: public liability insurance, a directors/officers liability policy, a marine hull policy, ship repairer's liability insurance policy and a builder's risk insurance policy. We cannot assure you that insurance will be generally available in the future or, if available, that the premiums will not increase or remain commercially justifiable. If we incur substantial liability and the insurance does not, or is insufficient to, cover the damages, our business, financial condition, results of operations and prospects may be materially adversely affected.

***16. We may not be able to secure new contracts if we are unable to issue the requisite performance guarantees.***

The shipbuilding industry is a capital intensive industry and as the contract prices for new vessels are generally high, we are usually required to furnish our customers with performance guarantees as security for the fulfilment of our contractual obligations under our shipbuilding contracts.

In order for us to secure performance guarantees, banks and financial institutions review, among other things, our financial standing and creditworthiness. Generally, we arrange for banks to issue performance guarantees to our customers from our available banking facilities. If we do not have available banking facilities to issue the performance guarantees, we approach other banks or financial institutions to issue the performance guarantee. While we have been able to procure performance guarantees for new contracts to date, in the event that we are unable to do so and we are unable to satisfy the financial requirements prescribed by banks and financial institutions, we will not be able to procure the requisite performance guarantees and as a result, we may be unable to secure new contracts, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

***17. We face the risk of unsatisfactory quality of work performed by our subcontractors which could result in a negative impact on our business, reputation, financial condition and results of operations.***

We rely substantially on subcontractors for our labour requirements. Instead of maintaining a large number of full time employees, we employ a significant number of contract labour and production workers, which we can increase or decrease to suit our requirements. We may outsource certain aspects of our shipbuilding work, such as the production of certain vessel sub-assemblies and structural sections, from time to time, to our contractors. Despite our best efforts, inspection supervision and quality management system, these subcontractors may use poor quality or defective sub-components or underqualified or less skilled workers, and as a result, should a sub-standard quality of vessel be delivered, this could adversely impact our reputation. Furthermore, our subcontractors may not report safety concerns. This may lead to increased costs borne by us, which could adversely affect our business, reputation, financial condition, results of operations and prospects and our relationships with our customers. In addition, should our subcontractors default on their contractual obligations or be unable to complete their work according to specifications on schedule, our ability to deliver the vessels to our customers in accordance with the quality or timing specifications in the shipbuilding contract may be compromised, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Our Company also assumes liability for the work undertaken by the subcontractors in connection with any design or engineering work and hence, any failure on the part of our sub-contractors to perform their obligations in a timely manner or at all could adversely affect our operations, financial conditions and cash flows.

***18. Our businesses are dependent on our information technology infrastructure and we rely on third-party licences for our business.***

We are dependent on our information technology infrastructure to conduct our business activities, manage risks, implement our internal control systems and manage and monitor our business operations. The key systems in place include an enterprise resource planning system, which enables our management to more accurately assess the inventory, production capacity, procurement requirements and performance of each of our departments and assists them in allocating resources throughout our business and improves operational efficiency by enhancing supply chain and distribution management. We also use third party software for creating detailed designs in relation to the vessels we build. We rely on third party information technology service providers to maintain and upgrade our systems and have contracted reputable information technology companies widely accepted in our industry to construct and improve our information technology infrastructure. A failure or breakdown of any part of our information technology infrastructure can interrupt our normal business operations, result in a slowdown in operational and management efficiency and impact our ability to meet our construction schedules. A serious dispute with our information technology service providers or termination of our licensing agreements or service contracts can impact our ability to upgrade our information technology infrastructure on a timely and cost-effective basis, which is critical to maintaining our competitiveness. If any of these events occur, our business, financial condition and result of operations may be adversely affected.

***19. Our planned capital expenditure may not yield the intended benefits or we may be unable to raise finances to fund our planned capital expenditure which may negatively impact our business, financial condition and results of operations.***

We plan to use part of net proceeds, internal accruals, additional bank financing and future equity issuances to fund our planned capital expenditure and future expansion (including the development of the Dry Dock). The amount of such additional required funding will depend on whether these projects are completed within budget, the timing of completion of the construction of the Dry Dock and the ISRF, expansion of our revenue generating operations, any further investments we may make, and the amount of cash flow from our operations in the future. If delays and cost overruns are significant, the additional funding we would require could be substantial. Additional bank financing may not be available as and when required and, if incurred, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations. The sale of additional equity securities could result in additional dilution to our shareholders.

As of January 31, 2017, our fund-based financial indebtedness was ₹ 1,230.00 million (tax free bonds excluding interest). Our ability to obtain required funding on acceptable terms is subject to a number of uncertainties, including:

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

Further, State Bank of Travancore ("**SBT**") has issued a letter of credit on our behalf with an amount outstanding as on January 31, 2017 of ₹ 209.83 million. However, the related sanction letter has expired. As SBT is currently in the process of being merged with the State Bank of India ("**SBI**"), the existing facility with SBT is unlikely to be renewed, given our existing credit arrangements with SBI. However, SBT may withdraw the letter of credit or recall it any time before the formal date of the merger or before entering into a new sanction letter. If SBT withdraws the letter of credit, we may be forced to make alternative arrangements, which may adversely affect our immediate cash flows.

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

20. ***We cannot assure you that we will be able to compete successfully against our competitors and new entrants to the industry. If we are unable to compete effectively in any of our business segments, it may adversely affect our business, financial condition and results of operations.***

Our business is highly competitive. We face competition from existing competitors located both in India and elsewhere, and in particular in South Korea, Japan and China, as well as new entrants to this industry. For further details, see *"Industry Overview"* on page 94. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of vessels constructed by us, our yard's capacity and operational efficiencies and the price and quality of the vessels we construct. Some of our competitors have more resources than we have and some of our competitors may have lower costs of operations, including lower costs of raw materials and manpower, than we have. In addition, some of our competitors may have competitive advantages in building certain types of vessels compared to us given our current dock size and other facility constraints. Our competitors, particularly those in India, from time to time, may engage in aggressive and unviable pricing and delivery schedules in order to gain market share. Further, most of our clients follow competitive bidding processes due to which we may not be able to effectively bid for future projects.

Moreover, our competitors outside India may be able to source cheaper raw materials given that indigenous ancillary industries are virtually non-existent in India and therefore we are required to import a substantial portion of our major raw materials and other equipment. In addition, a number of shipbuilding companies currently focus on building different types of vessels than we do. Although these shipbuilding companies currently do not compete with us, they may possess the capability to build the types of vessels we build and we cannot assure you that they will not compete with us in the future. See "*Our Business - Competition*" for a description of our key competitors.

Further, due to recent liberalisation policies, private companies have been allowed to bid for vessels used in defence-related projects. This may lead to increased competition and there can be no assurance that we will be able to compete successfully against our competitors as well as new entrants in our industry in the future, or that the shipbuilding and ship-repair companies that are not directly in competition with us now will not compete with us in the future. Accordingly, our business, financial condition, results of operations and prospects would be adversely and materially affected if we are unable to maintain our competitive advantage and compete successfully against our competitors and any new entrants to our industry in the future.

21. ***We have had negative net cash flows in the past and may continue to have negative cash flows in the future.***

We had negative cash flow from our operating and financing activities and net cash and cash equivalent as set out below:

| | | | | ***(₹ in millions)*** |
|---|---|---|---|---|
| | **For the half year ended** | **For the Financial Year ended March 31,** | | |
| | **September 30, 2016** | **2016** | **2015** | **2014** |
| Net cash generated from operating activities | (343.89) | 393.43 | 6,634.17 | (5,841.75) |
| Net cash from investing operations | 169.12 | 474.23 | 155.24 | 152.47 |
| Net cash from financing activities | 22.28 | (318.92) | (2,353.93) | 2,710.12 |
| Net cash increase/(decrease) | (152.49) | 548.74 | 4,435.48 | (2,979.16) |

For further details, see "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 162 and 236, respectively. We cannot assure you that our net cash flow will be positive in the future.

22. ***We are exposed to the risk of increases in the price of our raw materials. Further, if we are unable to source quality raw materials required for our business at competitive prices, our business, results of operations and profitability may be adversely affected.***

The major components of our expenditure include raw materials such as steel (the grade and quality of which, in each project, depends on the applicable classification rules) and other materials, equipment and other components such as pumps, propellers and engines. In Fiscals 2014, 2015 and 2016 respectively, our material consumption costs constituted 54.37%, 64.51% and 63.65%, of our total costs, respectively. In particular, bought out components accounted for more than 80% of our total raw material cost in these recent fiscals.

Shortages in the supply of the raw materials we use in our business may result in an increase in the price of these raw materials. For example, there are supply-side constraints in relation to steel in India which we expect will continue in the future. The Indian steel industry has been unable to compete globally due to which the GoI has imposed significant duties on the import of steel from other countries such as China to protect the domestic steel industry. This has adversely affected us by increasing our cost of procurement. In addition, the cost of certain raw materials, such as steel, may fluctuate in line with any changes in their global supply and demand.

In the event that the price of our raw materials increase, we will not be able to pass these price increases to our customers on our existing fixed contracts and our business, financial condition and results of operations may be adversely affected.

***23. We are subject to stringent labour laws and our workmen are unionised under a number of trade unions. Labour disputes could lead to lost production and increased costs.***

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs. As a result of such stringent labour regulations, it is difficult for us to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect our business, financial condition and results of operations. Additional labour unrest could result due to the operative labour union within our workforce. We cannot assure you that there will not be any face, strikes or work stoppages in the future, which could have an adverse impact on our operations, particularly given our dependence on a large workforce. For further details, see *"History and certain Corporate Matters – Lock-out, Strikes, etc'"* on page 138.

***24. Certain properties, including the land on which we are constructing the ISRF, are not owned by us and we enjoy only a leasehold right over certain of these properties. If we are unable to occupy and use this land or fails to extend the lease period on lease expiry on reasonable terms, it may have a material adverse effect on the business, financial condition and results of operations of our Company.***

We do not own the land on which the ISRF and related facilities are being constructed and has been taken by us on lease, pursuant to a lease agreement dated April 12, 2013 between the Cochin Port Trust and us for a term of 30 years, together with the right to use 15 hectares or thereabouts of adjoining water body. In the event that we are unable to obtain an extension or the lease is terminated due to any reason or the lease expires after the original period of lease of 30 years, we will have to transfer the ISRF facility to CoPT along with all the assets developed in relation thereto on the basis of a third-party valuation of assets to be paid by CoPT.

Upon expiration of the lease agreement for our leased premises, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed. Termination of our lease may occur for reasons beyond our control, such as breach of any terms of the lease agreement by the landlord of our premises. If we, our current or future landlords breach the lease agreement, we may have to shut down our operations at this site. Shut down of any part of our operations may cause disruptions to our business and may require significant expenditure, which may materially and adversely affect our business, financial condition and results of operations.

***25. We are subject to extensive government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our business, our results of operations and cash flows may be adversely affected.***

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business and for each of our manufacturing facilities. For details of applicable regulations and approvals relating to our business and operations, see "*Regulations and Policies*" and "*Government and Other Approvals*" on page 129 and 271, respectively.

A majority of these approvals are granted for a limited duration and require renewal. The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

26. ***Our business is expected to become more diversified and our historical results of operations may not be indicative of our future performance. Failure to successfully implement our new business model, execute our new business strategies or develop new business may materially and adversely affect our business, financial condition, results of operations and prospects.***

We are presently constructing the first IAC for the Indian Navy. We have also obtained a licence to aid us in building LNG carriers using the patented membrane containment system. As part of our growth strategy, we intend to diversify our product offerings to include vessels such as LNG carriers and the second IAC.

As we do not have sufficient experience in manufacturing these new products and since our contracts typically provide for liquidated damages for late delivery, we may encounter greater risks of cost overruns and delays in delivery on these contracts than on those for the vessels we built in the past. These vessels are often more complex in design and more difficult to build. We may be unable to spread the cost of design and research and development among similar vessels or have a profit margin comparable to that from other vessels normally we build. We do not yet have all the technological know-how or intellectual property rights to build these vessels and may have to spend large amounts of fees to obtain licenses or invest a substantial amount of capital and human resources in conducting research and designing and building prototypes. Development costs of these new products may be excessive and may adversely affect our business, financial condition and results of operations.

We derived the majority of our revenue from our shipbuilding business, which accounted for 83.62%, 82.19% and 77.32% of our total revenue for Fiscals 2014, 2015 and 2016 respectively. We expect to gain the capacity to manufacture complex products in the near future and a wider variety of other vessels in the long run. Even if we acquire the capacity and capability in the new segment, there is no assurance that we will secure new orders in this segment competing with overseas shipyards.

We are in the process of constructing our proposed Dry Dock at a total estimated cost of ₹17,989.91 million. We are also setting up the ISRF at an investment of approximately ₹9,694.1 million. We do not have previous track record or expertise in a project involving such capital expenditure. We cannot assure you that we will be successful due to, among others, the following factors:

- our failure to correctly identify relevant market trends including those relating to, customer demand for the type of vessels that we propose to build on this basis, the cost of raw materials, movements in foreign exchange rates and the price of such vessels;
- our inability to properly manage our cash flow, financing resources and in relation to the new business model;
- higher interest expense or reduced interest income due to funding the new business model using our own capital;
- our failure to manage construction costs and cost overruns; or
- our inability to find customers to purchase or lease these vessels at prices acceptable to us.

Our expansion within a short period of time has imposed on us new operational, management and planning demands, which are significantly different from those we encountered in operating our business and for which we may require different expertise and experience.

The implementation of these strategies depends on a number of factors including, among other things, absence of adverse changes in the Indian and global shipping markets, the availability of funds, less competition, government policies and our ability to retain and recruit competent employees. Some of the factors are beyond our control and by nature, are subject to uncertainty. There is no assurance that our strategies can be implemented successfully. Any failure or delay in the implementation of any or all of these strategies may have a material adverse effect on our profitability and prospects. There can be no assurance that our revenues or profits will continue to increase or that our profit margin will not significantly decrease or that we will not experience losses from our new businesses. As a result, our historical results of operations may not be indicative of our future performance.

27. ***Trade unions under which majority of our workmen are unionised have objected to the proposed Issue. This may lead to strikes, lock-down or work stoppages which will adversely affect our operations, reputation and financial condition.***

Majority of our workmen have opposed the proposed Issue and have submitted their statement of objection through their respective trade unions to us.

We cannot assure you that we will not face any strikes or work stoppages in the future or agitations by our workmen against the proposed Issue, which may affect adversely affect our reputation and could have an adverse impact on our operations.

28. ***We are dependent on the Cochin Port Trust ("CoPT") for certain basic services required for daily operations. If our relationship with CoPT is negatively affected in any manner or if CoPT is unable to provide these services in the future, it may have an adverse impact on our operations.***

We outsource certain basic services which are key to our daily operations such as pilotage, tugs and voyage permits to CoPT. Timely availability of these services is a critical factor for successful execution of our daily operations. There can be no assurance that CoPT will continue to provide us these services in the future on terms favourable to us, or at all. If our relationship with CoPT is negatively affected in any manner or if CoPT is unable to provide these services in the future, it may have an adverse impact on our operations.

29. ***The sea channel adjacent to our shipyard suffers from siltation which requires incurring additional expenditure.***

The Kochi port is a riverine port which is prone to higher than usual levels of siltation. Due to this, periodic dredging and maintenance is required to keep the water channel functional for our use and needs. This requires incurring of additional expenditure compared to shipyards in other parts of India. If we are required to incur substantial expenditure on dredging in relation to this, it may affect our results of operations and financial condition.

30. ***We depend on the contribution of key management personnel. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.***

Our success depends, to a significant extent, upon the continued service of our key management personnel. If we lose the services of any of our existing key management personnel without timely and suitable replacements, or are unable to attract and retain new personnel with suitable experience as we grow, our financial performance and operations may be materially and adversely affected. Our Chairman and Managing Director (Madhu S Nair) and Director (Technical), (Sunny Thomas), Director (Finance) (Paul Ranjan), and Director (Operations) (Suresh Babu N V), have been with us for over 20 years and have been instrumental in charting the business direction and spearheading our growth. Accordingly, the loss of one or more members of our senior management team could have a material adverse effect on our business, financial condition, results of operations and prospects, as these persons may be difficult to replace.

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

Our customers retain the right to change/reduce the scope/terminate/indefinitely postpone their shipbuilding contracts. In the event of a change/reduction in scope/termination/indefinite postponement of a shipbuilding contract, the customer is generally required to pay for work performed and raw materials purchased up to the date of termination, and in most cases, pay to us a termination fee representing our profit margin if the project had been completed, which has to be agreed between the customer and us. However, any termination of a significant contract would have a material adverse effect on our business, financial condition, results of operations and prospects.

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

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

32. ***We have sought to renegotiate our agreements with some of our commercial shipping customers and we are engaged in arbitration with an agent in respect of a terminated agency agreement.***

We have sought to renegotiate some of our agreements with our commercial shipbuilding customers in the past. This renegotiation has been primarily due to our failure to deliver the vessels on time. Such delay was caused due to various factors including equipment failures, delay in supply of materials and other technical reasons.

We are also engaged in arbitration proceedings with an agent in respect of a terminated agency agreement and their brokerage claim on a particular shipbuilding contract secured by us from Saudi Arabia. The arbitral tribunal made an award against our Company. Aggrieved by the arbitral award, we have filed a petition in the civil court for a stay of execution. The civil court has granted a stay of execution until the disposal of the original Petition. The matter is currently pending. We cannot assure you that the outcome of the proceedings will be favourable to us. An unfavourable outcome, in this matter may have an adverse effect on our business, profitability and financial condition.

33. ***We have contingent liabilities in our balance sheet, as restated, at September 30, 2016. Further our Company may be subject to certain proceedings in respect of ongoing tax litigations and our Company has not presently provided for such disputed demands including penalties, if any, which may be imposed. Realisation of our contingent liabilities may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition.***

The following are the contingent liabilities in our balance sheet, as restated, as at September 30, 2016. If any of these actually occur in the future, they may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition:

*(In ₹ million)*

| | Particulars | Amount as on September 30, 2016 | Brief Description of the nature and obligation as on September 30, 2016 |
|---|---|---|---|
| **A** | Contingent Liability (To the extent not provided for) | | |
| **a** | Guarantees | | |
| **i** | Letters of credit | 1,550.63 | Represents Letters of Credit opened by our Company in various banks for procurement of materials/assets |
| **ii** | Corporate performance guarantee | 392.50 | Performance guarantee given by our Company to CoPT for performance of obligations under the contract agreement entered with CoPT during the contract period. |
| **b** | Other money for which our Company is contingently liable | | |
| **i** | Greater Cochin Development Authority ("GCDA") | 6.91 | Claim raised by GCDA for the land acquired for our Company is settled. However, 8 land acquisition revision petition cases (valued at ₹6.91 million) filed by evictees is pending with the Supreme Court and High Court of Kerala. |
| **ii** | Customs duties | 2,046.52 | Customs duty for materials under bond and indigenous vessels delivered. Includes an amount of ₹6.98 million, being customs duty refund granted by Customs Excise and Service Tax Appellate Tribunal, Bangalore, against which an appeal is pending before the High Court of Kerala. |
| **iii** | Demand for KGST/KVAT for the AYs 2001-02,2004-05, 2005-06 & 2007-08 mainly due to levy of KVAT on the export turnover of ships | 139.63 | AY 2000-01 - ₹11.19 million<br>AY 2001-02 - ₹7.34 million<br>AY 2004-05 - ₹20.22 million<br>AY 2005-06 - ₹65.22 million<br>AY 2007-08 - ₹35.65 million<br>(Under appeal.)Stay of collection of tax obtained in all cases. Demand reduced due to appeal allowed by Deputy Commissioner (Appeals) |
| **iv** | Income Tax | 154.05 | Demand relating to Assessment Years: |

| | | | *(In ₹ million)* |
|---|---|---|---|
| | **Particulars** | **Amount as on September 30, 2016** | **Brief Description of the nature and obligation as on September 30, 2016** |
| | | | AY 2000-01 - ₹6.33 million<br>AY 2002-03 - ₹0.83million<br>AY 2003-04 - ₹0.03million<br>AY 2010-11 - ₹28.86 million<br>AY 2011-12 - ₹41.26 million<br>AY 2012-13 - ₹54.61 million<br>AY 2013-14 - ₹22.14 million |
| **v** | Service tax | 164.75 | Demand of service tax on IAC P-71 (Design Consultancy) as per show cause notice issued. Reply to show cause notice filed. No further action from the service tax authority. |
| | | 37.67 | Refund claim on the service tax on IAC pending before Commissioner (Appeals). Hearing completed and reserved for orders. |
| | | 233.96 | Show cause notice issued for levy of service tax on ship repair without allowing deduction of materials and disallowance of cenvat credit. Reply to show cause notice filed. Case is not posted for personal hearing. |
| | | 188.56 | Levy of service tax on LDCL vessels due to disallowance of the benefit of Notification No.25/2012-ST of June 20, 2012 for the repair of LDCL vessel. Reply to show cause notice filed. Case is not posted for personal hearing. |
| **B** | Commitments (To the extent not provided for) | | |
| **a** | Estimated amount of contracts remaining to be executed on capital account and not provided for: | 331.07 | |

The contingent liabilities of our Company arise as our Company is party to certain tax litigations pending before various tribunals and our Company may also be subject to imposition of penalty by the Income Tax Department in relation to such litigations. Our Company has not made provision for such penalties as may be imposed in its contingent liabilities as the amount of penalty which may be imposed is not quantifiable.

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

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

***35. Our Company has applied for registration of certain trademarks including our corporate logo in its name. Until such registrations are granted, we may not be able to prevent unauthorised use of such trademarks by third parties, which may lead to the dilution of our goodwill and adversely affect our business.***

We have filed applications for registration of four trademarks including our corporate logo, under the Trademarks

Act, 1999 ("**Trademarks Act**"), which is currently pending approval from the Registrar of Trademarks. Our applications for registration of three of these trademarks have received objections. Although all the clarifications sought by the registration authority have been provided by us, there can be no assurance that our trademark applications will be accepted and the trademarks will be registered. Pending the registration of these trademarks we may have a lesser recourse to initiate legal proceedings to protect our private labels. However, we may have to incur additional cost in relation to this. In the event we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of any of our trademarks for which we have applied for registration, we may not be able to avail the legal protection or prevent unauthorised use of such trademarks by third parties, which may adversely affect our goodwill and business.

For further details on the trademarks which are pending registration, see *"Government and Other Approvals"* on page 271.

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

Changes in currency exchange rates may influence our results of operations. Globally, a substantial part of all worldwide ship sales transactions and purchase of offshore structures is generally conducted in USD. While only a small portion of our total revenue in the last three and half years was received by us in currencies other than the Rupee, this proportion may increase in the future. 3.96%, 0.04% and 5.42% and 10.14% of our total revenue for shipbuilding for Fiscals 2014, 2015 and 2016 and the half year ended September 30, 2016, respectively, were recognised on due basis by us in foreign exchange. In respect of ship-repair, only 0.01%, 0.03%, 0.04% and 0.00% of our total revenue for Fiscals, 2014, 2015 and 2016 and the half year ended September 30, 2016, respectively, were recognised on due basis by us in foreign exchange. Since a significant part of our costs are incurred in Rupee, depreciation of Rupee versus USD and EUR will result in lower revenues in Rupee terms, which could adversely affect our profitability.

We have a foreign exchange policy pursuant to which every contract net inflow of foreign exchange is hedged. As and when outflows are incurred, the required foreign exchange is bought from market at the then prevailing exchange rate.

However in the case of import components in respect of shipbuilding/ship repair contracts denominated in Rupee terms, our Company is exposed to exchange rate fluctuation risk unless the contract with the ship owner provides for an exchange variation reimbursement clause.

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

***37. We have not independently verified certain data in this Draft Red Herring Prospectus.***

We have not independently verified data from the Report titled "A study on shipbuilding and ship repairing industry" dated March 2017 prepared by CRISIL contained in this Draft Red Herring Prospectus and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable.

Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

***38. One of the forms filed by us is not traceable and there are discrepancies in some of the forms filed by us with the RoC.***

We have been unable to locate one of the prescribed forms filed by us with the RoC in respect of the allotment of Equity Shares on June 17, 1988. We have undertaken a RoC search to locate this form as well. While we believe that we had filed this form with the RoC in a timely matter, we have not been able to obtain a copy of the form, including from the RoC. We cannot assure you that we will be able to locate this form in the future or that we will not be subject to any penalty imposed by the relevant regulatory authority in this matter.

Furthermore, there are discrepanices in some of our Form-2 filings with the RoC in the past. We cannot assure you that we will not be subject to any penalty imposed by the relevant authority in this matter.

***39. We may fail to enhance our market position by failing to improve our research and development capabilities, access new markets and develop new relationships which complement our existing business operations which may have an adverse impact on our business, financial condition and results of operations.***

As part of our expansion strategy, we intend to enhance our market position through improving our research and development capabilities and accessing new markets and relationships which complement our existing business operations. The implementation of such expansion strategy is subject to a number of risks, including, but not limited to the risks of:

- failing to assimilate new technology required for building the new products identified;
- failure of new equipment and facilities installed for the expansion;
- experiencing difficulties in obtaining regulatory approvals;
- being adversely affected by changes in market conditions and demands;
- experiencing the diversion of our management's time and attention from other business concerns; and
- experiencing difficulties in retaining the key employees of who are essential to successfully managing those businesses.

If any of these uncertainties materializes, it may have an adverse effect on our business, financial condition and results of operations.

***40. Failure or delays in obtaining required certification from classification societies may cause delays in our delivery schedules and disruptions in our business.***

We are required to construct our vessels in accordance with contractual specifications and requirements and the rules and regulations of the classification societies. Depending on the requirements of our customers, we need to obtain certification from a particular classification society that is allowed to conduct statutory surveys on behalf of the register of shipping subject to the latter's authorisation for each vessel. The classification society may refuse to allow us to use the certificate if we fail to resolve issues it raises. As a result, we may experience delays and disruptions in our shipbuilding process which may adversely affect our business, financial condition and results of operations.

***41. Our ability to pay dividends in the future will depend on number of factors, including, our profit after tax for the fiscal year, utilisation of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company, and the payments shall be subject to the CPSE Capital Restructuring Guidelines.***

Our ability to pay dividends in the future will depend on number of factors, including our profit after tax for the fiscal year, utilisation of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future.

In accordance with the CPSE Capital Restructuring Guidelines, our Company is required to pay a minimal annual dividend of 30% of its PAT or 5% of its net worth, whichever is higher, unless an exemption is provided in accordance with this guideline. For further details, see "*Dividend Policy*" on page 161.

***42. If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.***

We manage regulatory compliance by monitoring and evaluating our internal controls, and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

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

Although there have not been any invocation of refund guarantees by our customers in the past, cancellation or delays in accepting of orders by our clients may lead to invocation of refund guarantees.

Pursuant to the terms of our existing shipbuilding contracts, we are required to provide advance and progress payment guarantees issued by a financial institution acceptable to our customers in respect of each instalment of the contract price that is paid to us by our customers. If the customer rejects the vessel upon sea trial or the contract is terminated by the customer under certain circumstances, the customer has the right to invoke such refund guarantees and the entire amount that has been paid by the customer to us may become payable together with interest. If the refund guarantees are invoked by a customer, we would be required to repay these amounts to the financial institution which furnished such guarantees.

**EXTERNAL RISK FACTORS**

***44. Public companies in India, including us, are required to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to ICDS in India is very recent and we may be negatively affected by such transition.***

The Ministry of Finance has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the Ministry of Finance, through a press release dated July 6, 2016, deferred the applicability of ICDS from April 1, 2015 to April 1, 2016 and is applicable from Fiscal 2017 onwards and will have impact on computation of taxable income for Fiscal 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

***45. The GoI may implement a new national tax regime by imposing GST. We are unable to quantify the impact of this development at this stage due to limited information available in the public domain. If we are taxed at a higher rate than the current tax rates, our financial condition and results of operations may be adversely affected.***

The GoI has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Although the legislative bill has been passed by both houses of Parliament, we are unable to provide any assurance as to the exact date of when GST is to be introduced or any other aspect of the tax regime following implementation of the GST. Further, any disagreements between certain state governments may also create further uncertainty towards the implementation of the GST. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable.

***46. Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, Ind AS and IFRS, which may be material to investors' assessments of our financial condition.***

Our Company is required to prepare annual and interim financial statements under Indian Accounting Standards ("**Ind AS**") from the current financial year as required under Section 133 of the Companies Act 2013 read with Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. We have not attempted to quantify the impact of US GAAP, Ind AS or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP, Ind AS or IFRS. US GAAP, Ind AS and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements, which are restated as per SEBI ICDR Regulations included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. For further details, see "*Significant Differences between Indian GAAP and Ind AS*" on page 230.

***47. The exit by the UK from the European Union has and could further impact global financial markets which could in turn adversely affect the trading prices of our Equity Shares.***

The exit by the UK from the European Union ("**EU**") may impact the trading prices of our Equity Shares after listing. As a result of the referendum held in the UK on June 23, 2016, which resulted in a vote in favour of the exit from the EU, the global financial markets have experienced significant volatility and may continue to experience volatility. In addition, the UK and member countries in the EU may face increased economic and financial volatility. Such economic and financial volatility may further impact global financial markets, which may adversely affect the trading prices of our Equity Shares.

***48. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

***49. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.***

Our business, results of operations and cash flows could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our business and operations.

There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licenses from the GoI or other regulatory bodies or impose onerous requirements and conditions on our business and operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, results of operations and cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also affect our results of operations and cash flows. See *"Regulations and Policies*" on page 129 for details of the laws, rules and regulations currently applicable to us.

The regulatory and policy changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

Further, the General Anti Avoidance Rules ("**GAAR**") are proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefits among other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.

***50. Our business is substantially affected by prevailing economic, political and others prevailing conditions in India.***

Our Company is incorporated in India, and almost all our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets;
- any downgrading of India's debt rating by a domestic or international rating agency;
- financial instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or its natural gas sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

***51. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under Section 62 of the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the laws of the jurisdiction that you are in do not permit the exercise of such pre-emptive rights without our filing an offering document or a registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights available in respect of the equity shares, your proportional interests in our Company may be reduced by the new equity shares that are issued by our Company.

***52. Natural disasters, acts of war, political unrest, epidemics, terrorist attacks or other events which are beyond our control, may cause damage, loss or disruption to our business and have an adverse impact on our business, financial condition, results of operations and growth prospects.***

We generally bear the risk of loss of raw materials or equipment and components in transit after our suppliers ship the supplies to us. We may face the risk of loss or damage to our properties, machinery and inventories due to natural disasters, such as snow storms, typhoons and flooding. Acts of war, political unrest, epidemics and terrorist attacks may also cause damage or disruption to us, our employees, our facilities and our markets, any of which could materially and adversely affect our sales, costs, overall operating results and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. In addition, certain Asian countries, including Hong Kong, China, Singapore and Thailand, have encountered epidemics such as severe acute respiratory syndrome, or SARS and incidents of avian influenza, or H5N1 bird flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. A recurrence of an outbreak of SARS, avian influenza or any other similar epidemic could cause a slowdown in the levels of economic activity generally, which may adversely affect our business, financial condition and results of operations. In the event any loss exceeds our insurance coverage or is not covered by our insurance policies, we will bear the shortfall. In such an event, our business, financial condition and results of operations could be materially and adversely affected.

***53. We are highly dependent on the growth of India and global trade activities for raw materials such as crude oil, coal and iron ore.***

The commercial shipbuilding industry has traditionally experienced fluctuations in freight and charter rates and vessel values, depending on factors including the demand for, and supply of, shipping capacity, which in turn has been largely influenced by global demands for, and supplies of raw materials such as crude oil, coal and iron ore. Our product offerings are concentrated on IAC, FPVs, PSVs, barges and bulk carriers.

The price and supply of crude oil is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply and demand for oil and gas, actions by Organisation of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil-producing countries and regions, regional production patterns and environmental concerns. As a result, an increase in the price of crude oil may adversely affect our profitability. In the last decade, the prices for crude oil have been increasing as well as volatile. A significant or sustained increase in the price of crude oil or reduction in supply could increase our operating expenses and we may not be able to successfully pass on the costs to our customers and have a material adverse effect on our financial condition and results of operations.

As far as the commercial ships like bulk carriers and PSVs are concerned, it is expected that sustained economic growth in the India and worldwide would create a growing demand for these raw materials, the prices and volumes of which have largely determined the growth of the global shipping industry. The expected increase in demand for crude oil in India and worldwide would necessitate further exploration of new reserves in deep seas, which would in turn create a demand for offshore support vessels. We cannot assure you that the demand for raw materials can be sustained or will continue to grow or will not decrease. A decrease in demand in India or globally may cause a reduction in demand for the bulk carriers, and offshore support vessels which we build and this decrease may adversely affect our business, financial condition and results of operations.

***54. Our costs may increase due to changes in regulations pertaining to the shipbuilding industry.***

The shipbuilding industry is heavily regulated by both Indian and international regulations. Among other things, the vessels we construct for our customers are required to meet the standards and requirements of the classification society specified by our customer and the rules applicable to the type and size of vessels promulgated by the relevant regulatory authorities that may comprise maritime authorities of the country of registry and of nations which the vessel is likely to trade or transit through, such as the Panama and Suez canals. Furthermore, construction of certain shipyard facilities is subject to approvals from the Indian government. Due to the rapid expansion of our business, our existing licenses, permits, authorisations or approvals may not match our growth and we may need to apply for new licenses, permits, authorisations or approvals. For example, we may need goliath gantry cranes with lifting capacities higher than the existing ones at our shipyard for the construction of large vessels or customized offshore engineering products. If we cannot obtain the requisite licenses, permits, authorisations or approvals, we may not be able to construct such new gantry cranes or may be ordered to remove any such existing facilities.

If Indian or international regulations applicable to the shipping industry become more stringent in the future or additional regulations or controls requiring the adoption of new construction requirements are introduced that we cannot satisfy in a cost efficient manner or we are unable to pass any additional costs resulting from these new requirements to our customers, our costs will increase. Any significant increase in cost due to changes in regulations in the shipbuilding industry may adversely affect our business, financial condition and results of operations.

***55. Any future issuance of our Equity Shares may dilute your shareholdings and sales of our Equity Shares may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of our Equity Shares in the public market after the completion of the Issue, or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and could impair the future ability of our Company to raise capital through offerings of our Equity Shares. We also cannot predict the effect, if any, that the sale of our Equity Shares or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

***56. Foreign investors are subject to foreign investment restrictions under Indian law, which may adversely affect the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with *inter alia*, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of equity shares is not in compliance with such pricing guidelines or reporting requirements, or falls under any of the prescribed exceptions, prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of equity shares in India into foreign currency and repatriate any such foreign currency from India will require a no-objection/tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other government agency can be obtained in a timely manner or on any particular terms or at all. Owing to possible delays in obtaining requisite approvals, investors in our Equity Shares may be prevented from realising gains during periods of price increase or limiting their losses during periods of price decline.

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

Our Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investor' book entry, or demat accounts, with depository participants in India are expected to be credited within two working days of the date on which Allotment is approved by the designated stock exchange. Thereafter, upon receipt of final listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six Working Days from the date of Bid/Issue closure.

We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

***58. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold other than on a recognised stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on recognised stock exchanges and on which STT has been paid, will be subject to short term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

***59. GoI will continue to control us post listing of our Equity Shares.***

Upon the completion of this Issue, the GoI will hold approximately 101,952,000 Equity Shares, or approximately 75% of our post-Issue paid up equity share capital. Consequently, the President of India, acting through the Ministry of Shipping, will continue to control us and will have the power to elect and remove our directors and determine the outcome of most proposals for corporate action requiring approval of our Board or shareholders, such as proposed five-year plans, revenue budgets, capital expenditure, dividend policy, transactions with other GoI controlled companies. Under the Companies Act, this will continue to be a public sector undertaking which is owned and controlled by the President of India. This may affect the decision making process in certain business and strategic decisions taken by our Company going forward.

***60. The interests of the GoI as our controlling shareholder may conflict with your interests as a shareholder.***

Under our Articles of Association, the President of India, by virtue of holding a majority of our Equity Share capital may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government company, as defined under the Companies Act. The interests of the President of India may be different from our interests or the interests of other shareholders. As a result, the President of India may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The President of India could, by exercising its powers of control, delay or defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger, consolidation, or discourage a merger with another public sector undertaking.

***61. Announcements by the GoI or the Kerala Government relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our financial condition in the years of implementation.***

Department of Public Enterprises ("**DPE**") only related to above has required government enterprises to implement salary increases for employees below board level executives as determined by the respective boards and management of the relevant government enterprises within a certain guideline set by the DPE. These governmental measures increase our labour costs and the next pay revision for non-unionised officers and employees was due w.e.f. January 1, 2017 and a revision of the wage settlement agreement with unionised workmen w.e.f. April 1, 2017. Although no further directives have been received from the GoI in relation to this and no wage negotiations have begun, any announcements by the GoI relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our operating results and financial condition.

***62. Investors may not be able to enforce a judgment of a foreign court against our Company.***

Our Company is incorporated under the laws of India. Our Company's Directors and Key Management Personnel are residents of India and our assets are located in India. As a result, it may not be possible for investors to affect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained from courts outside India. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which include the United Kingdom, Singapore and Hong Kong. The United States has not been declared as a reciprocating territory for the purposes of the Code of Civil Procedure, 1908 ("**Civil Code**") and thus a judgment of a court outside India may be enforced in India only by a suit and not by proceedings in execution. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India, based on a final judgment that has been obtained in a non-reciprocating territory, within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis, or to the same extent, as was awarded in a final judgment rendered by a court in another jurisdiction, if the Indian court believes that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI, to repatriate any amount recovered pursuant to the execution of the judgment.

***63. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.***

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

***64. Our ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

***65. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

Pursuant to the SEBI Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Issue Period and withdraw their Bids until Bid/Issue Closing Date. While our Company is required to complete Allotment pursuant to the Issue within six Working Days from the Bid/Issue Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

**Prominent Notes**

- Public issue of 33,984,000 Equity Shares comprising fresh issue of 22,656,000 Equity Shares of face value of ₹10 each of our Company, for cash at a price of ₹ [●] per Equity Share (less Retail Discount and Employee Discount, as applicable), and an Offer for Sale of 11,328,000 Equity Shares by the President of India. The Issue shall constitute 25.00% of the fully diluted post-Issue paid up Equity Share capital of our Company.

- The Issue is being made through the Book Building Process, wherein 50% of the Net Issue shall be available for allocation, on a proportionate basis to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

- The net worth of our Company as at September 30, 2016 was ₹ 19,046.79 million. The net asset value per Equity Share of our Company as at September 30, 2016 was ₹ 168.14. See "*Financial Statements*" on page 162.

- The average cost of acquisition of Equity Shares by our Promoter is ₹ 10 per Equity Share. See "*Capital Structure*" on page 66.

- For details of the related party transactions during the last five Fiscal Years, pursuant to the requirements under Accounting Standard 18 "*Related Party Disclosures*", issued by the Institute of Chartered Accountants of India, see "*Restated Financial Statements – Note 43 of Annexure IV B – Restated Statement of Related Party Transactions*" on page 222.

- There has been no change in our Company's name since incorporation.

- There has been no financing arrangement whereby the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to the Issue. For details regarding grievances in relation to the Issue, see "*General Information*" on page 58.

## SECTION III: INTRODUCTION

## SUMMARY OF INDUSTRY

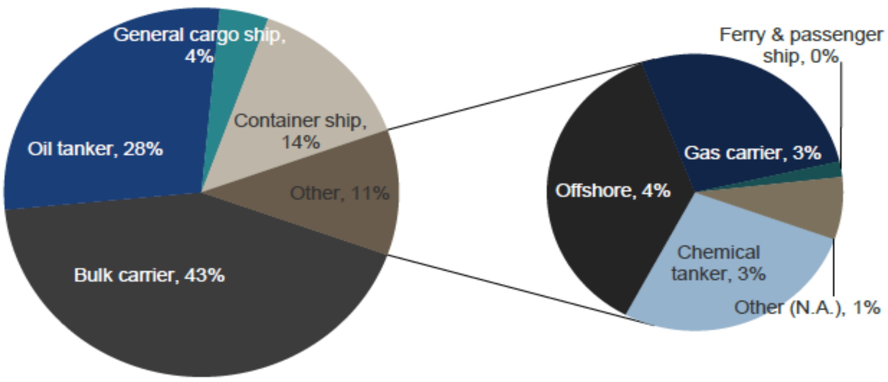
*Unless noted otherwise, the information in this section has been obtained or derived from the "A study on Shipbuilding and Ship Repairing Industry" of March, 2017, by CRISIL Research (the "CRISIL Report"), as well as other industry sources and government publications. All information contained in the CRISIL Report has been obtained by CRISIL from sources believed by it to be accurate and reliable. Although reasonable care has been taken by CRISIL to ensure that the information in the CRISIL Report is true, such information is provided 'as is' without any warranty of any kind, and CRISIL in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and CRISIL shall not be liable for any losses incurred by users from any use of this publication or its contents. Neither our Company, nor the BRLMs or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.*

### Global Shipping Industry

*Seaborne Trade*

According to a 2016 UNCTAD report, global seaborne trade increased by 2.1% to 10,048 million tonnes in 2015. Dry bulk cargo comprised the largest share at 54%. Developing economies accounted for the largest share of seaborne trade, in volume terms, at an estimated 60%. Developing countries have become global manufacturing centres with growing demand for capital and consumer goods, and are no longer viewed as only suppliers of raw materials. In terms of a regional comparison, Asia was the largest loading and unloading region, followed by the Americas, Europe, Oceania and Africa. As of January 2016, the global commercial fleet stood at 90,917 vessels, totalling 1.8 billion DWT. Dry bulk carriers comprised the largest share at 43.1% followed by the oil tanker segment with a share of approximately 27.9%.

*Fleet*




Source: UNCTAD - Review of Maritime Transport published in 2016, CRISIL Research

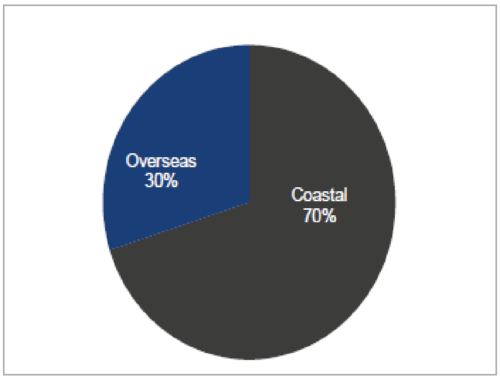
The respective shares of oil tankers and general cargo vessels in the global fleet have declined over the years, while those of dry bulk carriers and container ships have increased. As of January 2016, the dry bulk carriers, with a 43% contribution in terms of gross registered tonnage (GRT), was the largest vessel category in the global fleet. The share of oil tankers, which made up for 50% of the global fleet in 1980, has declined to 28% in 2016. Over this period, the share of container vessels' increased from 2% to 14%, following China's manufacturing-led growth as well as the shipping industry's strategy to reduce costs using economies of scale. The fall in the oil tanker share was due to a change in the pattern of trade and demand, primarily due to a decline in the refining capacity in Europe and a corresponding increase in Asia and the Middle East.

**Indian Shipping Industry**

*Fleet*

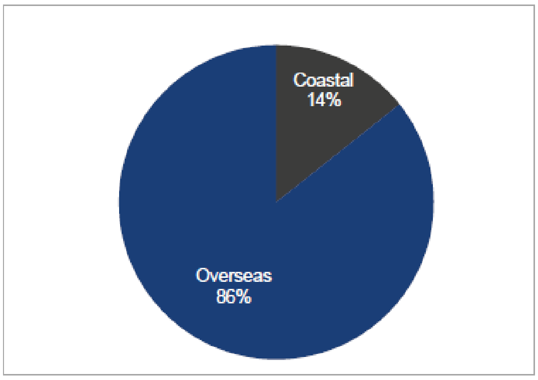
The Indian commercial fleet saw an addition of 42 vessels with approximately 0.2 million GRT in 2015. In 2015, India's total fleet strength was 1,246 vessels with a GRT of 10.51 million. The majority of the Indian fleet is deployed for costal trade, with approximately 70% of the registered vessels used for coastal trade, while the remaining 373 vessels are engaged in overseas trade. However, in tonnage terms, the fleet deployed for coastal trade is approximately 1.5 million GRT, while that for overseas trade is approximately 9 million GRT.

**Category-wise share in the Indian fleet, in terms of size (%, as of CY15)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

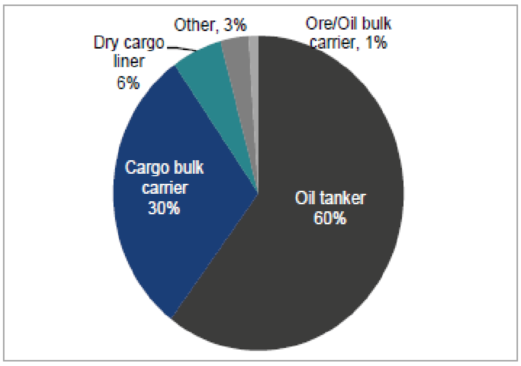
**Category-wise share in the Indian fleet, in terms of volume (%, as of CY15)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

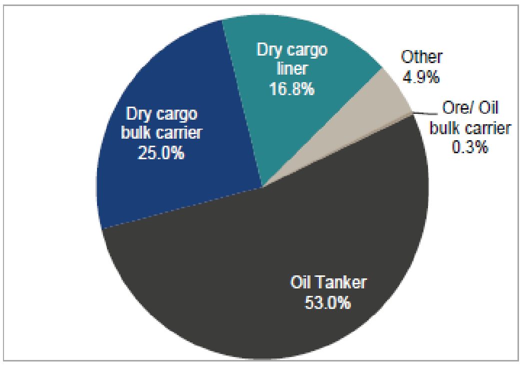
In terms of GRT, more than half of the fleet's tonnage is accounted for by oil tankers. Over the past decade, oil tankers have continued to account for a majority share.

**Category-wise share in the Indian fleet size (CY05)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

**Category-wise share in the Indian fleet size (CY15)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

According to the Indian Ministry of Shipping, the total overseas cargo handled at Indian ports was approximately 879.6 million tonnes in 2014-15. The vessels carrying Indian flags contributed approximately 7.5% of overseas cargo tonnage. Even as the total overseas cargo handled at Indian ports increased, the contribution of vessels carrying Indian flags in terms of tonnage declined in absolute terms as well as in percentage terms. Meanwhile, ships above the age of 20 years comprised over 40% of the Indian fleet, as ship owners preferred to maintain the existing fleet due to uncertainty in global trade. However, approximately 20% of the ships in the Indian fleet are below the age of five years, indicating that new vessels have been added during the recent past.

## SUMMARY OF BUSINESS

### Overview

We are the largest public sector shipyard in India in terms of dock capacity, as of March 31, 2015, according to the CRISIL Report. We cater to clients engaged in the defence sector in India and clients engaged in the commercial sector worldwide. In addition to shipbuilding and ship repair, we also offer marine engineering training.

As of January 31, 2017, we have two docks – dock number one, primarily used for ship repair ("**Ship Repair Dock**") and dock number two, primarily used for shipbuilding ("**Shipbuilding Dock**"). Our Ship Repair Dock is one of the largest in India and enables us to accommodate vessels with a maximum capacity of 125,000 DWT *(Source: CRISIL Report)*. Our Shipbuilding Dock can accommodate vessels with a maximum capacity of 110,000 DWT *(Source: CRISIL Report)*.

We are in the process of constructing a new dock, a 'stepped' dry dock ("**Dry Dock**"). This stepped dock will enable longer vessels to fill the length of the dock and wider, shorter vessels and rigs to be built or repaired at the wider part. We are also in the process of setting up an International Ship Repair Facility ("**ISRF**"), which includes setting up a shiplift and transfer system.

In the last two decades, we have built and delivered vessels across broad classifications including bulk carriers, tankers, Platform Supply Vessels ("**PSVs**"), Anchor Handling Tug Supply vessels ("**AHTSs**"), barges, bollard pull tugs, passenger vessels and Fast Patrol Vessels ("**FPVs**"). We are currently building India's first Indigenous Aircraft Carrier ("**IAC**") for the Indian Navy. We have also grown our ship repair operations and are the only commercial shipyard to have undertaken repair work of Indian Navy's aircraft carriers, the INS Viraat and INS Vikramaditya.

Our diversified offerings to the Indian clients engaged in the defence sector and to clients engaged in the commercial sector worldwide have allowed us to successfully adapt to the cyclical fluctuations of our industry. Over the last five Fiscals, the break-down of our average operating revenues is set out below:

| Activity | Clients engaged in the defence sector | Commercial clients |
|---|---|---|
| Shipbuilding | 64.74% | 20.60% |
| Ship repair | 7.46% | 6.70% |
| Other operating revenue | 0.47% | 0.03% |

Our current shipbuilding order book includes Phase-II of the IAC for the Indian Navy, two 500 passenger cum 150 ton cargo vessels and two 1,200 passenger cum 1,000 ton cargo vessels for the Andaman and Nicobar Administration ("**A&N Administration**"), two Roll-On/Roll-Off ("**Ro-Ro**") vessels for the Kochi Municipal Corporation and a vessel for one of the Government of India's ("**GoI**") projects. Our current ship repair order book includes vessels from our key clients.

We recently delivered a large deck cargo cum launch barge to the National Petroleum Construction Company, Abu Dhabi ("**NPCC**") and the last FPV (in a series of 20) to the Indian Coast Guard.

We are a wholly-owned GoI company, incorporated on March 29, 1972 and were conferred the 'Miniratna' status in 2008, by the Department of Public Enterprises, GoI. Our shipyard is strategically located along the west coast of India, midway on the main sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. In addition, our shipyard is located close to the Kochi port as well as to offshore oil fields on the western coast of India and relatively close to the Middle East.

We commenced our operations in 1975 and have over four decades of experience in shipbuilding. We have in the past delivered two of India's largest double hull oil tankers, each of 92,000 DWT *(Source: CRISIL Report)* to the Shipping Corporation of India ("**SCI**"). Over the years, we have successfully responded to fluctuations in the shipbuilding requirements of the markets we operate in and have evolved from building bulk carriers to building smaller and more technically sophisticated vessels such as PSVs and AHTSs. We have worked with several leading technology firms in our industry including Rolls Royce Marine (Norway), and GTT (Gaztransport & Technigaz) SA ("**GTT**"). We believe this has added to our credibility in the international markets. Our key shipbuilding clients include the Indian Navy, the Indian Coast Guard and the SCI. We have also exported 45 ships to various commercial clients outside India such as NPCC, the Clipper Group (Bahamas) and Vroon Offshore (Netherlands) and SIGBA AS (Norway).

We began our ship repair operations in 1978 and have undertaken repairs of various types of vessels including upgradation of ships of the oil exploration industry as well as periodical maintenance, repairs and life extension of ships. Our shipyard has, over the years, developed capabilities to handle various repair jobs. We have entered into MoUs with various clients including with the Lakshadweep Development Corporation Limited ("**LDCL**"), Directorate General of Lighthouses and Lightships ("**DGLL**") and the Dredging Corporation of India ("**DCI**") giving us the opportunity to undertake ship repair work for these organisations on a bulk volume basis. Our key ship repair clients include the Indian Navy, the Indian Coast Guard, SCI, the Oil & Natural Gas Corporation ("**ONGC**") and DCI. We have also partnered with Techcross Inc. for technical support, engineering, service support and sharing of information in relation to the Ballast Water Treatment System ("**BWTS**") products.

Our Marine Engineering Training Institute at Kochi began in 1993, where we conduct marine engineering training programs. These programs are approved by Director General of Shipping ("**DGS**"), GoI. We also operate a material testing laboratory, which was established in 1972. Our material testing laboratory has been accredited by the National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") and is one of the leading laboratories in Kerala in the field of chemical, mechanical and non-destructive testing of various materials including metals, welds and alloys.

We have several certifications including the ISO 9001:2008 – Quality Management System, ISO 14001:2004 - Environmental Management System and OHSAS 18001:2007 – Occupational Health and Safety Management System. Our listed debentures have been rated AA+ by since 2014 by various agencies including India Ratings and Research Private Limited ("**IRRPL**") and CARE. We were also adjudged the "Shipbuilding Company of the Year" in 2015 by the Gateway Awards. For further details of awards we have received, see "*History and Certain Corporate Matters – Awards and Recognition*" on page 136.

Our Company has posted profits continuously in the last five Fiscals. Our total revenues and PAT has increased from ₹14,737.01 million and ₹1,553.28 million respectively, in Fiscal 2012 to ₹20,992.84 million and ₹2,858.29 million, respectively, in Fiscal 2016 at a CAGR of 9.25% and 16.47%, respectively. For the half year ended September 30, 2016, our total revenues and PAT were ₹10,274.61 million and ₹1,845.24 million, respectively.

**Competitive Strengths**

We believe we benefit from a number of strengths that together differentiate us from our competitors:

***One of India's leading public-sector shipyards catering to both commercial clients as well as clients engaged in the defence sector with a multitude of offerings for a broad range of vessels across life cycles***

We are the largest public sector shipyard in India in terms of dock capacity, as of March 31, 2015, according to the CRISIL Report. We have catered to both commercial clients and clients engaged in the defence sector evidenced by our revenues from shipbuilding and ship repair operations in recent Fiscals as set our below:

| | | | ***(in ₹ million)*** |
|---|---|---|---|
| **Activity** | **Fiscal 2014** | **Fiscal 2015** | **Fiscal 2016** |
| ***Shipbuilding*** | | | |
| Clients engaged in the defence sector | 14,572.34 | 12,338.08 | 15,053.09 |
| Commercial Clients | 991.63 | 1,331.69 | 1,179.35 |
| **Total** | 15,563.97 | 13,669.77 | 16,232.44 |
| ***Ship repair*** | | | |
| Clients engaged in the defence sector | 1,062.48 | 536.78 | 2,818.33 |
| Commercial Clients | 1,224.03 | 1,440.92 | 822.21 |
| **Total** | 2,286.51 | 1,977.70 | 3,640.54 |
| **Grand Total** | **17,850.48** | **15,647.47** | **19,872.98** |

Shipbuilding for clients engaged in the defence sector is complex and time-consuming, whereas commercial shipbuilding, while relatively less complex, is subject to business cycles. Catering to both commercial clients and clients engaged in the defence sector has helped us to address these issues relatively better. We are currently building India's first IAC for the Indian Navy and have recently delivered the last FPV (in a series of 20) to the

Indian Coast Guard prior to the delivery date. We have also built two of India's largest double hull oil tankers, each of 92,000 DWT *(Source: CRISIL Report)* for SCI and recently delivered a large deck cargo cum jacket launch barge for NPCC.

In addition to shipbuilding, we also undertake ship repair for the Indian Navy and repaired about 15 Indian Naval Ships, on an average in the Fiscals 2014, 2015 and 2016, respectively where our scope of work varied from normal wear and tear to complex repairs. We also recently completed refits of INS Aditya, INS Sukanya, INS Shardul, INS Viraat and INS Vikramaditya for the Indian Navy. We have also undertaken major revamping and refurbishing of oil rigs involving steel renewal, up-gradation of drilling, cementing, mechanical, HVAC and piping systems in almost all the major offshore vessels and rigs of ONGC.

Our top customers include the Indian Navy and the Indian Coast Guard. These top two customers together accounted for 87.69%, 82.46%, 89.94% and 73.16% of our revenue from operations in Fiscals 2014, 2015, 2016 and the half year ended September 30, 2016, respectively. The Indian Navy has praised us for our high production standards, quality construction and timely delivery. *(Source: https://www.indiannavy.nic.in/content/vikrant-navys-first-indigenous-aircraft-carrier-launched)*

Our Marine Engineering Training Institute began in 1993 and we facilitate the DGS approved GME residential course for mechanical and naval architect engineering graduates. We also have a NABL accredited material testing laboratory.

We believe that our diverse experience and multiple offerings put us in a good position to benefit from the recent 'Make in India' initiative introduced by the GoI pursuant to which a steady pipeline of future orders and opportunities is expected from Indian clients engaged in the defence sector as well as the Indian PSUs.

***Modern facilities and infrastructure and integrated capabilities to deliver quality products and services***

We believe that the state of the art infrastructure and facilities available at our shipyard combined with our vast expertise give us a significant edge over our domestic peers. While our proposed Dry Dock project will be set up on our existing shipyard premises, the ISRF will be set up on land near our shipyard leased from the Cochin Port Trust ("**CoPT**"). We believe that our modern facilities and infrastructure and integrated capabilities have helped us built a strong reputation for quality and timely delivery over decades of doing business with both our Indian and international clients.

Our integrated shipbuilding infrastructure at the shipyard allows us to undertake structural, machinery and electrical design and to prepare detailed production engineering drawings. During the shipbuilding design process 3D hull, piping and electrical models are created, ensuring optimum, error free ship designs. Inputs for various NC equipment are also generated on these systems. Quay III, which is used for shipbuilding, has a length of 630m and has two LLTT cranes with capacities of 40T and 20T, respectively.

Our ship repair facilities include our Ship Repair Dock measuring 270m x 45m x 12m that enables us to undertake the repair of vessels with a maximum capacity of 125,000 DWT. Our shipyard currently has one of the largest ship repair capacities among the Indian public sector shipyards *(Source: CRISIL Report)*. Additionally, we have two quays, Quay I with a length of 290m and a 15T cranage and Quay II with a length of 208m and a 10T cranage. Both quays have LLTT cranes.

***Order book with a strong customer base of reputable ship owners and marquee clients***

*Shipbuilding*

We have built a variety of vessels ranging from bulk carriers, tankers and passengers ships to offshore support vessels and port crafts. In the last five years, we have built and delivered over 35 vessels to clients worldwide. We have built and repaired vessels and provided other offshore project services to some of the biggest corporates, both in India and globally. Our Indian clients include the Indian Navy, the Indian Coast Guard, SCI, ONGC, DGLL and DCI. Our key foreign clients include NPCC, the Clipper Group, Vroon and SIGBA AS.

We are currently building India's first IAC for the Indian Navy. We are also currently constructing two 500 passenger cum 150 ton cargo vessels and two 1200 passenger cum1000 ton cargo vessels for the A&N Administration, two Ro-Ro vessels for the Kochi Municipal Corporation and a vessel for one of GoI's projects.

*Ship repair*

We commenced ship repair operations in 1978 and have, over the years, developed adequate capabilities to handle complex and sophisticated repair jobs. We have also entered into special MoU arrangements to enhance our ship repair business. For example, we repaired LDCL and DCI vessels under our respective MoUs with them.

In Fiscal 2016, major repair works for commercial clients included work on the GTV Samudra Sarvekshak and the WSV Samudhra Nidhi for SCI, and on the Dredge VIII and Dredge XIX for the DCI and MV Kavaratti for LDCL. In the last Fiscal, we believe our docks were running at full capacity due to which we had to turn away certain new requests.

***Competitive cost structure and efficient operations***

We believe that we offer our clients competitive cost structures for their shipbuilding and ship repair needs. We have implemented measures to help ensure that our operations run efficiently. We seek to achieve optimum utilisation of our full capacity through effective production planning and scheduling and have delivered or are in the process of delivering all the vessels we have contracted for, including in certain cases, delivery ahead of schedule such as some of the FPVs for the Indian Coast Guard and deck cargo cum launch barge for NPCC. In some cases where we were able to deliver the vessels ahead of schedule to our customers, we were able to secure additional bonuses over and above the cost of the ship including from the Clipper Group as well as repeat orders from satisfied clients. We are committed to the timely delivery of vessels and place great emphasis on the quality of our construction. This helps to minimise the need to undertake rectification works for defects or non-compliance with our customers' specifications, and reduces our exposure to liquidated and other damages under our shipbuilding contracts.

We believe we have achieved further cost savings through our cost management activities. We operate an efficient system of sub-contracting which aids multiple repair projects and production planning. For example, rather than maintaining a large number of full time employees, we employ a significant number of contract labour workers, enabling us to keep the size of our workforce flexible based on our requirements. As of January 31, 2017, we had 1,836 full time employees, one employee on deputation from other government organisations and 589 contract employees. As of January 31, 2017, we also employed a minimum of 2,597 sub-contract workers on a daily basis. We also seek to manage the cost of the engines and other equipment used in our vessels by obtaining quotes from our approved vendors and the cost of our raw materials and components through the selection of suppliers and subcontractors based on several criteria, including the pricing and the quality of their products and reliability of their services. Generally, we avoid buying from intermediaries and prefer to deal directly with manufacturers so as to form long-term relationships with these manufacturers, and wherever possible, obtain better pricing terms.

Our shipyard is strategically located along the west coast of India, on the main sea route connecting the Persian Gulf to Asia, and is approximately 610 nautical miles from Mumbai, a busy international maritime route that is conveniently located for ships travelling on this route in need of repair. In addition, our shipyard is located close to the offshore oil fields on the western coast of India and relatively close to the Middle East, which we believe, will be an advantage in tapping the offshore rig market. Due to our shipyard's proximity to the Kochi port, we are well-positioned to benefit from the port's infrastructure facilities such as its approach channel and navigation facilities.

***Led by a dedicated board, long serving and experienced senior management backed by a strong pool of experienced professionals***

We are one of India's leading shipyards, making us an employer of choice and providing a better incentive to our management to continue to pursue excellence in our businesses. Each of our key management staff has, on average, more than 25 years of experience in the industry and has been with our Company for an average of two decades. Some of our senior management have grown within our organisation from trainee positions to head their respective departments. We believe that our organisational culture and experienced board and senior management have been instrumental in helping us achieve a low cost structure, continuous profit margins, efficient operations, short delivery schedules, relatively lower attrition and fewer employee disputes.

We have a large pool of experienced naval architects, engineers and draftsmen. We believe that our employees are instrumental to our success including for the quality of our products and services and our ability to operate in a cost-efficient manner. We focus on the overall development of our employees through the implementation of training programmes to enhance employee loyalty, reduce attrition rates, improve skills and service standards and increase productivity. For example, we provide regular in-house training for our employees such as skill development programs for various specialised tasks. We also have a MoU with Cochin University of Science and Technology ("**CUSAT**") that provides two seats for their M. Tech degree course in marine engineering annually for executives or officers sponsored by us.

***Continuous profits leading to robust financial performance***

We are a profitable and dividend paying shipyard. Our Company has posted profits continuously in the last five Fiscals. Our total revenues, and PAT have increased from ₹14,737.01 million and ₹1,553.28 million, respectively, in fiscal 2012 to ₹20,992.84 million and ₹2,858.29 million, respectively, in Fiscal 2016 at a CAGR of 9.25%, and 16.47%, respectively. For the half year ended September 30, 2016, our total revenues and PAT were ₹10,274.61 million and ₹1,845.24 million respectively. Additionally, we have continuously delivered positive RoE margins over the last four Fiscals.

We paid dividends to our shareholders at rates of 15%, 15%, 15%, 15% and 76.50% in Fiscals 2012, 2013, 2014, 2015 and 2016. Our strong liquidity position in terms of total cash of ₹ 21,191.54 million as of January 31, 2017, enables us to continue to stay invested in our business and to consistently pay our suppliers on time and benefit from supplier goodwill.

The strength of our balance sheet in terms of liquidity and indebtedness provides us with a number of competitive advantages, such as lower finance costs and better financial terms for our future borrowing needs. As of January 31, 2017, we had fund based indebtedness in the form of tax free infrastructure bonds amounting to ₹1,230.00 million (excluding interest due on these bonds). Apart from this, our Company had availed of non-fund based facilities of ₹1,009.89 million and USD26.46 million. Our listed debentures has been rated AA+ since 2014 by various agencies including IRRPL and CARE.

**Our Strategies**

Our objective is to enhance our market position by expanding our capabilities, capitalising on opportunities both in domestic and international markets in our industry and to enhance our competitiveness. Our business strategies are:

***Expand our capabilities through our proposed Dry Dock and International Ship Repair Facility***

We are in the process of developing our Dry Dock and ISRF. Once developed, we believe that these new facilities will expand our existing capabilities significantly and help us build and repair a broader variety of vessels including new generation aircraft carriers and oil rigs, which are expected to be key growth drivers in the short to near long term. The process of setting up an ISRF will allow us to undertake repair of a broader range of vessels.

*Dry Dock*

In addition to our existing dock, we are in the process of building a Dry Dock at a total estimated cost of ₹17,989.91 million. The length of the Dry Dock will be greater than the length of our existing docks. The larger size of our proposed Dry Dock will enable us to build and repair ships of higher capacity and large naval vessels such as aircraft carriers. Further, the greater width of our Dry Dock will also enable us to undertake building and repair of rigs, within our shipyard.

In relation to our proposed Dry Dock, HaskoningDHV India Private Ltd has prepared a Detailed Project Report dated October 5, 2016. We have also completed the Environmental Impact Assessment study and have obtained environmental clearance from the MoEFCC. The environmental clearance is subject to certain conditions including obtaining prior clearance of the wildlife from the standing committee of the National Wildlife Board. For more details, see *"Risk Factors – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation v. Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife."* on page 269 and see *"Governmental and Other Approvals"* on page 271.

*ISRF*

We entered into an agreement for development and operation of an international ship repair facility dated

December 24, 2012 with Cochin Port Trust under which we are in process of setting up an ISRF which inter-alia contains provisions for liquidated damages, indemnity and termination. For the ISRF, we have leased approximately 8.12 hectares of land and 15 hectares of water body from CoPT, including their existing ship-repair facility, for a period of 30 years pursuant to the lease deed dated April 12, 2013. Since then, we have begun using the existing dry dock and allied facilities in the leased area for carrying out ship repair in a limited way.

The ISRF will comprise of a ship-lift, transfer system and allied facilities to be built at an estimated investment of ₹ 9,694.1 million. We have appointed a consortium of Inros Lackner SE and Tata Consulting Engineers Limited as project consultants. A detailed project report was prepared by the project consultants and received the GoI approval on May 19, 2016. The Expert Appraisal Committee has already recommended for environmental clearance for the project from the MoEFCC.

***Build a strong order book by bidding vigorously for projects to be awarded by the Indian PSUs and defence sector pursuant to 'Make in India' initiative***

We believe we are well-positioned to benefit from the recent 'Make in India' initiative pursuant to which the GoI is keen to encourage defence manufacturing in India. Policy initiatives such as granting infrastructure status to shipbuilding, granting right of first refusal to Indian shipyards for shipbuilding and ship repair work of the Indian PSUs and support through the new financial assistance scheme are expected to provide a steady pipeline of orders and become key drivers of growth.

Our proposed Dry Dock and ISRF will increase our ability to build, repair and service a broader range of vessels including vessels of larger capacities. As we are one of the very few commercial shipyards to have won defence orders from the Indian Navy and the Indian Coast Guard in the past, and have been able to deliver successfully on these mandates, we believe that we are well positioned to take advantage of future orders placed by the Indian Navy and other Indian PSUs. We believe that we have an advantage over other defence PSUs, as they currently do not have the capacity to construct certain types of ships especially those of bigger dimensions such as the IAC.

The GoI also plans to promote inland water transportation and coastal shipping. We believe that this will present several opportunities including building high speed ferry crafts, dredgers, ropax vessels and large capacity passenger ships. This will create demand for shipbuilding and ship repair services, which we believe we are well equipped to deliver. For example, we have recently bid in respect of a tender by Hooghly Dock & Port Engineers Ltd ("**HDPEL**"), a GoI enterprise, for the upgradation, operation, maintenance and management of two of its shipyards at Salkia and Nazirgunge located at Howrah, West Bengal.

***Continue to enhance our construction quality and delivery time and enhance our price competitiveness in order to increase our market share***

We believe that our emphasis on quality of construction and timely delivery has been a key factor in our ability to attract new customers and to retain our existing customers. For example, we recently delivered seven FPVs for the Indian Coast Guard ahead of the contractual delivery schedule. The final FPV (in a series of 20) was delivered on December 30, 2016, ahead of the scheduled delivery date of March, 2017. We believe that we are achieving the highest standards in India across in many areas of shipbuilding, such as plate preparation and cutting processes, block fabrication, hull erection, outfitting, design and engineering, sourcing, procurement, and project management.

Furthermore, with the rising production cost globally, we believe there will be greater demand for offshore support vessels and other commercial vessels that are built by shipyards with a competitive cost structure and which can offer vessels at competitive prices. With our in-house fabrication workshops, we intend to continue to develop in-house capabilities in various manufacturing processes, thereby enabling us to lower our costs of production and maintain our price competitiveness. We also believe our operations will benefit from our business partnerships with firms like GTT.

We believe that continuing to enhance our production planning and sequencing processes and inventory management will also help us to maintain our cost competitiveness and further reduce the construction period of ships.

***Strengthen our market leadership by continuously adding upgraded and new vessel models to our offerings and expanding customer services***

Leveraging our experience in building other vessels, we plan to expand our product offerings. We believe that we are strong contenders for building the next aircraft carrier for the Indian Navy, due to our unique experience in constructing such vessels. With this experience we will also be able to bid for other defence projects. Furthermore, we believe that we are well-positioned to pitch for opportunities in the rig building and repair business owing to our proximity to offshore locations.

With the construction of our proposed Dry Dock and ISRF, we will also be able to build and repair new vessel models. We are well-positioned to follow the latest domestic and international standards for our new offerings. We also plan to expand our operations to cover the entire life cycle of a broader range of vessels.

***Continue to leverage our market position and our relationships with customers, suppliers and other business partners to support our growth and improve our competitiveness***

We plan to use our leading position in the Indian shipbuilding and ship repair industry to develop new relationships with banks, suppliers, universities and colleges, technical schools, classification societies, ship design institutes, as well as companies in upstream and downstream, oil and offshore services industries, and to create a favorable environment for our sustainable development.

We plan to further strengthen our long-term cooperation with well-known universities, such as CUSAT, to jointly provide training, carry out research and development, and develop a potential workforce to support our future growth. We have also set up a section for the preparation of basic designs to enhance our design capabilities and to cater to future design requirements.

We believe that these initiatives will also help us in attracting the best talent to Kochi by creating a network of shipbuilding and ship repair experts and helping Kochi to become as an important center for shipping and related businesses.

## SUMMARY FINANCIAL INFORMATION

### RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

*₹in millions*

| | Particulars | As at 30th Sep 2016 | As at 31st Mar 2016 | As at 31st Mar 2015 | As at 31st Mar 2014 | As at 31st Mar 2013 | As at 31st Mar 2012 |
|---|---|---|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | | | | |
| | | | | | | | |
| **1** | **Shareholders' funds** | | | | | | |
| | Share capital | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,524.22 |
| | Reserves and surplus | 17,913.99 | 16,072.30 | 14,253.50 | 13,768.01 | 11,106.46 | 8,649.98 |
| **2** | **Non-current liabilities** | | | | | | |
| | Long term borrowings | 1,230.00 | 1,230.00 | 1,230.00 | 1,230.00 | 0.00 | 0.00 |
| | Other long term liabilities | 26.12 | 26.12 | 26.12 | 56.12 | 51.30 | 75.84 |
| | Long term provisions | 192.90 | 189.65 | 193.22 | 179.36 | 197.43 | 191.37 |
| **3** | **Current liabilities** | | | | | | |
| | Short term borrowings | 0.00 | 0.00 | 0.00 | 2,109.18 | 0.00 | 0.00 |
| | Trade payables | 3,557.15 | 2,098.77 | 1,709.84 | 1,716.11 | 1,400.30 | 3,066.47 |
| | Other current liabilities | 7,614.99 | 9,367.43 | 8,156.16 | 6,064.88 | 6,840.10 | 10,227.68 |
| | Short-term provisions | 5,270.51 | 4,907.20 | 3,481.59 | 3,658.59 | 3,296.10 | 2,359.15 |
| | **Total** | **36,938.46** | **35,024.27** | **30,183.23** | **29,915.05** | **24,024.49** | **26,094.71** |
| II. | **ASSETS** | | | | | | |
| **1** | **Non-current assets** | | | | | | |
| | Fixed assets | | | | | | |
| | (i)Tangible assets | 2,971.44 | 2,964.39 | 2,894.37 | 2,972.58 | 2,403.56 | 1,854.85 |
| | (ii) Intangible assets | 710.77 | 737.80 | 806.60 | 728.38 | 1.26 | 1.30 |
| | (iii) Capital work in progress | 269.83 | 234.42 | 127.79 | 75.65 | 1,380.09 | 636.18 |
| | Non-current investments | 0.92 | 0.92 | 1.92 | 1.92 | 1.92 | 1.92 |
| | Deferred tax asset (Net) | 307.20 | 315.66 | 226.15 | 163.06 | 162.60 | 207.34 |
| | Long-term loans and advances | 143.37 | 382.26 | 360.90 | 139.34 | 69.42 | 107.88 |
| | Other non-current assets | 390.83 | 1,945.35 | 312.94 | 676.52 | 618.84 | 529.24 |
| **2** | **Current assets** | | | | | | |
| | Inventories | 2,709.48 | 2,316.36 | 3,033.84 | 3,959.19 | 3,552.60 | 3,620.66 |
| | Trade receivables | 6,103.19 | 4,637.66 | 5,897.63 | 12,071.44 | 6,858.05 | 7,833.37 |
| | Cash and bank balances | 17,190.92 | 18,204.13 | 14,194.47 | 5,564.31 | 7,039.65 | 9,088.97 |
| | Short-term loans and advances | 3,337.22 | 1,958.19 | 1,787.39 | 1,919.64 | 633.90 | 1,416.42 |
| | Other current assets | 2,803.29 | 1,327.13 | 539.23 | 1,643.02 | 1,302.60 | 796.58 |
| | **Total** | **36,938.46** | **35,024.27** | **30,183.23** | **29,915.05** | **24,024.49** | **26,094.71** |

**RESTATED STATEMENT OF PROFIT AND LOSS**

| | | | | | | | ***₹in millions*** |
|---|---|---|---|---|---|---|---|
| | **Particulars** | **For Half year ended 30th Sep 2016** | **For the year ended 31st Mar 2016** | **For the year ended 31st Mar 2015** | **For the year ended 31st Mar 2014** | **For the year ended 31st Mar 2013** | **For the year ended 31st Mar 2012** |
| **I.** | Revenue from operations | 9,537.12 | 19,924.50 | 15,861.57 | 18,002.82 | 16,815.38 | 14,064.62 |
| **II.** | Other income | 737.49 | 1,068.34 | 770.73 | 610.61 | 869.22 | 672.39 |
| **III.** | **Total revenue (I + II)** | **10,274.61** | **20,992.84** | **16,632.30** | **18,613.43** | **17,684.60** | **14,737.01** |
| **IV.** | **Expenses:** | | | | | | |
| | Cost of materials consumed | 4,360.14 | 10,543.22 | 10,008.08 | 7,757.49 | 8,793.18 | 6,696.19 |
| | Changes in inventories of work-in-progress | (560.44) | (164.41) | (192.25) | 402.15 | (530.46) | 170.00 |
| | Sub contract and other direct expenses | 1,591.25 | 1,929.21 | 1,600.92 | 1,746.66 | 2,034.56 | 2,133.33 |
| | Employee benefits expense | 1,047.25 | 2,108.43 | 2,157.51 | 2,091.92 | 1,888.08 | 1,749.91 |
| | Finance costs | 52.72 | 119.40 | 183.22 | 192.56 | 226.37 | 124.29 |
| | Depreciation and amortisation expense | 188.40 | 371.93 | 376.98 | 253.22 | 188.00 | 224.30 |
| | Other expenses | 694.43 | 1,432.55 | 1,127.57 | 1,419.66 | 1,015.38 | 1,240.60 |
| | Provision for anticipated losses and expenditure | 60.71 | 224.14 | 251.06 | 404.68 | 87.86 | 92.36 |
| | **Total expenses** | **7,434.46** | **16,564.47** | **15,513.09** | **14,268.34** | **13,702.97** | **12,430.98** |
| **V** | **Profit before tax (III-IV)** | **2,840.15** | **4,428.37** | **1,119.21** | **4,345.09** | **3,981.63** | **2,306.03** |
| **VI** | **Tax expense:** | | | | | | |
| | Current tax | 986.45 | 1,659.60 | 470.01 | 1,509.86 | 1,267.85 | 775.74 |
| | Deferred tax | 8.46 | (89.52) | (63.09) | (0.46) | 44.74 | (22.99) |
| | **Net Profit(+)/Loss(-) from Ordinary Activities after tax(8-9)** | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,553.28 |
| | Extraordinary item(net of tax expense ) | - | - | - | - | - | - |
| **VII** | **Profit for the year** | **1,845.24** | **2,858.29** | **712.29** | **2,835.69** | **2,669.04** | **1,553.28** |
| **VIII** | **Earnings per equity share** (Face value of ₹ 10 each): | | | | | | |
| | Basic and Diluted (in ₹) | 16.29 | 25.23 | 6.29 | 25.03 | 23.56 | 13.43 |

**RESTATED SUMMARY STATEMENT OF CASH FLOWS**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **For the Half Year Ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| **A. Cash flow from Operating Activities** | | | | | | |
| Net profit before tax | **2,840.15** | **4,428.37** | **1,119.21** | **4,345.09** | **3,981.63** | **2,306.03** |
| Adjustments for : | | | | | | |
| Depreciation and amortisation | 176.41 | 344.98 | 346.96 | 215.74 | 143.35 | 173.52 |
| Value of surrendered land written off | 0.00 | 0.56 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest expense | 52.72 | 109.70 | 172.79 | 189.50 | 225.59 | 117.66 |
| Interest income | (629.27) | (993.61) | (535.49) | (508.29) | (589.72) | (501.40) |
| Rental income | (2.63) | (10.01) | (32.81) | (6.37) | (7.70) | (10.05) |
| Dividend income | (30.26) | (0.05) | (0.11) | (0.09) | (0.61) | (0.07) |
| Loss on sale of fixed assets | 0.00 | 0.63 | 0.77 | 0.47 | 2.44 | 0.49 |
| Profit on sale of fixed assets | 0.00 | (0.17) | 0.00 | (0.02) | 0.00 | 0.00 |
| Loss on derivative contracts (Net) | (22.28) | 6.97 | (53.40) | 275.95 | 125.04 | 175.76 |
| Unrealised loss/(gain) on derivative contracts (Net) | (3.00) | 0.13 | (3.39) | 3.03 | (33.92) | 38.83 |
| Exchange difference from FE transactions | 0.00 | (2.28) | (73.44) | (6.87) | (73.12) | (32.02) |
| Diminution in carrying cost of investment | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating cash flow before working capital changes | **2,381.84** | **3,886.22** | **941.09** | **4,508.14** | **3,772.98** | **2,268.75** |
| Adjustments for working capital changes: | | | | | | |
| Inventories | (393.12) | 717.48 | 925.35 | (406.59) | 68.05 | (1,277.90) |
| Trade and other receivables | (1,365.98) | (4,734.65) | 3,351.57 | (8,295.06) | 1,995.91 | 3,300.82 |
| Trade and other payables | (67.33) | 1858.56 | 2164.70 | (764.64) | (4587.15) | (283.00) |
| Cash generated from operation before Income Tax | 555.41 | 1,727.61 | 7,382.71 | (4,958.15) | 1,249.79 | 4,008.67 |
| Income tax paid | 899.30 | 1,334.18 | 748.54 | 883.60 | 766.65 | 904.45 |
| Net cash generated from Operating Activities (A) | **(343.89)** | **393.43** | **6,634.17** | **(5,841.75)** | **483.14** | **3,104.22** |
| **B. Cash flow from Investing Activities** | | | | | | |
| Purchase of assets | (156.45) | (347.77) | (347.73) | (1,512.35) | (694.47) | (149.31) |
| Capital Work In Progress | (35.41) | (106.63) | (52.14) | 1,304.44 | (743.92) | (264.48) |
| Investment in Mutual Funds | (4,232.50) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Redemption of Mutual Funds | 4,232.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale or withdrawal of fixed assets | 0.00 | 0.29 | 0.00 | 0.02 | 0.00 | 0.02 |
| Interest received | 329.35 | 918.33 | 522.30 | 353.90 | 498.14 | 502.91 |
| Rent received | 1.31 | 10.01 | 32.81 | 6.37 | 7.70 | 10.05 |
| Dividend income | 30.32 | 0.00 | 0.00 | 0.09 | 0.61 | 0.07 |
| Net cash generated from Investing Activities (B) | **169.12** | **474.23** | **155.24** | **152.47** | **(931.94)** | **99.26** |
| **C. Cash flow from Financing Activities** | | | | | | |
| Issue of Tax free Bonds | 0.00 | 0.00 | 0.00 | 1,230.00 | 0.00 | 0.00 |

| ₹ *in millions* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **For the Half Year Ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| Premium on issue of Tax free Bonds | 0.00 | 0.00 | 0.00 | 0.12 | 0.00 | 0.00 |
| Short term borrowings | 0.00 | 0.00 | (2,109.18) | 2,109.18 | 0.00 | 0.00 |
| Loss/profit on derivative contracts (Net) | 22.28 | (6.97) | 53.40 | (275.95) | (125.04) | (175.76) |
| Loss on exchange difference from FE transactions | 0.00 | 2.28 | 73.44 | 6.87 | 73.12 | 32.02 |
| Redemption of Preference Shares | 0.00 | 0.00 | 0.00 | 0.00 | (391.42) | (400.00) |
| Dividend paid | 0.00 | (169.92) | (169.92) | (169.92) | (197.32) | (168.68) |
| Dividend tax paid | 0.00 | (34.59) | (28.88) | (28.88) | (32.01) | (28.02) |
| Interest paid | 0.00 | (109.72) | (172.79) | (161.30) | (225.59) | (117.66) |
| Net cash generated from Financing Activities (C) | **22.28** | **(318.92)** | **(2,353.93)** | **2,710.12** | **(898.26)** | **(858.10)** |
| **D. Net Increase in Cash & Cash Equivalent (A)+(B)+(C)** | **(152.49)** | **548.74** | **4,435.48** | **(2,979.16)** | **(1,347.06)** | **2,345.38** |
| Cash and cash equivalent at the beginning of the year | 5,114.71 | 4,565.97 | 130.49 | 3,109.65 | 4,456.71 | 2,111.33 |
| Cash and cash equivalent at the end of the year | 4,962.22 | 5,114.71 | 4,565.97 | 130.49 | 3,109.65 | 4,456.71 |
| Net cash increase/ (decrease) | **(152.49)** | **548.74** | **4,435.48** | **(2,979.16)** | **(1,347.06)** | **2,345.38** |

## THE ISSUE

The following table summarises the details of the Issue:

| | |
|---|---|
| Issue | 33,984,000 Equity Shares aggregating to ₹ [●] million |
| *of which:* | |
| (i) Fresh Issue[(1)] | 22,656,000 Equity Shares aggregating to ₹ [●] million |
| (ii) Offer for Sale[(2)] | 11,328,000 Equity Shares aggregating to ₹ [●] million |
| *of which:* | |
| Employee Reservation Portion[(3)(4)] | Up to 824,000 Equity Shares aggregating to ₹ [●] million |
| **Net Issue to the Public** | 33,160,000 Equity Shares |
| A) QIB Portion[(3)] | 16,580,000 Equity Shares |
| *of which:* | |
| Available for allocation to Mutual Funds only (5% of the QIB Portion)[(5)] | 829,000 Equity Shares |
| Balance of QIB Portion for all QIBs including Mutual Funds[(5)] | 15,751,000 Equity Shares |
| B) Non-Institutional Portion[(3)] | Not less than 4,974,000 Equity Shares |
| C) Retail Portion[(3)(4)] | Not more than 11,606,000 Equity Shares |
| **Pre and post Issue Equity Shares** | |
| Equity Shares outstanding prior to the Issue | 113,280,000 Equity Shares |
| Equity Shares outstanding after the Issue | [●] Equity Shares |
| **Utilisation of Net Proceeds** | For details, see "*Objects of the Issue*" on page 78.<br>Our Company will not receive any proceeds from the Offer for Sale. |

Allocation to Bidders in all categories (including the Employee Reservation portion) except the Retail Portion shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price.

(1) *The Issue has been authorised by our Board pursuant to a resolution passed at its meeting held on December 22, 2015 and by our Shareholders pursuant to a resolution passed at the AGM held on September 20, 2016.*

(2) *The Selling Shareholder, through its letter bearing file number SY-12021/1/2007–CSL. Vol IV dated November 23, 2015, conveyed the approval granted by the GoI for the Issue. The Equity Shares offered by the Selling Shareholder in the Issue have been held by them for a period of at least one year prior to the date of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulation. The Selling Shareholder, through its letter bearing file number SY-12021/1/2007-CSL Vol. V dated December 6, 2016, conveyed the consent for inclusion of 11,328,000 Equity Shares of our Company held by the President of India, acting through the Ministry of Shipping, Government of India as part of the Offer for Sale portion of the Issue.*

(3) *Under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any of the category or combination of categories at the discretion of our Company, the Selling Shareholder, the Book Running Lead Managers and the Designated Stock Exchange and in accordance with applicable laws, rules, regulations and guidelines, subject to valid Bids being received at or above the Bid Price. Under-subscription in the Employee Reservation Portion shall be added to the Net Issue.*

(4) *The Selling Shareholder, through its letter bearing file number SY-12021/1/2007–CSL. Vol IV dated November 23, 2015, conveyed the approval of price discount of 5% on Issue price to the retail investors subject to the advice of the BRLMs and prevailing market condition and 5% discount for Employee Reservation Portion. Retail Individual Bidders and Eligible Employees bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Retail Discount or Employee Discount, as applicable), at the time of making a Bid. Retail Individual Bidders and Eligible Employees bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Retail Discount or Employee Discount, as applicable at the time of making a Bid. Retail Individual Bidders must ensure that the Bid Amount, does not exceed ₹200,000. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, the initial Allotment to an Eligible Employee*

*in the Employee Reservation Portion shall not exceed ₹200,000 (which will be less Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).*

(5) *If the aggregate demand from Mutual Funds is less than 829,000 Equity Shares, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to QIB Bidders in proportion to their Bids.*

**Notes:**

1. The Issue and Net Issue shall constitute 25.00% and 24.39%, respectively of our post-Issue equity share capital.
2. The Issue comprises the Fresh Issue which shall constitute 16.67% of our post-Issue equity share capital and the Offer for Sale shall constitute 8.33% of our post-Issue equity share capital.
3. The Equity Shares being offered pursuant to the Offer for Sale have been held by the Selling Shareholder for a period of at least one year immediately preceding the date of this Draft Red Herring Prospectus.
4. Our Company will not receive any proceeds from the Offer for Sale.

For further details regarding the Issue Structure and Issue Procedure, see "*Issue Structure*" and "*Issue Procedure*" on page 299 and 303, respectively.

# GENERAL INFORMATION

**Registered and Corporate Office**

**Cochin Shipyard Limited**
Administrative Building,
Cochin Shipyard Premises,
Perumanoor, Kochi - 682015,
Kerala, India
Tel: +91 (484) 2501306
Fax: +91 (484) 2384001
Website: www.cochinshipyard.com
Email: secretary@cochinshipyard.com
Corporate Identity Number: U63032KL1972GOI002414

**Address of the Registrar of Companies**

Our Company is registered with the RoC, Kerala situated at the following address:

**Registrar of Companies**

Company Law Bhawan,
BMC Road,
Thrikkakara,
Kochi – 682021
Kerala, India
Tel: +91 (484) 2423749
Fax: + 91 (484) 2422327

**Board of Directors**

The following table sets out the composition of our Board as on the date of this Draft Red Herring Prospectus:

| Name and Designation | DIN | Address |
|---|---|---|
| Mr. Madhu S. Nair<br>*Chairman and Managing Director* | 07376798 | XI/356-A, Sreelakam, Off Kundanoor, Chilavanoor Road, Kundanoor, Maradu P.O., Kochi - 682304, Kerala, India |
| Mr. D. Paul Ranjan<br>*Director (Finance) and Chief Financial Officer* | 06869452 | Grace, 28/2090 A, Thottunkathara Road, Kadavanthra P.O., Ernakulam - 682020, Kerala, India |
| Mr. Sunny Thomas<br>*Director (Technical)* | 06882228 | 1/34, Kallukalam House, Paruthely Avenue Road, Edappally P O, Ernakulam - 682024, Kerala, India |
| Mr. Suresh Babu N.V<br>*Director (Operations)* | 07482491 | Nikerthil House, Palluruthy P.O., Perumpadappu, Ernakulam - 682006, Kerala, India |
| Mr. Barun Mitra<br>*Part Time Official (Nominee) Director* | 07012558 | D1/33, Rabindra Nagar, New Delhi- 110003, India |
| Mr. Elias George<br>*Part Time Official (Nominee) Director* | 00204510 | No.4, Neptune Country, Chilavannoor Road, Kadavanthra, Kochi - 682020, Kerala, India |
| Mr. Krishna Das E<br>*Non-Official Part Time (Independent) Director* | 02731340 | Sree Krishna Kripa, Pannicode, P O, Kunisseri, Palakkad - 678681, Kerala, India |
| Mr. Radhakrishna Menon<br>*Non-Official Part Time (Independent) Director* | 07518727 | Sreeniketan, Thrikodithanam P O, Changanacherry, Kottayam -686105, Kerala, India |
| Ms. Roopa Shekhar Rai<br>*Non-Official Part Time (Independent) Director* | 07565156 | 10, East High Court Road, Ramdaspeth, Nagpur - 440010, Maharashtra, India |

For further details of our Board of Directors, see "*Our Management*" on page 140.

**Chief Financial Officer**

Mr. D. Paul Ranjan is the Chief Financial Officer of our Company. His contact details are as follows:

**Mr. D. Paul Ranjan**
**Director (Finance)**
Administrative Building,
Cochin Shipyard Premises,
Perumanoor, Kochi - 682015,
Kerala, India
Tel: +91 (484) 6641222
Fax: +91 (484) 2365334
Email: paulranjan@cochinshipyard.com

**Company Secretary and Compliance Officer**

Ms. V. Kala is the Company Secretary and the Compliance Officer of our Company. Her contact details are as follows:

**Ms. V. Kala**
Administrative Building,
Cochin Shipyard Premises,
Perumanoor, Kochi - 682015,
Kerala, India
Tel: +91 (484) 2501306
Fax: +91 (484) 2384001
Email: secretary@cochinshipyard.com

**Investors Grievances**

Investors can contact the Company Secretary and Compliance Officer, the BRLMs, the Registrar to the Issue, in case of any pre-Issue or post-Issue related problems, such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account or refund orders, and non-receipt of funds by electronic mode.

All grievances may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

All grievances relating to Bids submitted with Registered Brokers may be addressed to them with copy to the Stock Exchanges and to the Registrar to the Issue.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

**Book Running Lead Managers**

**SBI Capital Markets Limited**
202, Maker Tower 'E', Cuffe Parade
Mumbai - 400005, Maharashtra, India
Tel: +91 (22) 22178300
Fax: +91 (22) 22188332
E-mail: csl.ipo@sbicaps.com
Investor grievance e-mail: investor.relations@sbicaps.com
Contact Person: Mr. Nikhil Bhiwapurkar / Mr. Sandeep Tenneti
Website: www.sbicaps.com
SEBI Registration No.: INM000003531

**Edelweiss Financial Services Limited**
14th Floor, Edelweiss House, Off. C.S.T Road, Kalina
Mumbai - 400098, Maharashtra, India
Telephone: +91 (22) 40094400
Fax: +91 (22) 40863610
E-mail: csl.ipo@edelweissfin.com
Investor grievance e-mail: customerservice.mb@edelweissfin.com
Contact Person: Mr. Siddharth Shah
Website: www.edelweissfin.com
SEBI Registration No.: INM0000010650

**JM Financial Institutional Securities Limited**
7th Floor, Cnergy, Appasaheb Marathe Marg,
Prabhadevi, Mumbai - 400025, Maharashtra, India
Tel: +91 (22) 66303030
Fax: +91 (22) 66303330
E-mail: csl.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Contact Person: Ms. Prachee Dhuri
Website: www.jmfl.com
SEBI Registration No.: INM000010361

**Syndicate Members**

The Syndicate Members will be appointed prior to filing the Red Herring Prospectus with the RoC.

**Registrar to the Issue**

**Link Intime India Private Limited**
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400 083
Maharashtra, India
Tel: +91 (22) 4918 6200
Fax: +91 (22) 4918 6195
Email: csl.ipo@linkintime.co.in
Investor grievance email: csl.ipo@linkintime.co.in
Contact person: Ms. Shanti Gopalkrishnan
Website: www.linkintime.co.in
SEBI Registration No: INR000004058

**Indian Legal Counsel to our Company and the Selling Shareholder**

**Khaitan & Co.**
One Indiabulls Centre, Tower 1, 13th Floor
841 Senapati Bapat Marg, Elphinstone Road
Mumbai - 400013, Maharashtra, India
Tel: +91 (22) 66365000
Fax: +91 (22) 66365050

**International Legal Counsel to our Company and the Selling Shareholder**

**Herbert Smith Freehills LLP**
50 Raffles Place
#24-01 Singapore Land Tower
Singapore 048623
Tel: +65 68688000
Fax: +65 68688001

**Indian Legal Counsel to the Book Running Lead Managers**

**Cyril Amarchand Mangaldas**
201, Midford House, Midford Garden, Off M.G. Road,
Bengaluru - 560001, Karnataka, India
Tel: +91 (80) 25584870
Fax: +91 (80) 25584266

**Statutory Auditors of our Company**

**Krishnamoorthy & Krishnamoorthy**
Chartered Accountants,
39/3217, Illom Block I
Paliam Road,
Cochin - 682016,
Tel: +91 (484) 2363676, +91 (484) 2374654
Fax: +91 (484) 2371845
Firm Registration No: 001488S
Email: k_krishnamoorthy@hotmail.com
Peer Review No: 009524

**Escrow Collection Banks**

The Escrow Collection Banks shall be appointed prior to filing of the Red Herring Prospectus with the RoC. The details of the Escrow Collection Banks shall be included in the Red Herring Prospectus.

**Refund Bank**

The Refund Bank, if any, shall be appointed prior to filing of the Red Herring Prospectus with the RoC.

**Designated Intermediaries**

**Self-Certified Syndicate Banks**

In relation to Bids submitted to a member of the Syndicate, the list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For list of branches of the SCSBs named by the respective SCSBs to collect the ASBA Forms please refer to the above-mentioned link.

**Registered Brokers**

The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

**RTAs**

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and email address, is provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

**Collecting Depository Participants**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

**Bankers to our Company**

| | |
|---|---|
| **State Bank of India**<br>First Floor, Vankarath Towers, Bye-Pass Junction, Padivattom, Ernakulam, Kochi – 682024, Kerala, India<br>Tel: +91 (484) 2340027<br>Fax: +91 (484) 2341100<br>E-mail: sbi.04062@sbi.co.in<br>Website: www.sbi.co.in<br>Contact Person: Mr. R. Ganesh | **State Bank of Travancore**<br>Perumanoor (Cochin Shipyard Branch)<br>Ravipuram, MG Road, Ernakulam – 682015, Kerala, India<br>Tel: +91 (484) 2363251<br>Fax: +91 (484) 2352066<br>E-mail: perumanoor@sbt.co.in<br>Website: www.statebankoftravancore.com<br>Contact Person: Mr. Lalu P. K |
| **Syndicate Bank**<br>Aishwarya Buildings, M.G. Road,<br>Opposite Cochin Shipyard,<br>Perumanoor Branch, Ernakulam, Kerala, India<br>Tel: +91 (484) 2359444<br>Fax: +91 (484) 2358951<br>E-mail: br.4303@syndicatebank.co.in<br>Website: www.syndicatebank.co.in<br>Contact Person: Mr. Ajithkumar P. R. | **Union Bank of India**<br>Nodal Regional Office, Union Bank Bhavan,<br>PB No. 3255, M G Road, Ernakulam - 682035, Kerala, India<br>Tel: +91 (484) 238521/ 2385206<br>Fax: +91 (484) 2385203<br>E-mail: cmpnd.ernakulam@unionbankofindia.com<br>Website: www.unionbankofindia.com<br>Contact Person: Mr. R. K. Singh |
| **IDBI Bank Limited**<br>Specialised Corporate Branch, IDBI Building, Panampilly Nagar, Kochi - 682036, Kerala, India<br>Tel: +91 (484) 2323324<br>Fax: +91 (484) 2310490<br>E-mail: ag.panicker@idbi.co.in<br>Website: www.idbi.com<br>Contact Person: Mr. Anil Panicker | |

**IPO grading**

No credit rating agency, registered with SEBI has been appointed in respect of obtaining grading for the Issue.

***Inter se* allocation of responsibilities**

The following table sets forth the inter se allocation of responsibilities for various activities among the BRLMs:

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 1. | Capital structuring, positioning strategy and due diligence of our Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing. | BRLMs | SBI Capital Markets Limited |
| 2. | Drafting and approval of all statutory advertisement | BRLMs | SBI Capital Markets Limited |
| 3. | Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. | BRLMs | JM Financial Institutional Securities Limited |
| 4. | Appointment of Intermediaries - Registrar to the Issue, Advertising Agency, Printers and Banker(s) to the Issue and Monitoring Agency and coordinating with them for execution of their respective agreements. | BRLMs | Edelweiss Financial Services Limited |
| 5. | Marketing and road-show presentation and preparation of frequently asked questions for the road show team | BRLMs | JM Financial Institutional Securities Limited |
| 6. | Domestic Institutional marketing of the Issue, which will cover, *inter alia*:<br>• Institutional marketing strategy;<br>• Finalizing the list and division of domestic investors for one-to-one meetings; and<br>• Finalizing domestic road show and investor meeting schedule | BRLMs | SBI Capital Markets Limited |
| 7. | International Institutional marketing of the Issue, which will cover, *inter alia*: | BRLMs | Edelweiss Financial |

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| | • Institutional marketing strategy;<br>• Finalizing the list and division of international investors for one-to-one meetings; and<br>• Finalizing international road show and investor meeting schedule | | Services Limited |
| 8. | Non-institutional and Retail marketing of the Issue which will cover, *inter alia*,<br>• Finalising media, marketing and public relations strategy;<br>• Finalising centres for holding conferences for brokers, etc;<br>• Follow-up on distribution of publicity and Issue material including form, the Prospectus and deciding on the quantum of the Issue material; and<br>• Finalising collection centres | BRLMs | JM Financial Institutional Securities Limited |
| 9. | Coordination with Stock-Exchanges for book building software, bidding terminals and mock trading, payment of STT on behalf of Selling Shareholder and payment of 1% security deposit to the designated stock exchange. | BRLMs | SBI Capital Markets Limited |
| 10. | Managing the book and finalization of pricing in consultation with our Company | BRLMs | SBI Capital Markets Limited |
| 11. | Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and SCSBs to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment based on technical rejections, listing of instruments, demat credit, refunds/ unblocking of funds, release of 1% security deposit, handling of investor grievances for redressal, media compliance report and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, SCSBs, including responsibility for execution of underwriting arrangements, as applicable. | BRLMs | Edelweiss Financial Services Limited |

Even if any of these activities are being handled by other intermediaries, the BRLMs shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company.

**Credit Rating**

As this is an Issue of Equity Shares, the requirement of credit rating is not applicable.

**Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, namely, Krishnamoorthy & Krishnamoorthy, who hold a valid peer review certificate, to include its name as required under section 26(1)(a)(v) of the Companies Act in this Draft Red Herring Prospectus and as an "Auditor" or "Statutory Auditor" and "expert" as defined under section 2(38) of the Companies Act in respect of the examination report dated January 24, 2017 of the Statutory Auditors on the restated audited financial statements of our Company as of and for the half year ended September 30, 2016 and the Fiscal years ended March 31, 2016, 2015, 2014, 2013 and 2012 and the statement of tax benefits dated March 23, 2017, included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

**Trustees**

As this is an Issue of Equity Shares, the requirement of appointment of trustees is not applicable.

**Appraising Agencies**

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

**Monitoring Agency**

Our Company will appoint a monitoring agency prior to filing of the Red Herring Prospectus in accordance with Regulation 16 of the SEBI ICDR Regulations. Further, as per the SEBI Listing Regulations in accordance with the corporate governance requirements, the Audit Committee of our Company would be monitoring the utilization of the proceeds of the Issue.

**Book Building Process**

Book building, in the context of the Issue, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band, which will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and which shall be notified in all editions of English national daily newspaper Business Standard, all editions of Hindi national daily newspaper Business Standard and Kochi edition of Malayalam daily newspaper Mathrubhumi, Malayalam being the regional language of Kerala, where our registered office is located, each with wide circulation at least five Working Days prior to the Bid / Issue Opening Date. The Issue Price shall be determined by our Company and the Selling Shareholder, in consultation with the BRLMs after the Bid / Issue Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholder;
- the BRLMs;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Issue;
- the Escrow Collection Bank(s);
- the RTAs; and
- the Collecting Depository Participants.

**All Bidders can participate in the Issue only through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Investors Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids during the Bid/ Issue Period and withdraw their Bids until the Bid / Issue Closing Date.**

**Our Company confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Issue. The Selling Shareholder, confirms that such Selling Shareholder will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the respective portion of their respective Equity Shares offered in the Offer for Sale.**

**The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Issue.**

For further details, see *"Issue Structure" and "Issue Procedure"* on pages 299 and 303, respectively. For an illustration of the Book Building Process and the price discovery process, see *"Issue Procedure – Part B – Basis of Allocation"* on page 333.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

**Withdrawal of the Issue**

For details in relation to refund on withdrawal of the Issue, see "*Terms of the Issue – Withdrawal of the Issue*" on page 297.

**Underwriting Agreement**

After the determination of the Issue Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder shall enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that pursuant to the terms of such Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [●], and has been approved by our Board of Directors / committee thereof and the Selling Shareholder.

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

*(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)*

*(in ₹ million)*

| Name, address, telephone, fax, and email of the Underwriters | Indicated number of Equity Shares to be Underwritten | Amount Underwritten |
| --- | --- | --- |
| [●] | [●] | [●] |
| [●] | [●] | [●] |
| [●] | [●] | [●] |

The above mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of directors and the Selling Shareholder (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall only be responsible for ensuring payment with respect to the Bids procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The underwriting arrangements mentioned above shall not apply to the applications by the ASBA Bidders in the Issue, except for ASBA Bids procured by any member of the Syndicate.

## CAPITAL STRUCTURE

The equity share capital of our Company as on the date of this Draft Red Herring Prospectus is set forth below:

*(in ₹, except share data)*

| | Aggregate nominal value | Aggregate value at Issue Price |
|---|---|---|
| **A. Authorised Share Capital*** | | |
| 250,000,000 Equity Shares of the face value ₹ 10 each | 2,500,000,000 | - |
| **B. Issued, subscribed and paid up Equity Share capital before the Issue** | | |
| 113,280,000 Equity Shares of the face value ₹ 10 each | 1,132,800,000 | - |
| **C. Present Issue in terms of this Draft Red Herring Prospectus**** | | |
| **which consists of:** | | |
| Fresh Issue of 22,656,000 Equity Shares of the face value ₹ 10 each | 226,560,000 | [●] |
| Offer for Sale of 11,328,000 Equity Shares by the Selling Shareholder of the face value ₹ 10 each | 113,280,000 | [●] |
| Of which: | | |
| Employee Reservation Portion up to 824,000*** Equity Shares of the face value ₹ 10 each | 8,240,000 | [●] |
| **D. Net Issue to the Public** | | |
| 33,160,000Equity Shares of the face value ₹ 10 each | 331,600,000 | |
| **E. Issued, subscribed and paid up Equity Share capital after the Issue** | | |
| 135,936,000 Equity Shares of the face value ₹ 10 each | 1,359,360,000 | |
| **F. Securities Premium Account** | | |
| Before the Issue (as on September 30, 2016) | Nil**** | |
| After the Issue | [●] | |

**For details on changes in authorized share capital of our Company, see "History and Certain Corporate Matters" on page 134.*

***Our Board of Directors has approved the Issue pursuant to a resolution passed at their meeting held on December 22, 2015 and our shareholders have approved the Issue pursuant to a resolution passed at the AGM held on September 20, 2016. The Selling Shareholder, through its letter bearing file number SY-12021/1/2007–CSL. Vol IV dated November 23, 2015, conveyed the approval granted by the GoI for the Issue. The President of India, acting through the Ministry of Shipping, Government of India has approved the Offer for Sale of 11,328,000 equity shares of our Company vide its letter bearing file number SY-12021/1/2007-CSL Vol. V dated December 6, 2016. The Equity Shares under the Issue have been held by the Selling Shareholder for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Issue as required by the SEBI ICDR Regulation.*

**** Our Company has reserved the maximum permissible limit of five percent of the post issue capital i.e. up to 824,000 Equity Shares of the face value ₹10 each in the Employee Reservation Portion. In the event the Equity shares offered to our Employees under the Employee Reservation, are not fully subscribed, the remaining unsubscribed portion of the Equity shares shall be offered to the public.*

*****As on September 30, 2016 our Company has a securities premium account of ₹90,862 on account of the secured bonds issued by our Company.*

### Notes to the Capital Structure:

1. Equity Share capital history of our Company:

| Date of Allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|---|---|---|---|---|---|---|
| March 27, 1973 | 90,010 | 1,000 | 1,000 | Cash | Allotment to our Promoter as initial subscriber of MOA | 90,010 | 90,010,000 |
| | 1 | 1,000 | 1,000 | Cash | Allotment to Mr. P.N. Jain, joint secretary to GoI, Ministry of Finance | 90,011 | 90,011,000 |

| Date of Allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|---|---|---|---|---|---|---|
| | | | | | as initial subscriber to MOA | | |
| | 1 | 1,000 | 1,000 | Cash | Allotment to Mr. B.P. Srivastava, Director (Projects), Ministry of Shipping & Transport as initial subscriber to MOA | 90,012 | 90,012,000 |
| | 1 | 1,000 | 1,000 | Cash | Allotment to Mr. S. Kasthuri, chief projects officer as initial subscriber to MOA | 90,013 | 90,013,000 |
| | 1 | 1,000 | 1,000 | Cash | Allotment to Mr. R.C. Gupta, under-secretary to GoI, Ministry of Shipping & Transport as initial subscriber to MOA | 90,014 | 90,014,000 |
| March 19, 1974 | 54,943* | 1,000 | - | Consideration other than cash | Allotment to our Promoter | 144,957 | 144,957,000 |
| March 19, 1974 | 70,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 214,957 | 214,957,000 |
| June 25, 1974 | 10,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 224,957 | 224,957,000 |
| June 25, 1974 | 52* | 1,000 | - | Consideration other than cash | Allotment to our Promoter | 225,009 | 225,009,000 |
| December 7, 1977 | 301,041 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 526,050 | 526,050,000 |
| February 11, 1980 | 15,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 541,050 | 541,050,000 |
| August 28, 1981 | 5,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 546,050 | 546,050,000 |
| March 15, 1982 | 74,200 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 620,250 | 620,250,000 |
| August 25, 1984 | 7,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 627,250 | 627,250,000 |
| March 30, 1985 | 2,350 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 629,600 | 629,600,000 |
| March 21, 1986 | 2,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 632,100 | 632,100,000 |
| February 21, 1987 | 2500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 634,600 | 634,600,000 |
| June 18, 1987 | 5,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 639,600 | 639,600,000 |
| November 2, 1987 | 5,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 644,600 | 644,600,000 |
| March 2, 1988 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 664,600 | 664,600,000 |
| June 17, 1988 | 18,700 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 683,300 | 683,300,000 |
| February 23, 1989 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 703,300 | 703,300,000 |
| June 27, 1989 | 8,800 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 712,100 | 712,100,000 |
| December 19, 1989 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 732,100 | 732,100,000 |

| Date of Allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|---|---|---|---|---|---|---|
| March 23, 1990 | 11,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 743,600 | 743,600,000 |
| June 25, 1992 | 29,300 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 772,900 | 772,900,000 |
| April 29, 1993 | 25,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 797,900 | 797,900,000 |
| March 18, 1994 | 22,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 820,400 | 820,400,000 |
| April 27, 1996 | 32,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 852,900 | 852,900,000 |
| April 4, 1996 | 15,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 867,900 | 867,900,000 |
| July 25, 1996 | 25,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 892,900 | 892,900,000 |
| December 16, 1996 | 28,150 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 921,050 | 921,050,000 |
| June 27, 1997 | 16,850 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 937,900 | 937,900,000 |
| November 28, 1997 | 24,750 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 962,650 | 962,650,000 |
| May 29, 1998 | 22,650 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 985,300 | 985,300,000 |
| June 29, 1999 | 52,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,037,800 | 1,037,800,000 |
| December 23, 1999 | 13,100 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,050,900 | 1,050,900,000 |
| March 27, 2000 | 5,900 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,056,800 | 1,056,800,000 |
| March 27, 2000 | 6,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,062,800 | 1,062,800,000 |
| September 22, 2000 | 5,650 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,068,450 | 1,068,450,000 |
| March 28, 2001 | 11,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,079,950 | 1,079,950,000 |
| June 25, 2001 | 32,850 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,112,800 | 1,112,800,000 |
| August 16, 2002 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,132,800 | 1,132,800,000 |
| With effect from March 17, 2009, 1,132,800 equity shares of face value of ₹1,000 each were split into 113,280,000 Equity Shares of the face value of ₹10 each. | | | | | | | |

**For further details on Equity Shares issued for consideration other than cash, please refer to the table below.*

# Note: RoC filings pertaining to allotment dated June 17, 1988 is not traceable. Refer to the "*Risk Factors – One of our records relating to a form filed with the RoC is not traceable*" on page 33.

## 2. *Preference Share Capital history of our Company*

The following is the history of the preference share capital of our Company:

| Date of allotment | Number of preference shares allotted/redeemed | Face value (₹) | Issue price / Conversion price (₹) | Nature of consideration | Details |
|---|---|---|---|---|---|
| April 27, 1995 | 1,191,420 | 1,000 | 1,000 | Cash | Allotment of 7% non cumulative preference shares to our Promoter |
| September 5, 2009 | (400,000) | 1,000 | 1,000 | Cash | Redemption of 7% non cumulative preference shares at par |
| December 30, | (200,000) | 1,000 | 1,000 | Cash | Redemption of 7% non |

| Date of allotment | Number of preference shares allotted/redeemed | Face value (₹) | Issue price / Conversion price (₹) | Nature of consideration | Details |
|---|---|---|---|---|---|
| 2011 | | | | | cumulative preference shares at par |
| March 23, 2012 | (200,000) | 1,000 | 1,000 | Cash | Redemption of 7% non cumulative preference shares at par |
| March 23, 2013 | (391,420) | 1,000 | 1,000 | Cash | Redemption of 7% non cumulative preference shares at par |

3. Except as stated below, our Company has not issued any Equity Shares for consideration other than cash:

| Date of allotment/date when fully paid up | No. of Equity Shares | Face Value (₹) | Type of allotment | Persons to whom the Equity Shares were issued | Reason for allotment/Benefits to our Company |
|---|---|---|---|---|---|
| March 19, 1974 | 54,943 | 1,000 | Issuance of Equity Shares for consideration other than cash | Promoter | These Equity Shares were allotted to our Promoter towards the provisional valuation of assets taken over by our Company from the erstwhile Cochin shipyard project of GoI. |
| June 25, 1974 | 52 | 1,000 | Issuance of Equity Shares for consideration other than cash | Promoter | These Equity Shares were allotted to our Promoter towards the final valuation of assets taken over by our Company from the erstwhile Cochin shipyard project of GoI. |

4. Our Company has not allotted any shares in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.
5. Our Company has not issued any Equity Shares out of its revaluation reserves.
6. Our Company has not made any issue of specified securities at a price that may be lower than the Issue Price during the preceding one year from the date of this Draft Red Herring Prospectus.
7. Our Company presently does not have any intention or proposal to alter the capital structure for a period of six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for the Equity Shares) whether by way of preferential issue or bonus or right issue or further public issue of Equity Shares or qualified institutions placement or otherwise.
8. Build-up of Promoter's shareholding and Lock-in:

   As on date of this Draft Red Herring Prospectus, our Promoter holds 113,279,700 Equity Shares, equivalent to approximately 100% of the issued, subscribed and paid-up Equity Share capital of our Company.

   (a) *Details of the build-up of our Promoter's shareholding in our Company:*

| Date of allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of allotment | Cumulative number of Equity Shares | Percentage of total pre-Issue paid-up capital | Percentage of total post-Issue paid-up capital |
|---|---|---|---|---|---|---|---|---|
| March 27, 1973 | 90,010 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 90,010 | 7.95 | [●] |
| December 12, | 1 | 1,000 | 1,000 | Cash | Transfer to | 90,011 | 0.00 | [●] |

| Date of allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of allotment | Cumulative number of Equity Shares | Percentage of total pre-Issue paid-up capital | Percentage of total post-Issue paid-up capital |
|---|---|---|---|---|---|---|---|---|
| 1973 | | | | | President of India by nominees of Promoter | | | |
| March 19, 1974 | 54,943 | 1,000 | - | Consideration other than cash | Allotment to our Promoter | 144,954 | 4.85 | [●] |
| March 19, 1974 | 70,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 214,954 | 6.18 | [●] |
| June 25, 1974 | 10,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 224,954 | 0.88 | [●] |
| June 25, 1974 | 52 | 1,000 | - | Consideration other than cash | Allotment to our Promoter | 225,006 | 0.00 | [●] |
| December 7, 1977 | 301,041 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 526,047 | 26.57 | [●] |
| February 11, 1980 | 15,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 541,047 | 1.32 | [●] |
| August 28, 1981 | 5,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 546,047 | 0.44 | [●] |
| March 15, 1982 | 74,200 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 620,247 | 6.55 | [●] |
| August 25, 1984 | 7,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 627,247 | 0.62 | [●] |
| March 30, 1985 | 2,350 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 629,597 | 0.21 | [●] |
| March 21, 1986 | 2,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 632,097 | 0.22 | [●] |
| February 21, 1987 | 2,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 634,597 | 0.22 | [●] |
| June 18, 1987 | 5,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 639,597 | 0.44 | [●] |
| November 02, 1987 | 5,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 644,597 | 0.44 | [●] |
| March 2, 1988 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 664,597 | 1.77 | [●] |
| June 17, 1988 | 18,700 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 683,297 | 1.65 | [●] |
| February 23, 1989 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 703,297 | 1.77 | [●] |
| June 27, 1989 | 8,800 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 712,097 | 0.78 | [●] |
| December 19, 1989 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 732,097 | 1.77 | [●] |
| March 23, 1990 | 11,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 743,597 | 1.02 | [●] |
| June 25, 1992 | 29,300 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 772,897 | 2.59 | [●] |
| April 29, 1993 | 25,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 797,897 | 2.21 | [●] |
| March 18, 1994 | 22,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 820,397 | 1.99 | [●] |
| April 4, 1996 | 15,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 835,397 | 1.32 | [●] |
| April 27, 1996 | 32,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 867,897 | 2.87 | [●] |
| July 25, 1996 | 25,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 892,897 | 2.21 | [●] |
| December 16, 1996 | 28,150 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 921,047 | 2.48 | [●] |

| Date of allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of allotment | Cumulative number of Equity Shares | Percentage of total pre-Issue paid-up capital | Percentage of total post-Issue paid-up capital |
|---|---|---|---|---|---|---|---|---|
| June 27, 1997 | 16,850 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 937,897 | 1.49 | **[●]** |
| November 28, 1997 | 24,750 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 962,647 | 2.18 | **[●]** |
| May 29, 1998 | 22,650 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 985,297 | 2.00 | **[●]** |
| June 29, 1999 | 52,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,037,797 | 4.63 | **[●]** |
| December 23, 1999 | 13,100 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,050,897 | 1.16 | **[●]** |
| March 27, 2000 | 5,900 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,056,797 | 0.52 | **[●]** |
| March 27, 2000 | 6,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,062,797 | 0.53 | **[●]** |
| September 22, 2000 | 5,650 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,068,447 | 0.50 | **[●]** |
| March 28, 2001 | 11,500 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,079,947 | 1.02 | **[●]** |
| June 25, 2001 | 32,850 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,112,797 | 2.90 | **[●]** |
| August 16, 2002 | 20,000 | 1,000 | 1,000 | Cash | Allotment to our Promoter | 1,132,797 | 1.77 | **[●]** |
| With effect from March 17, 2009, 1,132,797 equity shares of face value of ₹1,000 each held by our promoter were split into 113,279,700 Equity Shares of the face value of ₹10 each. | | | | | | | | |
| **Total** | 113,279,700 | 10 | - | - | - | 113,279,700 | 100 | [●] |

(b) *Details of Promoter's contribution locked in for three years:*

As per regulation 32(1)(a) and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the post- Issue equity share capital of our Company held by our Promoter shall be considered as promoter's contribution and locked in for a period of three years from the date of Allotment ("**Promoter's Contribution**") and our Promoters' holding in excess of 20% shall be locked in for a period of one year.

The MoS, pursuant to its letter bearing file number SY-12021/1/2007-CSL Vol.V dated December 6, 2016, granted consent to include upto 27,187,200 Equity Shares held by them as Promoter's Contribution and have agreed not to sell or transfer, charge or pledge or otherwise encumber in any manner, the Promoter's Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

The MoS has confirmed to our Company and the BRLMs that the acquisition of Equity Shares (constituting the 20% of the fully diluted post-Issue equity share capital of our Company) has been financed from the consolidated fund of India and no loans or financial assistance from any bank or financial institution has been availed for such purpose.

Details of Promoter's shareholding that is eligible for Promoter's contribution is as provided below:

| Date of allotment/ transfer or when the Equity Shares were made fully paid up | No. of Equity Shares locked - in | Face value (₹) | Issue/ Acquisition price per Equity Share (₹) | % of post-Issue Capital | Consideration | Nature of Transaction |
|---|---|---|---|---|---|---|
| August 16, 2002 | 2,000,000* | 10* | 1,000 | 1.47 | Cash | Allotment to our Promoter |
| June 25, 2001 | 3,285,000* | 10* | 1,000 | 2.42 | Cash | Allotment to our Promoter |
| March 28, 2001 | 1,150,000* | 10* | 1,000 | 0.85 | Cash | Allotment to our Promoter |
| September 22, 2000 | 565,000* | 10* | 1,000 | 0.42 | Cash | Allotment to our Promoter |
| March 27, 2000 | 600,000* | 10* | 1,000 | 0.44 | Cash | Allotment to our Promoter |

| Date of allotment/ transfer or when the Equity Shares were made fully paid up | No. of Equity Shares locked - in | Face value (₹) | Issue/ Acquisition price per Equity Share (₹) | % of post-Issue Capital | Consideration | Nature of Transaction |
|---|---|---|---|---|---|---|
| March 27, 2000 | 590,000* | 10* | 1,000 | 0.43 | Cash | Allotment to our Promoter |
| December 23, 1999 | 1,310,000* | 10* | 1,000 | 0.96 | Cash | Allotment to our Promoter |
| June 29, 1999 | 5,250,000* | 10* | 1,000 | 3.86 | Cash | Allotment to our Promoter |
| May 29, 1998 | 2,265,000* | 10* | 1,000 | 1.67 | Cash | Allotment to our Promoter |
| November 28, 1997 | 2,475,000* | 10* | 1,000 | 1.82 | Cash | Allotment to our Promoter |
| June 27, 1997 | 1,685,000* | 10* | 1,000 | 1.24 | Cash | Allotment to our Promoter |
| December 16, 1996 | 2,815,000* | 10* | 1,000 | 2.07 | Cash | Allotment to our Promoter |
| July 25, 1996 | 2,500,000* | 10* | 1,000 | 1.84 | Cash | Allotment to our Promoter |
| April 4, 1996 | 697,200* | 10* | 1,000 | 0.51 | Cash | Allotment to our Promoter |
| **Total** | | | **27,187,200** | 20.00% | | |

**With effect from March 17, 2009, each Equity Share of face value of ₹1000 was split into 100 Equity Shares of ₹10 each.*

*Note: Details of Equity Shares to be locked-in will be included in the Prospectus to be filed with the RoC.*

All Equity Shares, which are considered for the purposes of the Promoter's Contribution, are eligible as per the SEBI ICDR Regulations.

The minimum Promoter's contribution has been brought in to the extent of not less than the specified minimum lot and from the 'Promoter' as required under the SEBI ICDR Regulations. All Equity Shares offered as minimum Promoters' contribution were fully paid up at the time of their issue.

The Equity Shares that are being locked-in are not ineligible for computation of Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoter's Contribution are not acquired in the last three years from the date of this Draft Red Herring Prospectus: (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoter's contribution;

(ii) The equity shares offered for Promoter's Contribution does not include any equity shares acquired during the preceding one year at a price lower than the price at which equity shares are being offered to the public in the Issue;

(iii) The equity shares offered for Promoter's Contribution have not been formed by the conversion of partnership firm into a company;

(iv) The equity shares offered for Promoter's Contribution are not subject to any pledge; and

(v) The equity shares offered for Promoter's Contribution does not consist of equity shares for which specific written consent has not been obtained from our Promoter for inclusion of its subscription in the minimum Promoter's Contribution subject to lock-in.

The Equity Shares held by our Promoter and nominees shall be dematerialised prior to registering the Red Herring Prospectus with RoC.

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

In terms of regulation 37 of SEBI ICDR Regulations and in addition to the above Equity Shares (forming part of the Promoter's Contribution) that are locked-in for three years, the entire pre-Issue share capital of our Company excluding the Equity Shares sold in the Offer for Sale, will be locked-in for a period of one year from the date of Allotment in this Issue, excluding the Equity Shares that are Allotted pursuant to the Issue.

*(d) Other requirements in respect of lock-in:*

In terms of regulation 39 of SEBI ICDR Regulations, Equity Shares held by our Promoter which are locked in for a period of one year may be pledged only with scheduled commercial banks or PFIs as collateral security for loans granted by such banks or financial institutions, provided that the (i) pledge of the Equity Shares is one of the terms of the sanction of the loan; and (ii) if the Equity Shares are locked-in as Promoter's contribution for three years under regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

The Equity Shares held by our Promoter may be transferred to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.

9. Shareholding Pattern of our Company as on the date of this Draft Red Herring Prospectus

Pursuant to regulation 31 of the SEBI Listing Regulations, the holding of specified securities are divided into the following three categories:

(a) Promoter and Promoter Group;

(b) Public; and

(c) Non Promoter - Non Public.

Summary statement holding of Equity Shareholders as on date of this Draft Red Herring Prospectus

| Category (I) | Category of shareholder (II) | Nos. of shareholders (III) | No. of fully paid up Equity Shares held (IV) | No. of Partly paid-up Equity Shares held (V) | No. of shares underlying Depository Receipts (VI) | Total nos. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | No. of Shares Underlying Outstanding convertible securities (including Warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | Number of Locked in shares (XII) | | Number of Shares pledged or otherwise encumbered (XIII) | | Number of Equity Shares held in dematerialised form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class – Equity Shares | | | | | | | | |
| (A) | Promoter and Promoter Group | 7* | 113,280,000 | - | - | 113,280,000 | 100.00% | 113,280,000 | 100.00% | - | 100.00% | | - | | - | - |
| (B) | Public* | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| (C) | Non Promoter-Non Public | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| (C1) | Shares underlying DRs | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| (C2) | Shares held by Employee Trusts | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| (C3) | Shares underlying ESOP's | - | - | - | - | - | - | - | - | - | - | | - | | - | - |
| | **Total** | **7** | **113,280,000** | **-** | **-** | **113,280,000** | **100.00%** | **113,280,000** | **100.00%** | **-** | **100.00%** | | **-** | | **-** | **-** |

** As on date of filing of Draft Red Herring Prospectus, there are five directors of our Company holding total of 290 equity shares as nominee of the President of India and 10 equity shares are held by Mr. Pradeep Kumar Roy as a nominee of the President of India.*

10. 824,000 Equity Shares have been reserved for allocation to Eligible Employees on a proportionate basis, subject to valid Bids being received at the Issue Price and subject to the maximum Bid Amount by each Eligible Employee not exceeding ₹500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (which will be less Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). Only Eligible Employees are eligible to apply in this Issue under the Employee Reservation Portion. Bids by Eligible Employees bidding under the Employee Reservation Portion may also be made in the Net Issue and such Bids will not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 824,000 Equity Shares at the Issue Price, allocation will be made on a proportionate basis.

11. Any unsubscribed portion in Employee Reservation category shall be added to the Net Issue. Under subscription, if any, in Non-Institutional Bidders and Retail Individual Investors, would be met with spill over from any other categories or combination of categories at the discretion of our Company and the Selling Shareholder in consultation with the Book Running Lead Managers and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Any inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines. In the event of under-subscription in the Net Issue (except the QIB Portion), spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion to the Net Issue.

12. The list of top 10 shareholders of our Company and the number of Equity Shares held by them is as under:

(a) *Top 10 shareholders as on the date of this Draft Red Herring Prospectus:*

| Name of the Shareholders | Number of Equity Shares | % of pre-Issue Share Capital |
|---|---|---|
| President of India | 113,279,700 | 99.99% |
| Mr. Barun Mitra# | 100 | Negligible |
| Mr. Madhu S. Nair # | 100 | Negligible |
| Mr. D. Paul Ranjan# | 70 | Negligible |
| Mr. Sunny Thomas# | 10 | Negligible |
| Mr. Suresh Babu N. V# | 10 | Negligible |
| Mr. Pradeep Kumar Roy# | 10 | Negligible |

#*As a nominee of our Promoter.*

(b) *Top 10 shareholders as on 10 days before this Draft Red Herring Prospectus:*

| Name of the Shareholders | Number of Equity Shares | % of pre-Issue Share Capital |
|---|---|---|
| President of India | 113,279,700 | 99.99% |
| Mr. Barun Mitra# | 100 | Negligible |
| Mr. Madhu S. Nair # | 100 | Negligible |
| Mr. D. Paul Ranjan# | 70 | Negligible |
| Mr. Sunny Thomas# | 10 | Negligible |
| Mr. Suresh Babu N. V# | 10 | Negligible |
| Mr. Pradeep Kumar Roy# | 10 | Negligible |

#*As a nominee of our Promoter.*

(c) *Top 10 shareholders as on two years before the date of filing of this Draft Red Herring Prospectus*

| Name of the Shareholders | Number of Equity Shares | % of pre-Issue Share Capital |
|---|---|---|
| President of India | 113,279,700 | 99.99% |
| Mr. M.C. Jauhari# | 100 | Negligible |
| Cmde K Subramaniam# | 100 | Negligible |
| Mr. D. Paul Ranjan# | 100 | Negligible |

#*As a nominee of our Promoter.*

13. Neither our Promoter nor our Directors and their immediate relatives have purchased or sold any Equity Shares during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

14. Our Directors Mr. Madhu S. Nair, Mr. D. Paul Rajan, Mr. Barun Mitra, Mr. Sunny Thomas and Mr. Suresh Babu N.V hold Equity Shares on our Company as a nominee of the President of India. None of our Directors hold Equity Shares of our Company in their individual capacities. None of our KMPs hold Equity Shares in our Company in their individual capacities.

15. The total number of holders of the Equity Shares as on the date of this Draft Red Herring Prospectus is seven consisting of the President of India and its nominees.

16. Our Promoter, our Company, our Directors and the BRLMs have not entered into any buyback or standby arrangements or any other similar arrangement for purchase of Equity Shares from any person, being offered in this Issue. Further, the BRLMs have not entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person.

17. As on the date of this Draft Red Herring Prospectus, the BRLMs and/or their associates do not hold any Equity Shares.

18. There will be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with the SEBI until the Equity Shares have been listed on the Stock Exchanges.

20. There has been no financing arrangement by which the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.

21. None of our Equity Shares are subject to any pledge.

22. The Equity Shares, including the Equity Shares being offered in the Offer for Sale, are fully paid-up and there are no partly paid-up Equity Shares.

23. Our Company does not currently have any employee stock option scheme / employee stock purchase scheme for our employees.

24. The Issue is being made for at least 10% of the post Issue paid-up capital pursuant to Rule 19(2)(b)(iii) of SCRR read with Regulation 41(1) of the SEBI ICDR Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, the Issue is being made through the Book Building Process where in 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis. 5% of the QIB Portion shall be available on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation to Retail Individual Investors, subject to valid Bids being received at or above the Issue Price. The allotment of Equity Shares to each Retail Individual Investor shall not be less than minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on proportionate basis.

25. Our Company has not made any public issue of its Equity Shares or rights issue of any kind or class of securities since its incorporation.

26. No person connected with the Issue, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Selling Shareholder, our Directors and our KMPs, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

27. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares after the Issue.

28. An oversubscription to the extent of 10% of the Net Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.

29. Our Company shall ensure that transactions in the Equity Shares by our Promoter between the date of registering the Red Herring Prospectus with the RoC and the Bid/Issue Closing Date, if any, shall be reported to the Stock Exchanges within 24 hours of such transaction.

30. Except to the extent of tendering Equity Shares in the Issue as the Selling Shareholder, our Promoter will not participate in the Issue.

31. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter to the persons who are Allotted Equity Shares.

## OBJECTS OF THE ISSUE

The Issue comprises of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder.

**The Offer for Sale**

The proceeds of the Offer for Sale shall be received by the Selling Shareholder. Our Company will not receive any proceeds from the Offer for Sale.

**The Fresh Issue**

Our Company proposes to utilise the Net Proceeds towards funding of the following objects:

1. Setting up of a new dry dock within the existing premises of our Company ("**Dry Dock**");
2. Setting up of an international ship repair facility at Cochin Port Trust area ("**ISRF**"); and
3. General corporate purposes.

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing business activities and the activities for which funds are being raised by our Company through the Fresh Issue.

**Proceeds of the Fresh Issue**

The details of the proceeds of the Fresh Issue are summarized in the table below.

| Particulars | | Estimated Amount* (in ₹ million) |
|---|---|---|
| Gross Proceeds of the Fresh Issue | | [●] |
| *Less:* | Issue Expenses in relation to the Fresh Issue | [●] |
| Net proceeds of the Fresh Issue ("**Net Proceeds**") | | [●] |

**To be finalized upon determination of the Issue Price.*

***Requirement of Funds and Utilisation of Net Proceeds***

Our fund requirements and deployment of the Net Proceeds mentioned below are based on our internal management estimates, our Company's current business plan and the detailed project reports of the Dry Dock and ISRF by HaskoningDHV India Private Limited and a consortium of Inros Lackner SE and Tata Consulting Engineers Limited respectively. The aforesaid internal management estimates and our Company's current business plan are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see "*Risk Factors*" on page 17.

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

| Particulars | Amount (in ₹ million) |
|---|---|
| Setting up of Dry Dock | 4,430.00 |
| Setting up of ISRF | 2,295.00 |
| General corporate purposes* | [●] |
| **Total** | **[●]** |

** To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount shall not exceed 25.00% of the gross proceeds of the Fresh Issue.*

***Schedule of implementation and deployment of the Net Proceeds***

The Schedule of estimated utilisation and the schedule of implementation in relation to the Dry Dock and the ISRF will be disclosed in the RHP, as permitted *vide* the SEBI Letter bearing reference CFD/DIL-1/BNS/SD/329/1/2016 dated December 6, 2016.

***Means of Finance***

The total estimated cost for setting up of Dry Dock and ISRF is ₹ 27,684.01 million. Out of this, we intend to utilize ₹ 6,725 million from the Net Proceeds. The remaining cost of setting up of Dry Dock and ISRF, other than amounts deployed as on January 31, 2017, is to be financed through existing internal accrual of our Company and through debt/firm arrangements of finance through verifiable means.

Details of estimated means of finance for setting up of Dry Dock and ISRF is set forth below.

*(in ₹ million)*

| | Particulars | Amount |
|---|---|---|
| A | Total estimated cost of setting up Dry Dock and ISRF | 27,684.01 |
| B | Amounts already deployed as on January 31, 2017 towards setting up of Dry Dock and ISRF | |
| | B1. Amount already deployed as on January 31, 2017 towards setting up of Dry Dock^ | 107.85 |
| | B2. Amount already deployed as on January 31, 2017 towards setting up of ISRF$ | 57.95 |
| C | Amount proposed to be financed from the Net Proceeds | 6,725.00 |
| D | Funds required excluding funding through Net Proceeds and amount already deployed **[ D=A- (B+C)]** | 20,793.21 |
| | | |
| E | **75% of the funds required excluding the Net Proceeds and identifiable internal accruals** | 15,594.91 |
| | **Firm arrangement for over 75% of the funds required excluding the Net Proceeds and identifiable internal accruals** | |
| | (a) Sanction of credit facilities/term loan from State Bank of India for Dry Dock | 4,190.00 |
| | (b) Sanction of credit facilities/term loan from State Bank of India for ISRF | 4,420.00 |
| F | Funds from the existing identifiable internal accruals | 12,183.21 |
| G | Cash and Bank Balances as on January 31, 2017** | 21,191.54 |

^*In accordance with the certificate of Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Statutory Auditors, dated March 23, 2017, as of January 31, 2017, our Company has deployed ₹ 107.85 million towards setting up of Dry Dock.*

$*In accordance with the certificate of Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Statutory Auditors, dated March 23, 2017, as of January 31, 2017, our Company has deployed ₹ 57.95 million towards setting up of ISRF.*

***In accordance with the certificate of Krishnamoorthy & Krishnamoorthy, Statutory Auditors, dated March 23, 2017, the total cash and bank balances of our Company as on January 31, 2017 was ₹21,191.54 million.*

Except as disclosed above, the entire requirements of the objects detailed above are intended to be funded from the Net Proceeds. In view of above, we confirm that, with respect to the objects, our Company has made firm arrangement of finance through verifiable means towards 75% of the stated means of finance, excluding the amount proposed to be raised through the Issue and existing identified internal accruals. While we have available debt financing for 75% of the funds required excluding the Net Proceeds, the expenditure already incurred and existing identified internal accruals we may, at the discretion of the management, utilize our future internal accruals in order to reduce our financing costs.

***Details of the utilisation of Net Proceeds of the Fresh Issue***

The details of utilisation of the Net Proceeds of the Fresh Issue are set forth herein below:

**A. Setting up of Dry Dock**

Our Company proposes to set up a Dry Dock, to augment its shipbuilding/ ship repair capacity essentially required to tap the market potential of building specialized and technologically advanced large vessels such as Liquefied Natural Gas ("**LNG**") vessels, indigenous aircraft carriers of higher capacity, jack up rigs, drill ships, large dredgers and repairing of offshore platforms and larger vessels. The Dry Dock shall be located at the northern end of the existing site premises of our Company and accordingly there will be no additional cost, in relation to lease/purchase of land, for setting up the new Dry Dock. For further details of our property, see "*Our Business*" on page 114.

HaskoningDHV India Private Limited ("**Dry Dock Project Consultant**") has prepared a detailed project report dated October 5, 2016 ("**DD DPR**") for setting up of a new dry dock within our Company's premises.

The Dry Dock is proposed to be a stepped dock with a minimum clear length of 310 metre, width of 75 metre at the wider part, and width of 60 metre at the narrower part. The dock depth would be 13 metre with a draught of up to 9.5 metre. This stepped dock is proposed to be used for enabling longer vessels to fill the length of the Dry Dock and wider, shorter vessels and maritime equipment such as rigs to be constructed or repaired at the wider part of the Dry Dock.

The cost of development of the Dry Dock was estimated by the Dry Dock Project Consultant to be US$ 265.23 million. (₹17,989.91 million, based on a conversion rate of ₹67.83 for one US$, as on February 6, 2016). This estimate includes the civil, mechanical, electrical, allied services and equipment associated with the Dry Dock.

The breakdown of the cost estimate as on February 2016 is as follows:

| Sr. No. | Specification | Cost Estimate (in US$ million) |
|---|---|---|
| 1 | Civil and structural works | 135.00 |
| 2 | Mechanical and electrical works | 32.73 |
| 3 | Other dock equipment | 55.20 |
| 4 | Equipment outside of main contract | 4.03 |
| 5 | Additional goliath crane (optional) | 25.60 |
| 6 | Dry Dock Project Consultant fees | 5.80 |
| 7 | Contingency at 3% | 6.87 |
| | **Total** | **265.23** |

The estimate is accurate within +/- 25.00% at DD DPR stage and includes contingency value for unforeseen items or items of risk. The estimate excludes buildings that are not included within the scope of the Dry Dock Project Consultant. The Dry Dock Project Consultant has assumed that there shall be no further cost in relation to any ground improvement or piling with reference to the civil and structural work other than the dry dock area and grand assembly area. Furthermore, the additional goliath gantry crane is optional and its cost is based on the budget cost that is provided by a European supplier and a Korean supplier. Moreover, taxes are included in the above stated estimates within +/-25.00% accuracy.

For details of the government and other approvals in relation to setting up of the Dry Dock, see "*Government and Other Approvals*" on page 271. Further, the DD DPR mentions certain risks applicable to our Company in relation to setting up of the Dry Dock. For further details on certain risks disclosed in the DD DPR, see "*Risk Factors – We cannot assure you that our proposed Dry Dock or International Ship Repair Facility will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new proposed dry dock or the new ship repair facility in a timely manner or without cost overruns, our business, results of operations and financial condition may be adversely affected.*", "*Risk Factors – The cost estimates by the Dry Dock Project Consultant and the ISRF Project Consultant have been derived from and benchmarked against similar maritime and dry dock/shipyard projects carried out by the Dry Dock Project Consultant and the ISRF Project Consultant respectively in recent years and may not be accurate*." and "*Risk Factors – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation vs Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife."* on pages 18, 19 and 20, respectively. Also refer to "*Outstanding Litigations and Other Material Devlopments – Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company.*" on page 269.

The detailed breakdown of the cost estimate, in the DD DPR, is as follows:

**1. Civil and structural works**

The detailed breakdown of the cost of civil and structural works, is as set forth below:

| Sr. No. | Particulars | Amount (in US$ million) |
|---|---|---|
| 1. | Construction of dock floor, dock sill, dock walls, entrance works abutments and piers | 64.5 |
| 2. | Pump house and substations | 06.3 |
| 3. | Excavation and filling | 10.8 |
| 4. | Crane tracks | 26.0 |
| 5. | Grand Assembly area and paved areas around the dock | 09.7* |
| 6. | Cofferdam and temporary works | 10.0 |
| 7. | Entrance and intermediate gates | 07.7 |
| | **Total** | **135.0** |

** At present, it is assumed that areas around the dock (excluding the piled portion of the grand assembly area) shall be allowed to settle and topped up as necessary such that currently no cost has been allowed for any ground improvement or piling.*

The design of the Dry Dock is based on using traditional, well understood construction methods. A ground investigation was carried out in November/December 2015 by EDC Geotechnical Consultants. The key areas of construction include dock walls, dock floor, dock cope, crane beams, substations, grand assembly (piled and ground bearing), general pavements, pump house, quay walls, piers, entrance and intermediate gates, buildings and foundations for mechanical, electrical and control equipment, contaminated water treatment plant, temporary works and crane erection. Furthermore, certain modifications shall be undertaken to connect the Dry Dock to the existing shipyard infrastructure of our Company.

**2. Mechanical and electrical works**

The detailed breakdown of the cost of mechanical and electrical works, is as set forth below:

| Sr. No. | Particulars | Amount (in US$ million) |
|---|---|---|
| 1. | Mechanical service distribution system | 9.32 |
| 2. | Control systems, local area network, closed circuit television, fire and gas detection system as well as the public address system | 2.40 |
| 3. | Existing main intake substation | 0.16 |
| 4. | Equipment for substations adjacent dock | 12.30 |
| 5. | Area lighting | 0.65 |
| 6. | Distribution service units | 1.65 |
| 7. | Cabling | 3.75 |
| 8. | Down shop lead system, lightning, earthing | 2.50 |
| | **Total** | **32.73** |

The concept design proposes that the power source to the Dry Dock shall primarily be obtained from the existing main receiving station, which is the main intake substation currently supplying power to the whole shipyard. The mechanical systems and services include the provision of all equipment associated with the provision of welding gases, compressed air and water facilities for various fabrication/ repair activities on the vessels in the Dry Dock, various construction blocks in the general assembly area and other activities in the adjacent area.

It also covers the equipment for the dewatering operations associated with the dry dock, ballasting of the vessels during re-floating, and the associated pumping equipment to maintain the working area.

**3. Other dock equipment**

The detailed breakdown of the cost of other dock equipment is as set forth below:

| Sr. No. | Particulars | Amount (in US$ million) |
|---|---|---|
| 1. | Cranes | 45.10* |
| 2. | Pumps | 6.00** |
| 3. | Winches, capstans, fenders and bollards | 2.50 |
| 4. | Contaminated water treatment plant | 1.60 |
| | **Total** | **55.20** |

** Crane costs are based on budget costs provided by a European supplier and a Korean supplier, for 600t goliath crane, 2no. 75t@85m jib cranes.*

*** Pump costs are based on the current understanding of pumping requirements and the use of 3no.dewatering pumps.*

Our Company shall procure cranes separately. The erection of the cranes need to be carefully programmed by the contractor and the crane supplier. The Dry Dock shall also have contaminated water treatment plant to remove suspended solids like sand, grit and oil.

**4. Equipment outside of main contract**

Certain other equipment that shall be required for the successful functioning of the Dry Dock are firefighting tank and equipment, industrial water tank and equipment, compressed air equipment, electrical distribution system for compressed air equipment and acetylene storage system.

The Dry Dock Project Consultant envisaged that construction can be completed within the minimum period of 30 months if the contractor carries out work in an intensified manner, uses modern materials and equipment and carries out shift work to increase the time to task. The critical part of the construction phase is the main dock wall construction, temporary entrance cofferdam and the excavation of the dock, piling work, underground substations and pump room. It is to be noted that these constructions are also dependant on weather and the contractor will be required to use regular and efficient methods for transporting the excavated material off-site, after which the construction of pump house including the fitting of mechanical, electrical and control systems shall follow.

**B. Setting up of ISRF**

A consortium of Inros Lackner SE and Tata Consulting Engineers Limited ("**ISRF Project Consultant**") has prepared a detailed project report dated May 21, 2015 ("**ISRF DPR**") for setting up of ISRF.

The ISRF project shall be established on 16.90 hectare of land and about 15.6 hectare of water area. Our Company has leased 8.12 hectare of land and 15 hectare or thereabout of adjoining water body from Cochin Port Trust *vide* the lease deed dated April 12, 2013 for a period of 30 years. For further details of the lease and certain risks in relation to the lease, see "*Our Business*" and "*Risk Factors*" on page 114 and 17 respectively.

The ISRF envisages the construction of a ship lift for vessels, a transfer system, six work stations, approximately eight afloat berths (depending on the availability and size of vessels for repair), jetties, administrative buildings and allied facilities and upgradation of the existing workshops. The envisaged ship lift would be designed for vessels up to a length of 130 metre with a lifting capacity of 6,000 tonnes. The cost of development of the ISRF, including the main technological equipment required for shipyard repair process, was estimated by the ISRF Project Consultant to be ₹ 9,694.1 million. The estimated capital construction costs are based on the price that is applicable to the date of submission of the ISRF DPR on May 21, 2015 along with a price escalation which is considered up to December 2016.

The ISRF DPR estimated the capital cost in relation to the construction of ship lift, seaside, landside, mechanical and electrical work and technological equipment for the ISRF in the premises of Willingdon Island, Cochin Port Trust, Kochi. The breakdown of the capital cost estimate, in the ISRF DPR, is as follows:

| Sr. No. | Specification | Total cost excluding taxes (in ₹ million) |
|---|---|---|
| 1. | Sea Side Works | 2,769.5 |
| 2. | Land Side Works | 3,229.2 |
| 3. | Mechanical Works | 210.6 |
| 4. | Electrical Works | 226.5 |
| 5. | Technological Equipment and Ship Lift | 2,740.8 |
| **Sub total** | | **9,176.7** |
| Contingencies at 3% | | 275.3 |
| ISRF Project Consultant fees | | 242.1 |
| **Grand Total** | | **9,694.1** |

However, the capital cost calculation excludes the fees for disposal of contaminated soil, maintenance dredging, dredging work in front of UTL berth, aids to navigation, traffic signage, contingencies for unforeseeable costs and risks except for the construction works, (for instance, change / upgradation in technique) insurances except the ones from the contractors/suppliers, price escalation / inflation after March 2017, administrative and marketing costs for our Company, purchase/lease of the land upon which the ISRF is built, permits and legal costs, taxes, involving the construction of other facilities which are not listed in the ISRF DPR, financing and commissioning the ISRF (prior to commercial operation), supply, e. g. electricity, gas, water, costs for training, and furniture and personal portable tools. The ISRF DPR also does not include the labour costs and supplies for running and maintaining ISRF.

Our Company has received certain government approvals in relation to the setting up of ISRF. For further details of approvals, see "*Government and Other Approvals*" on page 271.

Further, the ISRF DPR mentions certain risks applicable to our Company, in relation to the setting up of ISRF. For further details on certain risks in ISRF, see "*Risk Factors – We cannot assure you that our proposed Dry Dock or International Ship Repair Facility will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new proposed dry dock or the new ship repair facility in a timely manner or without cost overruns, our business, results of operations and financial condition may be adversely affected.*" and "*Risk Factors – The cost estimates by the Dry Dock Project Consultant and the ISRF Project Consultant have been derived from and benchmarked against similar maritime and dry dock/shipyard projects carried out by the Dry Dock Project Consultant and the ISRF Project Consultant respectively in recent years and may not be accurate*." on pages 18 and 19, respectively.

The detailed breakdown of the capital cost estimate in the ISRF DPR, is as follows:

**1. Seaside works**

The detailed breakdown of the cost is as set forth below:

| Sr. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | Dismantling of seaside structures | 13.7 |
| 2. | Dredging work | 236.3 |
| 3. | Piling work | 1,368.9 |
| 4. | Concrete work | 811.6 |
| 5. | Siltation mitigation | 339 |
| | **Total** | **2,769.5** |

The seaside of the proposed ISRF lies in the Mattancherry channel. This is a shallow channel and the natural water depth is not sufficient for the ship lift and allied facilities. Therefore, the channel, access area, ship lift area and afloat berths area shall have to be deepened along with periodic de-siltation under the ship lift platform and maintenance dredging in the remaining area. Furthermore, the existing dolphin as well as the existing jetty are close to the entrance of the ship lift. To construct a functional ISRF, these structures will have to be demolished and removed along with the navigation aid equipment and slip ways on the landsides. The earth work required for plot development or gradation will have to be optimised and the workstation area will have to be levelled to support the concrete deck while casting.

**2. Landside works**

The detailed breakdown of the cost is as set forth below:

| Sr. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | Refurbishment of existing facilities | 125 |
| 2. | Compound wall | 14.8 |
| 3. | Land development | 25 |
| 4. | Workshops and Sheds | 120 |
| 5. | Open yards | 1 |
| 6. | Tanks | 153.6 |
| 7. | Operational building | 75.7 |
| 8. | Workstation area piling work | 1,316.3 |
| 9. | Work station area deck slab | 1,096.3 |
| 10. | Utility trenches | 56.8 |
| 11. | Dismantling of landside structures | 21.8 |
| 12. | ETP/STP | 102.2 |
| 13. | Roads and parking | 68 |
| 14. | Storm water drainage, domestic sewer line, effluent line | 52.7 |
| | **Total** | **3,229.2** |

The envisaged site for the ISRF has several existing workshops that were built in the year 1938. Some old buildings will have to be demolished, some will have to be upgraded and occupied for different use and some new buildings will have to be constructed. Furthermore, the existing facility and the proposed ISRF will have to be integrated to avoid duplication of facilities and to keep existing facility in vogue. The existing facilities like water supply and drainage will be connected with the new one or maintained separately to ease the operation.

Further, for assuring optimal vessel turnaround, avoiding any vessel queuing time, repair operations construction of adequate number and sizes of berths, suitable material handling equipment and ship lift and transfer systems from berth to repair area and vice versa shall be carried out in the ISRF.

**3. Mechanical works**

The detailed breakdown of the cost is as set forth below:

| Sr. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | Compressed air system | 33.6 |
| 2. | EOT crane | 19.1 |

| Sr. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 3. | Ventilation system | 5.1 |
| 4. | Air conditioning system | 13.6 |
| 5. | Gases storage and transfer system | 50.9 |
| 6. | Fire protection system | 43.7 |
| 7. | Water storage and transfer system | 1 |
| 8. | Utility piping distribution network for process water, potable water | 32.6 |
| 9. | Set and accessories | 11 |
| | **Total** | **210.6** |

The estimation for the mechanical and electrical equipment has been done by the ISRF Project Consultant on the basis of confirmation of media consumption list received from our Company at various stages. There are various mechanical utility systems which are required for workstations, as well as for repair shops. For instance, systems like compressed air system, gases system, fire protection system, cranes, HVAC and water systems will have to be built for the smooth functioning of the ISRF.

**4. Electrical works**

The detailed breakdown of the cost is as set forth below:

| Sr. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | High tension panels, cables and transformers | 32.0 |
| 2. | Low tension panels and cables | 61.3 |
| 3. | Static frequency converter | 6.2 |
| 4. | Battery chargers, battery charger distribution boards and static uninterrupted power supply | 7.9 |
| 5. | Indoor and outdoor lighting | 21.5 |
| 6. | Earthing System | 4.5 |
| 7. | Supervisory control and data acquisition system and networking | 7.1 |
| 8. | Fire detection and alarm system and telephone and networking | 21.5 |
| 9. | Others | 22.5 |
| 10. | 10% miscellaneous | 16.0 |
| 11. | 15% installation | 26.0 |
| | **Total** | **226.5** |

The estimated maximum demand of power for the existing dry dock and the proposed ISRF is 4,849kVA. To cater to this power requirement, several electrical facilities such as 11kV receiving yard, 11kV indoor switchgear, 11kV HV cabling system, LV cabling system, distribution transformer, LT panels of 440V (60Hz), 415V (50Hz) and 380V (50Hz), 110V (50Hz) and 24V (50Hz), APFC panels, frequency converter, indoor and outdoor lighting system, earthing and lightning protection system, static UPS system, DC system and FDAS system are required to be installed.

**5. Technological equipment and ship lift**

The detailed breakdown of the cost, is as set forth below:

| Sr. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | Various workshops proposed at ISRF | 162.5 |
| 2. | Ship lift/ transfer system/work stations/ dry dock/ jetties | 2,296.6 |
| 3. | Transport equipment | 26.5 |
| 4. | Cost for delivery, installation, commissioning and training | 249.2 |
| 5. | Blacksmith / Foundry | 2.0 |
| 6. | Blasting and Painting Works, Final Coating | 4.1 |
| | **Total** | **2,740.8** |

The requirements of the ship repair production areas are calculated on the final annual repair throughput of 84 vessels. The ISRF DPR assumes that the ISRF shall work independently and autonomously from the workshops of the main yard. Therefore, necessary workshops are planned and determined, in the ISRF DPR, to achieve the full repair capacity. The aforesaid workshops include pipe shop/ boiler shop, electrical and electronic shop, steel fabrication/ locksmith shop, engine repair shop, carpentry and sawing shed, rigger shop as well as the maintenance and service workshop.

Further, since the material handling equipment is crucial, transport operations are one of the key processes at ship repair facilities. The number of cranes as well as the type and number of suitable forklifts and trucks are essential for the effectiveness of the ship repair and have been accordingly factored in the ISRF DPR.

***C. General corporate purposes***

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilisation not exceeding 25.00% of the Gross Proceeds of the Fresh Issue, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any.

In case of variations in the actual utilization of funds designated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any which are not applied to the other purposes set out above.

Our Company undertakes to utilise the Net Proceeds in accordance with the Objects of the Issue set out above. Our Company further undertakes to apply for, and obtain all the necessary approvals and consents in relation to the Objects of the Issue set out above, as and when required under applicable law. For details of approvals, in relation to the Objects of the Issue, see "*Government and Other Approvals*" on page 271.

***D. Issue expenses***

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The Issue expenses consist of listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsels, Bankers to the Issue including processing fee to the SCSBs for processing Bid cum Application Forms submitted by the Bidders procured by the Syndicate Member and submitted to the SCSBs and Registrar to the Issue, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. The Issue expenses will be shared, upon successful completion of the Issue, between our Company and the Selling Shareholder on a pro-rata basis in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Equity Shares sold by the Selling Shareholder in the Offer for Sale. However, in the event that the Issue is withdrawn by our Company for any reason whatsoever, all the Issue related expenses will be borne by our Company. Any payments by our Company in relation to the Issue expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company. The break-up for the Issue expenses is as follows:

***(in ₹ million)***

| **Activity** | **Estimated expenses(1)** | **As a % of the total estimated Issue expenses(1)** | **As a % of the total Issue size(1)** |
|---|---|---|---|
| Fees payable to BRLMs (including underwriting commission, brokerage and selling commission) | [●] | [●] | [●] |
| Selling commission and processing fees for SCSBs(4) (5) | [●] | [●] | [●] |
| Brokerage, selling commission and processing/uploading charges for Members of the Syndicate, Registered Brokers' RTAs and CDPs(2) (3) | [●] | [●] | [●] |
| Fees payable to Registrar to the Issue | [●] | [●] | [●] |
| Printing and stationery expenses | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Others | | | |
| • Listing fees | [●] | [●] | [●] |

| (in ₹ million) | | | |
|---|---|---|---|
| **Activity** | **Estimated expenses(1)** | **As a % of the total estimated Issue expenses(1)** | **As a % of the total Issue size(1)** |
| • SEBI, BSE and NSE processing fees | [●] | [●] | [●] |
| • Fees payable to Legal Counsel<br>• Fees payable to the Monitoring Agency | [●] | [●] | [●] |
| • Miscellaneous | [●] | [●] | [●] |
| **Total estimated Issue expenses** | [●] | [●] | [●] |

(1) *Amounts will be finalised at the time of filing the Prospectus and on determination of Issue Price and other details.*

(2) *Selling commission on the portion for Retail Individual Bidders, portion for Eligible Employees and the portion for Non-Institutional Bidders which are procured by members of the Syndicate (including their Sub Syndicate Members), RTAs and CDPs would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *[●]% of the Amount Allotted* (plus applicable service tax)* |
| *Portion for Non-Institutional Bidders* | *[●]% of the Amount Allotted* (plus applicable service tax)* |
| *Portion for Eligible Employees* | *[●]% of the Amount Allotted* (plus applicable service tax)* |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

*In addition to the selling commission referred above, any additional amount(s) to be paid by our Company and Selling Shareholder shall be, as mutually agreed upon the Book Running Lead Managers, their affiliate Syndicate Member, our Company and Selling Shareholder before the opening of the Issue. The Syndicate, RTAs and CDPs shall be entitled to processing/uploading charges of ₹ [•] (plus applicable service tax) per valid Bid cum Application Form procured by them.*

(3) *Processing/uploading charges payable to the Registered Brokers on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are directly procured by the Registered Brokers and submitted to SCSB for processing, would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *₹ [●] per valid Bid cum Application Form* (plus applicable service tax)* |
| *Portion for Non-Institutional Bidders* | *₹ [●] per valid Bid cum Application Form* (plus applicable service tax)* |
| *Portion for Eligible Employees* | *₹ [●] per valid Bid cum Application Form* (plus applicable service tax)* |

** Based on valid Bid cum Application Forms*

(4) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees, which are directly procured by them would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *[●]% of the Amount Allotted* (plus applicable service tax)* |
| *Portion for Non-Institutional Bidders* | *[●]% of the Amount Allotted* (plus applicable service tax)* |
| *Portion for Eligible Employees* | *[●]% of the Amount Allotted* (plus applicable service tax)* |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

*No additional processing/uploading charges shall be payable by our Company and the Selling Shareholder to the SCSBs on the applications directly procured by them.*

(5) *Processing fees payable to the SCSBs on the portion for Retail Individual Bidders, Non-Institutional Bidders and Eligible Employees which are procured by the members of the Syndicate /Sub-Syndicate /Registered Brokers / RTAs /CDPs and submitted to SCSBs for blocking would be as follows.*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *₹ [●] per valid Bid cum Application Form* (plus applicable service tax)* |
| *Portion for Non-Institutional Bidders* | *₹ [●] per valid Bid cum Application Form* (plus applicable service tax)* |
| *Portion for Eligible Employees* | *₹ [●] per valid Bid cum Application Form* (plus applicable service tax)* |

** Based on valid Bid cum Application Forms*

The Issue expenses shall be payable within 30 working days post the date of receipt of the final invoice from the respective Designated Intermediaries by our Company in accordance with the arrangements/ agreements entered into by our Company with the relevant Designated Intermediary.

**Interim use of Net Proceeds**

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilisation for the purposes described above, our Company will deposit the Net Proceeds only with one or more Scheduled Commercial Banks included in Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board. In accordance with section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company.

**Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

**Monitoring of Utilisation of Funds**

Our Company shall appoint a Monitoring Agency for the Issue prior to the filing of the Red Herring Prospectus. Our Board and the Monitoring Agency will monitor the utilization of Net Proceeds and the Monitoring Agency shall submit its report to our Company in terms of regulation 16(2) of the SEBI ICDR Regulations.

Pursuant to regulation 32 of the SEBI Listing Regulations, our Company and the Monitoring Agency shall on a quarterly basis disclose to the Audit Committee the deviations and the category wise variations of the Net Proceeds and after such review, the statements shall be submitted to the Stock Exchanges. This information will also be advertised in newspapers simultaneously with the interim or annual financial results of our Company after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds under a separate head in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the next fiscal.

**Variation in Objects**

In accordance with section 13(8) and section 27 of the Companies Act, 2013, the SEBI ICDR Regulations and applicable rules, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and the applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Malayalam, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoter or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and provisions of Chapter VI-A of the SEBI ICDR Regulations.

**Other Confirmations**

No part of the proceeds of the Fresh Issue will be paid by us as a consideration to our Promoter, our Directors or our Key Management Personnel, except in the normal course of business and in compliance with the applicable law.

There are no existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, Directors, or Key Management Personnel.

## BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

### Qualitative Factors

Some of the qualitative factors which form the basis for the Issue Price are:

- One of India's leading public-sector shipyards catering to both commercial clients as well as clients engaged in the defence sector with a multitude of offerings for a broad range of vessels across life cycles.
- Modern facilities and infrastructure and integrated capabilities to deliver quality products and services.
- Order book with a strong customer base of reputable ship owners and marquee clients.
- Competitive cost structure and efficient operations.
- Led by a dedicated board, long serving and experienced senior management backed by a strong pool of experienced professionals.
- Continuous profits leading to robust financial performance.

For further details see, "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 114, 17 and 162, respectively.

### Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Companies Act and SEBI ICDR Regulations. Our Company has only one set of restated financial statements since it has no associates, subsidiaries, joint ventures to consolidate.

Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

**1. Basic and Diluted Earnings Per Share ("EPS"), as adjusted for change in capital:**

**As per our Restated Financial Statements:**

| Year ended | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weight |
|---|---|---|---|
| March 31, 2014 | 25.03 | 25.03 | 1 |
| March 31, 2015 | 6.29 | 6.29 | 2 |
| March 31, 2016 | 25.23 | 25.23 | 3 |
| **Weighted Average** | **18.88** | **18.88** | |
| Half year ended September 30, 2016 # | 16.29 | 16.29 | |

# Not Annualized

Note:
(i) Basic EPS: Net Profit after tax as restated *divided* by weighted average number of Equity Shares outstanding at the end of the period/ year at the end of the period/ year.
(ii) Diluted EPS: Net Profit after tax as restated *divided* by weighted average number of Equity Shares outstanding at the end of the period/year for diluted EPS.
(iii) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year/period.
(iv) The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Financial Statements.
(v) The EPS has been calculated in accordance with Accounting Standard 20 – "Earnings per Share" notified by Companies (Accounting Standards) Rules, 2006, as amended.

2. **Price/Earning (P/E) ratio in relation to Issue Price of ₹ [●] per Equity Share of ₹ 10 each:**

**As per our Restated Financial Statements:**

(a) P/E based on basic and diluted EPS at the lower end of the Price Band for Fiscal 2016 is [●]

(b) P/E based on basic and diluted EPS at the higher end of the Price Band for Fiscal 2016 is [●]

(c) P/E based on basic and diluted EPS at the lower end of the Price Band for half year ended September 30, 2016 is [●]

(d) P/E based on basic and diluted EPS at the higher end of the Price Band for half year ended September 30, 2016 is [●]

**Industry P/E Ratio***

| Particulars | P/E |
|---|---|
| **Highest** | NA |
| **Lowest** | NA |
| **Average** | NA |

**Source: Based on the data at NSE (available at www.nseindia.com), PE ratio for the industry is not applicable since all the companies in the peer set reported losses for the financial year ended March 31, 2016.For further details, see "Basis for Issue Price – Comparison of accounting ratios with Industry Peers" on page 90.*

3. **Return on Net Worth ("RoNW"):**

**As per our Restated Financial Statements:**

| Year ended | RoNW(%) | Weight |
|---|---|---|
| March 31, 2014 | 19.03% | 1 |
| March 31, 2015 | 4.63% | 2 |
| March 31, 2016 | 16.61% | 3 |
| **Weighted Average** | **13.02%** | |
| Half year ended September 30, 2016 # | 9.69% | |

# Not Annualized

Note:

(i) Return on Net Worth has been computed as Net Profit after tax as divided by Net Worth at the end of the period/year.

(ii) Net Worth for Equity Shareholders has been computed as sum of share capital and reserves and surplus (includes Securities Premium and Surplus / (Deficit) in Standalone Statement of Profit and Loss).

4. **Minimum Return on Increased Net Worth for maintaining Pre-Issue EPS for the year ended March 31, 2016**

**As per our Restated Financial Statements:**

<u>Based on the Basic and Diluted EPS:</u>

At the Floor Price – The minimum return on increased net worth required to maintain pre-Issue Basic and Diluted EPS for the year ended March 31, 2016 is [●] % at the Floor Price

At the Cap Price – The minimum return on increased net worth required to maintain pre-Issue Basic and Diluted EPS for the year ended March 31, 2016 is [●] % at the Cap Price

5. **Net Asset Value ("NAV") per Share**

**As per our Restated Financial Statements:**

| Year ended | NAV (₹ per share) |
|---|---|

| | |
|---|---|
| March 31, 2016 | 151.88 |
| Half year ended September 30, 2016 | 168.14 |

Issue Price: ₹ [●]
Net asset value after the Issue: ₹ [●]

Note:
Net Asset Value per Equity Share has been computed as Net Worth for Equity Shareholders divided by the total number of Equity Shares outstanding at the end of the period/ year.
**Issue Price will be determined on the conclusion of the Book Building Process.*

### 6. Comparison of accounting ratios with Industry Peers

| Name of Company | Unconsolidated /Consolidated | Face value (₹ per share) | EPS (₹ per share) | | NAV (₹ per share) (2) | P/E | RoNW |
|---|---|---|---|---|---|---|---|
| | | | Basic(1) | Diluted(1) | | | |
| **Company** | | | | | | | |
| Cochin Shipyard Limited | Unconsolidated | 10 | 25.23 | 25.23 | 151.88 | [●] | 16.61% |
| **Peers** | | | | | | | |
| Reliance Defence and Engineering Ltd. | Consolidated | 10 | (8.03) | (8.03) | 17.50 | NA# | (45.87%) |
| ABG Shipyard Ltd. | Consolidated | 10 | (686.55) | (686.55) | (587.29) | NA# | NA* |
| Bharati Defence and Infrastructure Ltd. | Consolidated | 10 | 438.92) | (438.92) | (673.27) | NA# | NA* |

*(1) Basic and diluted EPS refer to basic and diluted EPS sourced from the annual reports of the aforesaid companies.*
*(2) NAV is computed as the closing net worth of the aforesaid companies as of March 31, 2016 divided by the closing outstanding number of fully paid up equity shares as sourced from the annual reports for the aforesaid companies.*
*# P/E ratio for the aforesaid peers is not applicable since the aforesaid companies reported loss for the financial year ended March 31, 2016*
** RoNW for ABG Shipyard Ltd. and Bharati Defence and Infrastructure Ltd. are not applicable since both the Net Profit after Tax and Net worth for such companies are negative*

### 7. The Issue price is [●] times of the face value of the Equity Shares.

The Issue Price of ₹ [●] has been determined by our Company and Selling Shareholder, in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book-Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*" and "*Financial Statements*" on pages 17 and 162, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in *"Risk Factors"* on page 17 or any other factors that may arise in the future and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To

**The Board of Directors**
**Cochin Shipyard Limited**
Administrative Building
P.O Bag No. 1653
Perumanoor P.O. Kochi
682 015
Kerala, India

Dear Sirs,

**Sub: Statement of possible special tax benefits (the "Statement") available to Cochin Shipyard Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "Regulations")**

We hereby confirm that the enclosed Annexure, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961, as amended, and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilment of such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive. Further, the preparation of the enclosed Statement and its contents was the responsibility of the Management of the Company. We were informed that, this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

(1) the Company or its shareholders will continue to obtain these benefits in future;

(2) the conditions prescribed for availing the benefits have been/would be met with;

(3) the revenue authorities/courts will concur with the views expressed herein.

**Limitations**

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

The company would be required to comply with the provisions of Income Computation and Disclosure Standards (ICDS) effective from AY 2017-18. Further, the company is required to prepare its financial accounts complying with the Indian Accounting Standards (Ind AS) from the financial year 2016-2017. The compliance with these regulations may result in temporary benefits / disallowances, as the case may be, in determination of Tax liability.

The enclosed Annexure is intended solely for your information and for inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus or any other document in connection with the offer of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,
**For Krishnamoorthy & Krishnamoorthy**

**C Krishnamoorthy**
**Designation: Senior Partner**
**Membership No.: 05957**
**Firm Registration No.: 001488S**

**Date: March 23, 2017**

**Annexure to the Statement of Tax Benefits**

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA**

Cochin Shipyard Limited ("the Company") is an Indian Company, subject to tax in India. The company is taxed on its profits. Profits are computed after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation. Considering the activities and the business of the company, the following benefits may be available to them.

This statement is only intended to provide the special tax benefits to the company and its shareholders in a general and summarized manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal etc of shares. In view of the individual nature of tax consequence and the changing tax laws, each investor is advised to consult their own tax advisor with respect to specific tax implications arising out of their participation in the issue.

**I.** SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

**II.** SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the Equity shareholders. As per the provisions of Section 10(34) of the Income tax Act, any income by way of dividend referred to in Section 115O received on the shares of an Indian company is exempt in the hands of the shareholder. As per Sec 115BBDA, income by way of dividend in excess of INR 10 lakhs is chargeable to tax in the case of an individual, Hindu Undivided Family (HUF) or a Firm who is resident in India, at the rate of 10% (plus surcharge and cess at applicable rates).

**Notes**:

(a) The above statement of Direct Tax Benefits sets out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.

(b) This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

(c) We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

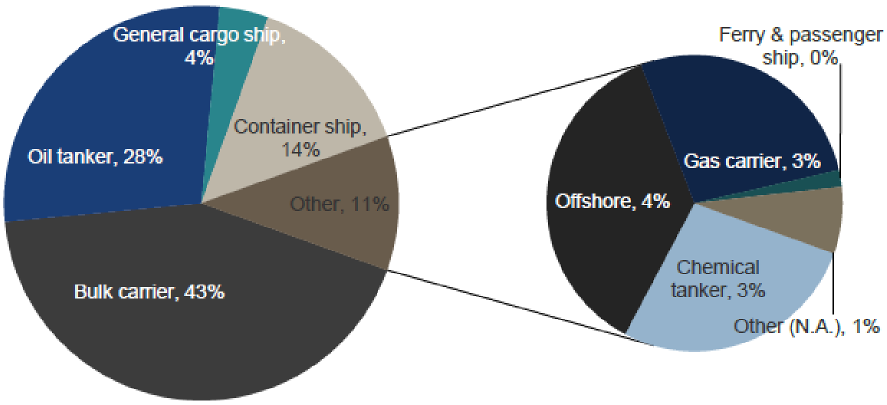
*Unless noted otherwise, the information in this section has been obtained or derived from the "A study on Shipbuilding and Ship Repairing Industry" of March, 2017, by CRISIL Research (the "CRISIL Report"), as well as other industry sources and government publications. All information contained in the CRISIL Report has been obtained by CRISIL from sources believed by it to be accurate and reliable. Although reasonable care has been taken by CRISIL to ensure that the information in the CRISIL Report is true, such information is provided 'as is' without any warranty of any kind, and CRISIL in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. All information and estimates contained herein must be construed solely as statements of opinion, and CRISIL shall not be liable for any losses incurred by users from any use of this publication or its contents. Neither our Company, nor the BRLMs or any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.*

### Global Shipping Industry

*Seaborne Trade*

According to a 2016 UNCTAD report, global seaborne trade increased by 2.1% to 10,048 million tonnes in 2015. Dry bulk cargo comprised the largest share at 54%. Developing economies accounted for the largest share of seaborne trade, in volume terms, at an estimated 60%. Developing countries have become global manufacturing centres with growing demand for capital and consumer goods, and are no longer viewed as only suppliers of raw materials. In terms of a regional comparison, Asia was the largest loading and unloading region, followed by the Americas, Europe, Oceania and Africa. As of January 2016, the global commercial fleet stood at 90,917 vessels, totalling 1.8 billion DWT. Dry bulk carriers comprised the largest share at 43.1% followed by the oil tanker segment with a share of approximately 27.9%.

*Fleet*




*Source: UNCTAD - Review of Maritime Transport published in 2016, CRISIL Research*

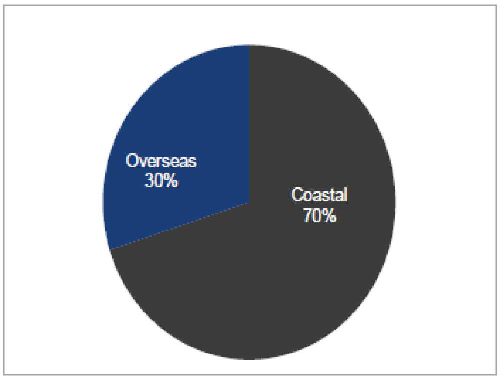
The respective shares of oil tankers and general cargo vessels in the global fleet have declined over the years, while those of dry bulk carriers and container ships have increased. As of January 2016, the dry bulk carriers, with a 43% contribution in terms of gross registered tonnage (GRT), was the largest vessel category in the global fleet. The share of oil tankers, which made up for 50% of the global fleet in 1980, has declined to 28% in 2016. Over this period, the share of container vessels' increased from 2% to 14%, following China's manufacturing-led growth as well as the shipping industry's strategy to reduce costs using economies of scale. The fall in the oil tanker share was due to a change in the pattern of trade and demand, primarily due to a decline in the refining capacity in Europe and a corresponding increase in Asia and the Middle East.

**Indian Shipping Industry**

*Fleet*

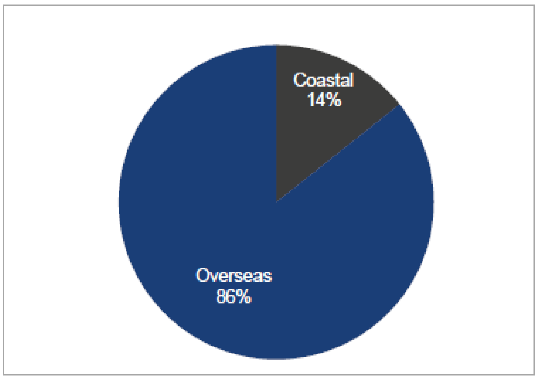
The Indian commercial fleet saw an addition of 42 vessels with approximately 0.2 million GRT in 2015. In 2015, India's total fleet strength was 1,246 vessels with a GRT of 10.51 million. The majority of the Indian fleet is deployed for costal trade, with approximately 70% of the registered vessels used for coastal trade, while the remaining 373 vessels are engaged in overseas trade. However, in tonnage terms, the fleet deployed for coastal trade is approximately 1.5 million GRT, while that for overseas trade is approximately 9 million GRT.

**Category-wise share in the Indian fleet, in terms of size (%, as of CY15)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

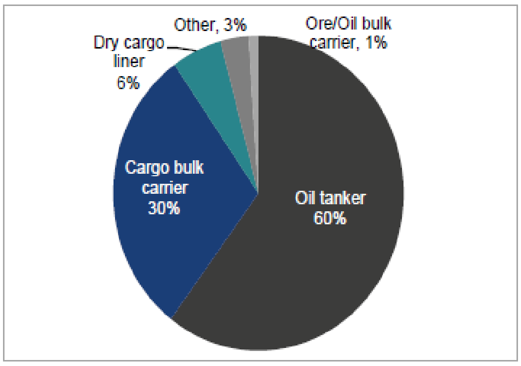
**Category-wise share in the Indian fleet, in terms of volume (%, as of CY15)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

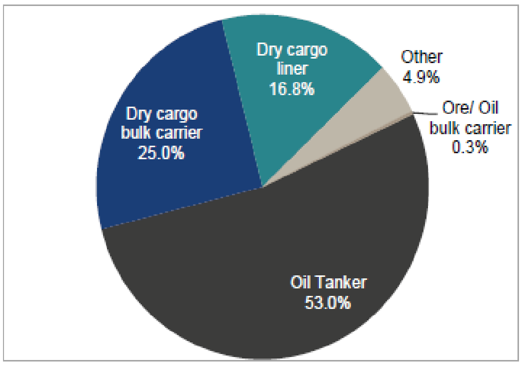
In terms of GRT, more than half of the fleet's tonnage is accounted for by oil tankers. Over the past decade, oil tankers have continued to account for a majority share.

**Category-wise share in the Indian fleet size (CY05)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

**Category-wise share in the Indian fleet size (CY15)**




*Source: Shipping Statistics (2015), published by the Ministry of Shipping; CRISIL Research*

According to the Indian Ministry of Shipping, the total overseas cargo handled at Indian ports was approximately 879.6 million tonnes in 2014-15. The vessels carrying Indian flags contributed approximately 7.5% of overseas cargo tonnage. Even as the total overseas cargo handled at Indian ports increased, the contribution of vessels carrying Indian flags in terms of tonnage declined in absolute terms as well as in percentage terms. Meanwhile, ships above the age of 20 years comprised over 40% of the Indian fleet, as ship owners preferred to maintain the existing fleet due to uncertainty in global trade. However, approximately 20% of the ships in the Indian fleet are below the age of five years, indicating that new vessels have been added during the recent past.

## Global Shipbuilding Industry

The shipbuilding industry comprises construction and modification of ships, offshore vessels, rigs, liquefied natural gas ("**LNG**") carriers and vessels for clients engaged in the defence sector. The broad categories of ships built are passenger carriers, offshore vessels, dry bulk carriers, tankers (including LNG carriers), container ships and vessels for clients engaged in the defence sector. On average, it takes 15-18 months to build a conventional vessel, i.e. a bulk carrier, tanker or container ship, and 28-32 months to construct a LNG vessel, and offshore rig and support vessel.

Over the past few decades, the shipbuilding industry has shifted from Europe to Asia due to a number of factors including, cheap labour, competitive manufacturing and steel-making sectors, and state support.

Following factors have enabled China, the Republic of Korea and Japan to dominate the shipbuilding industry:

- Typically, a shipyard requires a working capital of approximately 25-35% of the cost of the ship during the entire construction period. The interest rates presently offered to shipyards in these aforesaid countries are significantly low.
- In addition to the cost advantage that China and South Korea have, their respective governments provide discounts or subsidies at the time of sale of ships, which represent approximately 5-10% and approximately 15-20% of the total ship cost in case of China and South Korea respectively. This helps shipyards in these countries to bid at a lower price in international tenders.

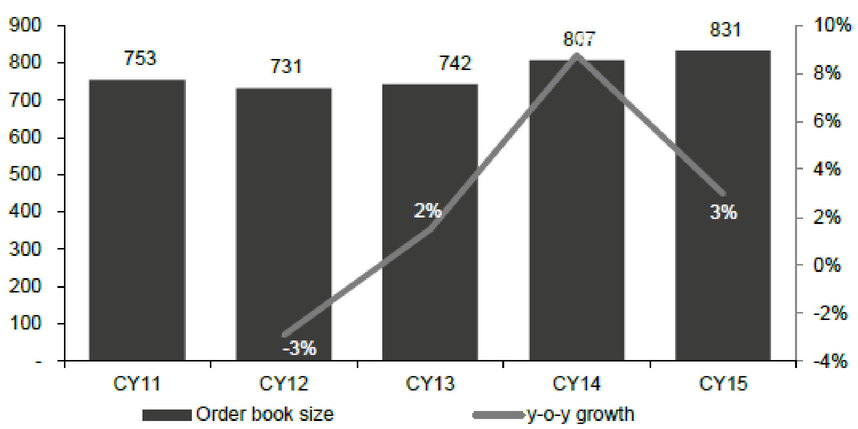
In 2015, China, South Korea and Japan, together, accounted for 91% of the global industry (in terms of deliveries), with China comprising the largest share at 36%, followed by South Korea and Japan at 34% and 21%, respectively.

*Order Book Trends*

*I. Year-wise*

In line with falling shipyard capacity and the stretched finances of owners and banks, the global order book declined for most vessel types in 2015 and 2016. Between 2012 and 2016, the global order book declined at a CAGR of 7.7%. The order books for container ships, oil tankers, dry bulk carriers and general cargo have declined 46%, 51%, 61% and 82%, respectively from their peak values in 2008 and 2009. According to CRISIL, the sluggishness was primarily due to a combination of excess supply and low demand, especially in the dry bulk and container segments.

**Year-wise shipbuilding order book (in million DWT)**

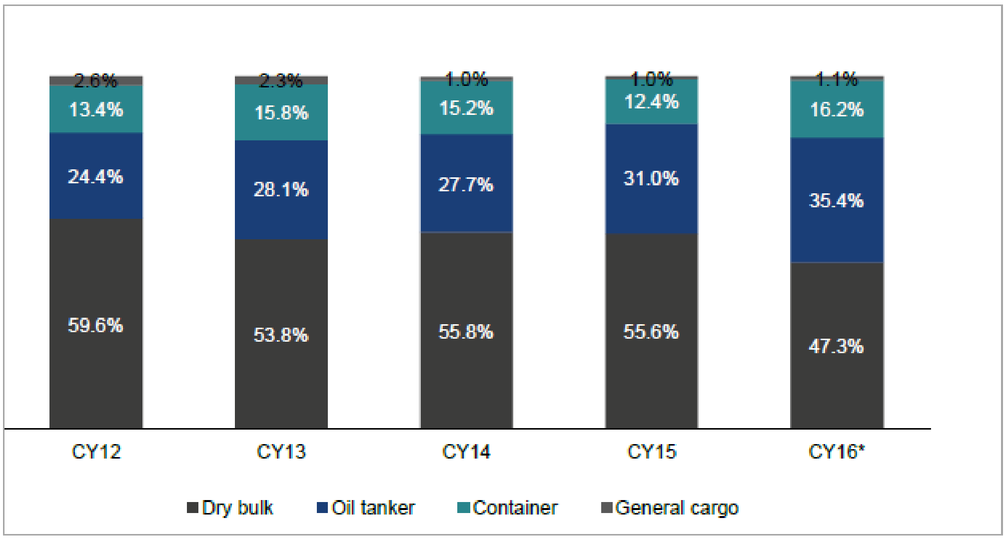



*Note: Data as on January 1, 2016

*Source: UNCTAD - Review of Maritime Transport, published in 2016; CRISIL Research*

II. *Vessel-wise*

**Shipbuilding order book for each vessel category**




*Note: Data as on January 1, 2016

*Source: UNCTAD - Review of Maritime Transport, published in 2016; CRISIL Research*

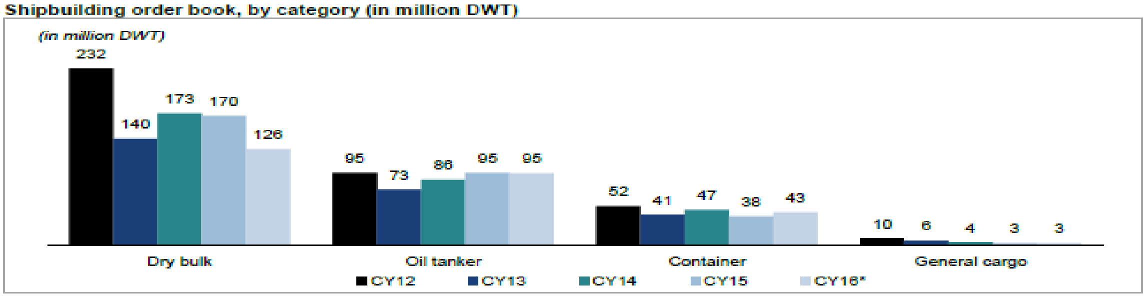
Dry bulk and oil tankers together account for more than 80% of the global order book. While the share of dry bulk has seen a downward trend over the four year period from April 2012 to April 2016, the shares of oil tanker and container ship segments has improved.

During the year to January 1, 2016, the total dry bulk order book declined on account of surplus capacity that still exists and uncertainties concerning the demand for dry bulk commodities from China. The tanker order book has remained at a similar level between 2012 and 2015 even as excess capacity and volatility in crude oil prices persisted, due to a rise in demand on account of oil stockpiling, especially by Asian countries (such as China), increases in refinery runs, slow expansion in the oil fleet supply, slow steaming and changes in trading pattern. Over the same period, the LNG order book declined due to oversupply amid persistent fleet additions while charter rates were high, and the container order book declined due to excess capacity, cascading (ship capacity moved from main or artery lanes to secondary routes), uncertainty about the future of slow steaming and the alignment of major container ship operators in four mega-alliances, listed below:

- **2M** - Maersk Line and Mediterranean Shipping Company (MSC);
- **CKYHE** - Cosco Shipping, K-Line, Yang Ming Marine Transport, Hanjin Shipping and Evergreen Shipping Agency;
- **G6** - American President Lines (APL), Hapag Lloyd, Orient Overseas Container Line (OOCL), Nippon Yusen (NYK), Mitsui O.S.K. Lines (MOL) and Hyundai Merchant Marine Co.; and
- **Ocean Three** - CMA CGM, China Shipping (CSCL), United Arab Shipping Company (UASC), Hamburg Sud (through vessel share).

These alliances have been formed to create economies of scale by sharing space on mega-vessels, which reduce the operating cost due to their sheer volume.

**Shipbuilding order book, by category (in million DWT)**




*Note: Data as on January 1, 2016

*Source: UNCTAD - Review of Maritime Transport, published in 2016; CRISIL Research*

*Revenue trends*

South Korea's large shipbuilders, Hyundai Heavy Industries Co. and Daewoo Shipbuilding & Marine Engineering Co., reported heavy losses in 2015. This was largely because South Korea's shipyards bid aggressively in recent years for overseas oil rigs and energy platforms to fill their order books and to avoid direct competition with Chinese shipbuilders, who had the advantage of cheap labour to make low-profit tankers.

The global recession dented overall demand for shipping, thus lowering demand for new ships. A fall in the price of crude oil resulted in a challenging business environment for global shipbuilders as international oil companies reduced capital expenditure, and delayed or cancelled orders for drill ships and offshore production facilities. These factors, along with considerable excess capacity, resulted in a recession in the shipbuilding industry.

**Indian Shipbuilding Industry**

*Overview*

Based on the types of ships built, the Indian shipbuilding industry can be broadly categorized as follows:

(i) Large ocean-going vessels catering to overseas as well as coastal trade;

(ii) Medium size specialized vessels such as port crafts, fishing trawlers, offshore vessels, inland and other smaller crafts and;

(iii) Defence/ naval crafts and vessels for the coast guard.

*Sector-wise classification*

The Indian shipbuilding industry can be divided into three segments:

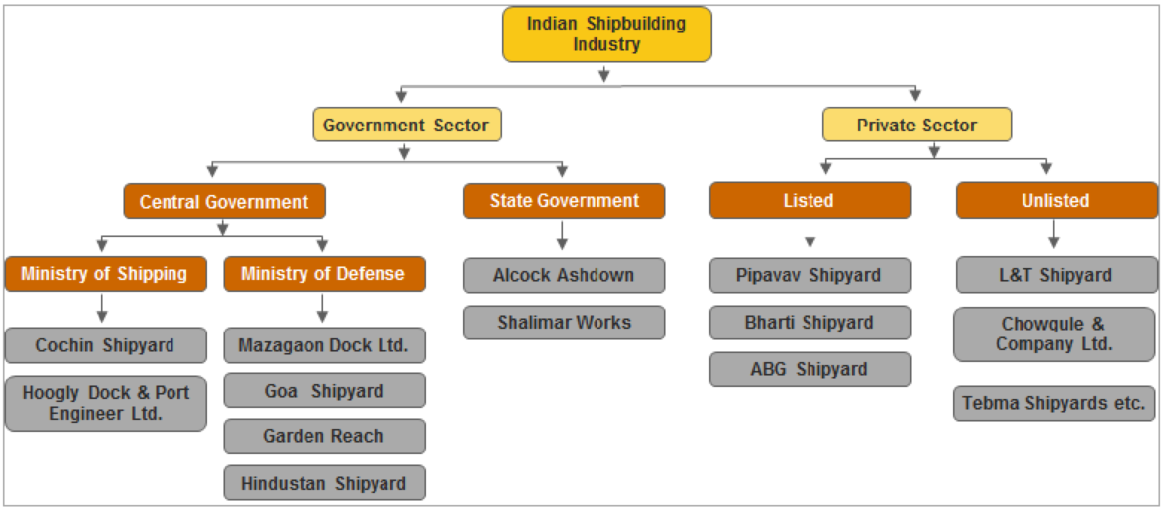
(i) Public-sector shipyards [in the commercial segment]: Historically India's major shipyards have been public-sector shipyards, which primarily build merchant-class ships and naval vessels. Public-sector shipyards include Cochin Shipyard, Hooghly Dock & Port Engineers.

(ii) Defence shipyards: Four naval shipyards come under the purview of the Indian Ministry of Defence, namely Hindustan Shipyard, Mazagon Dock, Goa Shipyard and Garden Reach Shipbuilders & Engineers.

(iii) Private-sector shipyards: The three publicly listed private-sector shipyards are Bharati Defence and Infrastructure Ltd., ABG Shipyard and Reliance Defence and Engineering ("**RDEL**") Shipyard (formerly Pipavav). Larsen & Toubro Ltd is another major private sector shipyard. In addition, there are a number of smaller private shipyards building smaller ships and vessels, including coastal vessels, barges, tugs, patrol ships and fishing ships.

As of March 2015, the private sector accounted for approximately two-thirds of the total shipbuilding order book in terms of the number of ships with outstanding orders for 199 ships amounting to a combined tonnage of 2,567 thousand DWT. In fiscal 2015, private sector shipyards delivered 24 ships with a combined tonnage of approximately 98 thousand DWT.

Among public-sector shipyards, key names include Cochin Shipyard, Hindustan Shipyard and Mazagaon Dock. Large private-sector shipyards include ABG Shipyard, Bharati Defence and Infrastructure Ltd. and RDEL Shipyard and Larsen & Toubro Shipyard.

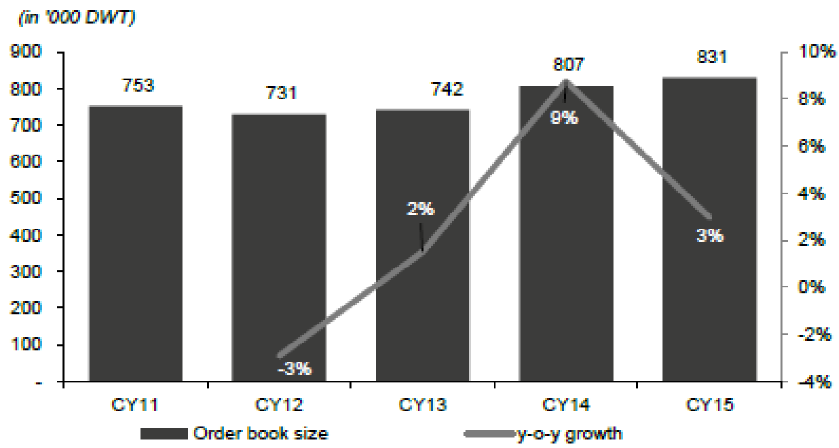



Source: CRISIL Research

*Capacity Trends*

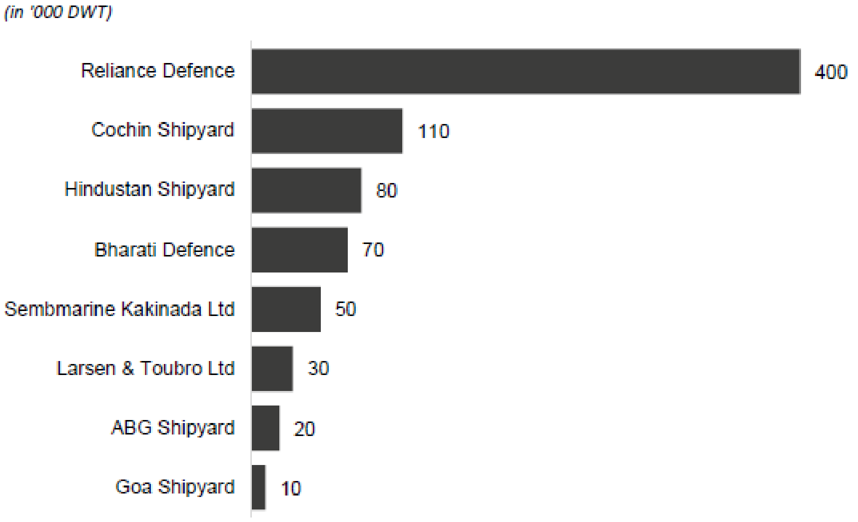
The shipbuilding capacity of public-sector shipyards marginally declined between fiscal 2011 to fiscal 2015. In fiscal 2015, Goa Shipyard increased its capacity by more than double from 4,500 DWT to 10,000 DWT. The private-sector's shipbuilding capacity, on the other hand, increased at a CAGR of approximately 3% between fiscal 2011 and fiscal 2015. The capacity enhancement of the private-sector was due to new shipyards such as Larsen & Toubro who entered in 2014 with a capacity of 30,000 DWT, Sembmarine Kakinada who started operations in 2015, with a capacity of 50,000 DWT, and Chidambaranar Shipcare who set up a shipbuilding facility with a capacity of 3,500 DWT.

**Shipbuilding capacity in India (in '000 DWT)**




Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research

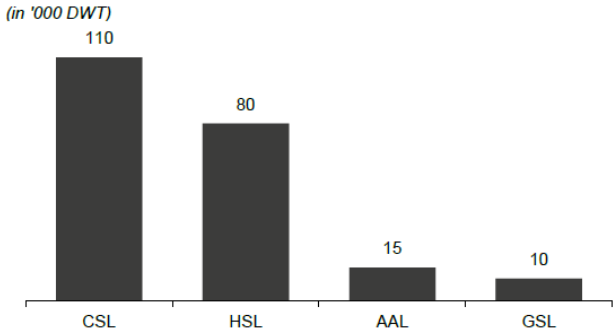
Shipbuilding capacities of major shipbuilders (as of fiscal 2015) are shown below:




*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

As per a report released by the Ministry of Shipping, within the public sector, Cochin Shipyard possessed a maximum ship-building capacity of approximately 110,000 DWT, followed by Hindustan Shipyard (80,000 DWT) and Alcock Ashdown Ltd (15,000 DWT), as of fiscal 2015, as shown below.

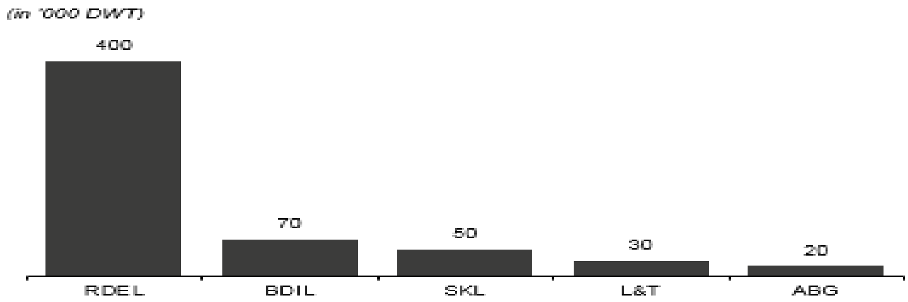
**Ship-building capacity of public sector companies as on March 31, 2015**




*Source: Ministry of Shipping, CRISIL Research*

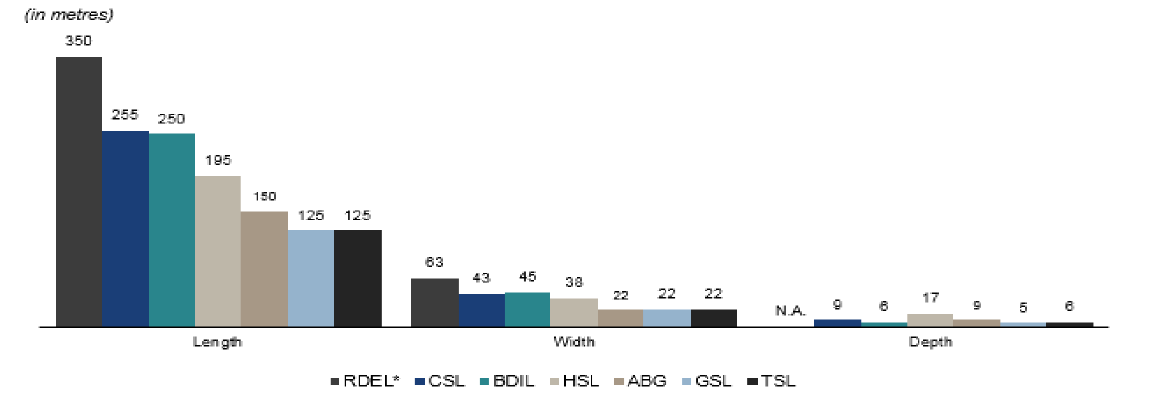
The private sector holds the largest share of overall capacity of shipyards in India. Among private sector shipyards, RDEL has a maximum capacity of approximately 400,000 DWT, followed by Bharati Defence and Infrastructure Ltd. at approximately 70,000 DWT, as of fiscal 2015, as shown below.

**Ship-building capacity of private sector companies as on March 31, 2015**




*Source: Ministry of Shipping, CRISIL Research*

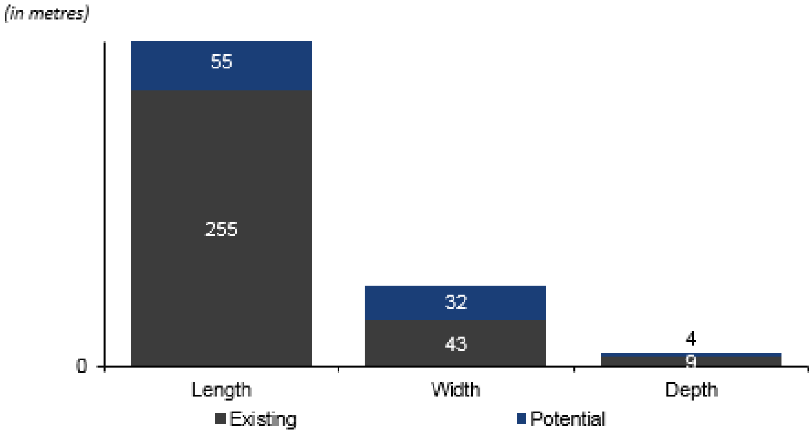
**Shipbuilding capacity of companies by type and size (as of fiscal 2015)**




Note: All the data is as per latest available information.
* RDEL's capacity in terms of depth not reported
*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

Cochin Shipyard is in the process of expanding its capacity in order to build large ships such as LNG vessels, large container vessels and new generation aircraft carriers.

**Potential capacity to be added by CSL**

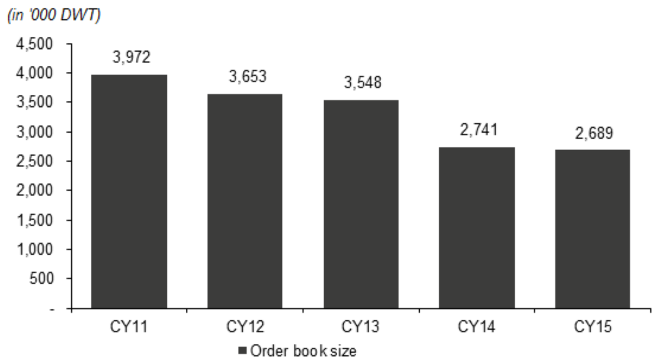



Note: Data as on 31st March 2016
*Source: Cochin Shipyard Annual Report 2016*

*Commercial Order book Trends*

The shipbuilding order book position declined during fiscal 2014 and fiscal 2015 due to a number of factors such as persistent excess supply and weak global trade.

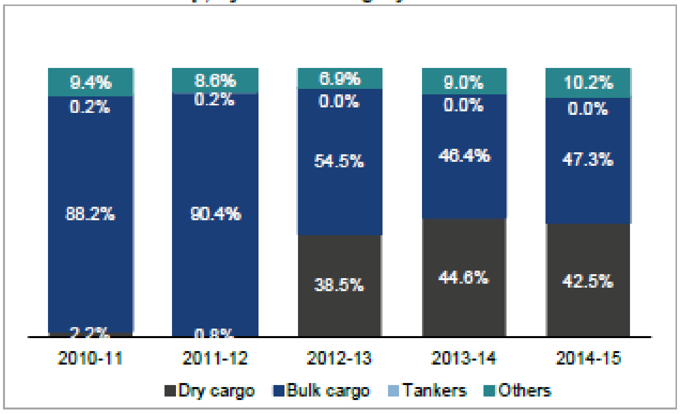
**Indian shipbuilding order book**




*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

I. *Vessel -wise*

**Order book breakup, by vessel category**




*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

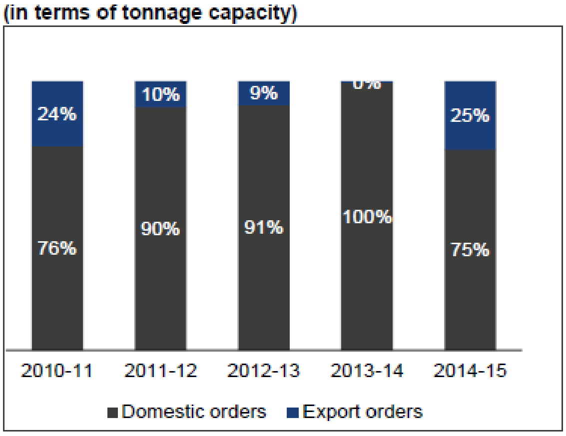
The share of dry cargo segment rose significantly in fiscal 2013, mainly because RDEL Shipyard's orders were reclassified from bulk cargo to dry cargo. Between fiscal 2011 and fiscal 2015, the order book of public sector shipyards was lower than that of private sector shipyards due to the vessels for clients engaged in the defence sector in their order book. However, execution of the order book of private shipyards remains uncertain due to the stressed financial position of major shipyards like ABG Shipyard, RDEL Shipyard and Bharati Defence and Infrastructure Ltd.

According to industry interactions, some orders of commercial vessels placed with private-sector shipyards have either been cancelled or put on hold. Additionally, the majority of orders of ships for clients engaged in the defence sector have been placed with the public-sector shipyards.

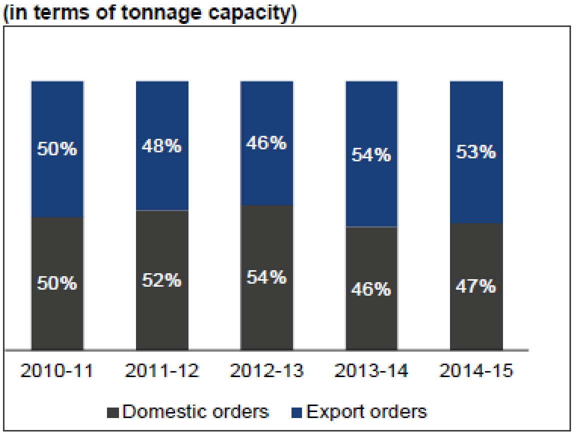
As of fiscal 2015, Indian shipbuilders had orders for 292 ships, with an aggregate tonnage capacity of 2.68 million DWT. Of these, 57 ships, with an aggregate capacity of 1.385 million DWT, were export orders. In DWT terms, domestic orders comprised a greater share of the order book of the public-sector, while the private-sector order book is more evenly distributed.

Domestic orders contributed a major part of the order book for public-sector in terms of number of ships, however, the order book was equally shared by domestic and export orders in terms of DWT. Considering the order book as of March 2015, the average capacity (in DWT) of export orders is more than that of the domestic orders.

**Domestic vs export order book for public sector (in terms of tonnage capacity)**




**Domestic vs export order book for private sector (in terms of tonnage capacity)**




Note: Public sector includes eight players and private sector includes 15 players.

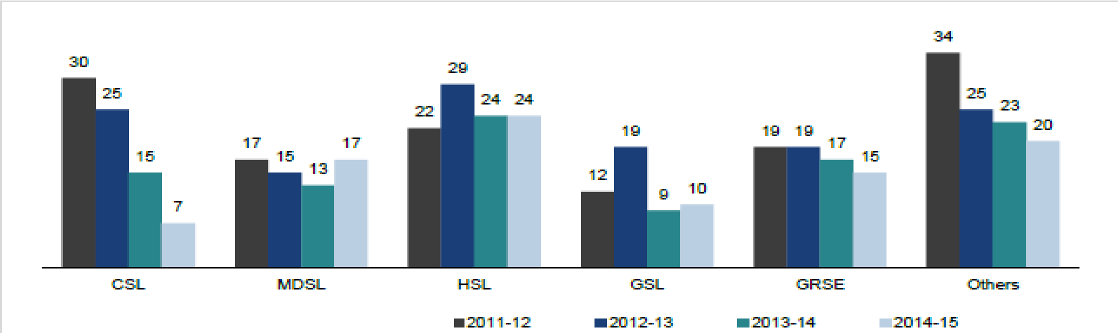
*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

The public-sector shipyards were limited in their ability to take up large export orders due to inadequate capacity and pending orders.

As of March 31, 2015 Goa Shipyard and Cochin Shipyard are the only public-sector shipyards who have received export orders. In the public-sector, Cochin Shipyard has the largest export order book. In the Dry bulk and offshore segment, ABG Shipyard has the largest domestic order book among private-sector shipyards.

*II. Public-sector company-wise*

**Public sector company-wise order book (number of ships)**

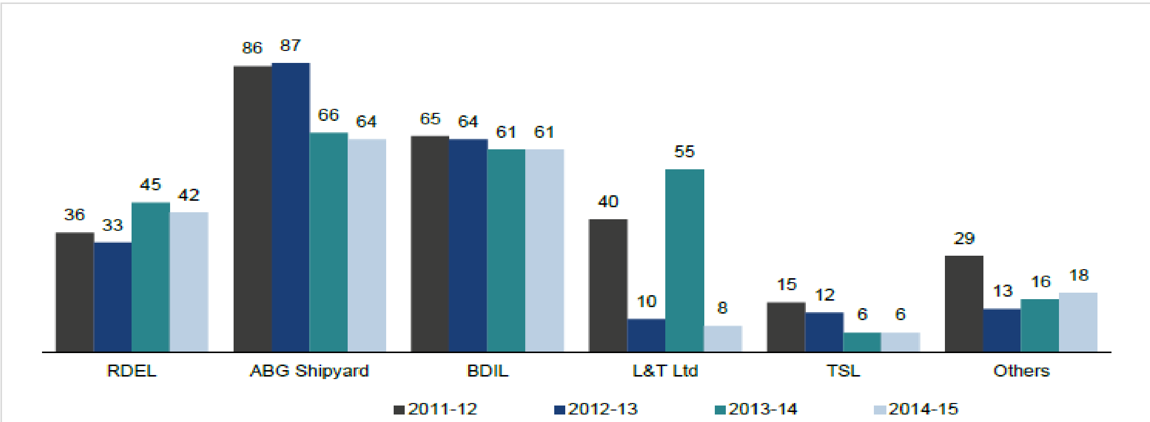



*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

As of March 31, 2015 Hindustan Shipyard has typically contributed approximately half of the public-sector's order book. However, its order book size (in DWT) saw a sharp decline during fiscal 2014 and remained at similar level in fiscal 2015. The order book size (in DWT) of Cochin Shipyard and Mazagaon Dock increased marginally from fiscal 2012 to fiscal 2015. Among public-sector shipyards, the average tonnage (DWT) per ship on order is highest for Cochin Shipyard followed by Hindustan Shipyard.

*III. Private-sector company-wise*

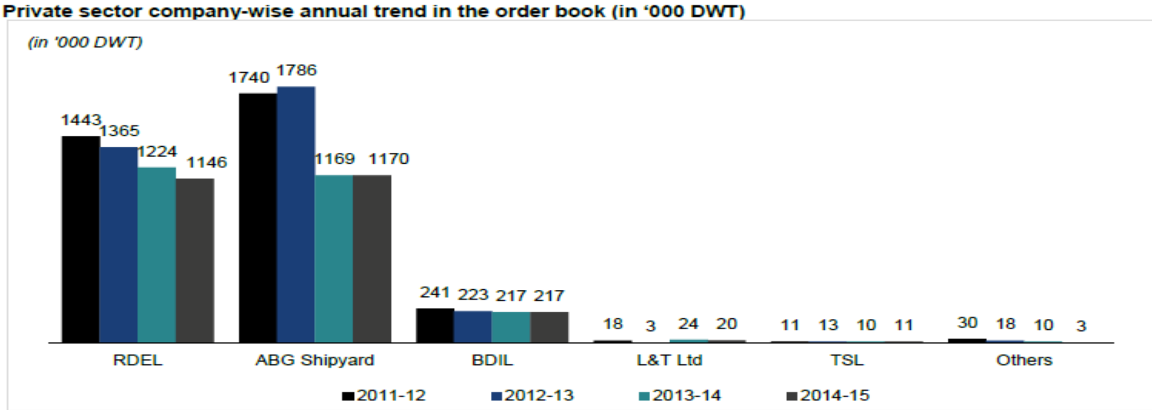
**Private sector company-wise annual trend in the order book (number of ships)**




*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

The order book of private-sector is largely contributed by two shipyards, ABG Shipyard and RDEL Shipyard. However, the order books of RDEL Shipyard and ABG Shipyard declined at a CAGR of 7% and 14% respectively, from fiscal 2012 to fiscal 2015.

**Private sector company-wise annual trend in the order book (in '000 DWT)**

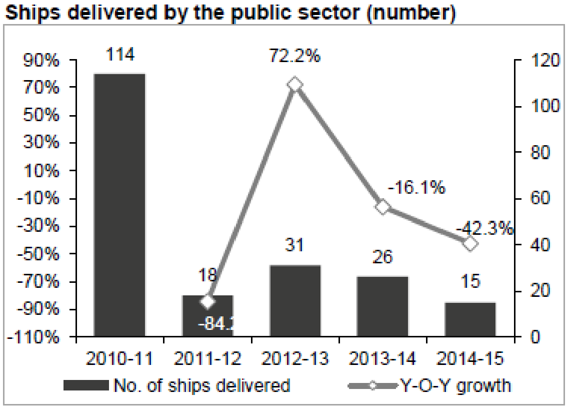



*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

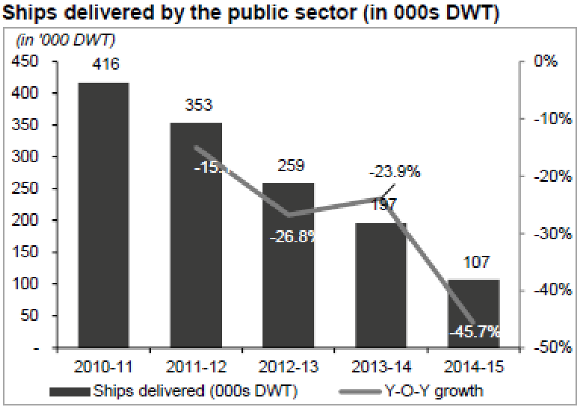
*Commercial Delivery Trends*

The number of ships delivered by the private-sector, as well as in DWT terms, declined after fiscal 2012. With the exception of fiscal 2014, public-sector deliveries outpaced those of private-sector shipyards in DWT terms. Among public-sector shipyards, GRSB delivered the most ships, in DWT terms, from fiscal 2011 to fiscal 2015.

**Ships delivered by the public sector (number)**




**Ships delivered by the public sector (in 000s DWT)**




*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

*Defence Order Book Trends*

Naval shipbuilding is a sub-segment of the Indian shipbuilding sector. It is characterised by a value addition of 65% during the construction of ships, which is contributed by ancillary industries including steel producers, main engine builders and equipment suppliers. Growth of the domestic shipbuilding sector, which imports 45% of its input requirement, can become a significant factor for large-scale indigenisation of heavy-engineering products and ancillaries.

Traditionally, even as naval ancillary components have been acquired from outside India, the shipbuilding activity has been carried out indigenously. However, over the years, the Indian government has pursued a policy towards greater indigenisation of defence equipment.

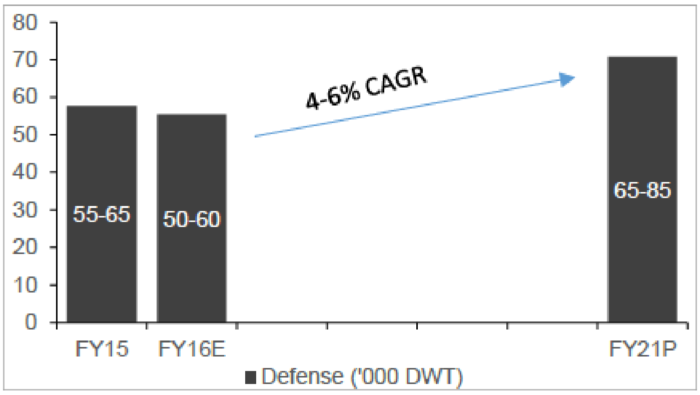
The domestic defence shipbuilding industry primarily caters to two sub-segments, the Indian Navy and the Indian Coast Guard. Both Indian Navy and the Indian Coast Guard currently possess a large fleet.

Defence Public-Sector Units (DPSUs) account for the major portion of the scheduled new fleet additions to the naval fleet. These DPSUs currently have a large order book for ships for clients engaged in the defence sector. Mazagaon Dock, Goa Shipyard, Garden Reach Shipping & Engineers and Hindustan Shipyard are major PSUs catering to the defence sector sub-segment. A significant number of orders have been placed with these DPSUs over the past two years.

In fiscal 2015, Goa Shipyard's order book had five offshore patrol vessels and was also nominated to build 12 mine counter measure vessels for ₹326 billion. Mazagaon Dock is executing orders for three destroyers of project P15-A, four destroyers of plan 15-B, four frigates of project P17-A, and six Scorpene-class submarines. Cochin

Shipyard is executing the order for one aircraft carrier and a series of fast patrol vessels. Garden Reach Shipping & Engineers has an order book that includes three stealth frigates under project P-17A, four Anti-Submarine Warfare Corvettes (ASCs), four Water Jet Fast Attack Crafts (WJFACs) and eight Landing Craft Utilities (LCUs).

**Defence shipbuilding order book to grow 4-6% CAGR**




*Source: CRISIL Research*

The order book for the Indian shipbuilding industry is expected to receive a boost on account of the ship acquisition plans of Indian Navy and Coast Guard. Ship orders for clients engaged in the defence sector are expected to increase between fiscal 2016 and fiscal 2021, with the Indian Navy's and Coast Guard's ambitious plans for a 200-ship fleet each.

The Indian shipbuilding industry is expected to deliver 14,000 to 17,000 DWT by fiscal 2021 through the partial or full execution of orders for both the Indian Navy and Indian Coast Guard. CRISIL Research expects delivery of some of the most important orders, such as, Scorpene-class submarines, P15-A, P15-B and P17-A vessels within this timeframe. Most of these ships are currently at various stages of completion.

*Defence Delivery Trends*

The defence fleet has seen significant additions from the domestic shipbuilding industry in the past two years. Goa Shipyard handed over one naval offshore patrol vessel and Mazagaon Dock delivered INS Kochi, the second ship of plan 15-A. Cochin Shipyard delivered a series of FPVs to the Indian Coast Guard. Cochin Shipyard and Garden Reach Shipping & Engineers received and executed orders for ships for foreign clients engaged in the defence sector. The Garden Reach Shipping & Engineers delivered one ASC, INS Kamorta, and also completed its export order of CGS Barracuda, an offshore patrol vessel to the government of Mauritius. As of fiscal 2016, Goa Shipyard has an export order book of approximately ₹12,000 million, comprising patrol vessels and interceptor boats for Mauritius and the Sri Lankan Navy. Among private shipyards, ABG Shipyard completed its delivery of one pollution control vehicle to the Indian Coast Guard.

**Global Ship-repair Industry**

According to a report published by the Ministry of Shipping at the India Maritime Summit 2016, the global ship repair market is approximately US$ 12 billion. Shipyards in Singapore, Bahrain, Dubai and Middle East account for a major share of this market. These locations have achieved a dominant position despite higher cost of ship repair services compared to other Asian countries, largely due to the availability of a skilled workforce and the latest technology, which allows these shipyards to attract demand from other low cost locations like India, Malaysia and Indonesia. According to the Ministry of Shipping at the India Maritime Summit 2016, Indian ship repair industry's market potential is approximately US$1.5 billion (₹102 billion).

**Indian Ship-repair Industry**

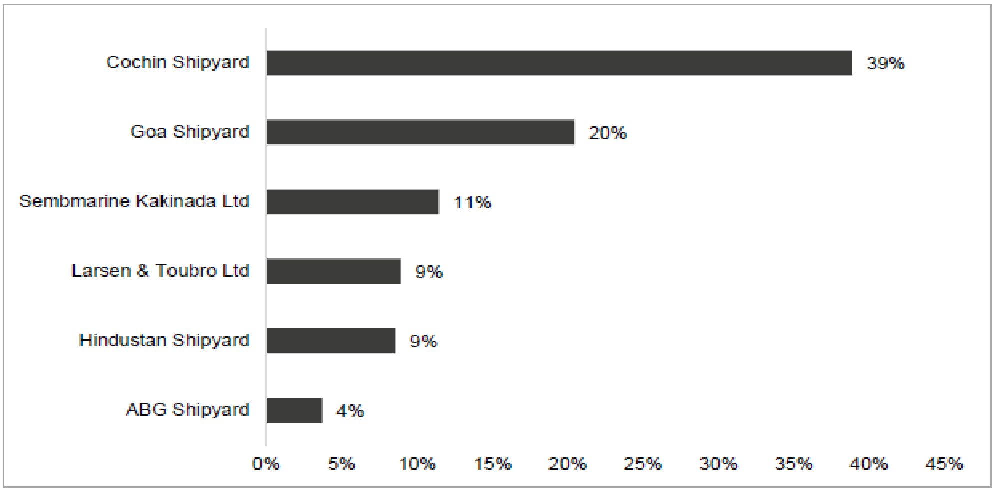
*Market size*

According to the Statistics of India's Ship Building and Ship Repair Industry, published by the Ministry of Shipping, the total market size of the Indian ship-repair industry in fiscal 2015 was approximately ₹5,043 million. From fiscal 2011 to fiscal 2015, the market size has remained constant except for during fiscal 2013, when it crossed the ₹10,000 million level in part due to Mazagaon Dock's high value orders. This was an isolated case, as Mazagon Dock does not typically undertake ship repairing.

The share of the public-sector in the revenues earned through ships repaired is much higher compared to the private-sector. The average realisation per ship repaired by the public-sector is higher compared to that of the private-sector.

*Market share*

**Market share of major players in the Indian ship repairing industry (as of 2014-15)**




*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

Cochin Shipyard, accounting for approximately 39% of the total revenues earned in fiscal 2015 through ship-repair, is the leading shipyard in the ship-repair industry. It is followed by Goa Shipyard with a share of approximately 20% in the revenues earned in fiscal 2015 through ship-repair. The private-sector shipyards in this segment are Sembmarine Kakinada, Larsen & Toubro and ABG Shipyard.

In terms of market size, the share of the public-sector remained higher than the private-sector from fiscal 2011 to fiscal 2015. The number of ships repaired by the public and private-sectors increased at a CAGR of 18% and 52% respectively, during this period.

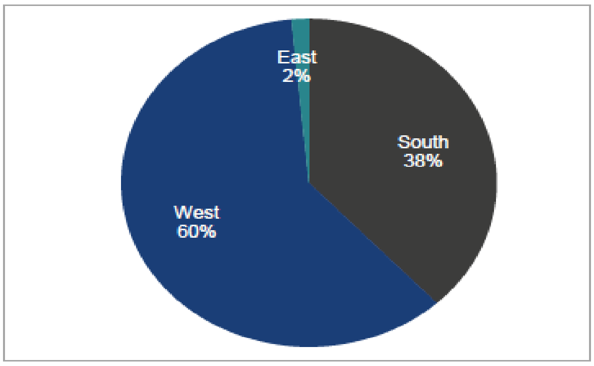
*Capacity Trends*

The public-sector had a largely stable ship-repair capacity between fiscals 2011 and 2015. GSL contributed with a major capacity addition in fiscal 2015, which more than doubled its capacity from 4,500 DWT to 10,000 DWT. The ship-repair capacity of the private-sector improved following the commencement of operations of two new shipyards viz. Larsen & Toubro Ltd with 30,000 DWT and Sembmarine Kakinada with 54,000 DWT capacity.

*I. Region-wise*

The western coast of India houses almost 60% of the overall ship-repair capacity of the country. As the shipyards are located along the sea coast, there are no shipyards in northern India. The majority of the shipyards on the western coast are located in Gujarat, Maharashtra, Kerala and Goa while major shipyards in the east are concentrated in West Bengal.

**Region-wise share in ship repairing capacity in India (as of 2014-15)**



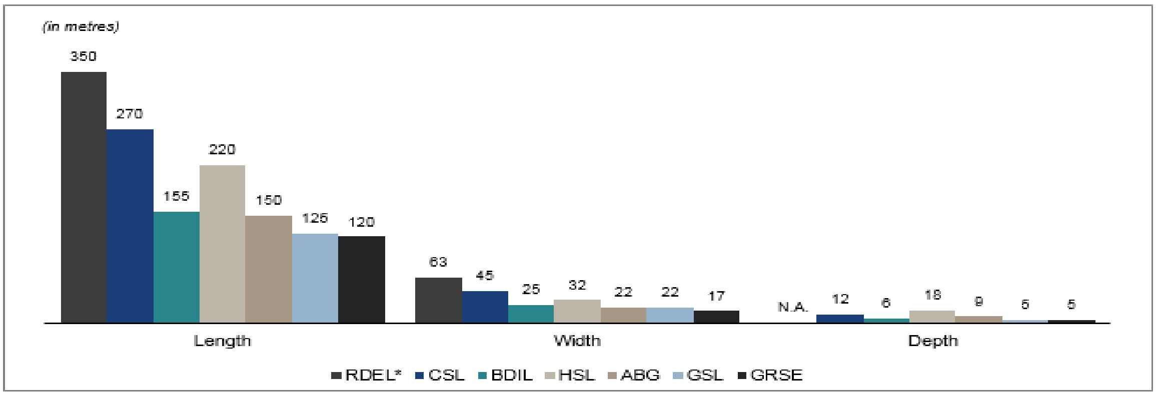

*Source: Ministry of Shipping, CRISIL Research*

*II. Company-wise*

The public-sector owns nine dry docks and three wet docks. Cochin Shipyard and Garden Reach Shipbuilders & Engineers have two and five dry docks, respectively. Only Hindustan Shipyard and Garden Reach Shipbuilders & Engineers have both dry as well as wet docks.

Some shipyards also provide other repairing facilities such as a jetty, shiplift, slipway, submersible ship or platform and quay. Among private-sector shipyards, ABG Shipyard has two and NN Shipbuilders and Engineers has three slipways.

Cochin Shipyard had the largest ship-repair capacity within the public sector as of fiscal 2015, followed by Hindustan Shipyard. Within the private sector, RDEL Shipyard had the largest ship-repair capacity, followed by Bharati Defence and Infrastructure Ltd, as shown below.




Note: All the data is as per latest available information
* RDEL's capacity in terms of depth not reported
*Source: Statistics of India's shipbuilding and ship repairing industry (2014-15), published by the Ministry of Shipping; CRISIL Research*

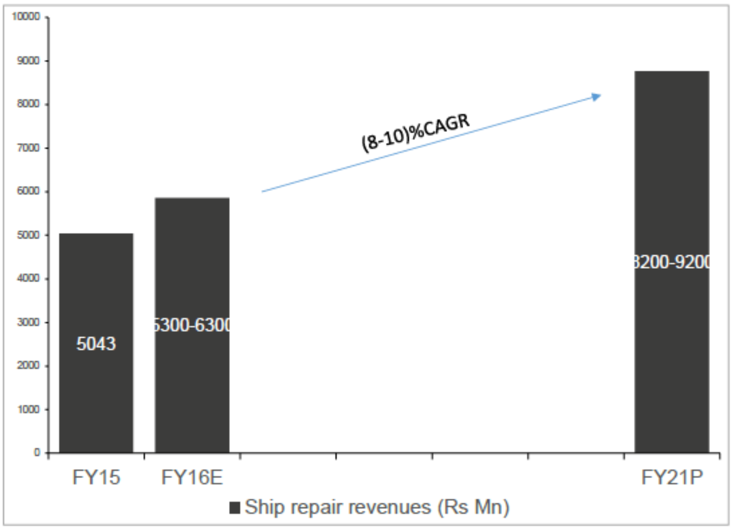
*III. Port-wise*

Kandla, Mumbai, Mormugao, Cochin, V O Chidambaranar, Visakhapatnam, Paradip and Kolkata are the major ports in India. The Kolkata port has four dry docks, while the rest have one each. The Mormugao and Visakhapatnam ports have eight workshops each, while the Paradip port has only one. In terms of dimensions, Mumbai port is the largest. All major ports, except the V O Chidambaranar port, have cranes.

In fiscal 2015, the Mumbai port recorded the highest number of ship-repairs while the Kolkata port had the highest occupancy of dry docks, among the major ports.

*Future outlook*

**Size of ship repairing market**




*Source: CRISIL Research*

The ship-repair industry is expected to grow at a CAGR of 8 to 10% between fiscal 2016 and fiscal 2021. Indian ship-repair yards will be driven by greater focus towards diversifying their revenue streams to withstand the slowdown in ship building.

Indian yards are expected to benefit from the increasing strength of the Indian Navy and the Coast Guard's operational and support fleet, which will drive the repairs business. Moreover, higher indigenisation in ships for clients engaged in the defence sector are expected to augment the revenue per refit and repair, driving growth and increasing the proportion of defence repairs over the next five years.

Revenue generated through repairs of foreign vessels is also expected to improve in the wake of service tax exemptions granted by the central government in 2014 and a reduction of central excise duty on capital goods raw materials and spares used for the repair of ocean going vessels. Indian shipyards are facing increasing competition from foreign shipyards as their shipbuilding capacities remain underutilised. Also, major Indian shipyards are sceptical about taking in foreign vessels as the average ticket sizes are lower despite similar capacity requirements.

*Key drivers*

Strategic positional advantage

India's strategic position along the east bound and west bound international trade routes offers an opportunity to cater to vessels plying on these routes. A main container route connecting America and Europe to the East passes very close to the Indian coastline presenting a major opportunity for repairs.

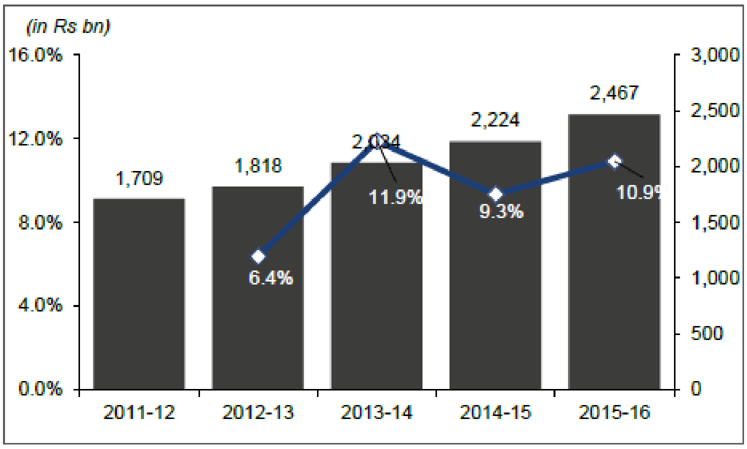
Capacity additions

- Cochin Shipyard is in the process of adding one more dry dock of size 310 x 75/60 x 13 M, which will enable it to undertake repairs of vessels like LNG carriers, semi-submersibles, jack up rigs, and drill ships.
- Full commissioning of the international ship repairing facility at Cochin port with state of the art ship repair facilities will enable Cochin to position itself as a major ship repair hub. The target is to enhance Cochin Shipyard's ship-repair capability by 70-90 ships per annum.
- Phase 3 and 4 of development (the expansion and upgradation of infrastructure at Goa Shipyard) are under progress. This development is expected to enhance its capabilities for the repair of ships for clients engage in the defence sector.
- The construction of a floating dry dock facility at V O Chidambaranar port is in the feasibility study phase. This facility would enhance its capacity to carry out underwater repairs of tugs, launch boats and other watercrafts.
- The project to modernise ship repairing facilities at Kolkata dock is expected to improve its capabilities to service both Indian and foreign vessels. The project is still in the planning stages.
- There is a proposal underway for refurbishment of the existing Hughes dry dock at Mumbai port. This project aims to provide adequate wet berth facilities to complement dry docks to cater to afloat repairs.
- In order to create adequate dry docking facilities and maintenance capacities for vessels plying through Andaman and Nicobar waters, a project to create a ship repair facility (ship lift/slipway) capable of handling 5000 DWT vessels is underway and is in the pre-feasibility stage, according to a report published at the Maritime India Summit 2016.

**Indian Defence Sector**

*Budgetary allocation trends*

**Budgetary allocation for the defence sector**



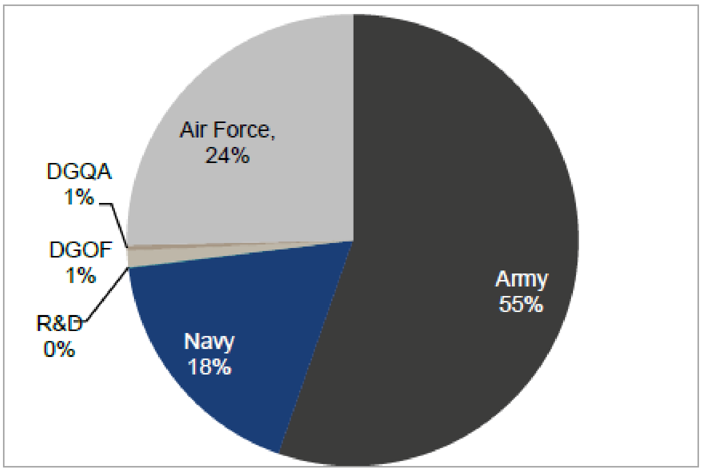

*Source: Ministry of Defence, CRISIL Research*

The Indian budgetary allocation for defence in 2015-16 was ₹2,467 billion, which is approximately 1.75% of the country's GDP. From fiscal 2011 to fiscal 2016, the allocation for defence increased at a CAGR of 9%. During this period, revenue expenditure remained largely constant while capital expenditure increased at a CAGR of approximately 11%.

*Defence budget (fiscal 2016)*

In fiscal 2016, the Indian Army accounted for the highest share of the defence budget followed by the Indian Air Force and then the Indian Navy, which accounted for approximately 18% of the total defence budget.

**Breakup of defence budget (2015-16)**

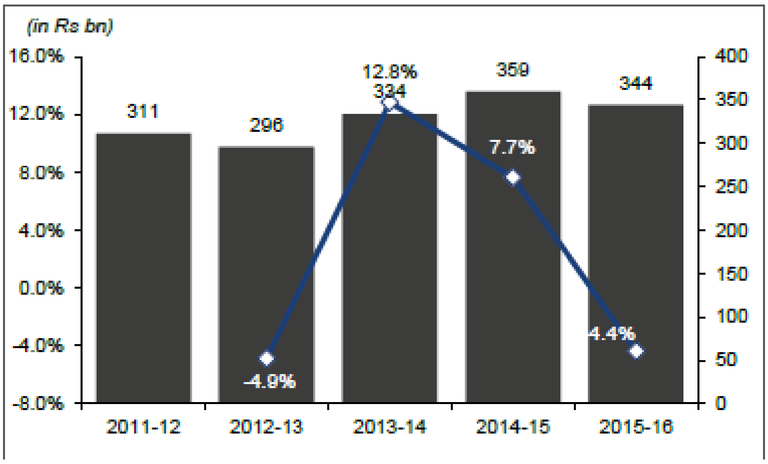



*Source: Ministry of Defence, CRISIL Research*

*Indian Navy*

During fiscal 2012 to fiscal 2016, the budgetary allocation for the Indian Navy was in the range of between 14-17% of the total budget. The allocation to the Indian Navy has declined over the last two years in absolute terms.

Budgetary allocation for Indian Navy




*Source: Ministry of Defence, CRISIL Research*

*Key GoI Initiatives*

The Indian government has taken the following key initiatives to develop and promote the domestic shipbuilding industry:

*New Shipbuilding Policy (December 2015)*

The Indian cabinet approved the new shipbuilding policy in December 2015, granting financial assistance and infrastructure status to the industry. The government has set aside ₹40 billion to implement the scheme over the next 10 years.

Key policy features include:

- Granting financial assistance to both state-owned and private shipbuilders on each ship they build, except for smaller boats and fishing vessels. However, financial assistance given would be scaled down by three percentage points every three years, starting with 20% in the first three years, down to 11% in the 10th year;
- The assistance will be given on the contract price or fair price, whichever is lower;
- Both state-owned and private shipyards will get the assistance only after they construct and hand over to the ship to the buyer;
- Indian shipyards will have the right of first refusal for government purchases, implying that even if the shipyard is not the lowest bidder, an option is provided to the shipyard to match the lowest foreign bid and secure the contract; and
- Granting infrastructure status to the shipbuilding and ship-repair industry, making it entitled to various government incentives and tax benefits.

*Indirect tax incentives (November 2015)*

The government issued a notification in November 2015, highlighting the indirect-tax incentives proposed to be provided to the industry:

- Exemption from customs and central excise duties on all raw materials and parts for use in the manufacture of ships, vessels, tugs and pusher crafts.
- Currently, certain specified vessels are exempt from the basic customs duty and central excise duty. Consequently, for such vessels manufactured in export-oriented units and cleared to the domestic tariff area, they are not eligible for exemption on raw materials and parts of such vessels. A suitable amendment is being made to the relevant notifications to provide this exemption, even if such vessels are exempt from the basic customs duty and central excise/CV duty.

- The requirement of manufacture of ships, vessels, tugs and pusher crafts in a custom-bounded warehouse to avail of the customs and excise-duty exemptions has also been removed. Instead, these exemptions will now be subject to actual user conditions.
- Central excise duty exemption on inputs used in the repair of ocean-going vessels has been granted in the Union Budget for fiscal 2017.

The financial assistance policy coupled with the exemption from customs and central excise duties on all raw materials and parts for use in the manufacture of ships, vessels, tugs or pusher crafts will reduce the cost of manufacturing ships in India, thus improving the competiveness of Indian shipbuilders. However, the impact of the policy is not great enough to offset weak global commercial demand.

The financial assistance policy of 2015 provides assistance post-delivery of the vessel, as against 30% assistance on booking the order as per the ship building subsidy scheme 2002, which led to India garnering an approximate 1.2% share of the global order book. In a situation where major private shipyards are facing financial issues owing to high working capital needs, the new policy might not be as effective.

Following a freight revival in the shipping market, competition from major global shipyards is expected to intensify to an extent that offsets the excess cost competitiveness gained through financial assistance and tax exemptions.

*National Investment and Infrastructure Fund*

Union Finance Minister, Arun Jaitley, announced the creation of a National Investment and Infrastructure Fund (NIIF) in Union Budget 2015-16, which would receive an annual flow of ₹20,000 crore. This will enable the trust to raise debt, and in turn, invest in infrastructure finance companies such as IRFC and NHB (National Housing Bank). The infrastructure finance companies can then leverage this extra equity manifold.

With a view to attracting investments from Qatar under the umbrella of NIIF, a memorandum of understanding (MOU) was signed with Qatar Investment Authority (QIA) on June 5, 2016. The objective of the MOU is to facilitate QIA to study investment opportunities in the infrastructure sector in India, develop a framework for the exchange of information with regard to such investments opportunities, and enable both sides to decide on joint investments. It will remain in effect for 12 months, during which both parties will discuss and agree on the terms, principles and criteria for such investments. NIIF shall share with QIA a pipeline of investment opportunities available in the infrastructure sector in India.

*Make in India Initiative*

Gas Authority of India has signed contracts to buy LNG from suppliers in the US. Transporting this gas will require large specialised LNG carriers. As part of the 'Make in India' campaign, the Government of India is keen that one-third of the total number of ships should be built by Indian shipyards.

*Deregulation*

The Ministry of Shipping has taken steps to improve the ease of doing businesses, such as:

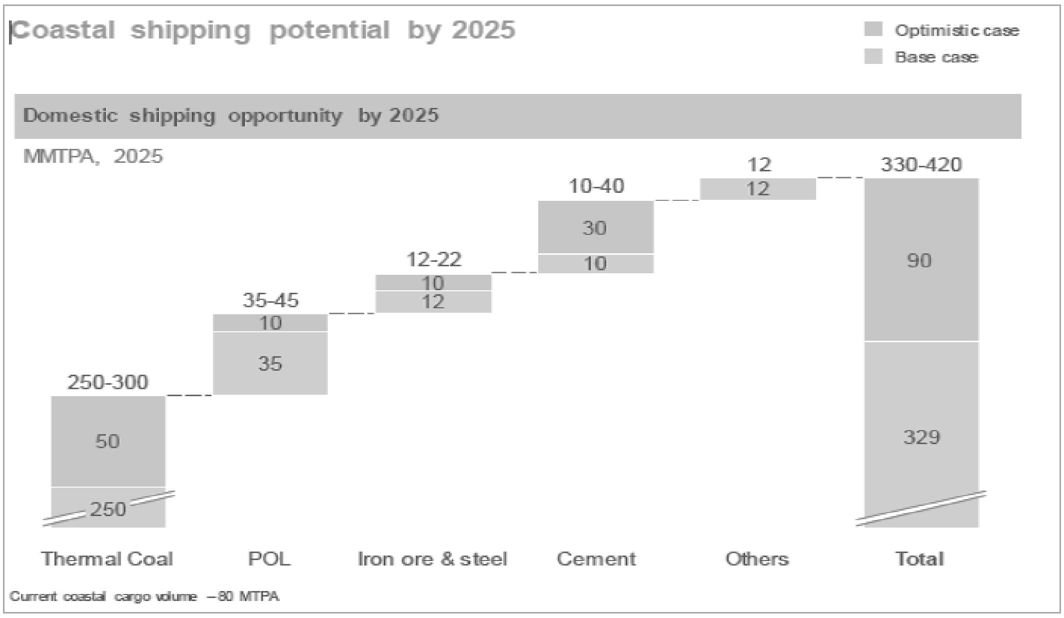
- rescinding 13 obsolete and unnecessary rules under the Merchant Shipping Act. Of these 13 rules, six have been rescinded and seven have been pre-published before rescindment.
- eliminating the requirement for registration of ship repair units with the Directorate General of Shipping. The Ministry of Finance and the Ministry of Commerce and Industry have now been instructed to extend concessions and facilities to ship repair units without such registration.
- allowing re-rolled steel from re-cycling yards and ship breaking units to be certified for use in the construction of inland barges, river sea vessels (type 1 and 2) and port and harbour crafts, after ascertaining its sourcing and processing, which will help lower the cost of construction.

*Sagarmala Project*

According to the national perspective plan, the Sagarmala project aims to transform existing ports and create new ones with world-class technology and infrastructure. The project is also expected to integrate ports with industrial clusters and the hinterland through rail, road, inland and coastal waterways. The government is expected to invest

US$16 billion for the project's completion.

The project is expected to tackle underutilised ports by focussing on port modernisation, efficient evacuation, and coastal economic development. It will also complement the Golden Quadrilateral project and provide sea connectivity to major industrial centres.




*Source: National perspective plan- Sagarmala*

*Development of Inland Waterways Transport*

Inland waterways transport will be an alternative for the existing mode of transportation. This will decongest the existing modes and bring advantages in the form of fuel and cost savings. The proposed 101 inland waterways will require an estimated investment of US$5.5 billion over the next two years.

Inland waterways accounts for only 3% of India's total transport, compared with 47% in China and 44% in the European Union. The government's initiative to develop inland waterways is a big business opportunity for the Indian shipbuilding industry in the form of future orders building dredgers and small bulk carrier vessels.

*Defence Sector Liberalisation*

The Indian government has taken steps to encourage the domestic defence shipbuilding industry. In August 2014, the foreign direct investment limit was increased from 26% to 49% to cut imports by indigenising defence production. India is among the top ten defence spenders in the world and such a move to encourage domestic manufacturing bodes well for Indian shipbuilders with a defence presence.

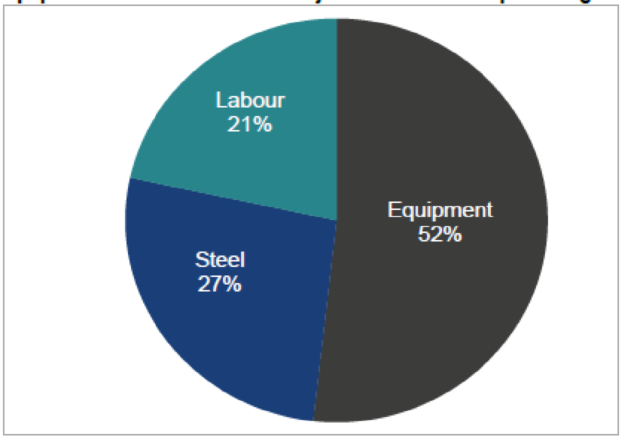
In line with the Indian government's vision of 'Make in India', the Indian Navy has prepared a guideline document, the Indian Naval Indigenisation Plan (INIP) 2015-2030, to enunciate the need for developing various advanced systems for its platforms. This plan recognises that the industry, including the private-sector, can play a vital role in meeting the sophisticated needs of the armed forces through cost-effective utilisation of its know-how and existing infrastructure, in pursuance of the government of India's vision of 'Make in India'.

The Indian Navy has achieved approximately 90% indigenisation in the 'FLOAT' category and approximately 50 to 60% in 'MOVE' category, depending upon the type of propulsion and in the 'FIGHT' category they have achieved approximately 30% indigenisation. Some of the major equipment currently imported, which holds much scope for indigenisation, are weapons, sensors, propulsion systems (especially gas turbines), marine diesel engines for main propulsion and gear boxes under the 'MOVE' category.

The unavailability of domestic equipment manufacturing ancillary companies hinders Indian shipbuilding companies as these costs represent approximately 50-55% of the total shipbuilding costs and these materials have to be ultimately imported. Labour is another major cost for shipbuilding accounting for approximately 10-15% of the total costs. According to CRISIL, the lower cost of labour in India, compared to China, South Korea and Japan could aid in competitiveness ahead of increasing levels of indigenisation.

In addition, over the last few years, major private shipyards such as RDEL Shipyard, ABG Shipyard and Bharati Defence and Infrastructure Ltd, have had to opt for corporate debt restructuring on account of the inherent disadvantages like the unavailability of cheap raw materials and limited government support compounded by economic downturn, a decline in global trade and a liquidity crunch.

**Equipment cost constitutes a major share of the shipbuilding cost**




*Source: CRISIL Research*

*Defence Procurement Policy (DPP 2016)*

The new defence procurement policy was introduced in March 2016 to initiate a new procurement regime for defence equipment. The following are some of the key features:

- 'Buy (Indian-IDDM)' Procurement Category: Pursuant to the 'Make in India' initiative in defence production, DPP 2016 has introduced a new procurement category, Buy (Indian Indigenously-Designed, Developed and Manufactured), or 'Buy (Indian-IDDM)'. In terms of prioritisation, the new category, which would also be used for procurement of all locally designed and developed items under the revamped 'Make' procedures, is placed above the existing 'Buy (Indian)' category which, in turn, is placed above the other categories, namely the 'Buy and Make (Indian)', 'Buy and Make' and 'Buy (Global)'.
- Under the new category, indigenously designed equipment with a 40% Indigenous Content ("**IC**"), or equipment not necessarily designed in house but having a 60% IC, is intended for procurement from the domestic industry.
- The new DPP has divided the 'Make' projects into two categories, Make-I (Government Funded) and Make-II (Industry Funded), apart from giving a decisive say to the Micro, Small and Medium Enterprises (MSMEs). For Make-I projects, the government would lead in funding prototype development by the industry; whereas for Make-II projects, which are largely confined to import substitution, the industry that would bear the full costs of development.
- Introduction of L1-T1 methodology for award of contracts: In a significant change from the past, DPP 2016 has introduced the L1-T1 methodology for selecting the supplier of military goods under the 'Buy' and 'Buy and Make' schemes. Under this methodology the final bidder would not necessarily be selected on the basis of lowest price quoted by the technically compliant vendors (the so-called L1 methodology), but by a combination of price and superior technology offered by the qualified vendors.
- An increase in the offset threshold limit: DPP 2016 has raised the offset threshold limit from ₹3 billion to ₹20 billion.

## OUR BUSINESS

*This section should be read in conjunction with "Risk Factors","Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 17, 236 and 162, respectively.Our restated financial information for the Fiscals 2014, 2015 and 2016 and the half year ended September 30, 2016 included in this Draft Red Herring Prospectus is prepared under the Indian GAAP. Further, with effect from April 1, 2016, we are required to prepare our financial statements in accordance with the Ind AS. References to "restated" below are to our restated financial information for the Fiscals 2014, 2015, 2016 and the half year ended September 30, 2016 prepared under the Indian GAAP.*

### Overview

We are the largest public sector shipyard in India in terms of dock capacity, as of March 31, 2015, according to the CRISIL Report. We cater to clients engaged in the defence sector in India and clients engaged in the commercial sector worldwide. In addition to shipbuilding and ship repair, we also offer marine engineering training.

As of January 31, 2017, we have two docks – dock number one, primarily used for ship repair ("**Ship Repair Dock**") and dock number two, primarily used for shipbuilding ("**Shipbuilding Dock**"). Our Ship Repair Dock is one of the largest in India and enables us to accommodate vessels with a maximum capacity of 125,000 DWT *(Source: CRISIL Report)*. Our Shipbuilding Dock can accommodate vessels with a maximum capacity of 110,000 DWT *(Source: CRISIL Report)*.

We are in the process of constructing a new dock, a 'stepped' dry dock ("**Dry Dock**"). This stepped dock will enable longer vessels to fill the length of the dock and wider, shorter vessels and rigs to be built or repaired at the wider part. We are also in the process of setting up an International Ship Repair Facility ("**ISRF**"), which includes setting up a shiplift and transfer system.

In the last two decades, we have built and delivered vessels across broad classifications including bulk carriers, tankers, Platform Supply Vessels ("**PSVs**"), Anchor Handling Tug Supply vessels ("**AHTSs**"), barges, bollard pull tugs, passenger vessels and Fast Patrol Vessels ("**FPVs**"). We are currently building India's first Indigenous Aircraft Carrier ("**IAC**") for the Indian Navy. We have also grown our ship repair operations and are the only commercial shipyard to have undertaken repair work of Indian Navy's aircraft carriers, the INS Viraat and INS Vikramaditya.

Our diversified offerings to the Indian clients engaged in the defence sector and to clients engaged in the commercial sector worldwide have allowed us to successfully adapt to the cyclical fluctuations of our industry. Over the last five Fiscals, the break-down of our average operating revenues is set out below:

| Activity | Clients engaged in the defence sector | Commercial clients |
|---|---|---|
| Shipbuilding | 64.74% | 20.60% |
| Ship repair | 7.46% | 6.70% |
| Other operating revenue | 0.47% | 0.03% |

Our current shipbuilding order book includes Phase-II of the IAC for the Indian Navy, two 500 passenger cum 150 ton cargo vessels and two 1,200 passenger cum 1,000 ton cargo vessels for the Andaman and Nicobar Administration ("**A&N Administration**"), two Roll-On/Roll-Off ("**Ro-Ro**") vessels for the Kochi Municipal Corporation and a vessel for one of the Government of India's ("**GoI**") projects. Our current ship repair order book includes vessels from our key clients.

We recently delivered a large deck cargo cum launch barge to the National Petroleum Construction Company, Abu Dhabi ("**NPCC**") and the last FPV (in a series of 20) to the Indian Coast Guard.

We are a wholly-owned GoI company, incorporated on March 29, 1972 and were conferred the 'Miniratna' status in 2008, by the Department of Public Enterprises, GoI. Our shipyard is strategically located along the west coast of India, midway on the main sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. In addition, our shipyard is located close to the Kochi port as well as to offshore oil fields on the western coast of India and relatively close to the Middle East.

We commenced our operations in 1975 and have over four decades of experience in shipbuilding. We have in the past delivered two of India's largest double hull oil tankers, each of 92,000 DWT *(Source: CRISIL Report)* to the Shipping Corporation of India ("**SCI**"). Over the years, we have successfully responded to fluctuations in the shipbuilding requirements of the markets we operate in and have evolved from building bulk carriers to building smaller and more technically sophisticated vessels such as PSVs and AHTSs. We have worked with several leading technology firms in our industry including Rolls Royce Marine (Norway), and GTT (Gaztransport & Technigaz) SA ("**GTT**"). We believe this has added to our credibility in the international markets. Our key shipbuilding clients include the Indian Navy, the Indian Coast Guard and the SCI. We have also exported 45 ships to various commercial clients outside India such as NPCC, the Clipper Group (Bahamas) and Vroon Offshore (Netherlands) and SIGBA AS (Norway).

We began our ship repair operations in 1978 and have undertaken repairs of various types of vessels including upgradation of ships of the oil exploration industry as well as periodical maintenance, repairs and life extension of ships. Our shipyard has, over the years, developed capabilities to handle various repair jobs. We have entered into MoUs with various clients including with the Lakshadweep Development Corporation Limited ("**LDCL**"), Directorate General of Lighthouses and Lightships ("**DGLL**") and the Dredging Corporation of India ("**DCI**") giving us the opportunity to undertake ship repair work for these organisations on a bulk volume basis. Our key ship repair clients include the Indian Navy, the Indian Coast Guard, SCI, the Oil & Natural Gas Corporation ("**ONGC**") and DCI. We have also partnered with Techcross Inc. for technical support, engineering, service support and sharing of information in relation to the Ballast Water Treatment System ("**BWTS**") products.

Our Marine Engineering Training Institute at Kochi began in 1993, where we conduct marine engineering training programs. These programs are approved by Director General of Shipping ("**DGS**"), GoI. We also operate a material testing laboratory, which was established in 1972. Our material testing laboratory has been accredited by the National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") and is one of the leading laboratories in Kerala in the field of chemical, mechanical and non-destructive testing of various materials including metals, welds and alloys.

We have several certifications including the ISO 9001:2008 – Quality Management System, ISO 14001:2004 - Environmental Management System and OHSAS 18001:2007 – Occupational Health and Safety Management System. Our listed debentures have been rated AA+ by since 2014 by various agencies including India Ratings and Research Private Limited ("**IRRPL**") and CARE. We were also adjudged the "Shipbuilding Company of the Year" in 2015 by the Gateway Awards. For further details of awards we have received, see "*History and Certain Corporate Matters – Awards and Recognition*" on page 136.

Our Company has posted profits continuously in the last five Fiscals. Our total revenues and PAT has increased from ₹14,737.01 million and ₹1,553.28 million respectively, in Fiscal 2012 to ₹20,992.84 million and ₹2,858.29 million, respectively, in Fiscal 2016 at a CAGR of 9.25% and 16.47%, respectively. For the half year ended September 30, 2016, our total revenues and PAT were ₹10,274.61 million and ₹1,845.24 million, respectively.

**Competitive Strengths**

We believe we benefit from a number of strengths that together differentiate us from our competitors:

***One of India's leading public-sector shipyards catering to both commercial clients as well as clients engaged in the defence sector with a multitude of offerings for a broad range of vessels across life cycles***

We are the largest public sector shipyard in India in terms of dock capacity, as of March 31, 2015, according to the CRISIL Report. We have catered to both commercial clients and clients engaged in the defence sector evidenced by our revenues from shipbuilding and ship repair operations in recent Fiscals as set our below:

| | | | ***(in ₹ million)*** |
|---|---|---|---|
| **Activity** | **Fiscal 2014** | **Fiscal 2015** | **Fiscal 2016** |
| ***Shipbuilding*** | | | |
| Clients engaged in the defence sector | 14,572.34 | 12,338.08 | 15,053.09 |
| Commercial Clients | 991.63 | 1,331.69 | 1,179.35 |
| **Total** | 15,563.97 | 13,669.77 | 16,232.44 |
| ***Ship repair*** | | | |
| Clients engaged in the defence sector | 1,062.48 | 536.78 | 2,818.33 |

| | | | (in ₹ million) |
|---|---|---|---|
| **Activity** | **Fiscal 2014** | **Fiscal 2015** | **Fiscal 2016** |
| Commercial Clients | 1,224.03 | 1,440.92 | 822.21 |
| **Total** | 2,286.51 | 1,977.70 | 3,640.54 |
| **Grand Total** | **17,850.48** | **15,647.47** | **19,872.98** |

Shipbuilding for clients engaged in the defence sector is complex and time-consuming, whereas commercial shipbuilding, while relatively less complex, is subject to business cycles. Catering to both commercial clients and clients engaged in the defence sector has helped us to address these issues relatively better. We are currently building India's first IAC for the Indian Navy and have recently delivered the last FPV (in a series of 20) to the Indian Coast Guard prior to the delivery date. We have also built two of India's largest double hull oil tankers, each of 92,000 DWT *(Source: CRISIL Report)* for SCI and recently delivered a large deck cargo cum jacket launch barge for NPCC.

In addition to shipbuilding, we also undertake ship repair for the Indian Navy and repaired about 15 Indian Naval Ships, on an average in the Fiscals 2014, 2015 and 2016, respectively where our scope of work varied from normal wear and tear to complex repairs. We also recently completed refits of INS Aditya, INS Sukanya, INS Shardul, INS Viraat and INS Vikramaditya for the Indian Navy. We have also undertaken major revamping and refurbishing of oil rigs involving steel renewal, up-gradation of drilling, cementing, mechanical, HVAC and piping systems in almost all the major offshore vessels and rigs of ONGC.

Our top customers include the Indian Navy and the Indian Coast Guard. These top two customers together accounted for 87.69%, 82.46%, 89.94% and 73.16% of our revenue from operations in Fiscals 2014, 2015, 2016 and the half year ended September 30, 2016, respectively. The Indian Navy has praised us for our high production standards, quality construction and timely delivery. *(Source: https://www.indiannavy.nic.in/content/vikrant-navys-first-indigenous-aircraft-carrier-launched)*

Our Marine Engineering Training Institute began in 1993 and we facilitate the DGS approved GME residential course for mechanical and naval architect engineering graduates. We also have a NABL accredited material testing laboratory.

We believe that our diverse experience and multiple offerings put us in a good position to benefit from the recent 'Make in India' initiative introduced by the GoI pursuant to which a steady pipeline of future orders and opportunities is expected from Indian clients engaged in the defence sector as well as the Indian PSUs.

***Modern facilities and infrastructure and integrated capabilities to deliver quality products and services***

We believe that the state of the art infrastructure and facilities available at our shipyard combined with our vast expertise give us a significant edge over our domestic peers. While our proposed Dry Dock project will be set up on our existing shipyard premises, the ISRF will be set up on land near our shipyard leased from the Cochin Port Trust ("**CoPT**"). We believe that our modern facilities and infrastructure and integrated capabilities have helped us built a strong reputation for quality and timely delivery over decades of doing business with both our Indian and international clients.

Our integrated shipbuilding infrastructure at the shipyard allows us to undertake structural, machinery and electrical design and to prepare detailed production engineering drawings. During the shipbuilding design process 3D hull, piping and electrical models are created, ensuring optimum, error free ship designs. Inputs for various NC equipment are also generated on these systems. Quay III, which is used for shipbuilding, has a length of 630m and has two LLTT cranes with capacities of 40T and 20T, respectively.

Our ship repair facilities include our Ship Repair Dock measuring 270m x 45m x 12m that enables us to undertake the repair of vessels with a maximum capacity of 125,000 DWT. Our shipyard currently has one of the largest ship repair capacities among the Indian public sector shipyards *(Source: CRISIL Report)*. Additionally, we have two quays, Quay I with a length of 290m and a 15T cranage and Quay II with a length of 208m and a 10T cranage. Both quays have LLTT cranes.

***Order book with a strong customer base of reputable ship owners and marquee clients***

*Shipbuilding*

We have built a variety of vessels ranging from bulk carriers, tankers and passengers ships to offshore support vessels and port crafts. In the last five years, we have built and delivered over 35 vessels to clients worldwide. We have built and repaired vessels and provided other offshore project services to some of the biggest corporates, both in India and globally. Our Indian clients include the Indian Navy, the Indian Coast Guard, SCI, ONGC, DGLL and DCI. Our key foreign clients include NPCC, the Clipper Group, Vroon and SIGBA AS.

We are currently building India's first IAC for the Indian Navy. We are also currently constructing two 500 passenger cum 150 ton cargo vessels and two 1200 passenger cum1000 ton cargo vessels for the A&N Administration, two Ro-Ro vessels for the Kochi Municipal Corporation and a vessel for one of GoI's projects.

*Ship repair*

We commenced ship repair operations in 1978 and have, over the years, developed adequate capabilities to handle complex and sophisticated repair jobs. We have also entered into special MoU arrangements to enhance our ship repair business. For example, we repaired LDCL and DCI vessels under our respective MoUs with them.

In Fiscal 2016, major repair works for commercial clients included work on the GTV Samudra Sarvekshak and the WSV Samudhra Nidhi for SCI, and on the Dredge VIII and Dredge XIX for the DCI and MV Kavaratti for LDCL. In the last Fiscal, we believe our docks were running at full capacity due to which we had to turn away certain new requests.

***Competitive cost structure and efficient operations***

We believe that we offer our clients competitive cost structures for their shipbuilding and ship repair needs. We have implemented measures to help ensure that our operations run efficiently. We seek to achieve optimum utilisation of our full capacity through effective production planning and scheduling and have delivered or are in the process of delivering all the vessels we have contracted for, including in certain cases, delivery ahead of schedule such as some of the FPVs for the Indian Coast Guard and deck cargo cum launch barge for NPCC. In some cases where we were able to deliver the vessels ahead of schedule to our customers, we were able to secure additional bonuses over and above the cost of the ship including from the Clipper Group as well as repeat orders from satisfied clients. We are committed to the timely delivery of vessels and place great emphasis on the quality of our construction. This helps to minimise the need to undertake rectification works for defects or non-compliance with our customers' specifications, and reduces our exposure to liquidated and other damages under our shipbuilding contracts.

We believe we have achieved further cost savings through our cost management activities. We operate an efficient system of sub-contracting which aids multiple repair projects and production planning. For example, rather than maintaining a large number of full time employees, we employ a significant number of contract labour workers, enabling us to keep the size of our workforce flexible based on our requirements. As of January 31, 2017, we had 1,836 full time employees, one employee on deputation from other government organisations and 589 contract employees. As of January 31, 2017, we also employed a minimum of 2,597 sub-contract workers on a daily basis. We also seek to manage the cost of the engines and other equipment used in our vessels by obtaining quotes from our approved vendors and the cost of our raw materials and components through the selection of suppliers and subcontractors based on several criteria, including the pricing and the quality of their products and reliability of their services. Generally, we avoid buying from intermediaries and prefer to deal directly with manufacturers so as to form long-term relationships with these manufacturers, and wherever possible, obtain better pricing terms.

Our shipyard is strategically located along the west coast of India, on the main sea route connecting the Persian Gulf to Asia, and is approximately 610 nautical miles from Mumbai, a busy international maritime route that is conveniently located for ships travelling on this route in need of repair. In addition, our shipyard is located close to the offshore oil fields on the western coast of India and relatively close to the Middle East, which we believe, will be an advantage in tapping the offshore rig market. Due to our shipyard's proximity to the Kochi port, we are well-positioned to benefit from the port's infrastructure facilities such as its approach channel and navigation facilities.

***Led by a dedicated board, long serving and experienced senior management backed by a strong pool of experienced professionals***

We are one of India's leading shipyards, making us an employer of choice and providing a better incentive to our management to continue to pursue excellence in our businesses. Each of our key management staff has, on average, more than 25 years of experience in the industry and has been with our Company for an average of two decades. Some of our senior management have grown within our organisation from trainee positions to head their respective departments. We believe that our organisational culture and experienced board and senior management have been instrumental in helping us achieve a low cost structure, continuous profit margins, efficient operations, short delivery schedules, relatively lower attrition and fewer employee disputes.

We have a large pool of experienced naval architects, engineers and draftsmen. We believe that our employees are instrumental to our success including for the quality of our products and services and our ability to operate in a cost-efficient manner. We focus on the overall development of our employees through the implementation of training programmes to enhance employee loyalty, reduce attrition rates, improve skills and service standards and increase productivity. For example, we provide regular in-house training for our employees such as skill development programs for various specialised tasks. We also have a MoU with Cochin University of Science and Technology ("**CUSAT**") that provides two seats for their M. Tech degree course in marine engineering annually for executives or officers sponsored by us.

***Continuous profits leading to robust financial performance***

We are a profitable and dividend paying shipyard. Our Company has posted profits continuously in the last five Fiscals. Our total revenues, and PAT have increased from ₹14,737.01 million and ₹1,553.28 million, respectively, in fiscal 2012 to ₹20,992.84 million and ₹2,858.29 million, respectively, in Fiscal 2016 at a CAGR of 9.25%, and 16.47%, respectively. For the half year ended September 30, 2016, our total revenues and PAT were ₹10,274.61 million and ₹1,845.24 million respectively. Additionally, we have continuously delivered positive RoE margins over the last four Fiscals.

We paid dividends to our shareholders at rates of 15%, 15%, 15%, 15% and 76.50% in Fiscals 2012, 2013, 2014, 2015 and 2016. Our strong liquidity position in terms of total cash of ₹ 21,191.54 million as of January 31, 2017, enables us to continue to stay invested in our business and to consistently pay our suppliers on time and benefit from supplier goodwill.

The strength of our balance sheet in terms of liquidity and indebtedness provides us with a number of competitive advantages, such as lower finance costs and better financial terms for our future borrowing needs. As of January 31, 2017, we had fund based indebtedness in the form of tax free infrastructure bonds amounting to ₹1,230.00 million (excluding interest due on these bonds). Apart from this, our Company had availed of non-fund based facilities of ₹1,009.89 million and USD26.46 million. Our listed debentures has been rated AA+ since 2014 by various agencies including IRRPL and CARE.

**Our Strategies**

Our objective is to enhance our market position by expanding our capabilities, capitalising on opportunities both in domestic and international markets in our industry and to enhance our competitiveness. Our business strategies are:

***Expand our capabilities through our proposed Dry Dock and International Ship Repair Facility***

We are in the process of developing our Dry Dock and ISRF. Once developed, we believe that these new facilities will expand our existing capabilities significantly and help us build and repair a broader variety of vessels including new generation aircraft carriers and oil rigs, which are expected to be key growth drivers in the short to near long term. The process of setting up an ISRF will allow us to undertake repair of a broader range of vessels.

*Dry Dock*

In addition to our existing dock, we are in the process of building a Dry Dock at a total estimated cost of ₹17,989.91 million. The length of the Dry Dock will be greater than the length of our existing docks. The larger size of our proposed Dry Dock will enable us to build and repair ships of higher capacity and large naval vessels such as aircraft carriers. Further, the greater width of our Dry Dock will also enable us to undertake building and repair of rigs, within our shipyard.

In relation to our proposed Dry Dock, HaskoningDHV India Private Ltd has prepared a Detailed Project Report dated October 5, 2016. We have also completed the Environmental Impact Assessment study and have obtained environmental clearance from the MoEFCC. The environmental clearance is subject to certain conditions including obtaining prior clearance of the wildlife from the standing committee of the National Wildlife Board. For more details, see *"Risk Factors – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation v. Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife."* on page 20 and see *"Governmental and Other Approvals"* on page 271.

*ISRF*

We entered into an agreement for development and operation of an international ship repair facility dated December 24, 2012 with Cochin Port Trust under which we are in process of setting up an ISRF which inter-alia contains provisions for liquidated damages, indemnity and termination. For the ISRF, we have leased approximately 8.12 hectares of land and 15 hectares of water body from CoPT, including their existing ship-repair facility, for a period of 30 years pursuant to the lease deed dated April 12, 2013. Since then, we have begun using the existing dry dock and allied facilities in the leased area for carrying out ship repair in a limited way.

The ISRF will comprise of a ship-lift, transfer system and allied facilities to be built at an estimated investment of ₹ 9,694.1 million. We have appointed a consortium of Inros Lackner SE and Tata Consulting Engineers Limited as project consultants. A detailed project report was prepared by the project consultants and received the GoI approval on May 19, 2016. The Expert Appraisal Committee has already recommended for environmental clearance for the project from the MoEFCC. For more details, see *"Risk Factors – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation v. Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife."* on page 20 and see *"Governmental and Other Approvals"* on page 271.

***Build a strong order book by bidding vigorously for projects to be awarded by the Indian PSUs and defence sector pursuant to 'Make in India' initiative***

We believe we are well-positioned to benefit from the recent 'Make in India' initiative pursuant to which the GoI is keen to encourage defence manufacturing in India. Policy initiatives such as granting infrastructure status to shipbuilding, granting right of first refusal to Indian shipyards for shipbuilding and ship repair work of the Indian PSUs and support through the new financial assistance scheme are expected to provide a steady pipeline of orders and become key drivers of growth.

Our proposed Dry Dock and ISRF will increase our ability to build, repair and service a broader range of vessels including vessels of larger capacities. As we are one of the very few commercial shipyards to have won defence orders from the Indian Navy and the Indian Coast Guard in the past, and have been able to deliver successfully on these mandates, we believe that we are well positioned to take advantage of future orders placed by the Indian Navy and other Indian PSUs. We believe that we have an advantage over other defence PSUs, as they currently do not have the capacity to construct certain types of ships especially those of bigger dimensions such as the IAC.

The GoI also plans to promote inland water transportation and coastal shipping. We believe that this will present several opportunities including building high speed ferry crafts, dredgers, ropax vessels and large capacity passenger ships. This will create demand for shipbuilding and ship repair services, which we believe we are well equipped to deliver. For example, we have recently bid in respect of a tender by Hooghly Dock & Port Engineers Ltd ("**HDPEL**"), a GoI enterprise, for the upgradation, operation, maintenance and management of two of its shipyards at Salkia and Nazirgunge located at Howrah, West Bengal.

***Continue to enhance our construction quality and delivery time and enhance our price competitiveness in order to increase our market share***

We believe that our emphasis on quality of construction and timely delivery has been a key factor in our ability to attract new customers and to retain our existing customers. For example, we recently delivered seven FPVs for the Indian Coast Guard ahead of the contractual delivery schedule. The final FPV (in a series of 20) was delivered on December 30, 2016, ahead of the scheduled delivery date of March, 2017. We believe that we are achieving the highest standards in India across in many areas of shipbuilding, such as plate preparation and cutting processes, block fabrication, hull erection, outfitting, design and engineering, sourcing, procurement, and project management.

Furthermore, with the rising production cost globally, we believe there will be greater demand for offshore support vessels and other commercial vessels that are built by shipyards with a competitive cost structure and which can offer vessels at competitive prices. With our in-house fabrication workshops, we intend to continue to develop in-house capabilities in various manufacturing processes, thereby enabling us to lower our costs of production and maintain our price competitiveness. We also believe our operations will benefit from our business partnerships with firms like GTT.

We believe that continuing to enhance our production planning and sequencing processes and inventory management will also help us to maintain our cost competitiveness and further reduce the construction period of ships.

***Strengthen our market leadership by continuously adding upgraded and new vessel models to our offerings and expanding customer services***

Leveraging our experience in building other vessels, we plan to expand our product offerings. We believe that we are strong contenders for building the next aircraft carrier for the Indian Navy, due to our unique experience in constructing such vessels. With this experience we will also be able to bid for other defence projects. Furthermore, we believe that we are well-positioned to pitch for opportunities in the rig building and repair business owing to our proximity to offshore locations.

With the construction of our proposed Dry Dock and ISRF, we will also be able to build and repair new vessel models. We are well-positioned to follow the latest domestic and international standards for our new offerings. We also plan to expand our operations to cover the entire life cycle of a broader range of vessels.

***Continue to leverage our market position and our relationships with customers, suppliers and other business partners to support our growth and improve our competitiveness***

We plan to use our leading position in the Indian shipbuilding and ship repair industry to develop new relationships with banks, suppliers, universities and colleges, technical schools, classification societies, ship design institutes, as well as companies in upstream and downstream, oil and offshore services industries, and to create a favourable environment for our sustainable development.

We plan to further strengthen our long-term cooperation with well-known universities, such as CUSAT, to jointly provide training, carry out research and development, and develop a potential workforce to support our future growth. We have also set up a section for the preparation of basic designs to enhance our design capabilities and to cater to future design requirements.

We believe that these initiatives will also help us in attracting the best talent to Kochi by creating a network of shipbuilding and ship repair experts and helping Kochi to become as an important center for shipping and related businesses.

**Our Current Order Book**

As of September 30, 2016, our shipbuilding order book position is as follows:

| Project/Vessel | Client |
|---|---|
| FPV | Indian Coast Guard |
| Confidential | GoI |
| IAC | Indian Navy |
| 500 passenger cum 150 MT cargo vessel | A&N Administration |
| 500 passenger cum 150 MT cargo vessel | A&N Administration |
| 1200 passenger cum 1000 MT cargo vessel | A&N Administration |
| 1200 passenger cum 1000 MT cargo vessel | A&N Administration |
| Double ended Ro Ro Ferry | Kochi Municipal Corporation |
| Double ended Ro Ro Ferry | Kochi Municipal Corporation |
| **Revenue to be recognised in future (in ₹ million)** | **30,783.28** |

We have not received any new ship building orders after September 30, 2016.

As of September 30, 2016, the ship repair order book position in terms of revenue to be recognised in future (only orders where value of outstanding order is greater than ₹ 50.00 million) is ₹ 4,019.42 million. We have received the ship repair orders (greater than ₹ 50.00 million) after September 30, 2016 aggregating to ₹ 2, 618.00 million from our key clients.

The shipbuilding contracts we enter into with our customers stipulate the agreed specifications of the vessel and certification society with which the vessel is intended to be certified. Typically, we are permitted to subcontract any portion of the construction work of the vessel to subcontractors, other than few major sub-contract tasks such as the main hull structure and superstructures for which we require the prior approval of the client.

**Our Product Offerings**

*Shipbuilding*

We are one of the largest public-sector shipyards in India, with a shipbuilding capacity of 110,000 DWT. Our shipbuilding operations consist of the construction of vessels for clients engaged in the defence and in the commercial sector shipping industry. Vessels built by us include tankers, bulk carriers, offshore support vessels, barges, buoy tender vessels, FPVs, passenger vessels, and aircraft carriers.

We also run a NABL-accredited material testing laboratory which operates as an independent test house. All sections of the laboratory have been designed and equipped with instruments to cater to our quality assurance activities and to extend similar services to the neighbouring institutions, industries and government organisations.

Some of the vessels we have built in the past or are currently in the process of building include:

**Clients engaged in the defence sector**

- *IAC*: India's first IAC is being designed by the Indian Navy and built by us. It is one of the Ministry of Defence's most prestigious warship projects. It is India's first IAC.

- *FPV*: We recently constructed 20 FPVs for the Indian Coast Guard. The primary role of these vessels includes fisheries protection and monitoring, patrol within Exclusive Economic Zone ("**EEZ**"), coastal patrol, anti-smuggling, search and rescue operations and anti-piracy operations. These vessels also provide communication links & escort convoys during time of war and hostility. These high speed boats are weight sensitive and require extensive use of aluminium. We have developed special techniques to ensure high quality welding and fabrication of aluminium structures for these vessels.

**Clients engaged in the commercial sector**

- *Double hull tanker*: The vessel was designed as a single screw, diesel-driven double hull tanker carrying oil in bulk with machinery space and all accommodations, including a navigation bridge. We have built double hull tankers for the SCI.

- *Bulk carrier*: This ship was designed and built as a single screw diesel engine driven bulk carrier for unrestricted worldwide service. The vessel complies with the requirements for type "B" ships defined by the International Convention on Load lines, 1966. Among other customers, we have built bulk carriers for the Clipper Group, Bahamas.

- *Dredger:* We constructed a 1700 cu m trailer suction hopper dredger for the Chennai Port Trust which was delivered in May 2004.

- *Buoy Tender Vessel*: This is a specialized multi-purpose ship which is used for transportation and placement of buoys in position at deep seas, recovering and maintenance of buoys, towing and mooring of light vessels, distress management, transportation of equipment and materials in containers and for repair of light houses in remote islands. The designs of these vessels are Rolls Royce Marine UT 755-S and they are being built under the classification requirements of Indian Register of Shipping.

- *PSVs*: Among others, our platform supply vessels are of the popular UT-755-L /UT- 755 LN design. The vessel is designed for satisfying the specific demands of the offshore industry for transport of deck cargo, pipes, liquid cargo and cement and unloading to rigs, production platforms, and pipe-laying barges. These vessels are the backbone of offshore oil fields industry which acts as a lifeline carrying all operational supplies and stores to far offshore installation.

- *AHTSs*: These vessels are high-end anchor handlers, equipped with two diesel engines and two controlled pitch propellers. In addition to the anchor handling facility, these vessels have all the capabilities of a PSV. These vessels are used as support platforms for oil rigs and platforms. We have built these vessels for SCI.

In relation to our building of defence vessels, our key customers include the Indian Navy and the Indian Coast Guard. In relation to our commercial vessels, our key customers include the Clipper Group, SCI, NPCC, Vroon, SIGBA AS, DGLL and A&N Administration. In relation to our offshore offerings, our key customers include SCI.

*Ship repair*

We commenced ship repair operations in 1978 and have undertaken repairs of all types of ships including the up-gradation of ships of the oil exploration industry as well as periodical maintenance, repairs and life extension of ships of the Indian Navy, UTL, Indian Coast Guard, Fisheries and Port Trust as well as merchant ships of SCI and ONGC and various other private owners.

**Clients engaged in the defence sector**

In addition to shipbuilding, we also undertake ship repair for the Indian Navy and repaired about 15 Indian Naval Ships, on an average, in the Fiscals 2014, 2015 and 2016, respectively where our scope of work varied from normal wear and tear to complex repairs. We also completed refits of INS Aditya, INS Sukanya and INS Shardul for the Indian Navy. We are the only shipyard to have undertaken dry dock repairs of aircraft carriers INS Viraat and INS Vikramaditya, for the Indian Navy.

**Clients engaged in the commercial sector**

In Fiscal 2016, major repair works for commercial clients included work on the GTV Samudra Sarvekshak and the WSV Samudhra Nidhi for the SCI, and on the Dredge VIII and Dredge XV for the DCI. Additionally, we have entered into special arrangements to enhance our ship repair business. For example, we entered into MoUs with LDCL and DCI in 2013 to take up the dry dock and afloat repairs of some of their vessels.

*Marine Engineering Training*

We have a Marine Engineering Training Institute through which we facilitate the DGS approved GME residential course under STCW-2010 for mechanical and naval architect engineering graduates**.** There are 140 sanctioned seats per year which are filled in two batches with 108 trainees admitted in January and 32 admitted in August. We also offer additional courses including six months practical training for marine engineering students from colleges affiliated to universities, fire prevention and firefighting and elementary first aid training. The students are either sponsored by shipping companies or directly enrolled.

*Material Testing Services*

We operate a material testing laboratory, established on our premises in 1972. Our laboratory is one of the leading material testing laboratories in Kerala, in the field of chemical, mechanical and non-destructive testing of metals, welds and alloys. The laboratory is an independent test house and all sections of the laboratory have been designed and equipped with instruments to cater to our quality assurance activities and to extend similar services to the neighbouring institutions, industries and government organisations. Our material testing laboratory has been accredited by the NABL.

**Offshore vessels**

We have also offered offshore project services since 1996 and upgradation services since 1999. We have undertaken a number of offshore projects for ONGC.

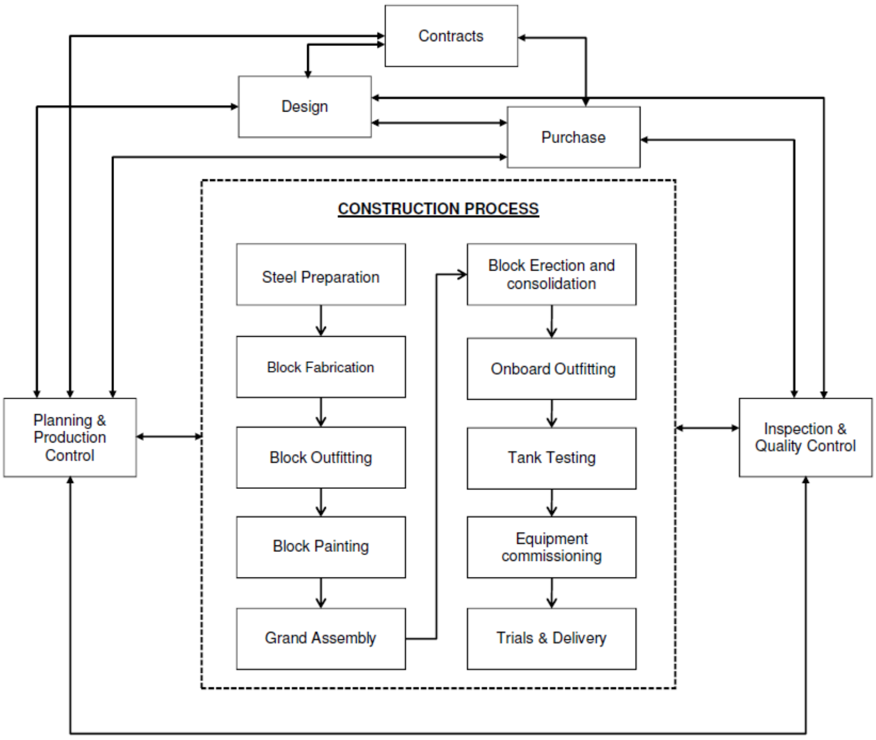
We have been undertaking repair and revamping of oil rigs since 1986. We have undertaken major revamping and refurbishing of oil rigs at our shipyard involving steel renewal, up-gradation of drilling, cementing, mechanical, HVAC and piping systems in almost all the major offshore vessels and rigs of ONGC. In addition, we have upgraded the drilling capacity of rigs and also worked in the upgradation of a drilling rig, the first by an Indian shipyard. We have successfully completed the offshore project for spudcan repairs of Sagar Ratna at Bombay High by loading her on a self-propelled submersible barge which required a high level of project management efficiency with coordination of various activities and logistical support. Another project of similar nature was the clamp on project of ONGC at HB, HD & HE platforms in Heera fields.

**Our Operations**

*Shipbuilding Process*

Construction and delivery of a vessel can generally range between 12 to 48 months depending on the type of ship. We undertake new shipbuilding contracts taking into account the existing delivery schedules of our ongoing projects.

The following diagram illustrates our shipbuilding process:




*Payment Terms*

The contract price is typically payable in instalments. Typically, 10-20% is paid at the time of signing of the agreement and keel laying and the rest is paid immediately before the delivery of the vessel. The contracts also usually provide for liquidated damages in the event of any delay in delivery. In certain instances, the contracts also provide for an additional bonus payment in the event of construction and delivery ahead of schedule. We are typically required to insure the vessel against all risks, typically from the time of keel-laying to the date of delivery of the vessel to our customer. We typically provide a warranty period of 12 months following the delivery of the vessel, which covers all parts of the vessel and equipment manufactured, furnished or supplied by us.

*Quality Assurance and After Sales Service*

We believe that the quality of our vessels and the services that we provide to our customers are crucial for our continued growth. As of January 31, 2017, our quality control department consists of 60 personnel and is headed by S Varadarajan, who has more than 30 years of experience in the shipbuilding and ship repair industry. As of January 31, 2017, the department comprises of 14 officers and various support personnel.

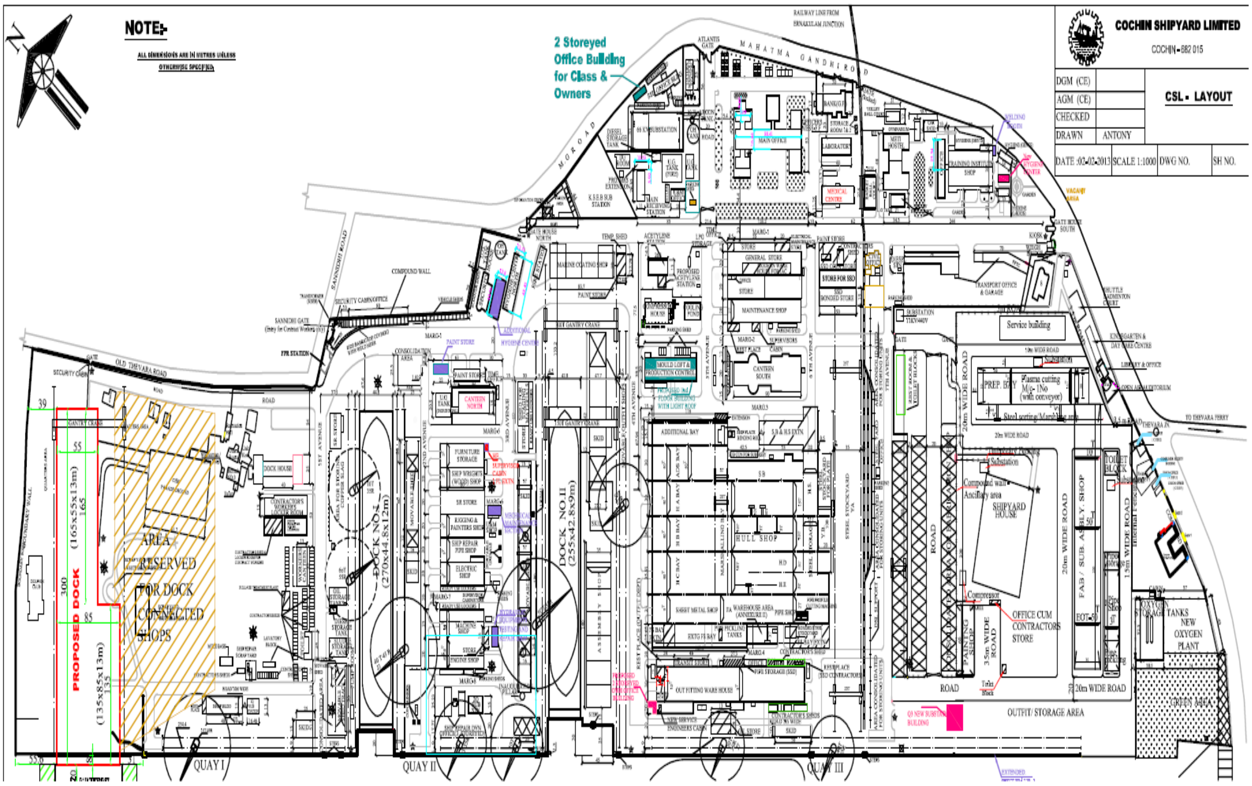
Every commercial vessel built by us is certified by a qualified shipping classification society. A classification society certifies that a vessel has been built in accordance with the rules of the society. Our ability to construct vessels that conform to the different standards and requirements of these classification societies reflects our ability to construct vessels that are acceptable worldwide.

We have an established set of quality control assurance and monitoring procedures applicable to every stage of the vessel construction process. Visual inspections are conducted throughout the construction process for adherence to the production and design blueprints. Weld joints are tested by various non-destructive testing ("**NDT**") procedures in accordance with the plan approved by the client and the relevant classification society. We use advanced design software in our construction process. Equipment testing, system trials and sea trials are conducted prior to delivery of the vessel to our customers. If rectification work is required as part of our contractual arrangement, retrials are undertaken prior to delivery to ensure that the vessel meets all requirements and specifications required.

In relation to ship repair, a quality control cell has been established which ensures quality in hull and machinery repair. Quality control in hull repairs is ensured through testing of weld joints through NDT procedures in the presence of representatives of classification societies. Quality of machinery repairs is ensured through testing of systems and equipment in the presence of the owner's representative and with the help of OEM engineers.

***Our Facilities***

The following diagram illustrates our shipyard:




The infrastructure and facilities available at our shipyard have received various accreditations. For more details, see "*History and Certain Corporate Matters – Awards and Recognition*" on page 136. Our Company also owns and operates a grid connected captive solar power plant of total capacity of 335 KW.

*Shipbuilding*

Our shipbuilding facilities include a dry dock, steel stock yard, hull shop, assembly shop, pipe and sheet metal shop, testing laboratory for quality control and marine coating shops.

Our dock measures 255 x 42.8 x 9 M and can build ships up to 110,000 DWT. This dock and the grand assembly area are served by two gantry cranes. We are generally following an Integrated Hull Outfit and Painting ("**IHOP**") system of construction, as followed in Japanese yards, for the sound and efficient construction of the vessels.

Our steel stockyard has an area of 18,000 sq. mt. and is aided by two gantry cranes of 25T each and one semi-gantry crane of 25T. Our hull shop, built on a covered area of approximately 55,000 sq. mt., is self-sufficient with infrastructure required for fabrication of hull blocks up to 50T. The shop is provided with EOT cranes (50T) for along the bay movements and gantry crane (20T) and trailers for across the bay transfer of materials. We have two transporters with capacities of 150T and 100T, respectively. Equipment available in the hull and pipe shops includes machines for mangling, blasting and priming, steel cutting, steel plate shearing, frame and beam bending, section cutting, welding, welded panel cutting, one-side welding and pipe bending.

Our assembly shop includes a telescopic sliding roof and two gantry cranes which span over it and the building dock. Hull blocks up to 300T can be jumboised here and erected in the building dock using the gantry crane. We undertake structural, machinery and electrical design and prepare production drawings. We also have, on our premises, a well-equipped laboratory capable of undertaking relevant NDT tests. Finally, we also have seven covered, humidity-controlled marine coating shops of 20 x 20 x 12.5 M each equipped for blasting and painting fabricated units in controlled and favourable ambient conditions.

*Ship repair*

Our ship repair facilities include a dock measuring 270 x 45 x 12 M that enables us to undertake repairing of vessels of up to 125,000 DWT. In addition, we have two quays with 15T and 10T cranage, respectively and LLTT cranes.

Major equipment at our engine and machine shop includes heavy duty lathes, plano miller, dynamic balancing machine, bar boring equipment, inside grinding machine, horizontal drilling machine, cylindrical grinding machine, shrinkage equipment, high pressure water jet blasting machines, electric shop for overhauling or rewinding of motors and testing, instrumentation calibration shop, hydraulic piping repairs, fabrication facilities and a carpentry shop.

**Our Collaborations**

We have been successful in forging business partnerships with leading technology players in our business. Some of the MoUs we have entered into include

| Business Partner | Date | Scope of work |
|---|---|---|
| LDCL | April 12, 2013 | We undertake dry-dock and afloat repairs of their vessels. |
| CUSAT | May 26, 2014 | CUSAT has reserved two seats in their MTech degree course in marine engineering for our executives. We provide lab facilities and internships to CUSAT students under the MoU. |
| DGLL | October 21, 2015 | We undertake dry-dock repairs of their vessels on a nomination basis. |
| DCI | November 2, 2015 | We undertake repair of DCI's dredgers on a nomination basis. |
| Techcross | November 4, 2015 | We receive technical support and engineering and provide shipyard support services to Techcross such as office, warehousing and installation services. We also operate a joint marketing framework with Techcross for marketing of various BWTS products and operate a preferential price tier system to allow our customers access to Techcross' BWTS products at competitive rates. |
| Wartsila | January 13, 2016 | Wartsila has set up a containerised, self-sufficient workshop within our shipyard, primarily catering to propeller metallurgical repairs. We derive rental income from this workshop. Wartsila also provides training to our personnel in relation to repair of Warstila engines. |

### Competition

We operate in a competitive environment and we expect to face greater competition from existing competitors located both in India and globally, and in particular from shipyards in China, South Korea and Japan. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of vessels constructed or repaired by us, our shipyard's capacity and capabilities and the price and quality of the vessels we construct. Some of our competitors have more resources than us, while certain competitors may have lower cost of operations. In addition, certain competitors may have competitive advantages in building or repairing certain types of vessels compared to us. Our competitors in defence shipbuilding are Mazagon Dock Shipbuilders Limited, Goa Shipyard Limited, Garden Reach Shipbuilders and Engineering Limited, L&T Shipyard, and Reliance Defence and Engineering limited. Our competitors in commercial shipbuilding in India include Bharati Shipyard, ABG Shipyard, Reliance Defence and Engineering and L&T Shipyard.

We also face competition from L&T Shipyard, Reliance Defence and Engineering Limited and Hindustan Shipyard in the defence ship repair segment and from Colombo dockyard, Dubai dry dock, Arab ship repair yard and Keppel, Singapore in the commercial ship repair segment. For further details, see "*Industry Overview*" on page 94.

### Sales and Marketing

As of January 31, 2017, our business development department had 13 employees. We also use reputed international ship brokers to develop business in foreign markets. We focus on targeting existing customers and strive to further develop our relationship with our customers by providing a proactive after-delivery service and responding to feedback. We believe that our customer-driven philosophy of quality, service and integrity leads to close customer relationships, which provides us with opportunities to be invited to bid for new projects.

### Human Resources

We have a group of dedicated, committed and highly skilled personnel and staff. As of January 31, 2017, our Company employed a total workforce of 1,836 full-time employees, which comprised of 315 officers, 180 supervisors and 1,341 workmen and 990 trainees in various departments. All our employees are based in Kochi. As of January 31, 2017, we also employed a minimum of 2,597 contract labour. Our contract workforce strength undergoes regular change based on the necessity and work involved.

A significant number of our employees are unionized. We have collective agreements with various trade unions that our employees are a part of. We believe that the relationship between our management and our employees is good and we have not experienced any significant disputes with our employees in the last decade.

*Employee Training*

We recognise that our employees are an invaluable resource and that the competency and dedication of our employees has been instrumental to our success. To help ensure that our employees are equipped with the necessary skills and expertise, we conduct various training programs for our employees. Such training programs are either conducted in-house by our senior staff or external faculty and they involve both classroom lessons and on-the-job training by qualified instructors.

### Property

Our registered office and corporate office are located on the same premises as our shipyard, which is on land owned by us. The Dry Dock is proposed to be situated on our owned premises. However, we plan to set up the ISRF on land leased, and to be leased, from the CoPT.

### Insurance

Our shipbuilding contracts require us to maintain a builder's risk insurance policy and insure our vessels (including all machinery, materials, equipment, appurtenances and outfit that are to be delivered to our customers for their vessels or built onto, or installed in or upon their vessels, including supplies provided by our customers) against all risks, typically from the time of keel-laying to the date of delivery of the vessels to our customers. The amount insured is typically at least equivalent to the aggregate of the payments made to us by our customers or the contract price. These insurance policies are in accordance with our shipbuilding contracts and we believe that they are adequate for our business operations.

In relation to our ship repair contracts, we hold a ship repairer's liability insurance policy covering all vessels under repair, which is renewed annually. We also arrange warranty insurance policies for the vessels delivered to cover the guarantee obligations of our shipyard, on a case by case basis.

Furthermore, we maintain a standard fire and special perils insurance policy covering the whole factory and associated assets, which is renewed every year in addition to our public liability insurance, directors and officers' liability insurance and marine hull insurance.

We are required to contribute to social security contributions including provident fund contributions, gratuity, pension, medical insurance and group personal accident insurance covering death, permanent partial disability or permanent total disability due to work related accidents or otherwise of our employees in accordance with the Indian legal and regulatory requirements. Except for the aforementioned policies which are required by law, we have not taken up any other policies for our employees.

**Health, Safety and Environment**

We have an effective risk management system with self-regulatory processes and procedures for ensuring that the business is conducted in a risk conscious manner. Under our risk management system, operational, contractual, financial, business and reputational risks arising are assessed by the respective risk owners and suitable mitigating measures are taken in advance.

We are committed to creating and maintaining a safe work environment on an ongoing basis. We are subject to extensive health, safety and environmental laws, regulations and production process safety and environmental technical guidelines which govern our processes and facilities. For further details, see "*Regulations and Policies*" on page 129. We have implemented a health and safety system to inform new employees of our work and safety policies. Our employees holding supervisory positions are required to ensure that all employees comply with these policies.

We also focus on raising safety awareness among our employees and subcontractors' workmen through various in-house and onsite training programs. For example, in 2016, first aid training was given to employees across departments to make the workplace safer, improve the team members' ability to save a life and prevent an injury from becoming serious.

**Industrial Security**

The physical security of our shipyard has been entrusted to an external body. As per the security arrangements, we have round-the-clock waterfront patrolling, with armed personnel and wireless CCTV surveillance systems covering all critical locations and installations in our shipyard. We also have a biometric access control system for various categories of persons entering our shipyard. There is a visitor's facilitation centre for the scrutiny and verification of the credentials of visitors to our Company.

Apart from this, additional special systems and measures continue to be employed for the complete security of the IAC, such as an exclusive entry pass and special surveillance system and a special waterside security net. We also have a cyber security policy in place.

Our security systems have not experienced any security breach or incident in the last three Fiscals. An industrial security audit is conducted and a joint survey is conducted by us through an external agency annually.

**Information Technology**

Information technology is an essential element of our operations infrastructure. We invest in information technology as its use directly lowers cost, enables scalable operations, improves efficiency, reduces business continuity risks and enables a secure enterprise.

We use an integrated information technology system through ERP, which covers major aspects of our business, including shipbuilding, ship repair and other areas of the shipyard as well as our administrative and corporate departments. The stabilisation phase of our ERP system was completed in December, 2014. Our information technology systems provide for the real time exchange of accurate information between our departments.

**Awards and Accolades**

Over the years, we have received several awards and accolades including Shipbuilding Company of the Year in 2015. For further details, see "*History and Certain Corporate Matters – Awards and Recognition*" on page 136.

**Certifications**

We have been accredited with ISO 9001:2008 – Quality Management System Standard, ISO 14001:2004 – Environmental Management System and OHSAS 18001:2007 – Occupational Health and Safety Management System.

**Intellectual Property**

We have filed applications for registration of four trademarks including our corporate logo, under the Trademarks Act, which is currently pending approval from the Registrar of Trademarks. For more details, see "*Governmental and Other Approvals*" on page 271.

We believe we are one of the first Indian companies to obtain a license from GTT to use the patented membrane containment system known as the Mark III Flex Membrane Technology to construct liquefied gas carriers. This license allows us to utilise any of GTT's integrated tank techniques for transporting liquid gas, particularly liquefied natural gas.

Our business or profitability is not materially dependent on any patent, grant of license from third parties, industrial, commercial or financial contract (including a contract with a customer or supplier) or new production process.

**Corporate Social Responsibility**

We believe in corporate responsibility and contributing to the communities in which we operate. While being focussed on sustained financial performance, we are also aware of the necessity and importance of social stewardship. We seek to enrich the lives of future generations through our efforts to improve the lives of less privileged citizens, in relation to health, education, community development, capacity building and green technology.

As part of our initiatives to realise our CSR vision, we facilitate integrated community development. We hope to improve the quality of life, education and infrastructure of our communities and provide children with better opportunities to learn and grow in a greener world and a more equitable society.

We spent ₹ 36.00 million, ₹ 42.25 million and ₹ 62.72 million in Fiscals 2014, 2015 and 2016, respectively in accordance with our CSR policy. Key highlights of our CSR initiatives in Fiscal 2016 include:

- Construction of toilet blocks at various schools such as RVUHS Cherai, GGHSS Mattanchery, GHSS Kadamakkudy, GHS Kunnumpuram, Edappally North and GVHSS Njarakkal in Ernakulam district.
- Financial support for procuring and installation of the latest radio therapy equipment, 'Linear Particle Accelerator' at the General Hospital, Ernakulam.
- Jyoti Comprehensive Education Programme ("**JCEP**"): smart classroom project for government schools.
- Financial support for providing an ultra sound scanner and computed x-ray radiography equipment for Ramakrishna Mission Sevashrama and minor renovation of the dispensary building.
- Support for 'Pratibha Theeram', a program promoting learning centres at coastal regions for fishermen's children.
- Drinking water project at the Chottanikkara Grama Panchayat.
- Solar lighting of 75 tribal houses at Kunjippara village, Kuttampuzha panchayat.

## REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our Company for running our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see "Government and Other Approvals" on page 271.*

### I. Regulations applicable to the Shipping Sector

**(i) Industrial (Development and Regulation) Act, 1951, as amended ("I(D&R) Act")**

The I(D&R) Act has been liberalized under the New Industrial Policy dated July 24, 1991 and all industrial undertakings are exempt from licensing except for certain industries such as ships and other vessels drawn by power. The I(D&R) Act is administered by the Ministry of Industries and Commerce through the Department of Industrial Policy and Promotion ("**DIPP**"). The main objectives of the I(D&R) Act is to empower the Government to take necessary steps for the development of industries; to regulate the pattern and direction of industrial development; and to control the activities, performance and results of industrial undertakings in the public interest. The DIPP is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector.

**(ii) Merchant Shipping Act, 1958, as amended ("Merchant Shipping Act")**

The Merchant Shipping Act is the principal legislation that applies to ships that are registered in India or which are required to be registered under this Act. The Merchant Shipping Act also provides for the regulations governing the transfer, mortgage and sale of ships. Pursuant to the Merchant Shipping Act, the National Shipping Board has been established for the development of Indian shipping industry. With a view to ensure safety of the vessels, the Merchant Shipping Act makes it compulsory for the installation of life saving appliance, fire appliance and radio telegraphy, radio telephone and direction finder.

**(iii) Merchant Shipping (Cargo Ship Construction and Survey) Rules, 1991 ("Merchant Shipping Rules, 1991")**

The Merchant Shipping Rules, 1991 classifies the ships and prescribe the specifications relating to, among other things, construction of hull including structural strength; construction and testing of watertight bulkheads, decks and inner bottoms; construction and testing of watertight decks, trunks, tunnels, duet keels and ventilators, watertight doors, ballast and bilge pumping and drainage arrangements; the type of machinery, boilers and electrical installations required; unattended machinery spaces including alarm and other safety systems; protection of cargo ships against shock, fire, flooding; additional requirements for tankers; and periodical surveys of cargo ships.

**(iv) Merchant Shipping (Construction and Survey of Passenger Ships) Rules, 1981 ("Merchant Shipping Rules, 1981")**

The Merchant Shipping Rules, 1981 sets forth the requirements in relation to structure of the passenger ship which includes watertight sub-division of compartments, fitting of collision bulkhead, double bottom tanks and watertight recesses and trunk ways. It also prescribes requirements in relation to fire protection, passenger accommodation, lighting and ventilation as well as the usage of space.

**(v) The Legal Metrology Act, 2009 ("LM Act")**

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The LM Act makes it mandatory to obtain a license from the Controller of Legal Metrology by any person who manufactures, sells or repairs any weight or measure. All weights or measures in use or proposed to be used in any transaction or protection, are required to be verified and stamped at such place and during such hours as the Controller of Legal Metrology may specify on payment of prescribed fees. Further, no person shall import any weight or measure unless he is registered in such manner and on payment of such fees, as may be prescribed. Various penalties have been provided for contravention of the provisions of the LM Act. The penalty of using non-standard weight or measure may attract a fine of up to ₹ 20,000 and, a subsequent offence, may lead to penalties and imprisonment extending to three years along with fine. In case a person imports any weight or measure without being registered under the LM Act, he may be punished with fine which may extend to ₹25,000. The LM Act also provides for provisions relating to compounding of offences.

**(vi) The Legal Metrology (Approval of Models) Rules, 2011 ("Approval of Models Rules")**

The Approval of Models Rules lay down provisions regarding approvals of models of weights and measures. The Approval of Models Rules state that only recognised laboratories shall carry out tests for approval of models. Application for approval of models needs to be made to the director of legal metrology with the prescribed information. Once a model is approved, a certificate of approval is issued, pursuant to which, a license to manufacture the model may be obtained from the State Government. The procedure for issue, revocation and suspension of the certificate of approval is also laid down in the Approval of Model Rules. The Approval of Models Rules have repealed the Standards of Weights and Measures (Approval of Models) Rules, 1987.

**(vii) Foreign Trade (Development and Regulation) Act, 1992 ("FTA") and the Foreign Trade Policy (2015 - 2020) ("FTP")**

The FTA provides for the development and regulation of foreign trade by facilitating imports into, and facilitating exports from India. The FTP governs the export and import of goods and services in India which require an import export code ("**IEC**") number unless specifically exempted. Exports and imports are free unless specifically regulated by the FTP or the Indian trade classification based on harmonised system of coding which is used for regulating import and export operations. Under the FTA, an IEC granted by the director general of foreign trade will be required to be obtained in the event any import or export of the product is envisaged. Failure to obtain the IEC number attracts a penalty of ₹1,000 or five times the value of the goods on which contravention is made or attempted, whichever is more.

**(viii) Shipbuilding Financial Assistance Policy (2016- 2026) ("Financial Assistance Policy")**

The Government of India has approved a new Financial Assistance Policy for the Indian shipyards to provide them a level playing field vis-à-vis the foreign shipyards. Financial assistance at the rate of 20% of the "Contract Price" or the "Fair Price" as determined by international valuers, whichever is lower, is to be granted to shipyards for shipbuilding contracts signed during April 1, 2016 to March 31, 2026. The 20% financial assistance would be provided for 10 years reducing at the rate of three percent every three years.

**(ix) Classification of Ships as per relevant class rules**

In the case of commercial vessels, the design, construction and survey of the vessels have to satisfy the rule requirements of relevant classification societies (selected by the owner). Classification societies are authorised by flag states to issue statutory certificates on their behalf.

**(x) Regulation of Foreign Investment in India**

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999, as amended ("**FEMA**") read with the applicable FEMA Regulations. Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP. Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the Government of India or the Reserve Bank of India ("**RBI**") is required, depending upon the sector in which foreign investment is sought to be made. Under the automatic route, the foreign investor or the Indian company does not require any approval of the RBI or Government of India for investments. Where FDI is allowed on an automatic basis without the approval of the FIPB, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route in the manufacturing sector.

**(xi) The Electricity Act, 2003 ("Electricity Act")**

The Electricity Act consolidates the laws relating to generation, transmission, distribution, trading and use of electricity. It lays down provisions in relation to transmission and distribution of electricity. It states that the State Government can specify suitable measures for specifying action to be taken in relation to any electric line or electrical plant, or any electrical appliance under the control of a consumer for the purpose of eliminating or reducing the risk of personal injury or damage to property or interference with its use. Our Company has installed the captive power plant and solar power plant for our own use. We do not transmit/ distribute or trade electricity as a licensee and hence a license is not required in that regard.

**(xii) Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010, as amended ("Electricity Regulations")**

The Electricity Regulations are framed under the Electricity Act, 2003 and they lay down the provisions in relation to the safety provisions for electrical installations and apparatus of voltage exceeding 650 volts. The said installation requires approval by electric inspector before commencement of supply and recommencement after shutdown for six months for electrical installations exceeding 650 volts.

**(xiii) The Atomic Energy (Radiation Protection) Rules, 2004 ("Radiation Protection Rules")**

The Radiation Protection Rules are framed under the Atomic Energy Act, 1962 and they apply to practices adopted and interventions applied with respect to radiation sources. Since our Company stores certain radioactive materials, it is required to ensure certain compliances in relation to their storage. The atomic energy regulatory board issues license under the said Act and Rules for possession and operation of the industrial radiography exposure device(s) ("**IRED**") containing radiography source/ radiation generating equipment for industrial radiography purposes at authorised site(s). The licensee shall obtain permission from AERB prior to the routine operation of each IRED after procurement.

**II. Regulations applicable to the Central Public Sector Enterprises**

As a Central Public Sector Enterprise ("**CPSE**"), we are required to comply with certain laws and regulations such as guidelines on corporate social responsibility and sustainability for central public sector enterprises, Prevention of Corruption Act, 1988, the Central Vigilance Commission Act, 2003, and Right to Information Act, 2005 amongst others.

**III. Labour Law Regulations**

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, Workmen's Compensation Act, 1923, the Payment of Gratuity Act, 1972, Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, the Apprentices Act, 1961, the Trade Unions Act, 1926, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, the Indian Boilers Act, 1923, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 amongst others.

**IV. Intellectual Property Laws**

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

**V. Environmental Laws**

The business of our Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies with different operations. Major environmental laws applicable to the business operations include:

**(i) The Environment (Protection) Act, 1986, as amended** ("**EPA**")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. Under the EPA, the Government of India is empowered to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down standards for the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

**(ii) The Air (Prevention and Control of Pollution) Act, 1981, as amended** ("**Air Act**")

The Air Act has been enacted to provide for the prevention, control and abatement of air pollution. The Air Act was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding Pollution Control Boards in a state. Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

**(iii) The Water (Prevention and Control of Pollution) Act, 1974, as amended ("Water Act")**

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines, or imprisonment, or both.

**(iv) The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended ("Water Cess Act")**

The Water Cess Act provides for levy and collection of a cess on water consumed by industries with a view to augment the resources of the Central and State Pollution Control Boards constituted under the Water Act. Under the Water Cess Act, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act at such rate not exceeding the rate specified under the Water Cess Act.

**(v) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, ("Hazardous Wastes Rules")**

The Hazardous Wastes Rules impose an obligation on every occupier of a facility generating hazardous waste for safe and environmentally sound handling of hazardous waste generated at such facility. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous waste, must obtain an approval from the applicable State Pollution Control Board. The occupier, the importer, the transporter and the operator of disposal facility are liable for damages to the environment or third party resulting from the improper handling and disposal of hazardous waste.

**(vi) Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("Hazardous Chemical Rules")**

Entities which engage in any industrial activity involving hazardous chemicals are required to adhere to the Hazardous Chemical Rules. There are provisions in relation to major incidents involving hazardous chemicals, safety measures as well as import and transport of hazardous chemicals.

**(vii) Public Liability Insurance Act, 1991 ("Public Liability Act")**

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

**(viii) The Solid Wastes Management Rules, 2016 ("Solid Wastes Rules")**

The Solid Wastes Rules applies to every domestic, institutional, commercial and any other non-residential solid waste generator except industrial waste, hazardous waste, hazardous chemicals, bio medical wastes, e-waste, lead acid batteries and radio-active waste, that are covered under separate rules framed under the Environment (Protection) Act, 1986. As per the Solid Waste Rules, the local authority or panchayat is required to make an application in Form-I for grant of authorisation for setting up waste processing, treatment or disposal facility, if the volume of waste is exceeding five metric tonnes per day including sanitary landfills from the State Pollution Control Board or the Pollution Control Committee, as the case may be. Any municipal solid waste generated is required to be managed and handled in accordance with the procedures specified in the Municipal Solid Wastes Rules. Penalties for contravention of the provisions of the Municipal Solid Wastes Rules will be as specified in the EPA.

**(ix) Construction and Demolition Waste Management Rules, 2016 ("Waste Management Rules")**

The Waste Management Rules applies to waste resulting from construction, re-modeling, repair and demolition of any civil structure of individual or organisation or authority who generates construction and demolition waste such as building materials, debris, rubble.

**(x) The Batteries (Management and Handling) Rules, 2001, as amended ("Batteries Rules")**

The Batteries Rules are framed under the Environment (Protection) Act, 1986 and apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof. It prescribes the responsibilities of manufacturer, importer, assembler and dealers of the batteries as well as lays down the responsibilities of the recycler of the batteries.

**(xi) E-Waste (Management) Rules, 2016 ("E-Waste Rules")**

The E-Waste Rules apply to every manufacturer, producer, consumer, bulk consumer, collection centres, dealers, e-retailer, refurbisher, dismantler and recycler involved in manufacture, sale, transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment, including their components, consumables, parts and spares which make the product operational.

**VI. Tax Legislations**

The tax related laws that are applicable to our Company include the Central Excise Act, 1944, the Income Tax Act, the Income Tax Rules, the Customs Act, 1962, the Central Sales Tax Act, 1956, Wealth Tax Act, 1957, Central Excise Tariff Act, 1985, Customs Tariff Act, 1975, State VAT regulations, local body tax in respective states and Finance Act, 1994 and various applicable service tax notifications and circulars.

**VII. Inclusion of "shipyard" as a part of Harmonised Master List for Infrastructure Sub-Sectors**

Pursuant to the amendment in the master list of infrastructure sub-sectors issued *vide* notification f. no. 13/06/2009-INF dated March 27, 2012, and amended *vide* notification no. SI 85 from Department of Economic Affairs, Ministry of Finance dated April 8, 2016 ("Harmonised Master List of Infrastructure sub-sectors"), a new sub-category of "shipyard" was added under the category of "transport". As the RBI notification dated November 25, 2013 harmonised the RBI definition of infrastructure lending with the Harmonised Master List of Infrastructure sub-sectors, the inclusion of "shipyard" as a new sub-category enables flexible structuring of long term project loans, long-term funding from infrastructure funds at lower rates of interest and for a longer tenure and issuance of bonds for meeting working capital requirements.

Further, RBI has recently brought in significant changes to the external commercial borrowing guidelines (the "ECB Guidelines") with respect to companies in the infrastructure and other related sectors. As per the revised framework for the ECB Guidelines published *vide* A.P. (DIR Series) Circular No. 32 dated November 30, 2015 ("Revised Framework for ECB Guidelines"), companies in infrastructure sector have been placed under track-II, i.e. long term ECB which effectively means that overseas borrowings by such entities shall need to comply with 10 year minimum average maturity, unless ECB is denominated in INR. The term 'infrastructure sector', for the purpose of the Revised Framework for ECB Guidelines, is defined as per the Harmonised Master List of Infrastructure sub-sectors. Also, as per the Revised Framework for ECB Guidelines, the restriction in respect of raising of ECB for general corporate purposes (including working capital) has been done away with. The individual limits under automatic route for companies in infrastructure and manufacturing sectors is upto USD 750 million or equivalent.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as 'Cochin Shipyard Limited' on March 29, 1972 as a private limited company under the Companies Act, 1956, with the Registrar of Companies, Kerala at Ernakulam. Our Company became a deemed public limited company under section 43A of Companies Act, 1956 on July 1, 1982. Our Company again became a private limited company with effect from July 16, 1985. Our Company became a public limited company with effect from November 8, 2016 and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Kerala at Ernakulam. Our Company is a government company as per sub-section (45) of section 2 of the Companies Act, 2013.

The Ministry of Shipping, Road Transport and Highways, GoI *vide* letter bearing file number SY-12022/1/02-CSL dated July 21, 2008, conveyed the approval of the Department of Public Enterprises granting our Company the status of 'Category I Miniratna Company'. As a Miniratna Company, our Company is eligible to some enhanced delegation of powers to the Board, including having greater autonomy to incur capital expenditure for our projects without the GoI approval.

### Changes in the Registered Office

The Registered Office of our Company was originally located at Building No XXIII/1042, Perumanoor, Kochi – 682015, Kerala and was changed to Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi – 682015 with effect from November 19, 1977 to ensure greater operational efficiency.

### Main objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

1. *"To Acquire Undertaking. To acquire and take over from the Government of India their Cochin Shipyard Project along with all or any of the assets, liabilities, responsibilities and commitments of the Government of India in connection therewith.*

2. *To carry on all or any of the business of builders, owners, wrights, brokers, repairers, operators, agents, refitters, vendors and /or salvagers of ships of all kinds including passenger ships, oil tankers, bulk carriers, container ships, warships, naval vessels, crafts and fleet auxiliaries, aircraft carriers, destroyers, frigates, supply vessels, dredgers, lightships, tugs, barges, launches, lighters, floating cranes and other floating crafts for various purposes, provided that, in respect of warships, naval vessels, crafts and fleet auxiliaries, aircraft carriers, destroyers, frigates and supply vessels, such business shall be carried on as authorized by the Ministry of Defence (including Department of Defence Production).*

3. *Ownership and Proprietorship of Docks. To carry on all or any of the business of proprietors, managers and/or operators of docks, wharves, jetties, piers, workshops, warehouses and stores.*

4. *To carry on the business of engineers, manufactures, repairers, assemblers, processors and/or fitters of engines, boilers, machinery and equipment and components thereof required for ships and vessels of all kinds and for other purpose.*

5. *To Carry on Consultancy Work in all Fields of Activity. To carry on the business as consultants in all the fields in which our Company is engaged or authorized to engage in, including ship design, naval architecture, marine, mechanical, electrical, civil, metallurgical and electronic engineering, manufacture of ancillary items and equipment, building of all types of ships and machinery, and in all kinds of planning relating to layout, operations, repair, design work necessary for all the above works for the benefit of our Company itself or for an outside party with or without remuneration and to establish competent organization for the purpose as deemed necessary."*

The existing and proposed activities of our Company are and shall be within the scope of the objects clause of the Memorandum of Association.

### Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

| Date of Shareholders' Resolution | Nature of amendment |
|---|---|
| December 7, 1977 | Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹500,000,000 divided into 500,000 equity shares of ₹1,000 each to ₹550,000,000 divided into 550,000 equity shares of ₹1,000 each. |

| Date of Shareholders' Resolution | Nature of amendment |
|---|---|
| August 12, 1981 | Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹550,000,000 divided into 550,000 equity shares of ₹1,000 each to ₹700,000,000 divided into 700,000 equity shares of ₹1,000 each. |
| February 23, 1989 | Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹700,000,000 divided into 700,000 equity shares of ₹1,000 each to ₹800,000,000 divided into 800,000 equity shares of ₹1,000 each. |
| August 26, 1993 | Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹800,000,000 divided into 800,000 equity shares of ₹1,000 each to ₹1,000,000,000 divided into 1,000,000 equity shares of ₹ 1,000 each. |
| September 28, 1994 | Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹1,000,000,000 divided into 1,000,000 equity shares of ₹1,000 each to ₹2,200,000,000 divided into 1,000,000 equity shares of ₹1,000 each and 1,200,000 7% non-cumulative redeemable preference shares of ₹1,000 each. |
| September 22, 1998 | Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹2,200,000,000 divided into 1,000,000 equity shares of ₹1,000 each and 1,200,000 7% non-cumulative redeemable preference shares of ₹1,000 each to ₹2,500,000,000 divided into 1,300,000 equity shares of ₹1,000 each and 1,200,000 7% non-cumulative redeemable preference shares of ₹1,000 each. |
| March 17, 2009 | Clause V of the Memorandum of Association was amended to reflect the subdivision of equity shares of face value of ₹1,000 each into fully paid up 100 equity shares of ₹10 each to reflect the division of capital of our Company as ₹2,500,000,000 divided into 130,000,000 equity shares of ₹10 each and 1,200,000 7% non-cumulative redeemable preference shares of ₹ 1,000 each. |
| September 20, 2016 | Clause V of the Memorandum of Association was amended to reflect the reclassification of 130,000,000 equity shares of face value of ₹10 each and 1,200,000 7% non-cumulative redeemable preference shares of face value of ₹1,000 each to 250,000,000 equity shares with face value of ₹10 each. |

**Major events in our history**

The table below sets forth the key events in the history of our Company:

| Year | Major events |
|---|---|
| April, 1972 | Laying of foundation stone for hull shop of our Company |
| July, 1975 | Vice Admiral N. Krishnan and Admiral S. M. Nanda sign the contract for building the first bulk carrier at Cochin Shipyard |
| July, 1981 | Delivery of first ship named 'Rani Padmini' |
| October, 1990 | Delivery of first tanker named '007 Motilal Nehru' |
| May, 1993 | Received approval from Directorate General of Shipping for starting Graduate Engineer's Course for six months at our Company |
| May, 1999 | Delivered the Double Hull Motor Tanker 'M.T. Abul Kalam Azad' with a dead weight at design draught of 83576 T to Shipping Corporation of India Limited |
| February, 2003 | Delivered first export order, LB II Barge to National Petroleum Construction Company, Abu Dhabi |
| January, 2004 | Contract signed for building of six bulk carriers for M/s Clipper Group, Bahamas – The first series of export order |
| November, 2006 | Delivered nine fire-fighting tugs to Saudi Seaport Authority, Saudi |

| Year | Major events |
|---|---|
| | Arabia from December 2004 |
| February, 2009 | Keel laying of the first Indigenous Aircraft Carrier for the Indian Navy |
| October, 2010 | Signed the shipbuilding order of 20 Fast Patrol Vessels for Indian Coast Guard |
| September, 2011 | Set up the 500 Tonne Bollard Pull facility at Vizhinjam, the largest facility for bollard pull test in Asia |
| December, 2012 | Signed contract for setting up of ISRF at Cochin Port Trust |
| August, 2013 | Launched the first Indigenous Aircraft Carrier for the Indian Navy |
| December, 2013 | Allotment of 8.51% Secured redeemable non-convertible tax-free bonds of face value of ₹1,000 million |
| March, 2014 | Delivered the 100th ship built by our Company |
| July, 2014 | Implemented SAP ERP System |
| December, 2015 | Obtains license from GTT to build LNG Ships using the containment system known as the Mark-III Technology |
| December, 2016 | The last ship of the 20 Fast Patrol Vessel delivered to Indian Coast Guard |

**Awards and Recognition**

Our Company has received the following awards:

| Year of award | Award | Description |
|---|---|---|
| 2016 | Safety Award - 2016 | Award for outstanding performance in industrial safety in the category of very large factories (having more than 500 workers) given by Department of Factories & Boilers, Government of Kerala |
| 2016 | National safety council (Kerala chapter) safety awards | Award for outstanding safety performance for outstanding performance in industrial safety as winner by achieving the lowest frequency rate of accidents |
| 2016 | Award for top 50 PSU organisations with innovative HR practices | Award presented by Times Ascent to top 50 PSU organisation with “Innovative HR Practices” at Asia Pacific HRM Congress |
| 2016 | KMA excellence award | For best CSR activities undertaken |
| 2016 | BT-CSR excellence award | Award of excellence in the category of best performing PSE (CSR head) given by Bureaucracy Today |
| 2016 | Best corporate citizen award | Winner in category III awarded by National Institute of Personnel Management (Kerala chapter) |
| 2015 | The Gateway awards for shipbuilding company of the year | Shipbuilding Company of the Year in recognition of healthy order book and technical competence and also for active contribution to “Make in India” initiative |
| 2015 | TMA- HLL CSR award | Trivandrum management association jointly with HLL Lifecare Limited awarded our Company as winner for spending ₹54.6 million for the benefit of society |
| 2015 | Samatva 2015 | Winner of best CSR practices among public sector undertakings |

Ministry of Heavy Industries and Public Enterprises, Government of India has issued ‘Excellent’ rating to our Company for the Financial Year 2010-11, 2012-13, 2013-14, 2014-15 and 2015-16 on the basis of the audited data of the central public sector enterprises under the Ministry of Shipping.

**Accreditations and Certifications**

Our Company has received the following accreditations and certifications:

| Certificate | Particulars |
|---|---|
| ISO 14001:2004- Environmental Management System | DNV GL certified the management system of our Company to conform to the Environmental Management System standard of ISO |

| Certificate | Particulars |
|---|---|
| | 14001:2004 for:<br>• design, development and construction of ships, repairs, maintenance and overhaul of ships and offshore structures; and<br>• training marine engineers and conduct of firefighting and first aid courses. |
| OHSAS 18001:2007- Occupational Health and Safety Management System | DNV GL certified the management systems of our Company to conform to the occupational health and safety management system standard of OHSAS 18001:2007 for:<br>• design, development and construction of ships, repairs, maintenance and overhaul of ships and offshore structures; and<br>• training marine engineers and conduct of firefighting and first aid courses. |
| ISO 9001:2008 – Quality Management System Standard | DNV GL certified the management system of our Company to conform to the quality management system standard of ISO 9001:2008 for:<br>• design, development and construction of ships, repairs, maintenance and overhaul of ships and offshore structures; and<br>• training marine engineers and conduct of firefighting and first aid courses. |

**Number of Shareholders of our Company**

Total numbers of Shareholders of our Company as on the date of this Draft Red Herring Prospectus is seven.

**Corporate Profile of our Company**

For details of our Company's corporate profile, business, description of activities, services, products, technology, managerial competence and capacity built-up, location of plant, marketing, competition, market of each segment, growth of our Company, exports and profits due to foreign operations with country-wise analysis, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, major suppliers, major customers, geographical segment and management, see "*Our Business*", *"Our Management"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 114, 140 and 236, respectively.

**Our Holding Company**

Our Company does not have a holding company.

**Subsidiaries of our Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary.

**Injunction or restraining order**

Our Company is not operating under any injunction or restraining order.

**Capital raising activities, through equity or debt, by our Company**

For details in relation to equity and debt capital raised by our Company, see "*Capital Structure*", *"Financial Statements"* and "*Financial Indebtedness*" on pages 66, 162 and 259, respectively.

**Changes in the activities of our Company during the last five years**

There have been no changes in the activities undertaken by our Company during a period of five years prior to the date of this Draft Red Herring Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

**Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity**

There have been no defaults or rescheduling of borrowings with the financial institutions/ banks/ debenture holders. None of our outstanding loans have been converted into equity shares.

**Lock-out, Strikes, etc.**

There have been instances of strikes, lock-outs or instances of labour unrest in our Company. For instance, the contract workers went on an indefinite strike from May 29, 2011, which was called off on June 24, 2011. For details, see "*Risk Factors – Trade unions under which majority of our workmen are unionised have objected to the proposed Issue. This may lead to strikes, lock-down or work stoppages which will adversely affect our operations, reputation and financial condition*." on page 29.

**Time and Cost Overruns in setting up the projects**

Except as stated below, our Company has not faced any time and cost overrun in setting up the Dry Dock:

As per the DD DPR, the suggested programme for the construction of the Dry Dock was to commence by July 2016, subject to the receipt of the Environmental Clearance from MOEFCC and Public Investment Board approval, by the end June 2016. Our Company has received environmental clearance and CRZ clearance numbered F. No. 10-9/2015-IA III for the Dry Dock from MOEFCC on November 9, 2016 and approval of the proposal for construction of Dry Dock project in our Company's premises vide letter numbered SY-13013/3/2014-CSL from the Government of India, acting through the Ministry of Shipping dated August 5, 2016. However, our Company is yet to receive the approval from the national board of wildlife and central ground water board. For details of the pending approvals, refer to "*Government and Other Approvals"* on page 271. The construction of the Dry Dock shall commence after the receipt of the pending approvals. For details, see "*Risk Factors – We cannot assure you that our proposed Dry Dock or International Ship Repair Facility will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new proposed dry dock or the new ship repair facility in a timely manner or without cost overruns, our business, results of operations and financial condition may be adversely affected*." on page 18.

**Summary of key agreements**

- **Memorandum of Understanding signed with Ministry of Shipping for the financial year 2016-2017**
  Our Company enters into a Memorandum of Understanding with Department of Public Enterprises, Ministry of Shipping, GoI ("**MoU**") every financial year. The MoU sets out certain performance targets ("**Targets**") before the beginning of the financial year and the performance of our Company is evaluated against the Targets at the end of the financial year.

  For the year 2016-17, our Company has proposed to undertake the following in the MoU: (i) to carry out the construction of (i) 200 KWP roof top solar power plant and associated roofing works, (ii) covered area for steel stock yard/plates, (iii) marine engineering training institute complex, (iv) multistored residential complex for employees, (v) company guest house, (vi) service utility complex, (vii) consumer society building, (viii) new hygiene centre for trainees, (ix) gallery and dining facilities for owners and ship crew, (x) technology development/modernisation of infrastructure and (xi) additional infrastructure facilities for construction of IAC.

  Our Company has undertaken to initiate the Dry Dock project and ISRF, subject to environmental clearance by MOEFCC.

**Financial and Strategic Partners**

Our Company does not have any financial and strategic partners as of the date of filing this Draft Red Herring Prospectus.

**Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets**

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets.

**Details of guarantees given to third parties by our Promoter**

Our Promoter has not given any guarantees on behalf of our Company to third parties.

**Partnership Firms**

Our Company is not a partner in any partnership firm.

# OUR MANAGEMENT

***Board of Directors***

Under the Articles of Association, our Company is required to have a minimum of three Directors. We currently have nine Directors, of which three are independent Directors. Our Company is in the process of identifying and appointing additional independent directors in order to reconstitute the Board with atleast 50% independent directors prior to filing of the Red Herring Prospectus.

The following table sets forth the details regarding the Board as of the date of this Draft Red Herring Prospectus:

| Sr. No. | Name, Designation, Occupation and DIN | Age (in years) | Address | Other Directorships |
|---|---|---|---|---|
| 1. | **Mr. Madhu S. Nair**<br><br>**Designation:** *Chairman and Managing Director*<br><br>**Occupation:** Service<br><br>**DIN:** 07376798 | 51 | XI/356-A, Sreelakam, Off Kundanoor, Chilavanoor Road, Kundanoor, Maradu P.O., Kochi - 682304, Kerala, India | - |
| 2. | **Mr. D. Paul Ranjan**<br><br>**Designation:** *Director (Finance) and Chief Financial Officer*<br><br>**Occupation:** Service<br><br>**DIN:** 06869452 | 57 | Grace, 28/2090 A, Thottunkathara Road, Kadavanthra P.O., Ernakulam - 682020, Kerala, India | - |
| 3. | **Mr. Sunny Thomas**<br><br>**Designation:** *Director (Technical)*<br><br>**Occupation:** Service<br><br>**DIN:** 06882228 | 59 | 1/34, Kallukalam House, Paruthely Avenue Road, Edappally P.O., Ernakulam - 682024, Kerala, India | - |
| 4. | **Mr. Suresh Babu N.V**<br><br>**Designation:** *Director (Operations)*<br><br>**Occupation:** Service<br><br>**DIN:** 07482491 | 55 | Nikerthil House, Palluruthy P.O., Perumpadappu, Ernakulam - 682006, Kerala, India | - |
| 5. | **Mr. Barun Mitra**<br><br>**Designation:** *Part Time Official (Nominee) Director*<br><br>**Occupation:** Service<br><br>**DIN:** 07012558 | 55 | D1/33, Rabindra Nagar, New Delhi - 110003, India | • Kamarajar Port Limited |
| 6. | **Mr. Elias George**<br><br>**Designation:** *Part Time Official (Nominee) Director*<br><br>**Occupation:** Service<br><br>**DIN:** 00204510 | 60 | No.4, Neptune Country, Chilavannoor Road, Kadavanthra, Kochi - 682020, Kerala, India | • Kochi Metro Rail Limited<br>• Cochin Smart Mission Limited |

| Sr. No. | Name, Designation, Occupation and DIN | Age (in years) | Address | Other Directorships |
|---|---|---|---|---|
| 7. | **Mr. Krishna Das E**<br><br>**Designation:** *Non Official Part Time (Independent) Director*<br><br>**Occupation:** Advocate<br><br>**DIN:** 02731340 | 47 | Sree Krishna Kripa, Pannicode, P.O., Kunisseri, Palakkad - 678681, Kerala, India | - |
| 8. | **Mr. Radhakrishna Menon**<br><br>**Designation:** *Non Official Part Time (Independent) Director*<br><br>**Occupation:** Advocate<br><br>**DIN:** 07518727 | 52 | Sreeniketan, Thrikodithanam P.O., Changanacherry, Kottayam - 686105, Kerala, India | - |
| 9. | **Ms. Roopa Shekhar Rai**<br><br>**Designation:** *Non Official Part Time (Independent) Director*<br><br>**Occupation:** Social Worker<br><br>**DIN:** 07565156 | 62 | 10, East High Court Road, Ramdaspeth, Nagpur - 440010, Maharashtra, India | - |

All the Directors of our Company are Indian nationals and none of the Directors are related to each other.

***Brief Biographies of the Directors***

**Mr. Madhu S. Nair**, aged 51 years, is Chairman and Managing Director of our Company from January 1, 2016. He was appointed to the position of Chairman and Managing Director of our Company by the Ministry of Shipping through a selection process of Public Enterprise Selection Board. He had joined our Company as a management trainee in June 1988. He holds a degree of bachelor of technology in naval architecture and ship building from Cochin University of Science and Technology, India and a degree of master in engineering with specialisation in naval architecture and ocean engineering from Osaka University, Japan. He has completed a training course in shipbuilding-production control at Ishikawajima Harima Heavy Industries Overseas Vocational Training Association organised by the Japan International Cooperation Agency under the International Cooperation Programme of the government of Japan. Furthermore, he has also attended an intensive Japanese language course at Osaka International Centre. He is a member of the Royal Institute of Naval Architects, London. He has approximately 28 years of work experience with our Company.

**Mr. D. Paul Ranjan**, aged 57 years, is a Director (Finance) and Chief Financial Officer of our Company from May 1, 2014. He was appointed to the position of Director (Finance) of our Company by the Ministry of Shipping through a selection process of Public Enterprise Selection Board. He holds a degree of bachelor of commerce from Madurai Kamraj University. He is a chartered accountant and has completed a post qualification course in information systems audit from the Institute of Chartered Accountants of India. He had joined our Company as an executive trainee in December 17, 1984. He has approximately 32 years of work experience with our Company wherein his responsibilities included financial management, strategic planning, risk management, forex management, budgeting and cost control. He is in charge of the information systems department that implemented the SAP ERP in our Company.

**Mr. Sunny Thomas**, aged 59 years, is a Director (Technical) of our Company from June 1, 2014. He was appointed to the position of Director (Technical) of our Company by the Ministry of Shipping through a selection process of Public Enterprise Selection Board. He holds a degree of bachelor of technology in naval architecture and ship building from University of Cochin and a degree of master in business administration with specialisation in finance from Indira Gandhi National Open University, India. He also holds certificate in project risk management from the Institute of Project Management Certification. He has completed group training in the field of shipbuilding organised by Japan International Cooperation Agency under the International Cooperation Programme of the Government of Japan. He has also undergone technical training course with Ishikawajima-Harima Heavy Industries Company Limited. Furthermore, he has completed intensive Japanese language course conducted by Tokyo International Centre, Japan International Cooperation Agency. He had joined our Company as a management trainee in August 3, 1981. He has approximately 35 years of work experience with our Company wherein he has worked across areas such as ship design, ship repair, ship building as well as services and coordination.

**Mr. Suresh Babu N. V**, aged 55 years, is a Director (Operations) of our Company from April 26, 2016. He was appointed to the position of Director (Operations) of our Company by the Ministry of Shipping through a selection process of Public Enterprise Selection Board. He holds a degree of bachelor of engineering (mechanical) from the University of Kerala. He holds a diploma in management from Indira Gandhi National Open University. He has completed the training course in shipbuilding, repairing and maintenance conducted by Overseas Shipbuilding Cooperation Centre under International Cooperation Programme of the Government of Japan. He has also undergone a practical training course with Kawasaki Heavy Industries Limited. Furthermore, he has completed supplementary course in Japanese language held at Overseas Shipbuilding Cooperation Centre. He joined our Company as an executive trainee in February 1, 1985. He has approximately 31 years of work experience with our Company wherein he has had experience across various areas of the shipyard such as ship building, materials and ship repair.

**Mr. Barun Mitra**, aged 55 years, is a Part Time Official (Nominee) Director of our Company from January 20, 2015. He is the joint secretary to the Ministry of Shipping, Government of India. He holds a degree of bachelor of arts and master of arts with specialisation in history from Delhi University. He also holds a degree of bachelor of law from Delhi University and a post-graduate diploma in patent law from the National Academy of Legal Studies and Research, Hyderabad, India. He is from the 1987 batch of Indian administrative services (Manipur cadre). He has about 27 years of work experience in administration in wide array of fields like urban development, district administration, health and family welfare, resource development as well as personnel and general administration.

**Mr. Elias George**, aged 60 years, is a Part Time Official (Nominee) Director of our Company from November 27, 2012. He holds a degree of bachelor of technology in naval architecture and shipbuilding from the University of Cochin. He retired from the Indian administrative service on October 31, 2016. He was the additional chief secretary (transport), Government of Kerala prior to his retirement. He belongs to the 1982 batch of the Indian administrative service (Kerala cadre). He started his career as an assistant collector and worked in different departments like irrigation, forest, civil supplies, labour, industries and tourism in several departments in the Kerala as well as in central ministries. Also, he is the managing director of the Kochi Metro Rail Limited.

**Mr. Krishna Das E**, aged 47 years, is a Non Official Part Time (Independent) Director of our Company from March 21, 2016. He holds a degree of bachelor in commerce from University of Calicut and bachelor of law from Mangalore University. He is an advocate on the roll of the bar council of Kerala since 1996. He has been a practising advocate in different courts of Kerala for approximately 20 years.

**Mr. Radhakrishna Menon**, aged 52 years, is a Non Official Part Time (Independent) Director of our Company from March 21, 2016. He holds a degree of bachelor in legal, social science from Bharati Vidyapeeth's New Law College, Pune. He is the president of Travancore Travel and Tourism Co-operative Society Limited. In addition to being an entrepreneur and proprietor of Devi Agency and Devi Traders, he is also the vice-president of the World Malayalee Organisation. He is a non-official member of general council for National Livestock Mission, Ministry of Agriculture and Farmer Welfare, Government of India.

**Ms. Roopa Shekhar Rai**, aged 62 years, is a Non Official Part Time (Independent) Director of our Company from March 21, 2016. She holds a degree of bachelor in science from Nagpur University and master of arts from Rashtrasant Tukadoji Maharaj Nagpur University. She also holds a diploma in homoeopathic medical science from Homoeopathic and Biochemic Doctor's Training Institute. She was a chairperson of the ladies wing of Vidarbha Industries Association in the year 1994-95.

***Confirmation from Directors***

None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the past five years. Further, none of the Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s)**.**

***Understanding with major shareholders, customers, suppliers or others pursuant to which Director(s) were appointed***

As per Article 21(a) of the Articles of Association, the Chairman of the Board of Directors and the Government representatives on the Board of Directors shall be appointed by the President of India. Other members of the Board of Directors shall be appointed or reappointed by the President of India in consultation with the Chairman of the

Board of Directors. The Directors shall be paid such remuneration as the President of India may, from time to time, determine. The Directors appointed shall be entitled to hold office for such period as the President of India may determine. Except as stated above, none of our Directors or Key Management Personnel have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

***Borrowing powers of the Board***

Subject to the Memorandum and Articles of Association of our Company and pursuant to the shareholders' resolution dated September 20, 2016, the Board is authorised to borrow up to an aggregate amount of ₹ 20,000 million, for the purpose of the business of our Company, notwithstanding that the amount to be borrowed and amount already borrowed by our Company may exceed the aggregate of the paid-up share capital and free reserves of our Company.

***Details of Appointment and Term of the Directors:***

| S. No. | Name of Director | Ministry of Shipping Order No. and Date | Date of Appointment of Director | Term |
|---|---|---|---|---|
| 1. | Mr. Madhu S. Nair | SY-11011/1/2009 - CSL dated December 11, 2015 | January 1, 2016 | For a period of five years with effect from the date of assumption of charge of the post till the date of his superannuation or until further orders whichever is the earliest |
| 2. | Mr. D. Paul Ranjan | SY-11012/1/2009 - CSL. Vol-II dated April 4, 2014 | May 1, 2014 | For a period of five years from the date of assumption of charge of the post on or after May 1, 2014 or till the date of his superannuation or until further orders, whichever is the earliest |
| 3. | Mr. Sunny Thomas | SY-11012/3/2010 - CSL dated May 12, 2014 | June 1, 2014 | For a period of five years from the date of assumption of charge of the post on or after June 1, 2014 or till the date of his superannuation, or until further orders, whichever is earlier |
| 4. | Mr. Suresh Babu N.V | SY-11012/2/2010 - CSL dated April 26, 2016* | April 26, 2016 | For a period of five years from the date of his assumption of charge of the post or till the date of his superannuation, or until further orders, whichever is the earliest |
| 5. | Mr. Barun Mitra | SY-11012/5/95 - CSL dated January 20, 2015 | January 20, 2015 | From the date of the letter of appointment and until further orders from the Government |
| 6. | Mr. Elias George | SY-11012/5/95 - CSL dated November 27, 2012 | November 27, 2012 | From the date of the letter of appointment and until further orders from the Government |
| 7. | Mr. Krishna Das E | SS-11012/05/2014 - SY II dated March 21, 2016 | March 21, 2016 | Fixed tenure of three years from the date of notification of appointment or until further orders, whichever is earlier |
| 8. | Mr. Radhakrishna Menon | SS-11012/05/2014 - SY II dated March 21, 2016 | March 21, 2016 | Fixed tenure of three years from the date of notification of appointment or until further orders, whichever is earlier |
| 9. | Ms. Roopa Shekhar Rai | SS-11012/05/2014 - SY II dated March 21, 2016 | March 21, 2016 | Fixed tenure of three years from the date of notification of appointment or until further orders, whichever is earlier |

**Pursuant to Department of Personnel and Training's O.M. Number 1/2/2016-EO(ACC) dated April 13, 2016*

Except for the whole time Directors who are entitled to statutory benefits and post-retirement medical benefits on completion of tenure of their employment with our Company, no Director is entitled to any benefit on termination of their directorship with our Company.

***Remuneration of the Directors***

*A. Chairman and Managing Director and Whole Time Directors:*

The following table sets forth the remuneration paid by our Company to the Chairman and Managing Director and existing Whole Time Directors for the Fiscal 2016:

| | *(In ₹ million)* |
|---|---|
| **Name of Director** | **Total remuneration** |
| Mr. Madhu S. Nair* | 0.71 |
| Mr. D. Paul Ranjan | 2.95 |
| Mr. Sunny Thomas | 2.96 |
| Mr. Suresh Babu N.V# | - |

** Appointed on January 1, 2016*
*# Appointed on April 26, 2016*

The Government Nominee Directors of our Company or Part Time Official Directors of our Company derive their salary, benefits and facilities from the Government of India and Government of Kerala and are therefore not paid by our Company.

*B. Non Official Part Time (Independent) Directors*

Non Official Part Time (Independent) Directors are paid sitting fees for each meeting of the Board and Committees thereof. They are also subject to the maximum amount as prescribed under the Companies Act. Presently, our Company, pursuant to the Board resolution dated January 24, 2017 is paying upto ₹ 15,000 to Non Official Part Time (Independent) Directors for each meeting of the Board and Committees thereof.

***Details of the terms and conditions of appointment of the Chairman and Managing Director and Whole Time Directors:***

The Ministry of Shipping prescribes the terms and conditions of appointment of the Chairman and Managing Director as well as the Whole Time Directors. Our Company prescribes the terms and conditions of employment for each of the Whole Time Directors in consonance with the terms and conditions prescribed by Ministry of Shipping.

***Mr. Madhu S. Nair***

**Mr. Madhu S. Nair** is the Chairman and Managing Director of our Company. He was appointed on January 1, 2016 pursuant to the Ministry of Shipping Order SY-11011/1/2009 -CSL dated December 11, 2015. The current terms and conditions of his employment were prescribed by Ministry of Shipping Order No. SY-11011/1/2009-CSL dated January 8, 2016. Some of the key terms and conditions amongst others as revised from time to time are as under:

| | |
|---|---|
| **Term** | For a period of five years with effect from January 1, 2016 in the first instance or till the date of his superannuation or until further orders whichever occurs earlier and in accordance with the Companies Act.<br>The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. After the expiry of the first year, his performance will be reviewed to enable government to take the view regarding continuance or otherwise of the balanced period of tenure. |
| **Pay** | ₹ 75,000 per month in the existing pay scale of ₹ 75,000-90,000 |
| **Headquarters** | His headquarters will be at Kochi where the Registered Office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company. |
| **Dearness allowance** | Dearness Allowance would be paid in accordance with the new IDA scheme spelt out in the DPE's O.M. dated November 26, 2008 and April 2, 2009. |
| **Housing** | House rent and residential accommodation is provided as per the Ministry of Shipping orders, as amended from time to time. |
| **Annual increment** | He will be eligible to draw his annual increment at three percent of basic pay on |

| | |
|---|---|
| | the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments. |
| **Conveyance** | As per the Ministry of Shipping orders, as amended from time to time |
| **Performance related payment** | He shall be eligible for approved performance related payment as per DPE's O.M.'s dated November 26, 2008, February 9, 2009 and April 2, 2009. |
| **Other benefits and perquisites/ superannuation** | The Board of Directors will decide on the allowances and perks subject to a maximum ceiling of 50% of his basic pay as indicated in DPE's O.M. dated November 26, 2008 and April 2, 2009.<br>He shall be eligible for superannuation benefit based on approved schemes as per DPE's O.M.s dated November 26, 2008 and April 2, 2009. |
| **Leave** | He will remain subject to the leave rules of our Company. |
| **Restriction on joining private commercial undertakings after retirement/ resignation** | He shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government. |
| **Conduct, discipline and appeal rules** | The Conduct, Discipline and Appeal Rules framed by our Company in respect of our non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India<br>The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him |

***Mr. D. Paul Ranjan***

Mr. D. Paul Ranjan is the Director (Finance) and Chief Financial Officer of our Company. He was appointed on May 1, 2014 pursuant to Ministry of Shipping Order SY-11012/1/2009 -CSL. Vol-II dated April 4, 2014. The current terms and conditions of his employment were prescribed by Ministry of Shipping Order No. SY-11012/1/2009-CSL Vol. II dated December 19, 2014. Some of the key terms and conditions amongst others as revised from time to time are as under:

| | |
|---|---|
| **Term** | For a period of five years with effect from May 1, 2014 in the first instance or till the date of superannuation or until further orders, whichever event occurs earlier and in accordance with the provisions of the Companies Act.<br>The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. After the expiry of the first year, his performance will be reviewed to enable government to take a view regarding continuance or otherwise for the balance period of tenure. |
| **Pay** | ₹ 65,000 per month in the existing pay scale of ₹ 65,000-75,000 |
| **Headquarters** | His headquarters will be at Kochi where the Registered Office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company. |
| **Dearness allowance** | Dearness Allowance would be paid in accordance with the new IDA scheme spelt out in the DPE's O.M. dated November 26, 2008 and April 2, 2009. |
| **Housing** | House rent and residential accommodation is provided as per the Ministry of Shipping orders, as amended from time to time. |
| **Annual increment** | He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments. |

| | |
|---|---|
| **Conveyance** | As per the Ministry of Shipping orders, as amended from time to time |
| **Performance related payment** | He shall be eligible for approved performance related payment as per DPE's O.M.'s dated November 26, 2008, February 9, 2009 and April 2, 2009. |
| **Other benefits and perquisites/ superannuation** | The Board of Directors will decide on the allowances and perks subject to a maximum ceiling of 50% of his basic pay as indicated in DPE's O.M. dated November 26, 2008 and April 2, 2009.<br>He shall be eligible for superannuation benefit based on approved schemes as per DPE's O.M.s dated November 26, 2008 and April 2, 2009. |
| **Leave** | He will remain subject to the leave rules of our Company. |
| **Restriction on joining private commercial undertakings after retirement/ resignation** | He shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government. |
| **Conduct, Discipline and Appeal Rules** | The Conduct, Discipline and Appeal Rules framed by our Company in respect of our non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India.<br>The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him. |

***Mr. Sunny Thomas***

Mr. Sunny Thomas is the Director (Technical) of our Company. He was appointed on June 1, 2014 pursuant to Ministry of Shipping Order SY-11012/3/2010 -CSL dated May 12, 2014. The current terms and conditions of his employment were prescribed by Ministry of Shipping Order No. SY-11012/3/2010-CSL dated December 19, 2014. Some of the key terms and conditions amongst others as revised from time to time are as under:

| | |
|---|---|
| **Term** | For a period of five years with effect from June 1, 2014 in the first instance or till the date of superannuation or until further orders, whichever event occurs earlier and in accordance with the provisions of the Companies Act.<br>The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.<br>After the expiry of the first year, his performance will be reviewed to enable government to take a view regarding continuance or otherwise for the balance period of tenure. |
| **Pay** | ₹ 65,000 per month in the existing pay scale of ₹ 65,000-75,000. |
| **Headquarters** | His headquarters will be at Kochi where the Registered Office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company. |
| **Dearness allowance** | Dearness Allowance would be paid in accordance with the new IDA scheme spelt out in the DPE's O.M. dated November 26, 2008 and April 2, 2009. |
| **Housing** | House rent and residential accommodation is provided as per the Ministry of Shipping orders, as amended from time to time. |
| **Annual increment** | He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments. |
| **Conveyance** | As per the Ministry of Shipping orders, as amended from time to time. |
| **Performance related payment** | He shall be eligible for approved performance related payment as per DPE's O.M.'s dated November 26, 2008, February 9, 2009 and April 2, 2009. |
| **Other benefits and perquisites/ superannuation** | The Board of Directors will decide on the allowances and perks subject to a maximum ceiling of 50% of his basic pay as indicated in DPE's O.M. dated November 26, 2008 and April 2, 2009.<br>He shall be eligible for superannuation benefit based on approved schemes as per DPE's O.M.s dated November 26, 2008 and April 2, 2009. |

| | |
|---|---|
| **Leave** | He will remain subject to the leave rules of our Company. |
| **Restriction on joining private commercial undertakings after retirement/ resignation** | He shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government. |
| **Conduct, Discipline and Appeal Rules** | The Conduct, Discipline and Appeal Rules framed by our Company in respect of our non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President of India.<br>The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him. |

***Mr. Suresh Babu N.V***

Mr. Suresh Babu N.V is the Director (Operations) of our Company. He was appointed on April 26, 2016 pursuant to Ministry of Shipping Order SY-11012/2/2010-CSL dated April 26, 2016. The current terms and conditions of his employment were prescribed by Ministry of Shipping Order No. SY-11012/2/2010-CSL dated May 26, 2016. Some of the key terms and conditions amongst others as revised from time to time are as under:

| | |
|---|---|
| **Term** | For a period of five years with effect from April 26, 2016 in the first instance or till the date of superannuation or until further orders, whichever event occurs earlier and in accordance with the provisions of the Companies Act.<br>The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.<br>After the expiry of the first year, his performance will be reviewed to enable government to take a view regarding continuance or otherwise for the balance period of tenure. |
| **Pay** | ₹ 65,000 per month in the existing pay scale of ₹ 65,000-75,000. |
| **Headquarters** | His headquarters will be at Kochi where the Registered Office of our Company is located. He will be liable to serve in any part of India at the discretion of our Company. |
| **Dearness allowance** | Dearness Allowance would be paid in accordance with the New IDA Scheme spelt out in the DPE's O.M. dated November 26, 2008 and April 2, 2009. |
| **Housing** | House rent and residential accommodation is provided as per the Ministry of Shipping orders, as amended from time to time. |
| **Annual increment** | He will be eligible to draw his annual increment at three percent of basic pay on the anniversary date of his appointment in the scale and further increments to the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of pay scale, one stagnation increment equal to the rate of last increment drawn will be granted after completion of every two-year period from the date he reaches the maximum of his pay scale provided he gets a performance rating of "Good" or above. He will be granted a maximum of three such stagnation increments. |
| **Conveyance** | As per the Ministry of Shipping orders, as amended from time to time. |
| **Performance related payment** | He shall be eligible for approved performance related payment as per DPE's O.M.'s dated November 26, 2008, February 9, 2009 and April 2, 2009. |
| **Other benefits and perquisites/ superannuation** | The Board of Directors will decide on the allowances and perks subject to a maximum ceiling of 50% of his basic pay as indicated in DPE's O.M. dated November 26, 2008, April 2, 2009, June 1, 2011 and June 29, 2012.<br>He shall be eligible for superannuation benefit based on approved schemes as per DPE's O.M.s dated November 26, 2008 and April 2, 2009. |
| **Leave** | He will remain subject to the leave rules of our Company. |
| **Restriction on joining private commercial undertakings after retirement/ resignation** | He shall not accept any appointment or post, whether, advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government. |
| **Conduct, Discipline and Appeal Rules** | The Conduct, Discipline and Appeal Rules framed by our Company in respect of our non-workmen category of staff would also mutatis mutandis apply to him with the modification that the Disciplinary Authority in his case would be the President |

| | |
|---|---|
| | of India.<br>The Government also reserves the right not to accept his resignation, if the circumstances so warrant i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him. |

***Details of service contracts entered into by the directors with the issuer providing for benefits upon termination of employment***

Except in the case of Whole-Time directors (as aforementioned) there exist no service contracts, entered into by our Company with any Directors for provision of benefits or payments upon termination.

***Shareholding of the Directors***

The Articles of Association do not require the Directors to hold any qualification shares in our Company. The shareholding of the Directors as a nominee of the President of India in our Company, as on the date of this Draft Red Herring Prospectus is mentioned below:

| Sr. No. | Name | No. of Equity Shares | Shareholding (%) |
|---|---|---|---|
| 1. | Mr. Barun Mitra | 100 | Negligible |
| 2. | Mr. Madhu S. Nair | 100 | Negligible |
| 3. | Mr. D. Paul Ranjan | 70 | Negligible |
| 4. | Mr. Sunny Thomas | 10 | Negligible |
| 5. | Mr. Suresh Babu N.V | 10 | Negligible |

***Bonus or profit sharing plan of the Directors***

The Chairman and Managing Director and the Whole Time Directors are eligible for approved performance related payment as per DPE's O.M.'s dated November 26, 2008, February 9, 2009 and April 2, 2009.

***Interests of Directors***

The Whole Time Directors may be regarded as interested to the extent of the remuneration payable to them for services rendered as Whole Time Directors of our Company and to the extent of other reimbursements of expenses payable to them as per their terms of appointment.

The Independent Directors are paid sitting fees for attending the meetings of the Board and committees of the Board and to the extent of other reimbursements of expenses payable as per their terms of appointment.

The nominee Directors of the Government of India and Government of Kerala are not entitled to remuneration or sitting fee or any other remuneration from our Company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

Except as stated in *"Financial Statements – Related party disclosure as per AS 18"* on page 222, the Directors of our Company do not have any other interest in the business of our Company.

None of our Directors are interested in any transaction of our Company in acquisition of land, construction of building and supply of machinery. Further, none of our Directors are related to an entity from whom our Company has acquired land or proposes to acquire land.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and/ or trustees pursuant to this Issue. All of our Directors may also be deemed to be interested to the extent of any dividends payable to them and other distributions in respect of the Equity Shares, if any.

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

Some of the Directors also hold Equity Shares in our Company as nominee shareholders of the President of India to comply the minimum number of shareholders as per the Companies Act.

Further, the Directors of our Company have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Our Directors do not have any interest in appointment of the BRLMs, Registrar to the Issue, Banker to the Issue or any such intermediaries registered with SEBI.

As on date, no relatives of any of the Directors have been appointed to any office or place of profit in our Company. No proceedings/ investigations have been initiated by SEBI against any of our Directors.

None of the sundry debtors of our Company is related to our Directors or us, in any way.

***Changes in the Board in the last three years***

The changes in the Board in the last three years are as follows:

| S. No. | Name | Date of Appointment | Date of Cessation | Reason |
|---|---|---|---|---|
| 1. | Mr. Ravikumar Roddam | - | April 30, 2014 | Retirement |
| 2. | Mr. Kartik Subramaniam | - | December 31, 2015 | Retirement |
| 3. | Mr. Prabhakara Kartha Vinayakumar | - | May 31, 2014 | Retirement |
| 4. | Mr. L. N. Vijayaraghavan | - | September 16, 2014 | End of tenure |
| 5. | Mr. R S Sundar | - | August 31, 2015 | Resignation under section 168 of the Companies Act |
| 6. | Mr. Mahalingam Raman | - | January 24, 2015 | End of tenure |
| 7. | Mr. S. K. K. Krishnan | - | January 24, 2015 | End of tenure |
| 8. | Dr. S. Mohan | - | November 26, 2015 | End of tenure |
| 9. | Dr. G. C. Gopala Pillai | - | November 26, 2015 | End of tenure |
| 10. | Mr. N. Raghuram | - | November 26, 2015 | End of tenure |
| 11. | Mr. M. C. Jauhari | - | January 20, 2015 | Nomination withdrawn by appointing authority (Government of India) |
| 12. | Mr. D. Paul Ranjan | May 1, 2014 | - | Appointment |
| 13. | Mr. Sunny Thomas | June 1, 2014 | - | Appointment |
| 14. | Mr. Barun Mitra | January 20, 2015 | - | Appointment |
| 15. | Mr. Madhu S. Nair | January 1, 2016 | - | Appointment |
| 16. | Mr. Krishna Das E | March 21, 2016 | - | Appointment |
| 17. | Mr. Radhakrishna Menon | March 21, 2016 | - | Appointment |
| 18. | Ms. Roopa Shekhar Rai | March 21, 2016 | - | Appointment |
| 19. | Mr. Suresh Babu N.V | April 26, 2016 | - | Appointment |

***Corporate Governance***

The provisions of the Companies Act and the SEBI Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares with the Stock Exchanges. Our Company is in compliance with the requirements of the applicable regulations in respect of corporate governance, as specified in the SEBI Listing Regulations and the Companies Act, relating to the constitution of committees such as the Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility and Sustainability Development Committee and adoption of the board diversity policy, nomination and remuneration policy, policy on related party transactions, vigil mechanism for directors and employees, whistle blower policy, policy on insider trading regulations, policy on preservation of documents and policy for determining materiality of an event/information for making adequate disclosure of such an event/information before the stock exchanges. Furthermore, in compliance with the SEBI Listing Regulations and the Companies Act, we have a woman director on the Board of Directors. As on the date of filing of the Draft Red Herring Prospectus, our Company is not in compliance with Regulation 17 (1) of the SEBI Listing Regulations. However, SEBI, *vide* letter CFD/DIL-II/NR/AEA/OW/2016/z6015 dated September 16, 2016 ("**SEBI Exemption Letter**"), has given relaxation to our Company from strict enforcement of compliance of the corporate governance norms under Schedule VIII Part A (2)(VIII)(E)(7)(a) and Schedule VII(1)(b) of the SEBI ICDR Regulations. The said provisions relate to disclosure to the effect that the issuer has complied with the corporate governance requirements contained in the SEBI Listing Regulations, particularly those relating to composition of Board of Directors, etc. Our Company is in the process of identifying and appointing additional independent directors in order to reconstitute the Board with at least 50% independent directors prior to the filing of the Red Herring Prospectus.

The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board with detailed reports on its performance periodically.

The details of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committees are given below:

***Committees of the Board***

Our Company has constituted the Audit Committee and the Stakeholders Relationship Committee for compliance with corporate governance requirements in addition to other non-mandatory committee:

***(a) Audit Committee***

The Audit Committee was originally constituted on August 21, 2008 by adoption of a circular resolution. The present committee was reconstituted in the board meeting held on May 7, 2016 and the present terms of reference of the Audit Committee was adopted on September 20, 2016. It presently comprises of the following members:

| Name of the Directors | Designation |
|---|---|
| Mr. Radhakrishna Menon | Chairman |
| Mr. Krishna Das E | Member |
| Mr. Elias George | Member |

The Company Secretary is the secretary of the Audit Committee.

*Scope and terms of reference:* The scope and function of the Audit Committee is in accordance with section 177 of the Companies Act, 2013, regulation 18(3) of the SEBI Listing Regulations and the guidelines on corporate governance on Central Public Sector Enterprises issued by the Department of Public Enterprises.

Terms of reference for the Audit Committee are as follows:

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of our Company based on the order of Comptroller & Auditor General of India;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
   (a) Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
   (b) Changes, if any, in accounting policies and practices and reasons for the same;
   (c) Major accounting entries involving estimates based on the exercise of judgment by management;
   (d) Significant adjustments made in the financial statements arising out of audit findings;
   (e) Compliance with listing and other legal requirements relating to financial statements;
   (f) Disclosure of any related party transactions;
   (g) Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of our Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of our Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Review the following information:
    (a) Management discussion and analysis of financial condition and results of operations;
    (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
    (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
    (d) Internal audit reports relating to internal control weaknesses; and
    (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
    (f) Statement of deviations:
        (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1) of the SEBI Listing Regulations;
        (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32(7) of the SEBI Listing Regulations;
21. To review the follow up action on the audit observations of the C&AG audit;
22. Recommend the appointment, removal and fixing of remuneration of Cost Auditors and Secretarial Auditors; and
23. Carrying out any other function as specified by the Board from time to time.

***(b) Stakeholder Relationship Committee***

The Stakeholder Relationship Committee was constituted and the present terms of reference were adopted pursuant to the Board resolution dated September 20, 2016. The Stakeholder Relationship Committee presently comprises of the following members:

| Name of the Directors | Designation |
|---|---|
| Mr. Krishna Das E | Chairperson |
| Mr. D. Paul Ranjan | Member |
| Mr. Sunny Thomas | Member |

*Scope and terms of reference:*

1. The Stakeholder Relationship Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

***(c) Nomination and Remuneration Committee***

The Remuneration Committee was constituted pursuant to the circular resolution adopted on December 13, 2008. It was reconstituted and renamed as Nomination and Remuneration Committee by circular resolution adopted on March 30, 2015. It was re-constituted pursuant to the board meeting held on May 7, 2016 and the present terms of reference of the Nomination and Remuneration Committee were adopted on September 20, 2016. It presently comprises of the following members:

| Name of the Directors | Designation |
|---|---|
| Mr. Krishna Das E | Chairman |
| Mr. Elias George | Member |
| Ms. Roopa Shekhar Rai | Member |

*Scope and terms of reference:*

Terms of reference for the Nomination and Remuneration Committee are as follows:

1. Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of our Company;
2. Formulation and modification of schemes for providing perks and allowances for officers and non-unionized supervisors;
3. Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionized supervisors and the employees as the case may be; and
4. Exercising such other roles assigned to it by the provisions of the SEBI Listing Regulations and any other laws and their amendments from time to time.

***(d) Corporate Social Responsibility and Sustainability Development Committee***

Corporate Social Responsibility ("**CSR**") committee was constituted pursuant to the board meeting held on September 5, 2008. Further a Sustainability Development committee was constituted pursuant to the board meeting held on November 23, 2011. The aforesaid two committees were merged into CSR and Sustainability Committee pursuant to the circular resolution dated March 8, 2013. The present CSR and Sustainability Development Committee ("**CSR & SD Committee"**) was re-constituted pursuant to the board meeting held on May 7, 2016 and the present terms of reference of the CSR & SD Committee were adopted on March 8, 2013. The present constitution of the CSR & SD Committee is as follows:

| Name of the Directors | Designation |
|---|---|
| Ms. Roopa Shekhar Rai | Chairperson |
| Mr. Radhakrishna Menon | Member |
| Mr. D. Paul Ranjan | Member |
| Mr. Sunny Thomas | Member |

*Scope and terms of reference:*

1. Recommend CSR and sustainability development policy to the board;
2. Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and sustainability development;
3. To recommend the annual CSR and sustainability development plan and budget; and
4. Periodic review of CSR and sustainability development policy, plans and budgets.

***(e) Risk Management Steering Committee***

The Risk Management Policy had been adopted pursuant to the Board Resolution dated September 16, 2014.

The objectives of the Risk Management Policy are *interalia* as follows:

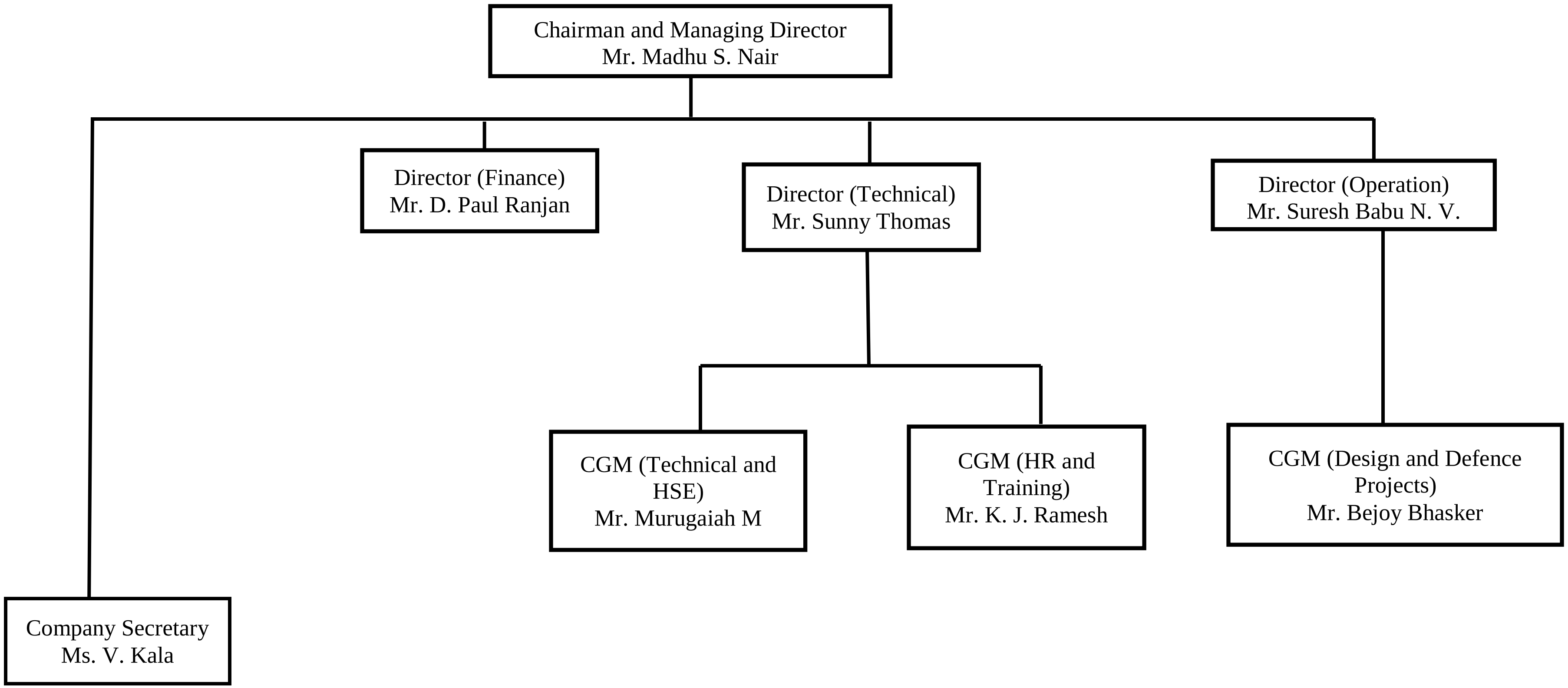
1. To improve our Company's ability to prevent risk or timely detection of risk
2. To identify risks and its mitigation
3. To standardize risk management process
4. To facilitate sharing of risk information

The risk management policy was adopted to minimize the organizational risks to an acceptable level and adopt risk management practices which would help our Company to attain its goals and objectives while at the same time ensuring minimization of risks.

Pursuant to the Risk Management Policy, the Risk Management Steering Committee (RMSC) was formed as the apex committee in the risk management governance structure. In addition to the RMSC, three function-related risk management committees i.e., RMC1, RMC2 and RMC3 were also formed. The aforesaid committees provide updates to the RMSC about risk related to (a) operations, (b) human resources, marketing and modernisation, and (c) finance, information technology and legal, respectively. The RMSC *interalia* appraises the board of directors of our Company about various risk management initiatives. It presently comprises of the following members:

| Name of the member | Designation |
|---|---|
| Mr. Paul Ranjan | Director (Finance) |
| Mr. Sunny Thomas | Director (Technical) |
| Mr. Suresh Babu N.V. | Director (Operations) |

**Management Organisation Structure of our Company**



***Key Management Personnel***

All the KMPs are permanent employees of our Company. In addition to the Chairman and Managing Director, Whole Time Directors and Chief Financial Officer, whose details have been provided above under *"Our Management – Brief biographies of the Directors"* on page 141, the details of the other KMP, as of the date of this Draft Red Herring Prospectus, are set forth below:

**Mr. Bejoy Bhasker**, aged 51 years, is the chief general manager (design and defence projects) of our Company. He holds a degree of bachelor of technology (mechanical) from the University of Kerala with first rank and gold medal. He holds a degree of master of technology (mechanical) from the Indian Institute of Technology, Madras. He completed advanced diploma in management from Indira Gandhi National Open University. He was a recipient of the national scholarship scheme in the year 1980-81 which is given to the meritorious students. Upon completion of studies, he joined our Company on June 29, 1988 as an executive trainee. He was awarded the "Manager of the Year" award in 2014 by Kerala Management Association. He heads the ship design and defence projects and has been involved in ship building outfit department and ship repair department of our Company. He shall hold his office till the date of superannuation on May 31, 2025. The remuneration paid to him in the last Fiscal was ₹ 2.57 million.

**Mr. K. J. Ramesh**, aged 55 years, is the chief general manager (human resource) of our Company. He holds a degree of bachelor in Science from the University of Madras. He also holds a degree of master of arts in social work from the University of Madras. He has also completed diploma in human resource management as well as diploma in management from Indira Gandhi National Open University. He also holds a degree of bachelor of law from Cochin University of Science and Technology. Upon completion of studies, he joined our Company on December 17, 1984. Furthermore, he has completed the short-term module course on total quality management conducted by International Center for Promotion of Enterprises in collaboration with the faculty of economics, University of Ljubljana. He was the recipient of HR leadership award granted by IPE HRM congress in 2012. He heads the human resource department of our Company. He shall hold his office till the date of superannuation on March 31, 2021. The remuneration paid to him in the last Fiscal was ₹ 2.60 million.

**Mr. Murugaiah M.**, aged 55 years, is the chief general manager (technical and HSE) of our Company. He holds a degree of bachelor of technology (mechanical) from the University of Kerala. He holds a degree of master of business administration from the Madurai Kamraj University. He joined our Company as an executive trainee on August 1, 1986. He also holds a certificate in project risk management from the Institute of Project Management Certification. He heads the technical and health, safety and environment department of our Company. He shall hold his office till the date of superannuation on October 31, 2021. Prior to joining our Company, he was a temporary mechanical engineer at FACT Engineering and Design Organisation. The remuneration paid to him in the last Fiscal was ₹ 2.54 million.

**Ms. V. Kala**, aged 48 years, is the general manager (internal audit), company secretary and the compliance officer of our Company. She is a member of the Institute of Company Secretaries of India. She is also an associate of the Institute of Cost and Works Accountants of India. She also holds a degree of bachelor of commerce from the University of Calcutta. She joined our Company on May 2, 1998. She has an experience of more than 18 years with our Company. She shall hold her office till the date of superannuation on May 31, 2028. Prior to joining our Company, she was an accountant with Deesha Communications Private Limited and assistant finance manager with Concert Capital Limited. The remuneration paid to her in the last Fiscal was ₹ 2.25 million.

Mr. Bejoy Bhasker, Mr. K. J. Ramesh and Mr. Murugaiah M. are identified as KMPs in terms of SEBI ICDR Regulations.

***Service Contracts***

Except for the appointment letters and subsequent office orders issued by our Company, our KMPs have not entered into any service contract in relation to their appointment and remuneration.

***Changes in the KMPs in the last three years***

| S. No | Name of the KMP | Date of change | Reason of change |
|---|---|---|---|
| 1. | Mr. D. Paul Ranjan | May 1, 2014 | Change in designation from chief general manager (finance) to Director (Finance) with effect from May 1, 2014 |
| 2. | Mr. Sunny Thomas | June 1, 2014 | Change in designation from chief general manager (technical) to Director (Technical) with effect from June 1, 2014 |
| 3. | Mr. Bejoy Bhasker | June 2, 2014 | Appointed as chief general manager (design and |

| S. No | Name of the KMP | Date of change | Reason of change |
|---|---|---|---|
| | | | defence projects) |
| 4. | Mr. Madhu S. Nair | January 1, 2016 | Change in designation from chief general manager (business development) to Chairman and Managing Director with effect from January 1, 2016 |
| 5. | Mr. K. J. Ramesh | January 1, 2016 | Appointed as chief general manager (human resource) |
| 6. | Mr. Suresh Babu N. V | April 26, 2016 | Change in designation from chief general manager (ship repair) to Director (Operations) with effect from April 26, 2016 |
| 7. | Mr. Murugaiah. M | May 2, 2016 | Appointed as chief general manager (technical and HSE) |

***Shareholding of the KMPs***

Some of our KMPs such as Mr. Madhu S. Nair, My Sunny Thomas and Mr. Suresh Babu N. V and Mr. D. Paul Ranjan hold equity shares as a nominee of the President of India in our Company. None of the KMPs hold any equity shares in their individual capacities.

***Contingent and deferred compensation payable to the Directors/ KMPs***

There is no contingent or deferred compensation payable to the Directors/KMPs, which does not form part of their remuneration.

***Bonus or profit sharing plan for the KMPs***

Our Company has formulated the 'Performance Related Payment Scheme' *vide* office order number PERL/075/2010 dated April 28, 2010 which is in accordance with the DPE orders on pay-revision dated November 26, 2008, February 9, 2009, and April 2, 2009, which stipulate the procedures on performance management system..

***Interests of the KMPs***

Except as disclosed in *"Our Management – Key Management Personnel"* and *"Our Management – Shareholding of the KMPs"* on pages 155 and 156, respectively, none of the Key Management Personnel have any interest in our Company other than to the extent of remuneration and benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post-retirement benefits, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

***Payment or benefits to officers of our Company (non-salary related)***

No non-salary amount or benefit has been paid or given to any officer of our Company in the last two years or is intended to be paid, other than their remuneration for the services rendered in the ordinary course of their employment.

***Employee Stock Option Scheme***

Our Company does not have any scheme of employee stock option or employee stock purchase scheme.

***Relationships among KMP***

None of the KMPs are related to each other.

***Family relationship of Directors with the KMP***

None of the KMPs are related to the Directors of our Company.

***Loans taken by Directors/ KMP***

Except as disclosed in the *"Financial Statements"* on page 162, our Directors/ key management personnel under Companies Act, 2013 have not taken any loan from our Company. Further, following are the details of loans availed by Mr. Bejoy Bhasker, Mr. K. J. Ramesh and Mr. Murugaiah M. who have been identified as KMPs in terms of SEBI ICDR Regulations, as on September 30, 2016:

*(In ₹ million)*

| Name of the KMP | Opening Balance as on April 1, 2016 | Loans Taken during 2016-17 | Repayments | Balance as on September 30, 2016 | Interest accrued as on September 30, 2016 |
|---|---|---|---|---|---|
| Mr. Bejoy Bhasker | 0.09 | 0.04 | 0.03 | 0.10 | 0.09 |
| Mr. K. J. Ramesh | 0.01 | 0.05 | 0.01 | 0.05 | 0.00 |
| Mr. Murugaiah M | 0.09 | 0.05 | 0.09 | 0.05 | 0.00 |

## OUR PROMOTER AND PROMOTER GROUP

Our Promoter is the President of India acting through the Ministry of Shipping. Our Promoter, along with its nominees, currently holds 100% of the pre-Issue paid-up equity share capital of our Company. After this Issue, our Promoter shall hold [●] % of the post Issue paid-up equity share capital of our Company. As our Promoter is the President of India, acting through the Ministry of Shipping, disclosures on the Promoter Group (defined in regulation 2(zb) of the SEBI ICDR Regulations) as specified in Schedule VIII of the SEBI ICDR Regulations have not been provided.

## OUR GROUP COMPANIES

As on the date of this Draft Red Herring Prospectus, we do not have any 'Group Companies', since there are no companies disclosed as related parties in the Restated Financial Statements of our Company prepared in accordance with Accounting Standard 18 issued by the Institute of Chartered Accountants of India, and there are no companies that are considered material by our Board for identification as 'Group Companies', in accordance with the provisions of the SEBI ICDR Regulations.

## RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five Fiscal Years, pursuant to the requirements under Accounting Standard 18 "*Related Party Disclosures*", issued by the Institute of Chartered Accountants of India, see "*Restated Financial Statements – Note 43 of Annexure IV B – Restated Statement of Related Party Transactions*" on page 222.

## DIVIDEND POLICY

As per CPSE Capital Restructuring Guidelines, all central public sector enterprises are required to pay a minimum annual dividend of 30% of profit after tax or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions and the conditions mentioned in the aforesaid memorandum.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our shareholders, at their discretion, subject to the provisions of the Articles and the Companies Act. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the DPE, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, and restrictive covenants under the loan or financing arrangements we may enter into. For further details, refer to *"Financial Statements – Annexure VI – Statement of Dividend*" and "*Financial Indebtedness*" on pages 225 and 259 respectively. Our Company may also, from time to time, pay interim dividends.

The dividend and dividend tax paid by our Company during the last five fiscals is presented below:

| | **Fiscal 2016** | **Fiscal 2015** | **Fiscal 2014** | **Fiscal 2013** | **Fiscal 2012** |
|---|---|---|---|---|---|
| **Equity Shares** | | | | | |
| Face value of Equity Shares (in ₹ per Equity Share) | 10 | 10 | 10 | 10 | 10 |
| Total Dividend (in ₹ million) | 866.59 | 169.92 | 169.92 | 169.92 | 169.92 |
| Number of Equity Shares (in million) | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 |
| Total Dividend per Equity Share (₹) | 7.65 | 1.5 | 1.5 | 1.5 | 1.5 |
| Total Dividend Rate (%) | 76.5 | 15.00 | 15.00 | 15.00 | 15.00 |
| Dividend Tax (in ₹ million) | 176.42 | 34.59 | 28.88 | 28.88 | 27.57 |
| **Redeemable Preference Shares**# | | | | | |
| Face value of Preference Shares (in ₹ per Preference Share) | - | - | - | - | 1,000 |
| Total Dividend (in ₹ million) | - | - | - | - | 27.40 |
| Number of Preference Shares (in million) | - | - | - | - | 0.39 |
| Total Dividend per Preference Share (₹) | - | - | - | - | 70 |
| Total Dividend Rate (%)* | - | - | - | - | 7% |
| Dividend Tax (in ₹ million) | - | - | - | - | 4.44 |

*#Our Company has in the past redeemed all preference shares issued and as of the date of this Draft Red Herring Prospectus, our Company does not have any preference share capital. For details, see "Capital Structure" on page 66.*
**Paid proportionately on outstanding amount.*

The amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. For further details, "*Risk Factors*" on page 17. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Future dividends will depend on guidelines issued by DPE, our profits, revenues, capital requirements, contractual restrictions and overall financial position of our Company.

## SECTION V: FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

To

The Board of Directors,
Cochin Shipyard Limited,
Administrative Building 39/6080,
Cochin Shipyard Premises,
Perumanoor, M G Road,
Ernakulam, Kerala - 682015

**Auditor's Report on Restated Financial Information in connection with the Initial Public Offering of Cochin Shipyard Limited**

Dear Sirs,

1. This report is issued in accordance with the terms of our engagement agreed upon with Cochin Shipyard Limited, Perumanoor ("the Company"), in accordance with our engagement letter dated December 14, 2016 in connection with the proposed Initial Public Offering (IPO) of the Company and the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by ICAI ("The Guidance Note").

2. The accompanying restated financial Information, expressed in Indian Rupees, in millions, of the Company, comprising Restated Financial Information in paragraph 7 below and Restated Other Financial Information in paragraph 9 below (hereinafter together referred to as "Restated Financial Information"), has been prepared by the Management of the Company in accordance with the requirements of :

   (a) section 26 of Part I of Chapter III of the Companies Act 2013 (hereinafter referred to as "the Act") read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"),

   (b) item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date in pursuance of provisions of Securities and Exchange Board of India Act,1992 read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on Clarification regarding disclosures in Offer Documents under the SEBI Regulations (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the Proposed Initial Public Offering of Equity Shares of the Company (the "Issue") and has been approved by the Board of Directors at their meeting held on 24th January, 2017.

3. The Restated Financial Information, expressed in Indian Rupees, in Millions, have been compiled by the Management of the Company from the audited special purpose financial statements for the half year ended September 30, 2016 and audited financial statements for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 (all of which were expressed in Indian Rupees in Lakhs) prepared under the Generally Accepted Accounting Principles followed ("Indian GAAP") which have been approved by Board of Directors at their meetings held on January 24, 2017 , July 12, 2016, July 29, 2015, July 23, 2014, June 17, 2013 and July 20, 2012 respectively.

   The Financial Statements for the half year September 30, 2016, and for the financial years ended March 31, 2016 and 2015, prepared in accordance with Indian GAAP were audited by us. M/s Babu Abraham Kallivayalil & Co., Chartered Accountants, for the financial year ended March 31, 2014 and M/s Menon & Ayyar, Chartered Accountants for the financial years March 2013 and 2012 (collectively, the "Prior Auditors") have audited the financial statements of the Company as at and for the year ended on the respective dates. Accordingly reliance has been placed on the audited statements of accounts and audit report thereon issued by the Prior Auditors for the respective financial years audited by them.

   **Management's Responsibility for the Restated Financial Information**

4. The preparation of Restated Financial Information, which is to be included in the Draft Red Herring Prospectus ("DRHP"), is the responsibility of the Management of the Company and has been approved

by the Board of Directors, at its meeting held on January 24, 2017 for the purpose set out in paragraph 12 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and with the Rules and SEBI Regulations.

**Auditor's Responsibilities**

5. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectus (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules and the SEBI Regulations. This work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Issue.

6. Our examination of the Restated Financial Information has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S"), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.

**Opinion**

7. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with Rule 4 to Rule 6 of the Rules, the SEBI Regulations and the Guidance Note, we report that we have examined the following summarized financial statements of the Company contained in the Restated Financial Information of the Company which have been arrived after making adjustments and regrouping /reclassifications, which in our opinion were appropriate, and have been fully described in Annexure IV: Notes on Adjustments for Restated Financial Statements :

(i) the "Restated Summary Statement of Assets and Liabilities" of the Company, as at September 30, 2016, March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure I to this report.

(ii) the "Restated Summary Statement of Profit and Loss" of the Company, for the half year ended September 30, 2016 and for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure II to this report.

(iii) the "Restated Summary Statement of Cash Flows" of the Company, for the half year ended September 30, 2016 and for the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012, as set out in Annexure III to this report.

8. Based on the above and according to the information and explanation given to us, we further report that the Restated Financial Information of the Company, as attached to this report and as mentioned in paragraph 7 above, read with Notes on Adjustments for Restated Financial Statements (Annexure IV) and Basis of Preparation and Significant Accounting Policies (Annexure IV A) as described in paragraph 9 (i) to (ii) have been prepared in accordance with the Act, the Rules, and SEBI Regulations and ;

(i) there have been no changes in accounting policies of the Company during the half year ended September 30, 2016 and for the years ended March 31, 2016, 2015, 2014, 2013 and 2012;

(ii) have been made after incorporating adjustments for the material amounts in the respective financial years/period to which they relate;

(iii) there are no qualifications in the Auditor's Report which require any adjustments except in case referred to in item 7(a) of Paragraph 3 of Annexure IV;

(iv) there are no extra-ordinary items that needs to be disclosed separately in the Restated Financial Information.

9. We have also examined the following Restated Financial Information of the Company, prepared by the Management and approved by the Board of Directors on January 24, 2017 for the half year ended September 30, 2016 and for the years ended March 31, 2016, 2015, 2014, 2013 and 2012, proposed to be included in the DRHP.

(i) Notes on Adjustments for Restated Financial Statements as enclosed in Annexure IV;

(ii) Basis of Preparation and Significant Accounting Policies as enclosed in Annexure IV A;

(iii) Restated Statement of Share Capital as enclosed in Note 1 of Annexure IV B;

(iv) Restated Statement of Reserves and Surplus as enclosed in Note 2 of Annexure IV B;

(v) Restated Statement of Long Term Borrowings as enclosed in Note 3 of Annexure IV B;

(vi) Restated Statement of Other Long term liabilities as enclosed in Note 4 of Annexure IV B;

(vii) Restated Statement of Long term provisions as enclosed in Note 5 of Annexure IV B;

(viii) Restated Statement of Short Term Borrowings as enclosed in Note 6 of Annexure IV B;

(ix) Restated Statement of Trade Payables as enclosed in Note 7 of Annexure IV B;

(x) Restated Statement of Other Current Liabilities as enclosed in Note 8 of Annexure IV B;

(xi) Restated Statement of Short Term Provisions as enclosed in Note 9 of Annexure IV B;

(xii) Restated Statement of Fixed Assets as enclosed in Note 10 of Annexure IV B;

(xiii) Restated Statement of Non Current investments as enclosed in Note 11 of Annexure IV B;

(xiv) Restated Statement of Deferred Tax as enclosed in Note 12 of Annexure IV B;

(xv) Restated Statement of Long Term Loans & Advances as enclosed in Note 13 of Annexure IV B;

(xvi) Restated Statement of Other Non Current Assets as enclosed in Note 14 of Annexure IV B;

(xvii) Restated Statement of Inventories as enclosed in Note 15 of Annexure IV B;

(xviii) Restated Statement of Trade Receivables as enclosed in Note 16 of Annexure IV B;

(xix) Restated Statement of Cash and Bank balances as enclosed in Note 17 of Annexure IV B;

(xx) Restated Statement of Short-term Loans and Advances as enclosed in Note 18 of Annexure IV B;

(xxi) Restated Statement of Other Current Assets as enclosed in Note 19 of Annexure IV B;

(xxii) Restated Statement of Revenue from Operations as enclosed in Note 20 of Annexure IV B;

(xxiii) Restated Statement of Other Income as enclosed in Note 21 of Annexure IV B;

(xxiv) Restated Statement of Cost of Materials Consumed as enclosed in Note 22 of Annexure IV B;

(xxv) Restated Statement of Changes in Inventories of Work-in-Progress as enclosed in Note 23 of Annexure IV B;

(xxvi) Restated Statement of Sub Contract and Other Direct Expenses as enclosed in Note 24 of Annexure IV B;

(xxvii) Restated Statement of Employee Benefits Expense as enclosed in Note 25 of Annexure IV B;

(xxviii) Restated Statement of Finance Costs as enclosed in Note 26 of Annexure IV B;

(xxix) Restated Statement of Depreciation and Amortisation Expense as enclosed in Note 27 of Annexure IV B;

(xxx) Restated Statement of Other Expenses as enclosed in Note 28 of Annexure IV B;

(xxxi) Restated Statement of Provision for Anticipated Losses and Expenditure as enclosed in Note 29 of Annexure IV B;

(xxxii) Restated Statement of Contingent Liabilities and Commitments as enclosed in Note 30 of Annexure IV B;

(xxxiii) Restated Statement of Related Party Transactions as enclosed in Note 43 of Annexure IV B;

(xxxiv) Statement of Capitalisation as enclosed in Annexure V;

(xxxv) Statement of Dividend as enclosed in Annexure VI;

(xxxvi) Restated Statement of Accounting Ratios as enclosed in Annexure VII;

(xxxvii) Restated Statement of Tax Shelter as enclosed in Annexure VIII;

According to the information and explanations given to us, in our opinion, the Restated Financial Information contained in Annexures I to III and the above Restated Other Financial Information contained in Annexures IV to VIII accompanying this report, read with Basis of Preparation and Significant Accounting Policies disclosed in Annexure IV A, are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with the Act, the Rules, and SEBI Regulations and the Guidance Note.

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or the Prior Auditors of the Company, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**Emphasis of Matter**

12. We draw attention to the following:

(a) Note 20 of Annexure IV B: Restated Statement of Revenue from Operations to the Restated Financial Information, regarding the basis on which the Company has recognized revenue from ship building/ ship repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income;

(b) Note 34 of Annexure IV B: Other Notes to the Restated Financial Information regarding balances under trade receivables, deposits, claims and sundry creditors which are subject to confirmation/ reconciliation and consequent adjustment, if any.

Our opinion is not modified in respect of these matters.

**Restriction on Use**

13. Our report is intended solely for use of the Management for inclusion in the Draft Red Herring Prospectus to be filed with Securities and Exchange Board of India, Registrar of Companies, Kerala and concerned Stock Exchanges in connection with the proposed Issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
Firm Registration Number : 001488S

**C Krishnamoorthy**
Partner
Membership No. : 05957

**Place:** Kochi
**Date:** January 24,2017

**Annexure I**

**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | *₹ in millions* |
| | **Particulars** | **Note No.** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| I. | **EQUITY AND LIABILITIES** | | | | | | | |
| | | | | | | | | |
| **1** | **Shareholders' funds** | | | | | | | |
| | Share capital | 1 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,524.22 |
| | Reserves and surplus | 2 | 17,913.99 | 16,072.30 | 14,253.50 | 13,768.01 | 11,106.46 | 8,649.98 |
| **2** | **Non-current liabilities** | | | | | | | |
| | Long term borrowings | 3 | 1,230.00 | 1,230.00 | 1,230.00 | 1,230.00 | 0.00 | 0.00 |
| | Other long term liabilities | 4 | 26.12 | 26.12 | 26.12 | 56.12 | 51.30 | 75.84 |
| | Long term provisions | 5 | 192.90 | 189.65 | 193.22 | 179.36 | 197.43 | 191.37 |
| **3** | **Current liabilities** | | | | | | | |
| | Short term borrowings | 6 | 0.00 | 0.00 | 0.00 | 2,109.18 | 0.00 | 0.00 |
| | Trade payables | 7 | 3,557.15 | 2,098.77 | 1,709.84 | 1,716.11 | 1,400.30 | 3,066.47 |
| | Other current liabilities | 8 | 7,614.99 | 9,367.43 | 8,156.16 | 6,064.88 | 6,840.10 | 10,227.68 |
| | Short-term provisions | 9 | 5,270.51 | 4,907.20 | 3,481.59 | 3,658.59 | 3,296.10 | 2,359.15 |
| | **Total** | | **36,938.46** | **35,024.27** | **30,183.23** | **29,915.05** | **24,024.49** | **26,094.71** |
| II. | **ASSETS** | | | | | | | |
| **1** | **Non-current assets** | | | | | | | |
| | Fixed assets | 10 | | | | | | |
| | (i)Tangible assets | | 2,971.44 | 2,964.39 | 2,894.37 | 2,972.58 | 2,403.56 | 1,854.85 |
| | (ii) Intangible assets | | 710.77 | 737.80 | 806.60 | 728.38 | 1.26 | 1.30 |
| | (iii) Capital work in progress | | 269.83 | 234.42 | 127.79 | 75.65 | 1,380.09 | 636.18 |
| | Non-current investments | 11 | 0.92 | 0.92 | 1.92 | 1.92 | 1.92 | 1.92 |
| | Deferred tax asset (Net) | 12 | 307.20 | 315.66 | 226.15 | 163.06 | 162.60 | 207.34 |
| | Long-term loans and advances | 13 | 143.37 | 382.26 | 360.90 | 139.34 | 69.42 | 107.88 |
| | Other non-current assets | 14 | 390.83 | 1,945.35 | 312.94 | 676.52 | 618.84 | 529.24 |
| **2** | **Current assets** | | | | | | | |
| | Inventories | 15 | 2,709.48 | 2,316.36 | 3,033.84 | 3,959.19 | 3,552.60 | 3,620.66 |
| | Trade receivables | 16 | 6,103.19 | 4,637.66 | 5,897.63 | 12,071.44 | 6,858.05 | 7,833.37 |
| | Cash and bank balances | 17 | 17,190.92 | 18,204.13 | 14,194.47 | 5,564.31 | 7,039.65 | 9,088.97 |
| | Short-term loans and advances | 18 | 3,337.22 | 1,958.19 | 1,787.39 | 1,919.64 | 633.90 | 1,416.42 |
| | Other current assets | 19 | 2,803.29 | 1,327.13 | 539.23 | 1,643.02 | 1,302.60 | 796.58 |
| | **Total** | | **36,938.46** | **35,024.27** | **30,183.23** | **29,915.05** | **24,024.49** | **26,094.71** |

Significant Accounting Policies Annexure IVA
Notes to Financial Statements Annexure IVA & IV B
The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

| | | | |
|---|---|---|---|
| **V KALA** | **SUNNY THOMAS** | **D PAUL RANJAN** | **MADHU S NAIR** |
| Company Secretary | Director (Technical) | Director (Finance) & Chief Financial Officer | Chairman and Managing Director |
| | **DIN - 06882228** | **DIN - 06869452** | **DIN - 07376798** |

Kochi, dated 24th Jan 2017
As Per our report attached
For **M/s Krishnamoorthy & Krishnamoorthy,**
Chartered Accountants
(Firm Registration No.001488S)

**C KRISHNAMOORTHY**
Partner
(Membership Number 05957)
Kochi, dated 24th Jan 2017

**Annexure II**

**RESTATED STATEMENT OF PROFIT AND LOSS**

| | | | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|---|---|
| | **Particulars** | **Note No.** | **For Half year ended 30th Sep 2016** | **For the year ended 31st Mar 2016** | **For the year ended 31st Mar 2015** | **For the year ended 31st Mar 2014** | **For the year ended 31st Mar 2013** | **For the year ended 31st Mar 2012** |
| **I.** | Revenue from operations | 20 | 9,537.12 | 19,924.50 | 15,861.57 | 18,002.82 | 16,815.38 | 14,064.62 |
| **II.** | Other income | 21 | 737.49 | 1,068.34 | 770.73 | 610.61 | 869.22 | 672.39 |
| **III.** | **Total revenue (I + II)** | | **10,274.61** | **20,992.84** | **16,632.30** | **18,613.43** | **17,684.60** | **14,737.01** |
| **IV.** | **Expenses:** | | | | | | | |
| | Cost of materials consumed | 22 | 4,360.14 | 10,543.22 | 10,008.08 | 7,757.49 | 8,793.18 | 6,696.19 |
| | Changes in inventories of work-in-progress | 23 | (560.44) | (164.41) | (192.25) | 402.15 | (530.46) | 170.00 |
| | Sub contract and other direct expenses | 24 | 1,591.25 | 1,929.21 | 1,600.92 | 1,746.66 | 2,034.56 | 2,133.33 |
| | Employee benefits expense | 25 | 1,047.25 | 2,108.43 | 2,157.51 | 2,091.92 | 1,888.08 | 1,749.91 |
| | Finance costs | 26 | 52.72 | 119.40 | 183.22 | 192.56 | 226.37 | 124.29 |
| | Depreciation and amortisation expense | 27 | 188.40 | 371.93 | 376.98 | 253.22 | 188.00 | 224.30 |
| | Other expenses | 28 | 694.43 | 1,432.55 | 1,127.57 | 1,419.66 | 1,015.38 | 1,240.60 |
| | Provision for anticipated losses and expenditure | 29 | 60.71 | 224.14 | 251.06 | 404.68 | 87.86 | 92.36 |
| | **Total expenses** | | **7,434.46** | **16,564.47** | **15,513.09** | **14,268.34** | **13,702.97** | **12,430.98** |
| **V** | **Profit before tax (III-IV)** | | **2,840.15** | **4,428.37** | **1,119.21** | **4,345.09** | **3,981.63** | **2,306.03** |
| **VI** | **Tax expense:** | | | | | | | |
| | Current tax | | 986.45 | 1,659.60 | 470.01 | 1,509.86 | 1,267.85 | 775.74 |
| | Deferred tax | 12 | 8.46 | (89.52) | (63.09) | (0.46) | 44.74 | (22.99) |
| | **Net Profit(+)/Loss(-) from Ordinary Activities after tax(8-9)** | | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,553.28 |
| | Extraordinary item(net of tax expense ) | | - | - | - | - | - | - |
| **VII** | **Profit for the year** | | **1,845.24** | **2,858.29** | **712.29** | **2,835.69** | **2,669.04** | **1,553.28** |
| **VIII** | **Earnings per equity share** (Face value of ₹ 10 each): | | | | | | | |
| | Basic and Diluted (in ₹) | | 16.29 | 25.23 | 6.29 | 25.03 | 23.56 | 13.43 |

Significant Accounting Policies Annexure IVA
Notes to Financial Statements Annexure IVA & IV B
The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

| | | | |
|---|---|---|---|
| **V KALA** | **SUNNY THOMAS** | **D PAUL RANJAN** | **MADHU S NAIR** |
| Company Secretary | Director (Technical) | Director (Finance) & Chief Financial Officer | Chairman and Managing Director |
| | **DIN - 06882228** | **DIN - 06869452** | **DIN - 07376798** |

Kochi, dated 24th Jan 2017
As Per our report attached
For **M/s Krishnamoorthy & Krishnamoorthy,**
Chartered Accountants
(Firm Registration No.001488S)

**C KRISHNAMOORTHY**
Partner
(Membership Number 05957)
Kochi, dated 24th Jan 2017

**Annexure III**

**RESTATED SUMMARY STATEMENT OF CASH FLOWS**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **For the Half Year Ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| **A. Cash flow from Operating Activities** | | | | | | |
| Net profit before tax | **2,840.15** | **4,428.37** | **1,119.21** | **4,345.09** | **3,981.63** | **2,306.03** |
| Adjustments for : | | | | | | |
| Depreciation and amortisation | 176.41 | 344.98 | 346.96 | 215.74 | 143.35 | 173.52 |
| Value of surrendered land written off | 0.00 | 0.56 | 0.00 | 0.00 | 0.00 | 0.00 |
| Interest expense | 52.72 | 109.70 | 172.79 | 189.50 | 225.59 | 117.66 |
| Interest income | (629.27) | (993.61) | (535.49) | (508.29) | (589.72) | (501.40) |
| Rental income | (2.63) | (10.01) | (32.81) | (6.37) | (7.70) | (10.05) |
| Dividend income | (30.26) | (0.05) | (0.11) | (0.09) | (0.61) | (0.07) |
| Loss on sale of fixed assets | 0.00 | 0.63 | 0.77 | 0.47 | 2.44 | 0.49 |
| Profit on sale of fixed assets | 0.00 | (0.17) | 0.00 | (0.02) | 0.00 | 0.00 |
| Loss on derivative contracts (Net) | (22.28) | 6.97 | (53.40) | 275.95 | 125.04 | 175.76 |
| Unrealised loss/(gain) on derivative contracts (Net) | (3.00) | 0.13 | (3.39) | 3.03 | (33.92) | 38.83 |
| Exchange difference from FE transactions | 0.00 | (2.28) | (73.44) | (6.87) | (73.12) | (32.02) |
| Diminution in carrying cost of investment | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating cash flow before working capital changes | **2,381.84** | **3,886.22** | **941.09** | **4,508.14** | **3,772.98** | **2,268.75** |
| Adjustments for working capital changes: | | | | | | |
| Inventories | (393.12) | 717.48 | 925.35 | (406.59) | 68.05 | (1,277.90) |
| Trade and other receivables | (1,365.98) | (4,734.65) | 3,351.57 | (8,295.06) | 1,995.91 | 3,300.82 |
| Trade and other payables | (67.33) | 1858.56 | 2164.70 | (764.64) | (4587.15) | (283.00) |
| Cash generated from operation before Income Tax | 555.41 | 1,727.61 | 7,382.71 | (4,958.15) | 1,249.79 | 4,008.67 |
| Income tax paid | 899.30 | 1,334.18 | 748.54 | 883.60 | 766.65 | 904.45 |
| Net cash generated from Operating Activities (A) | **(343.89)** | **393.43** | **6,634.17** | **(5,841.75)** | **483.14** | **3,104.22** |
| **B. Cash flow from Investing Activities** | | | | | | |
| Purchase of assets | (156.45) | (347.77) | (347.73) | (1,512.35) | (694.47) | (149.31) |
| Capital Work In Progress | (35.41) | (106.63) | (52.14) | 1,304.44 | (743.92) | (264.48) |
| Investment in Mutual Funds | (4,232.50) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Redemption of Mutual Funds | 4,232.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Sale or withdrawal of fixed assets | 0.00 | 0.29 | 0.00 | 0.02 | 0.00 | 0.02 |
| Interest received | 329.35 | 918.33 | 522.30 | 353.90 | 498.14 | 502.91 |
| Rent received | 1.31 | 10.01 | 32.81 | 6.37 | 7.70 | 10.05 |
| Dividend income | 30.32 | 0.00 | 0.00 | 0.09 | 0.61 | 0.07 |
| Net cash generated from Investing Activities (B) | **169.12** | **474.23** | **155.24** | **152.47** | **(931.94)** | **99.26** |

| ₹ *in millions* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **For the Half Year Ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| **C. Cash flow from Financing Activities** | | | | | | |
| Issue of Tax free Bonds | 0.00 | 0.00 | 0.00 | 1,230.00 | 0.00 | 0.00 |
| Premium on issue of Tax free Bonds | 0.00 | 0.00 | 0.00 | 0.12 | 0.00 | 0.00 |
| Short term borrowings | 0.00 | 0.00 | (2,109.18) | 2,109.18 | 0.00 | 0.00 |
| Loss/profit on derivative contracts (Net) | 22.28 | (6.97) | 53.40 | (275.95) | (125.04) | (175.76) |
| Loss on exchange difference from FE transactions | 0.00 | 2.28 | 73.44 | 6.87 | 73.12 | 32.02 |
| Redemption of Preference Shares | 0.00 | 0.00 | 0.00 | 0.00 | (391.42) | (400.00) |
| Dividend paid | 0.00 | (169.92) | (169.92) | (169.92) | (197.32) | (168.68) |
| Dividend tax paid | 0.00 | (34.59) | (28.88) | (28.88) | (32.01) | (28.02) |
| Interest paid | 0.00 | (109.72) | (172.79) | (161.30) | (225.59) | (117.66) |
| 2Net cash generated from Financing Activities (C) | **22.28** | **(318.92)** | **(2,353.93)** | **2,710.12** | **(898.26)** | **(858.10)** |
| **D. Net Increase in Cash & Cash Equivalent (A)+(B)+(C)** | **(152.49)** | **548.74** | **4,435.48** | **(2,979.16)** | **(1,347.06)** | **2,345.38** |
| Cash and cash equivalent at the beginning of the year | 5,114.71 | 4,565.97 | 130.49 | 3,109.65 | 4,456.71 | 2,111.33 |
| Cash and cash equivalent at the end of the year | 4,962.22 | 5,114.71 | 4,565.97 | 130.49 | 3,109.65 | 4,456.71 |
| Net cash increase/ (decrease) | **(152.49)** | **548.74** | **4,435.48** | **(2,979.16)** | **(1,347.06)** | **2,345.38** |

Significant Accounting Policies Annexure IVA
Notes to Financial Statements Annexure IVA & IV B
The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

**V KALA**
Company Secretary

**SUNNY THOMAS**
Director (Technical)
**DIN - 06882228**

**D PAUL RANJAN**
Director (Finance) & Chief Financial Officer
**DIN - 06869452**

**MADHU S NAIR**
Chairman and Managing Director
**DIN - 07376798**

Kochi, dated 24th Jan 2017
As Per our report attached
For **M/s Krishnamoorthy & Krishnamoorthy,**
Chartered Accountants
(Firm Registration No.001488S)

**C KRISHNAMOORTHY**
Partner
(Membership Number 05957)
Kochi, dated 24th Jan 2017

## ANNEXURE IV

**Notes on Adjustments for Restated Financial Statements**

1. Below mentioned is the summary of results of restatement made in the audited accounts for the respective years and its impact on the profits of the Company:

| Sl No | Particulars | Amount (₹ in millions) | | | | | |
|---|---|---|---|---|---|---|---|
| | | 01/04/16-30/09/16 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| | Adjustments | | | | | | |
| 1 | Prior period Expenses (See Note No.3( a) below) | 156.69 | (26.19) | (58.18) | (70.90) | 37.87 | (8.06) |
| 2 | Depreciation and Amortisation (See Note 3 (b) below) | 0.00 | 0.00 | 0.00 | 9.92 | 1.73 | (44.08) |
| 3 | Effect of Navy Acquired Asset – restated (See Note 3 (c) below) | 0.00 | (7.72) | 6.26 | 1.46 | 0.00 | 0.00 |
| 4 | Excess Provision written back (See Note 3 (d) below) | (59.36) | (57.59) | (100.57) | (5.76) | 36.02 | (54.51) |
| 5 | Materialisation of Contingent Liabilities (See Note 3 (e) below) | 0.00 | 110.60 | (4.90) | 19.34 | (4.90) | (9.22) |
| 6 | Liabilities Provided related to earlier Years (See Note 3 (f) below) | 0.00 | 168.52 | 352.74 | 12.94 | (127.76) | (107.76) |
| 7 | Change in Contract Terms (See Note 3 (g) below) | 0.00 | 0.00 | (2,751.76) | 1,468.56 | 1,283.20 | 0.00 |
| | **Sub Total** | **97.33** | **187.62** | **(2,556.41)** | **1,435.56** | **1,226.16** | **(223.63)** |
| 8 | Current Tax Impact (See Note 3 (h) below) | 13.94 | (25.80) | 1,000.67 | (535.68) | (457.45) | (103.40) |
| 9 | Deferred Tax Impact (See Note 3 (h) below) | 4.95 | (53.78) | (82.61) | (6.58) | 47.69 | 157.08 |
| | **Sub Total** | **18.89** | **(79.58)** | **918.06** | **(542.26)** | **(409.76)** | **53.68** |
| | **Total** | **116.22** | **108.04** | **(1,638.35)** | **893.30** | **816.40** | **(169.95)** |

**2. Changes in Accounting Policies:**

There has been no change in Accounting Policies during the half year ended 30th September 2016 , Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012

**3. Other Adjustments**

In the financial statements for the half year ended 30th September 2016 ,Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012, certain items of income/expenses have been identified as adjustments pertaining to earlier years. These adjustments were recorded in the year in which they were identified. However, for the purpose of Restated Financial Statements, such adjustments have been appropriately recorded in the respective years to which the transactions pertain. Adjustments related to financial years prior to year ended 31st March 2012 have been adjusted against the opening balance of the Restated Summary Statement of Profit and Loss Account as at 1st April 2011. The details of such adjustments are as under:

(i) **Prior Period Items**

In the Financial statements for the half year ended 30th September 2016 ,Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012, certain items of income/expenses have been identified as prior period items. For the purpose of this statement, such prior period items have been appropriately adjusted in the respective years.

(ii) **Depreciation and amortisation**

Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the 2013 Act"), by the Ministry of Corporate Affairs effective 1 April 2014, the Management has internally reassessed and changed, wherever necessary the useful lives to compute depreciation, to conform to the requirements of the 2013 Act, for Companies incorporated in India. Consequently, the carrying amount as at 1st April 2014 is being depreciated over the revised remaining useful life of the asset.

Accordingly, an amount of ₹ 38.51 millions (net of deferred Tax of ₹ 19.83millions) representing the written down value of fixed asset with nil revised remaining useful life as at 1st April 2014 was reduced from the retained earnings as at such date. The same has been adjusted in the respective years and in the balance brought forward in Profit and Loss Account as at 1st April 2011.

(iii) **Effect of Indian Navy Acquired Asset– restated**

The claim for asset acquired/constructed to augment the construction of Indigenous Aircraft Carrier ( Quay III expansion and allied works) was initially denied by Indian Navy and hence accounted as Company's asset and repairs expense and depreciation claimed in the accounts during the financial years 2013-14 and 2014-15.Later on during the financial year 2015-16 , after lot of deliberations Indian Navy accepted the claim. In the financial year 2015-16, when Indian Navy agreed to fund these assets and paid off ₹ 81.18 millions to the Company, the Company wrote back/credited back the depreciation and repairs charged during the two previous years, and treated the asset as Indian Navy acquired asset in the Financial statements. For restatement purpose, items such as depreciation written back, fixed assets, Indian Navy acquired asset (asset on infrastructure), depreciation and repairs expense have been adjusted, so as to reflect the original transaction of charging the asset as Indian Navy funded asset.

(iv) **Excess Provision written back**

In the financial statements for the half year ended 30th September 2016, Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012, certain Provisions created in earlier years were written back. For the purpose of Restatement, the said provisions, wherever required have been appropriately adjusted in the respective years in which the same were originally created and the balance brought forward in Profit and Loss Account as at 1st April 2011.

In the case of ship repair contracts completed and invoices settled during the year, income recognized is net of reductions due to price variation admitted. In the case of unsettled invoices, the income is recognised net of estimated amount of reductions. Differences, if any, on settlement are adjusted against income in the year of settlement. For the purpose of Restatement, the said differences have been adjusted in the respective years in which income is recognized.

(v) **Materialisation of Contingent Liabilities**

In the financial statements for the half year ended 30th September 2016, Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012, contingent liabilities are disclosed in the notes to accounts and are not recognized in the books of accounts . However during the said periods certain contingent liabilities had subsequently materialised and were provided for only in the subsequent year. For the purpose of Restatement, the said liabilities have been adjusted to the respective year in which the liability relates to, including adjustment to the balance brought forward in Profit and Loss Account as at 1st April 2011.

(vi) **Liabilities Provided related to earlier Years**

During the years under consideration, certain liabilities have been identified by the Company, which were required to be provided in earlier years. For the purpose of Restated Financial Statements, provisions for liabilities pertaining to earlier years accounted for during the half year ended 30th September 2016, Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012 have been adjusted in the respective financial years to which they pertain and in the balance brought forward in Profit and Loss Account as at 1st April 2011.

(vii) **Change in Contract Terms**

In respect of Indigenous Aircraft Carrier (IAC) income, pending the signing of Phase II Contract, the income in respect of Phase II activities completed during financial years 2013-14 and 2012-13 were recognised in financial year 2013-14 at the rate of Phase I Contract and the same is qualified in Auditor's Report 2013-14. Since the contract for phase II has been signed between Indian Navy and the Company on 16-12-2014 (2014-15), the difference between Phase I Rate and Phase II Rate is applied on Phase II activities performed during financial years 2012-13 and 2013-14, and income is recognised in the financial year 2014-15 for the same. For Restatement, the same is adjusted in the actual financial years - 2013-14 and 2012-13.

(viii) **Prior Year Tax**

The Profit and Loss Account of some years include amounts paid/provided for or refunded/written back, in respect of shortfall/excess income tax arising out of assessments, appeals etc. which have now been adjusted in the respective years. Also, income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the Restated Statement of Profit and Loss for the half year ended 30th September 2016, Fiscal years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012 and in the balance brought forward in Profit and Loss account as at 1st April 2011.

(ix) **Profit and Loss Account as at 1st April 2011**

| | ***(₹ in millions)*** |
|---|---|
| **Particulars** | **Amount** |
| Profit and Loss Account as at 1st April 2011 (Audited) | 6,899.64 |
| Prior Period(See Note 3 (a) above) | (31.22) |
| Depreciation and Amortisation -Schedule II Impact (See Note No.3 (b) above) | (25.90) |
| Excess Provision written Back (See Note No.3 (d) above) | 241.77 |
| Materialisation of Contingent Liabilities (See Note No.3 (e) above) | (110.92) |
| Liabilities Provided related to earlier Years (See Note 3 (f) above) | (298.67) |
| Prior Year Tax (See Note No.3 (h) above) | 99.02 |
| Current Tax Impact | 8.68 |
| Deferred Tax Impact | (46.90) |
| Profit and Loss Account as at 1st April 2011 (Restated) | 6,735.50 |

**4. Material Regrouping**

Appropriate adjustments have been made in the Restated Financial Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings as per the audited financial statement of the Company as at and for the period ended 30th September 2016.

## 5. Matter of emphasis in the Auditors' report

*(a) Matters adjusted in Restated Financials*

***Auditors' Report 2014-15***

(i) Note No: 6.1 to the financial statements regarding recognition of differential income of ₹ 2,751.70 millions during the financial year 2014-15 based on Phase II contract signed during the year with the Indian Navy in respect of certain Phase II activities of the Indigenous Air Craft Carrier carried out in 2013-14 and recognized as income in the same year at Phase I rates.

Accordingly adjustments are made to the statement of financial information, as restated for the year ended 31st March 2013, 31st March 2014 and 31st March 2015 as per Note No.3 (g)

*(b) Matters not adjusted in restated Financials*

***Auditors' Report 2015-16***

(i) Note No.20 to the financial statements regarding the basis on which the Company has recognized revenue from ship building/ship repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income.

(ii) Note No: 35 to the financial statements regarding balances under trade receivables, deposits, claims and sundry creditors which are subject to confirmation/reconciliation and consequent adjustment, if any.

***Auditors' Report 2014-15***

(i) Note No: 33 to the financial statements regarding balances under trade receivables, loans and advances, deposits, claims and sundry creditors which are subject to confirmation/reconciliation and consequent adjustment, if any.

(ii) Note No: 35 to the financial statements regarding the implementation of new ERP System and the migration of all financial and cost records to the new system, which is under stabilization and subject to post implementation audit.

***Auditors' Report 2013-14***

(i) Balances under Trade Receivables and payables, other current liabilities, other non-current assets, long and short term loans and advances are in the process of confirmation/reconciliation and consequent adjustment, if any, upon confirmation.

(ii) Non-accounting of fixed assets financed by Indian Navy, as Company's fixed assets in the books of account of the Company and non-provision of depreciation thereof, as the ownership is stated to be vested with Navy and non-accounting of assets and underlying outstanding liabilities of IAC pertaining to goods pending inspection/goods in transit , as at year end are not quantified.

## 6. Auditor's qualifications

*(a) Adjusted in Restated Financials*

***Auditors' Report 2013-14***

(i) Reliance on the recognition of ₹ 9,332.00 millions under revenue from operations on ship building of Indigenous Aircraft Carrier (IAC) for Indian Navy pertains mostly to phase-II of the construction, provisionally based on the rates approved for phase-I, including₹ 864.80 millions as referred to in Note for which formal contract defining the terms is yet to be entered into.

Accordingly adjustments are made to the statement of financial information, as restated for the year ended 31st March 2013, 31st March 2014 and 31st March 2015 as per Note No.3 (g)

*(b)* *Other audit qualifications which do not require any corrective adjustment in the financial information are as follows:*

In addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the 2013 Act .Certain statements/comments included in audit opinion on the financial statements , CARO, and Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act,2013 which do not require any adjustments in the Restated Statements are reproduced below in respect of the financial statements presented.

*(c)* *Financial Year ended 31st March2016*

1. Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013

   (a) During the year, the Company has written off balance due from sundry debtors amounting to ₹0.95 millions. As per the policy followed by the company, liquidated damages, where the levies depend on decisions regarding force majeure condition of contract, are accounted for on completion of contract and/or when final decision is taken. Based on our examination of the records of the Company and according to the information and explanations given to us, Liquidated damages accounted for has not been waived /written off during the year. Based on the explanation given to us, the Company does not have the practice of claiming interest on delayed payment from customers though certain contracts provide for the same.

   (b) Based on our examination of the books and records of the Company, during the financial year 2015-16, claims disallowed by the Indian Navy amounting to ₹1.003 millions have been adjusted against income in the books of accounts and claims disallowed amounting to ₹10.78 millions have been resubmitted and pending approval, this has not been adjusted in the Statement of Profit and Loss.

2. CARO – Clause vii (b)

   Details of dues outstanding with respect to Income tax, Sales tax, Value added tax, Service Tax and Duty of Customs on account of disputes

| | | | | ***(₹in millions)*** |
|---|---|---|---|---|
| **Name of Statute** | **Nature of the dues** | **Amount*** | **Period to which the amount relates** | **Forum where dispute is pending** |
| Income Tax Act, 1961 | Income Tax | 6.33 | AY 2000-01 | Assessing Authority (Case remanded by Income Tax Appellate Tribunal) |
| | | 0.83 | AY 2002-03 | Income Tax Appellate Tribunal |
| | | 0.03 | AY 2003-04 | Income Tax Appellate Tribunal |
| | | 28.86 | AY 2010-11 | Commissioner of Income Tax (Appeals) |
| | | 41.26 | AY 2011-12 | Commissioner of Income Tax (Appeals) |

| (₹ in millions) | | | | |
|---|---|---|---|---|
| **Name of Statute** | **Nature of the dues** | **Amount*** | **Period to which the amount relates** | **Forum where dispute is pending** |
| | | 54.61 | AY 2012-13 | Commissioner of Income Tax (Appeals) |
| | | 22.14 | AY 2013-14 | Commissioner of Income Tax (Appeals) |
| Kerala General Sales Tax Act, 1963 | Sales Tax | 4.90 | 1996-97 | Deputy Commissioner (Appeals) |
| | | 5.80 | 1999-00 | Assessing Authority, Commercial Taxes (Remanded back to Assessing Officer by the Kerala Sales Tax Appellate Tribunal. |
| | | 11.19 | 2000-01 | Deputy Commissioner (Appeals) |
| | Value Added Tax | 7.34 | 2001-02 | Deputy Commissioner (Appeals) |
| | | 20.22 | 2004-05 | Deputy Commissioner (Appeals) |
| Kerala Value Added Tax Act, 2003 | Value Added Tax | 65.22 | 2005-06 | Deputy Commissioner (Appeals) |
| | | 35.65 | 2007-08 | Deputy Commissioner (Appeals) |
| Finance Act, 1994 | Service Tax | 61.54 | April 2003- March 2007 | Custom Excise & Service Tax Appellate Tribunal Bangalore |
| | | 4.63 | April 2007- December 2008 | Commissioner of Central Excise (Appeals) |
| | | 2.85 | January 2009- September 2009 | Commissioner of Central Excise (Appeals) |
| | | 3.59 | October 2009- September 2010 | Commissioner of Central Excise (Appeals) |
| | | 4.33 | October 2010- September 2011 | Commissioner of Central Excise (Appeals) |
| | | 2.90 | October 2011- June 2012 | Commissioner of Central Excise (Appeals) |
| | | 0.41 | July 2012- September 2013 | Commissioner of Central Excise (Appeals) |
| | | 4.59 | July 2012- March 2013 | Commissioner of Central Excise (Appeals) |

| (₹ in millions) | | | | |
|---|---|---|---|---|
| **Name of Statute** | **Nature of the dues** | **Amount*** | **Period to which the amount relates** | **Forum where dispute is pending** |
| | | 0.54 | October 2013- March 2015 | Commissioner of Central Excise (Appeals) |
| Customs Act, 1962 | Duty of Customs | 2.33 (Interest on addl. duty) | 1992-1993 | Custom Excise & Service Tax Appellate Tribunal Bangalore |
| | | 1,489.14 | 2010-2015 | Hon'ble High Court of Kerala. |
| | | 2.75 (Interest on addl. duty) | 1984-1990 | Custom Excise & Service Tax Appellate Tribunal Bangalore |
| | | 2.21 (Interest on addl. duty) | 2013-2014 | Custom Excise & Service Tax Appellate Tribunal Bangalore |

** Amount mentioned net of taxes paid.*

(d) *Financial Year ended 31st March, 2015*

1. Note No.18 to the financial statements regarding the basis on which the Company has recognized revenue from ship building/ship repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income;

2. Note No: 32 to the financial statements regarding accounting of liabilities towards subcontract works, at the end of the year, based on Company's estimate; the ultimate impact, if any, of the above estimates on the financial statements is not ascertainable at this stage.

3. Audit Comment to the Directions/Sub-Directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act,2013

    (a) There are no cases of waiver/write off of debts loans etc. and no instances of waiver of interest which have been charged to revenue. Based on the explanation given to us the Company does not have the practice of claiming interest on delayed payment from customers though certain contracts provide for the same

    (b) The Company has not received any assets as Gift from Government or other authorities. Records maintained relating to items dispatched out of the Company against returnable gate pass, offers scope for improvement and the procedures followed relating to items sent out on returnable basis needs to be strengthened.

    (c) According to the information given to us, a report on age wise analysis of pending legal/ arbitration cases (other than Statutory matters), is given below.

| (₹ in millions) | | | | | |
|---|---|---|---|---|---|
| **Serial No** | **Age of pending cases** | **No of cases** | **Amount involved*** | **Legal Expenses** | **Reasons for pendency/ Present position** |
| 1 | 0-3 years | 30 | 151.93 | Total legal expenses incurred | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |
| 2 | 4-6 years | 5 | 280.36 | during the year amounts to | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |

| (₹ in millions) | | | | | |
|---|---|---|---|---|---|
| **Serial No** | **Age of pending cases** | **No of cases** | **Amount involved*** | **Legal Expenses** | **Reasons for pendency/ Present position** |
| 3 | 7-10 years | 2 | - | ₹.5.19 millions (Previous year- ₹.1.55 millions) | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |
| 4 | Above 10 years | 10 | 157.29 | | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |

**to the extent quantifiable and having financial impact on the Company*

4. CARO

   Clause ii (a) – Frequency of physical inventory verification needs to be increased.

   Clause vii (d) The following dues of Income tax, Sales tax and Value added tax have not been deposited by the Company on account of disputes:

| (₹ in millions) | | | | |
|---|---|---|---|---|
| **Name of Statute** | **Nature of the dues** | **Amount*** | **Period to which the amount relates** | **Forum where dispute is pending** |
| Income Tax Act, 1961 | Income Tax | 6.33 | AY 2000-01 | Case remanded by ITAT |
| | | 0.83 | AY 2002-03 | Income Tax Appellate Tribunal |
| | | 0.03 | AY 2003-04 | Income Tax Appellate Tribunal |
| | | 28.86 | AY 2010-11 | Commissioner of Income Tax (Appeals) |
| | | 41.26 | AY 2011-12 | Commissioner of Income Tax (Appeals) |
| | | 54.61 | AY 2012-13 | Commissioner of Income Tax (Appeals) |
| Kerala General Sales Tax Act, 1963 | Sales Tax | 11.19 | 2000-01 | Deputy Commissioner (Appeal) |
| | Value Added Tax | 7.34 | 2001-02 | Deputy Commissioner (Appeal) |
| | | 20.22 | 2004-05 | Deputy Commissioner (Appeal) |
| Kerala Value Added Tax Act, 2003 | Value Added Tax | 65.22 | 2005-06 | Deputy Commissioner (Appeal) |
| | | 35.65 | 2007-08 | Deputy Commissioner (Appeal) |

** Amount mentioned net of taxes paid.*

*(e) Financial Year ended 31st March2014*

1. Reliance on the recognition of revenue from ship building/repair based on the Company's own assessment of physical completion. (Refer Note number 18)

2. Accounting of liabilities towards subcontract work based on Company's estimate pending confirmation by the parties. (Refer note number 5A)

   We are unable to determine the financial impact of the above qualifications in points (i) to (iii) in the absence of appropriate details.

3. CARO

Clause I (b) the fixed assets have been stated to be physically verified by the Management during the year and is not observed by us. However the Physical verification procedure needs to be strengthened. As explained to us, no material discrepancies were noticed on such physical verification.

Clause ii (b) In our opinion, the procedure of physical verification of inventories followed by the Management need to be strengthened in relation to the size of the Company and the nature of its business.

Clause iv In our opinion and according to the information and explanations given to us, the internal control system should be strengthened to commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. According to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.

Clause vii In our opinion, the scope of internal audit function carried out by firm of Chartered Accountants, need to be enlarged to commensurate with the size of the Company and nature of its business.

Clause ix (b) The particulars of dues towards value added tax, income tax, customs duty, excise duty, service tax, entry tax and cess as at 31st March 2014 which have not been deposited on account of disputes are furnished below:

***(₹ in millions)***

| Name of Statute | Nature of the dues | Amount* | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 6.33 | AY 2000-01 | Case remanded by ITAT |
| | | 0.86 | AY 2002-03 & AY 2003-04 | Income Tax Appellate Tribunal |
| | | 28.86 | AY 2010-11 | Commissioner of Income Tax (Appeals) |
| | | 41.26 | AY 2011-12 | Commissioner of Income Tax (Appeals) |
| Kerala Value Added Tax Act, 2003 | Value Added Tax | 35.65 | 2007-08 | KVAT Appellate Tribunal |
| | | 65.22 | 2005-06 | KVAT Appellate Tribunal |
| Kerala General Sales Tax Act, 1963 | Sales Tax | 20.22 | 2004-05 | Deputy Commissioner (Appeal) |
| | | 7.34 | 2001-02 | Deputy Commissioner (Appeal) |
| | | 11.19 | 2000-01 | Deputy Commissioner (Appeal) |
| Finance Act, 1994 | Service Tax | 164.75 | 2004-05 | Commissioner of Central Excise, Customs & Service Tax |

Clause xxi–During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed nor reported during the year, nor have been informed of such case by the Management except tampering of certain e-tickets by the Company’s travel agents. As explained to us, the financial implication in the instant case, based on the initial assessment is around Rs 0.19 millions only.

*(f)* *Financial Year ended 31st March 2013*

1. Accounting of liabilities towards unsettled and incomplete subcontract work, at the end of the year, on an estimated basis

2. Effect of using estimates for arriving at , the total contract cost for the purpose of recognition of income from ship building contracts under percentage completion method, recognition of anticipated loss on ship building contracts and for recognition of income from ship repair activities under proportionate completion method and reduction from invoice value for arriving at ship repair turnover and the consequent impact, if any, on the profitability and current assets as on the Balance sheet date is not ascertainable.

3. CARO

Clause ix (b) The details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute are detailed below:

***(₹in millions)***

| Name of Statute | Nature of the dues | Amount* | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 6.33 | A.Y.2000-01 | Case remanded by ITAT pending before Assessing Officer |
| | | 0.86 | A.Y.2002-03 & AY2003-04 | Income Tax Appellate Tribunal |
| | | 35.08 | A.Y.2004-05, AY 2005-06, AY 2008-09 & AY 2010-11 | Commissioner of Income Tax (Appeals) |
| Kerala Value Added Tax Act, 2003 | Penalty | 254.68 | 2008-09 | KVAT Appellate Tribunal |
| -do- | Value Added Tax | 278.66 | 2005-2006 | Deputy Commissioner (Appeal)\ |
| -do- | -do- | 547.47 | 2007-2008 | -do- |
| Kerala General Sales Tax Act, 1963 | Sales Tax | 11.99 | 2000-01 | Deputy Commissioner (Appeal)\ |
| | | 7.34 | 2001-02 | -do- |
| | | 19.64 | 2004-05 | -do- |
| Finance Act, 1994 | Service Tax | 32.29 | 2003-04,2004-05,2005-06,2006-07 & 2007-08 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 164.75 | 2004-05 | Commissioner (Central Excise & Service Tax) |
| | | 24.24 | 2009-10,2010-11 & 2011-12 | |

*(g)* *Financial Year ended 31st March 2012*

1. Accounting of liabilities towards unsettled and incomplete subcontract work, at the end of the year, on an estimated basis

2. Effect of using estimates for arriving at , the total contract cost for the purpose of recognition of income from ship building contracts under percentage completion method, recognition of anticipated loss on ship building contracts and for recognition of income from ship repair activities under proportionate completion method and reduction from

invoice value for arriving at ship repair turnover and the consequent impact, if any, on the profitability and current assets as on the Balance sheet date is not ascertainable.

3. CARO

Clause ix (b) The details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and cess which have not been deposited on account of any dispute are detailed below:

| | | | | ***(₹in millions)*** |
|---|---|---|---|---|
| **Name of Statute** | **Nature of the dues** | **Amount*** | **Period to which the amount relates** | **Forum where dispute is pending** |
| Income Tax Act, 1961 | Income Tax | 6.33 | A.Y.2000-01 | Case remanded by ITAT pending before Assessing Officer |
| | | 1.89 | A.Y.2004-05 | Commissioner of Income Tax (Appeals) |
| | | 0.85 | A.Y.2002-03 & AY 2003-04 | Income Tax Appellate Tribunal |
| | | 2.79 | A.Y.2005-06 & AY 2008-09 | Commissioner of Income Tax (Appeals) |
| Kerala Value Added Tax Act, 2003 | Penalty | 254.68 | 2008-09 | Appellate Tribunal |
| -do- | Value Added Tax | 278.66 | 2005-2006 | Deputy Commissioner (Appeal) |
| -do- | -do- | 547.47 | 2007-2008 | -do- |
| Kerala General Sales Tax Act, 1963 | Sales Tax | 7.34 | 2001-02 | Deputy Commissioner (Appeal) |
| | | 19.64 | 2004-05 | -do- |
| Finance Act, 1994 | Service Tax | 32.29 | 2003-04,2004-05,2005-06,2006-07 & 2007-08 | Customs, Excise and Service Tax Appellate Tribunal |
| | | 164.75 | 2004-05 | Commissioner (Central Excise) |

**ANNEXURE –IVA: BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The Restated Financial Statements have been prepared under Indian Generally Accepted Accounting Principles (IGAAP) and in accordance with the requirements of:

(a) section 26 of Part I of Chapter III of the Companies Act 2013 read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014,

(b) item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date in pursuance of provisions of Securities and Exchange Board of India Act,1992 read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on Clarification regarding disclosures in Offer Documents under the SEBI Regulations issued by the Securities and Exchange Board of India in connection with the Proposed Initial Public Offering of Equity Shares of the Company.

**1.2 Use of estimates**

In the preparation of financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognized in the period in which results are ascertained.

**1.3 Property, Plant and Equipments and depreciation**

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment if any. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance.

Spares, stand-by equipment and servicing equipment meeting the definition of property, plant and equipment (PPE) are recognised in accordance with the Accounting Standard 10 (Revised) on Plant, Property and Equipment issued by MCA vide Notification dated 30 March 2016 read with General Circular 04/2016 dated 27th April 2016.

Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Depreciation on fixed assets is provided on straight-line method based on useful life of the asset as prescribed in Schedule II to the Companies Act, 2013 effective from 01.04.2014 except in respect of the following items: -For the assets acquired from Cochin Port Trust for International Ship Repair Facility (ISRF), depreciation is provided on the basis of useful life as assessed by technical experts.

**1.4 Intangible Asset and amortisation**

Cost incurred on Design Development which are not directly chargeable on a product are capitalised as 'Intangible Asset' and amortised on a straight-line basis over a period of five years. Cost of software which is not an integral part of the related hardware acquired for internal use is capitalised as intangible asset and amortised on a straight-line basis over a period of three years.

Up- front fee paid for securing right to use of land and other facility is capitalised as intangible asset and amortised on a straight line basis over the period of 30 years for which the right has been obtained.

Cost of internally generated weld procedure is capitalised as 'Intangible Asset' and amortised on a straight-line basis over a period of three years.

**1.5 Impairment of Assets**

The Company assesses the impairment of assets with reference to each Cash Generating Unit, at each Balance Sheet date. If events or changes in circumstances based on internal and external factors indicate that the carrying value may not be recoverable in full, the loss on account and the recoverable amount, is accounted for accordingly.

**1.6 Investments**

Investments that are readily realizable and are intended to be held for not more than one year from the date of such investments are classified as current investments. All other investments are classified as Noncurrent Current investments are carried at lower of cost and fair value. Non-current investments are valued at cost unless there is a permanent diminution in the value thereof.

**1.7 Revenue Recognition**

(a) Contracts for the construction of ships and small crafts (Other than Defence Vessels)

The income from ship building is recognized on percentage of completion method, in proportion to the cost incurred for the work performed up to the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

(b) Construction of Defence vessels

Income from the construction of vessels which are on fixed price basis is recognized on percentage of completion method, in proportion to the cost incurred for the work performed up to the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

(c) Construction of Indigenous Aircraft Carrier (IAC)

In the case of construction of IAC which is partly fixed price basis and partly cost plus basis, the income from fixed price part is recognized on the percentage of completion method.

Income from 'cost plus' part of the contract activities for design outsourcing and material procurement are recognized when the activities are performed / materials received/ payments made. Cost of material and other expenses incurred for the vessel which are recoverable separately from Indian Navy is charged off to the Statement of Profit and Loss and are grossed up with the value of work done and recognized as income.

(d) Contracts for repair of ships/ offshore structures:

Income from repair of ships /offshore structures is recognized based on proportionate completion method when proportionate performance of each ship repair activity exceeds 75%. The proportionate progress is measured by the Company's technical evaluation of the percentage of physical completion of each job. Revenue is recognized after taking into consideration possible contingencies with reference to the realizable value of work done. In the case of ship repair contracts completed and invoices settled during the year, income recognized is net of reductions due to price variation admitted. In the case of unsettled invoices, the income is recognised net of estimated amount of reductions. Differences, if any, on settlement are adjusted against income in the year of settlement.

(e) Excise Duty

The products manufactured by the Company such as ships / ship repair are exempted from the purview of excise duty.

(f) Liquidated damages and interest on advances

No income has been recognized on account of (a) interest on advances given and (b) liquidated damages, where the levies depend on decisions regarding force majeure condition of contract. These are accounted for on completion of contracts and / or when final decisions are taken.

(g) Others
Dividend income is recognized when the Company's right to receive is established.

**1.8 Inventories**

(a) Raw materials, components, stores and spares are valued at weighted average cost method or net realisable value whichever is lower. Provision for obsolescence / non- usability / deterioration is determined on the basis of technical assessment made by the management. Goods in transit is valued at cost. Stock of materials in respect of construction of defence vessels wherein the cost incurred is reimbursed by the owner are shown as reduction from the advances paid by the owner for construction of the vessel.

(b) Work in progress:
Ship Building: - Work- in- progress is recognised only when the percentage of physical completion is less than the financial completion, in which case the cost proportionate to excess of percentage of financial completion over physical completion is treated as Work in progress. In the case of Indigenous Aircraft Carrier since all the materials belongs to Indian Navy, Work in progress is not recognized.

Work- in -progress of ships/offshore structures under repair, which have not reached 75% stage of physical completion and general engineering jobs are valued at cost. Work- in- progress of ships where physical construction has not started is also valued at cost.

(c) Loose tools stock are valued at cost and tools in use are revalued after providing for loss on revaluation estimated at 30% of book value.

(d) Stock of scrap is valued at net realizable value after adjusting customs duty, if any, payable on the scrap.

**1.9 Advance/progress payments received**
Advance/progress payments received from customers in respect of repair work of ships/offshore structures are shown as deduction from the amount of work -in -progress in respect of income recognized under proportionate completion method. In the case of ship building, the advance payment received is adjusted only when the ship is invoiced.

**1.10 Employee benefits**

(a) Liability in respect of Defined benefit plan is provided on the basis of actuarial valuation as on the date of Balance Sheet. The method of actuarial valuation adopted is the Projected Unit Credit method.

(b) Liability for payment of gratuity is determined by actuarial valuation as per Accounting Standard 15 (Revised) and funded to Employees Group Gratuity Trust as per Rules.

(c) Defined contribution to Employees Provident Fund and Employees' Pension Scheme, 1995 are made on a monthly basis as per respective statutes.

(d) Liability in respect of Leave entitlement is made on actuarial valuation basis at the year end and provided for as per Accounting Standard 15 (Revised).

**1.11 Borrowing cost**
General and specific borrowing costs directly attributable to acquisition/ construction or production of qualifying assets are capitalised as part of cost of such assets up to the date when such assets are ready for intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

**1.12 Prior period adjustment**

Prior period adjustments and extra ordinary items having material impact on the financial affairs of the Company are disclosed.

**1.13 Foreign Currency Transactions**

(a) Foreign Currency Transactions:

Foreign exchange transactions are recorded adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognized in the Statement of Profit and Loss.

(b) Derivative instruments and hedge accounting:

The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designated these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30- Financial Instruments: Recognition and Measurement issued by Institute of Chartered Accountants of India

The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of Directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated as effective cash flow hedges are recognized in Hedge Reserve Account under Shareholders' Funds and the ineffective portion is recognized in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as and when they arise.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to the Statement of Profit and Loss.

**1.14 Earnings Per Share**

Basic/Diluted Earnings per share reported is calculated by dividing the Net Profit after Tax for the year (including post tax effect of any extraordinary items) by the weighted average number of equity shares/dilutive potential equity shares outstanding as at the end of the year as the case may be.

**1.15 Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability or asset is recognized at subsequently enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax asset arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realize the same.

**1.16 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Provision towards guarantee claims in respect of ships/ small crafts delivered wherever provided /maintained is based on technical estimation. As per revised policy, for ships delivered, the guarantee claims are covered by way of insurance policies covering the guarantee period on case to case basis, wherever required. Insurance claims against Guarantee defects and Builders risk will be recognised in the year in which the survey is completed and probable amount of settlement is intimated by the Insurance Company.

All other Insurance claims are recognised in the year of settlement by way of receipt of the settlement amount.

Contingent liability is disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

**1.17 Segment Reporting**

Identification of segments: The Company’s operating businesses are organized and managed separately according to the nature of products and services provided.

Unallocated items: Unallocated items include general income and expense items which are not allocated to any business segment.

**1.18 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby Profit / (Loss) before extra-ordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from Operating, Investing and Financing activities of the Company are segregated based on the available information.

## ANNEXURE IVB: OTHER NOTES ONACCOUNTS

**Note 1**

**Restated Statement of Share Capital**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **Authorised** | | | | | | |
| 7% Non-cumulative Redeemable Peference shares of ₹1000/- each | 0.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 |
| Equity shares of ₹ 10/- each | 2,500.00 | 1,300.00 | 1,300.00 | 1,300.00 | 1,300.00 | 1,300.00 |
| **Issued, Subscribed and Fully paid up** | | | | | | |
| 7% Non-cumulative Preference shares of ₹1000/- each | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 391.42 |
| (Due for redemption progressively from 26 April 2012) | | | | | | |
| (The above shares have been issued as fully paid-up by conversion of loans from Govt of India as part of capital restructuring which were originally due for redemption on 26 April 2005 and were reissued with retrospective effect.) | | | | | | |
| Equity shares of ₹ 10 each fully paid up | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 |
| **Total** | **1,132.80** | **1,132.80** | **1,132.80** | **1,132.80** | **1,132.80** | **1,524.22** |

**1.1 Reconciliation of number of shares and amounts outstanding**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Equity Shares outstanding at the beginning of the year | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 |
| Add : Shares issued during the year | - | - | - | - | - | - |
| Equity Shares outstanding at the end of the year | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 |

**1.2 Details of shareholders holding more than 5% shares in the company**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Name of Shareholder** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| | **% of holding** | **% of holding** | **% of holding** | **% of holding** | **% of holding** | **% of holding** |
| The President of India | 100 | 100 | 100 | 100 | 100 | 100 |

**Note 2**

**Restated Statement of Reserves and Surplus**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **Capital Reserves** | | | | | | |
| Balance as at the beginning and end of the year | **26.36** | **26.36** | **26.36** | **26.36** | **26.36** | **26.36** |
| | **26.36** | **26.36** | **26.36** | **26.36** | **26.36** | **26.36** |
| **Capital Redemption Reserve** | | | | | | |
| Balance as at the beginning of the year | 1,191.42 | 1,191.42 | 1,191.42 | 1,191.42 | 800.00 | 400.00 |
| Add: Current year transfer | 0.00 | 0.00 | 0.00 | 0.00 | 391.42 | 400.00 |
| Balance as at the end of the year | **1,191.42** | **1,191.42** | **1,191.42** | **1,191.42** | **1,191.42** | **800.00** |
| **Securities Premium Reserve** | | | | | | |
| Premium on Tax Free Bonds | | | | | | |
| Balance as at the beginning of the year | 0.09 | 0.12 | 0.12 | 0.00 | 0.00 | 0.00 |
| Add: Current year transfer | 0.00 | 0.00 | 0.00 | 0.12 | 0.00 | 0.00 |
| Less: Amortisation of premium | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 | 0.00 |
| Balance as at the end of the year | **0.09** | **0.09** | **0.12** | **0.12** | **0.00** | **0.00** |
| **Debenture Redemption Reserve** | | | | | | |
| Balance as at the beginning of the year | 65.92 | 37.09 | 8.26 | 0.00 | 0.00 | 0.00 |
| Add: Current year transfer | 14.42 | 28.83 | 28.83 | 8.26 | 0.00 | 0.00 |
| Balance as at the end of the year | **80.34** | **65.92** | **37.09** | **8.26** | **0.00** | **0.00** |
| **Other Reserves** | | | | | | |
| **General Reserve** | | | | | | |
| Balance as at the beginning of the year | 632.27 | 632.27 | 514.74 | 417.62 | 324.99 | 152.66 |
| Add: Transfer from surplus in Statement of Profit and Loss | 0.00 | 0.00 | 117.53 | 97.12 | 92.63 | 172.33 |
| Balance as at the end of the year | **632.27** | **632.27** | **632.27** | **514.74** | **417.62** | **324.99** |
| **Hedge Reserve** | | | | | | |
| As per last Balance Sheet - gain/(loss) | 3.55 | 0.00 | 22.29 | (2.25) | 11.51 | 275.10 |
| Add: Net gain/(loss) during the year | (3.55) | 3.55 | (22.29) | 24.54 | (13.76) | (263.59) |
| Closing balance - gain/(loss) | **0.00** | **3.55** | **0.00** | **22.29** | **(2.25)** | **11.51** |
| **Surplus in the Statement of Profit and Loss** | | | | | | |
| Balance as at the beginning of the year | 14,152.69 | 12,366.24 | 12,004.82 | 9,473.31 | 7,487.12 | 6,899.64 |
| *Less: Adjustments made to opening reserve* | | | | | | 164.14 |
| | **14,152.69** | **12,366.24** | **12,004.82** | **9,473.31** | **7,487.12** | **6,735.50** |
| Add : Net Profit for the current year | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,553.28 |
| | **15,997.93** | **15,224.53** | **12,717.11** | **12,309.00** | **10,156.16** | **8,288.78** |
| **Less :** | | | | | | |
| Transfer to Capital Redemption Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 391.42 | 400.00 |

| ₹ *in millions* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Transfer to Debenture Redemption Reserve | 14.42 | 28.83 | 28.83 | 8.26 | 0.00 | 0.00 |
| Transfer to Reserves | 0.00 | 0.00 | 117.53 | 97.12 | 92.63 | 172.33 |
| Proposed dividend | 0.00 | 866.59 | 169.92 | 169.92 | 169.92 | 197.32 |
| Tax on dividend | 0.00 | 176.42 | 34.59 | 28.88 | 28.88 | 32.01 |
| Balance as at the end of the year | **15,983.51** | **14,152.69** | **12,366.24** | **12,004.82** | **9,473.31** | **7,487.12** |
| **Total:** | **17,913.99** | **16,072.30** | **14,253.50** | **13,768.01** | **11,106.46** | **8,649.98** |

**Note 3**

**Restated Statement of Long Term Borrowings**

| ₹ *in millions* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Tax Free Secured Redeemable Non Convertible Bonds - Series 2013-14 | 1,230.00 | 1,230.00 | 1,230.00 | 1,230.00 | 0.00 | 0.00 |
| **Total** | **1,230.00** | **1,230.00** | **1,230.00** | **1,230.00** | **0.00** | **0.00** |

**Tax Free Infrastructure Bond Series 2013-14**

4.1 a) Tranche 2: 230 bonds of face value of ₹1.00 million totalling ₹ 230 million with interest rate of 8.72% payable annually, redeemable at par due for redemption on 28 th March , 2029 .

b) Tranche 1: 1000 bonds of face value of ₹1.00 million totalling ₹ 1000 million with interest rate of 8.51% payable annually , redeemable at par due for redemption on 02nd December , 2023

4.2 These bonds are secured against the landed properties of the Company admeasuring 197.12 ares (487.00 cents) made up of 34.30 ares in Sy No. 713/11, 23.57 ares in Sy No. 713/12, 59.12 ares in Sy No. 713/13, 50.18 ares in Sy No. 714/06, 10.12 ares in Sy No. 714/2, 8.90 ares in Sy No. 714/4 and 10.93 ares in Sy No. 714/5 of land all are lying contiguously in Elamkulam village, Kanayannur taluk, Ernakulam District.

4.3 Utilisation: Out of the issue proceeds of ₹ 1230 millions received, the Company has fully utilised/adjusted funds towards various expenditure incurred on International Ship Repair Facility (ISRF) project.

**Note 4**

**Restated Statement of Other long term Liabilities**

| ₹ *in millions* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Trade payables | 0.00 | 0.00 | 0.00 | 30.00 | 25.18 | 49.72 |
| Others | 26.12 | 26.12 | 26.12 | 26.12 | 26.12 | 26.12 |
| **Total** | **26.12** | **26.12** | **26.12** | **56.12** | **51.30** | **75.84** |

**Note 5**

**Restated Statement of Long Term Provisions**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31 st Mar 2012** |
| **Provision for employee benefits** | | | | | | |
| Leave entitlement | 192.90 | 189.65 | 193.22 | 179.36 | 197.43 | 191.37 |
| **Total** | **192.90** | **189.65** | **193.22** | **179.36** | **197.43** | **191.37** |

**Note 6**

**Short Term Borrowings**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Short term borrowings from banks (secured) * | 0.00 | 0.00 | 0.00 | 1,153.18 | 0.00 | 0.00 |
| Short term borrowings from banks (unsecured)** | 0.00 | 0.00 | 0.00 | 956.00 | 0.00 | 0.00 |
| **Total** | **0.00** | **0.00** | **0.00** | **2,109.18** | **0.00** | **0.00** |
| * SBI-EPC Loan @ 7.70% up to 31/7/13 and 7% during 1/8/13 - 31/3/14 | | | | | | |
| **Short Term Loan from UBI for IAC @10.25% | | | | | | |

**Note 7**

**Restated Statement of Trade Payables**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Trade payables (Unsecured) | | | | | | |
| Outstanding dues of Micro, Small and Medium Enterprises | 191.89 | 133.38 | 103.10 | 43.61 | 25.31 | 0.00 |
| Outstanding dues of creditors other than Micro, Small and Medium Enterprises | 3,365.26 | 1,965.39 | 1,606.74 | 1,672.50 | 1,374.99 | 3,066.47 |
| **Total** | **3,557.15** | **2,098.77** | **1,709.84** | **1,716.11** | **1,400.30** | **3,066.47** |

**Note 8**

**Restated Statement of Other Current Liabilities**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Advance for Indigenous Aircraft Carrier (Cost plus) | 46,121.24 | 42,954.09 | 35,700.61 | 26,402.65 | 24,124.71 | 20,061.16 |
| Amount advanced by the Company for Cost plus | 0.00 | 0.00 | 0.00 | 956.00 | 0.00 | 0.00 |

| *₹ in millions* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Less: Indigenous Aircraft carrier inventory in stock | 4,929.42 | 3,979.34 | 3,086.78 | 5,528.10 | 5,592.81 | 3,445.11 |
| Less: Material issued | 30,283.69 | 26,890.10 | 20,625.75 | 15,201.44 | 10,586.64 | 7,048.65 |
| Less: Design and other direct expenses | 3,023.60 | 3,001.14 | 2,857.89 | 2,745.88 | 2,717.11 | 2,558.63 |
| Less: Advance for purchase of materials | 1,758.71 | 1,534.66 | 1,881.82 | 1,468.33 | 1,323.88 | 2,460.30 |
| Less: Other expenses against cost plus activities | 4,752.22 | 4,415.91 | 3,478.47 | 2,921.68 | 2,463.22 | 1,928.89 |
| | **1,373.60** | **3,132.94** | **3,769.90** | **(506.78)** | **1,441.05** | **2,619.58** |
| Advance for Indigenous Aircraft Carrier fixed price contact | 23,134.40 | 22,658.78 | 18,150.40 | 11,252.00 | 10,410.00 | 9,280.00 |
| Less : Income recognised so far | 25,856.16 | 23,467.45 | 19,211.40 | 17,582.24 | 11,907.01 | 9,564.99 |
| | **(2,721.76)** | **(808.67)** | **(1,061.00)** | **(6,330.24)** | **(1,497.01)** | **(284.99)** |
| Advance for Indigenous Aircraft Carrier infrastructure | 2,627.85 | 2,296.59 | 1,917.71 | 1,917.71 | 1,917.71 | 2,134.64 |
| Less: Assets on infrastructure | 2,418.84 | 2,218.78 | 2,004.42 | 2,007.10 | 1,895.68 | 1,874.55 |
| Less: WIP/advance to contractors for infrastructure | 0.00 | 0.00 | 0.00 | 0.00 | 0.63 | 4.89 |
| | **209.01** | **77.81** | **(86.71)** | **(89.39)** | **21.40** | **255.20** |
| Advance outstanding for Indigenous Aircraft Carrier works (Net) | (1,139.15) | 2,402.08 | 2,622.19 | (6,926.41) | (34.56) | 2,589.79 |
| Less : transfer to Trade Receivables | 1,139.15 | 0.00 | 0.00 | 6,926.41 | 34.56 | 0.00 |
| Advance outstanding for Indigenous Aircraft Carrier works (Net) | **0.00** | **2,402.08** | **2,622.19** | **0.00** | **0.00** | **2,589.79** |
| Advances for other ship building contracts | 5,007.37 | 5,290.99 | 3,835.17 | 4,785.26 | 5,811.57 | 6,654.12 |
| Advances for ship repair and others | 18.18 | 27.82 | 13.08 | 36.42 | 76.72 | 71.10 |
| Forward Contract | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 18.78 |
| Interest accrued but not due | 80.92 | 28.20 | 28.20 | 28.20 | 0.00 | 0.00 |
| Income received in advance | 3.28 | 2.12 | 2.02 | 0.00 | 3.76 | 5.52 |
| Creditors for expenses | 0.00 | 0.00 | 0.00 | 95.65 | 53.37 | 73.52 |
| Other Payables | | | | | | |
| Security and other deposits | 101.85 | 87.58 | 78.47 | 0.00 | 0.00 | 0.00 |
| Statutory dues | 259.69 | 42.65 | 81.71 | 0.00 | 0.00 | 0.00 |
| Other liabilities | 2,143.70 | 1,485.99 | 1,495.32 | 1,119.35 | 894.68 | 814.85 |
| **Total** | **7,614.99** | **9,367.43** | **8,156.16** | **6,064.88** | **6,840.10** | **10,227.68** |

**Note 9**

**Restated Statement of Short Term Provisions**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **Provision for Employee Benefits** | | | | | | |
| Gratuity | 56.17 | 27.91 | 31.02 | 11.04 | 96.93 | 41.40 |
| Leave entitlement | 54.34 | 66.12 | 67.12 | 82.12 | 75.92 | 54.71 |
| Others | 2.85 | 1.75 | 5.45 | 30.66 | 0.18 | 49.40 |
| | 113.36 | 95.78 | 103.59 | 123.82 | 173.03 | 145.51 |
| **Other Provisions** | | | | | | |
| For taxation | 2,652.55 | 1,666.11 | 1,440.37 | 1,973.44 | 1,267.82 | 773.94 |
| For provision for shipbuilding loss | 30.40 | 81.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| For proposed dividend | 0.00 | 866.59 | 169.92 | 169.92 | 169.92 | 197.32 |
| For dividend tax | 0.00 | 176.42 | 34.59 | 28.88 | 28.88 | 32.01 |
| For taxes and duties | 14.79 | 14.79 | 14.81 | 12.77 | 12.77 | 100.92 |
| For KGST/KVAT | 10.74 | 12.81 | 10.71 | 53.86 | 41.94 | 20.41 |
| For guarantee repairs | 140.25 | 96.22 | 73.83 | 65.83 | 36.46 | 60.01 |
| For liquidated damages | 44.87 | 44.87 | 53.19 | 146.00 | 103.61 | 79.78 |
| For expenditure / contingencies | 551.73 | 530.09 | 729.75 | 516.92 | 393.66 | 336.28 |
| For subcontract | 1,711.82 | 1,322.52 | 850.83 | 567.15 | 1,068.01 | 612.97 |
| | 5,157.15 | 4,811.42 | 3,378.00 | 3,534.77 | 3,123.07 | 2,213.64 |
| **Total** | **5,270.51** | **4,907.20** | **3,481.59** | **3,658.59** | **3,296.10** | **2,359.15** |

**Note 10**

**Restated Statement of Fixed Assets As at 30th Sep 2016**

**Tangible & Intangible**

*₹ in millions*

| | **GROSS BLOCK** | | | | **DEPRECIATION** | | | | **NET BLOCK** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **As at 1st April 2016** | **Additions/ adjustments during 01.04.16-30.09.16** | **Disposal/ adjustments during 01.04.16-30.09.16** | **As at 30th Sep 2016** | **As at 1st Apr 2016** | **During 01.04.16-30.09.16** | **Adjustment/ (withdrawal) 01.04.16-30.09.16** | **As at 30th Sep 2016** | **As at 30th Sep 2016** | ***As at 31st March 2016*** |
| i. Tangible assets | | | | | | | | | | |
| Land (Freehold) | 58.76 | 0.00 | 0.00 | **58.76** | 0.00 | 0.00 | 0.00 | **0.00** | **58.76** | 58.76 |
| Buildings | 1,361.05 | 62.46 | 0.00 | **1,423.51** | 468.39 | 25.40 | 0.00 | **493.79** | **929.71** | 892.66 |
| Plant and equipment | 2,804.27 | 48.45 | 0.00 | **2,852.72** | 1,373.60 | 77.62 | 0.00 | **1,451.22** | **1,401.50** | 1,430.67 |
| Furniture and fixtures | 90.29 | 10.26 | 0.00 | **100.55** | 37.92 | 4.26 | 0.00 | **42.18** | **58.37** | 52.37 |
| Vehicles | 79.64 | 2.08 | 0.00 | **81.72** | 62.24 | 2.11 | 0.00 | **64.35** | **17.37** | 17.40 |
| Office equipment | 25.37 | 0.29 | 0.00 | **25.66** | 13.47 | 1.98 | 0.00 | **15.45** | **10.21** | 11.90 |
| Others | | | | | | | | | | |
| Docks and quays | 1,025.19 | 0.00 | 0.00 | **1,025.19** | 612.83 | 15.08 | 0.00 | **627.91** | **397.28** | 412.36 |
| Railway sidings | 2.21 | 0.00 | 0.00 | **2.21** | 2.10 | 0.00 | 0.00 | **2.10** | **0.11** | 0.11 |
| Electrical installation | 216.13 | 21.92 | 0.00 | **238.05** | 132.30 | 11.85 | 0.00 | **144.15** | **93.90** | 83.83 |
| Drainage and water supply | 13.35 | 0.00 | 0.00 | **13.35** | 12.67 | 0.00 | 0.00 | **12.67** | **0.68** | 0.68 |
| Vessels | 17.74 | 0.00 | 0.00 | **17.74** | 14.09 | 0.11 | 0.00 | **14.20** | **3.54** | 3.65 |
| Books | 1.32 | 0.00 | 0.00 | **1.32** | 1.32 | 0.00 | 0.00 | **1.32** | **0.00** | 0.00 |
| | **5,695.32** | **145.46** | **0.00** | **5,840.78** | **2,730.93** | **138.41** | **0.00** | **2,869.34** | **2,971.44** | **2,964.39** |
| ii. Intangible Assets | | | | | | | | | | |
| Internally generated weld procedure | 2.77 | 0.00 | 0.00 | **2.77** | 0.15 | 0.46 | 0.00 | **0.61** | **2.16** | 2.62 |
| Computer software | 173.71 | 11.00 | 0.00 | **184.71** | 113.53 | 25.04 | 0.00 | **138.57** | **46.14** | 60.18 |
| Right to use - land and ship repair facility | 750.00 | 0.00 | 0.00 | **750.00** | 75.00 | 12.53 | 0.00 | **87.53** | **662.47** | 675.00 |
| | **926.48** | **11.00** | **0.00** | **937.48** | **188.68** | **38.03** | **0.00** | **226.71** | **710.77** | **737.80** |
| | | | | | | | | | | |
| Total (i+ii) | **6,621.80** | **156.46** | **0.00** | **6,778.26** | **2,919.61** | **176.44** | **0.00** | **3,096.05** | **3,682.21** | **3,702.19** |
| Previous year | 6,287.47 | 347.78 | 13.45 | 6,621.80 | 2,586.50 | 344.98 | (11.87) | 2,919.61 | 3,702.19 | 3,700.97 |

**Note 10**

**Restated Statement of Fixed Assets As at 31st Mar 2016**

**Tangible & Intangible**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | ***₹ in millions*** |
| | **GROSS BLOCK** | | | | **DEPRECIATION** | | | | **NET BLOCK** | |
| | **As at 1st April 2015** | **Additions/ adjustments during the year** | **Disposal/ adjustments during the year** | **As at 31st March 2016** | **As at 1st April 2015** | **For the year** | **Adjustment/ (withdrawal)** | **As at 31st March 2016** | **As at 31st March 2016** | **As at 31st March 2015** |
| **i. Tangible assets** | | | | | | | | | | |
| | | | | | | | | | | |
| Land (Freehold) | 59.32 | 0.00 | 0.56 | **58.76** | 0.00 | 0.00 | 0.00 | **0.00** | **58.76** | 59.32 |
| Buildings | 1,274.33 | 86.72 | 0.00 | **1,361.05** | 421.33 | 47.06 | 0.00 | **468.39** | **892.66** | 853.00 |
| Plant and equipment | 2,597.54 | 210.20 | 3.47 | **2,804.27** | 1,226.67 | 150.06 | (3.13) | **1,373.60** | **1,430.67** | 1,370.87 |
| Furniture and fixtures | 75.00 | 16.42 | 1.13 | **90.29** | 31.27 | 7.59 | (0.94) | **37.92** | **52.37** | 43.73 |
| Vehicles | 76.71 | 3.03 | 0.10 | **79.64** | 57.01 | 5.32 | (0.09) | **62.24** | **17.40** | 19.70 |
| Office equipment | 19.59 | 6.96 | 1.18 | **25.37** | 10.73 | 3.78 | (1.04) | **13.47** | **11.90** | 8.86 |
| Others | | | | | | | | | | |
| Docks and quays | 1,029.72 | 0.00 | 4.53 | **1,025.19** | 581.58 | 35.56 | (4.31) | **612.83** | **412.36** | 448.14 |
| Railway sidings | 2.21 | 0.00 | 0.00 | **2.21** | 2.10 | 0.00 | 0.00 | **2.10** | **0.11** | 0.11 |
| Electrical installation | 200.14 | 18.47 | 2.48 | **216.13** | 112.07 | 22.59 | (2.36) | **132.30** | **83.83** | 88.07 |
| Drainage and water supply | 13.35 | 0.00 | 0.00 | **13.34** | 12.67 | 0.00 | 0.00 | **12.67** | **0.68** | 0.68 |
| Vessels | 15.88 | 1.86 | 0.00 | **17.75** | 13.99 | 0.10 | 0.00 | **14.09** | **3.65** | 1.89 |
| Books | 1.32 | 0.00 | 0.00 | **1.32** | 1.32 | 0.00 | 0.00 | **1.32** | **0.00** | 0.00 |
| | **5,365.11** | **343.66** | **13.45** | **5,695.32** | **2,470.74** | **272.06** | **(11.87)** | **2,730.93** | **2,964.39** | **2,894.37** |
| **ii. Intangible Assets** | | | | | | | | | | |
| Internally generated weld procedure | 0.00 | 2.77 | 0.00 | **2.77** | 0.00 | 0.15 | 0.00 | **0.15** | **2.62** | 0.00 |
| Computer software | 172.36 | 1.35 | 0.00 | **173.71** | 65.76 | 47.77 | 0.00 | **113.53** | **60.18** | 106.60 |
| Right to use - land and ship repair facility | 750.00 | 0.00 | 0.00 | **750.00** | 50.00 | 25.00 | 0.00 | **75.00** | **675.00** | 700.00 |
| | **922.36** | **4.12** | **0.00** | **926.47** | **115.76** | **72.92** | **0.00** | **188.68** | **737.80** | **806.60** |
| Total (i+ii) | **6,287.47** | **347.78** | **13.45** | **6,621.80** | **2,586.50** | **344.98** | **(11.87)** | **2,919.61** | **3,702.19** | **3,700.97** |
| Previous year | 5,947.76 | 347.73 | 8.02 | 6,287.47 | 2,246.80 | 346.96 | (7.26) | 2,586.50 | 3,700.97 | 3,700.96 |

**Note 10**

**Restated Statement of Fixed Assets As at 31st Mar 2015**

**Tangible & Intangible**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | ***₹in millions*** |
| | **GROSS BLOCK** | | | | **DEPRECIATION** | | | | **NET BLOCK** | |
| **PARTICULARS** | **As at 1st April 2014** | **Additions/ adjustments during the year** | **Disposal/ adjustments during the year** | **As at 31st Mar 2015** | **As at 1st Apr 2014** | **For the year** | **Adjustment/ (withdrawal)** | **As at 31st Mar 2015** | **As at 31st Mar 2015** | **As at 31st Mar 2014** |
| **i. Tangible assets** | | | | | | | | | | |
| | | | | | | | | | | |
| Land (Freehold) | 56.36 | 2.96 | 0.00 | **59.32** | 0.00 | 0.00 | 0.00 | **0.00** | **59.32** | 56.36 |
| Buildings | 1,237.82 | 37.51 | 1.00 | **1,274.33** | 377.81 | 44.02 | (0.50) | **421.33** | **853.00** | 860.01 |
| Plant and equipment | 2,468.48 | 135.09 | 6.03 | **2,597.54** | 1,073.48 | 159.00 | (5.81) | **1,226.67** | **1,370.87** | 1,395.00 |
| Furniture and fixtures | 60.60 | 14.62 | 0.22 | **75.00** | 25.56 | 5.93 | (0.22) | **31.27** | **43.73** | 35.04 |
| Vehicles | 75.27 | 1.45 | 0.01 | **76.71** | 47.54 | 9.48 | (0.01) | **57.01** | **19.70** | 27.73 |
| Office equipment | 18.60 | 1.67 | 0.68 | **19.59** | 7.29 | 4.08 | (0.64) | **10.73** | **8.86** | 11.31 |
| Others | | | | | | | | | | |
| Docks and quays | 1,029.72 | 0.00 | 0.00 | **1,029.72** | 544.29 | 37.29 | 0.00 | **581.58** | **448.14** | 485.43 |
| Railway sidings | 2.21 | 0.00 | 0.00 | **2.21** | 2.10 | 0.00 | 0.00 | **2.10** | **0.11** | 0.11 |
| Electrical installation | 184.94 | 15.20 | 0.00 | **200.14** | 88.83 | 23.24 | 0.00 | **112.07** | **88.07** | 96.11 |
| Drainage and water supply | 13.35 | 0.00 | 0.00 | **13.35** | 9.84 | 2.83 | 0.00 | **12.67** | **0.68** | 3.51 |
| Vessels | 15.88 | 0.00 | 0.00 | **15.88** | 13.91 | 0.08 | 0.00 | **13.99** | **1.89** | 1.97 |
| Books | 1.32 | 0.00 | 0.00 | **1.32** | 1.32 | 0.00 | 0.00 | **1.32** | **0.00** | 0.00 |
| | **5,164.55** | **208.50** | **7.94** | **5,365.11** | **2,191.97** | **285.95** | **(7.18)** | **2,470.74** | **2,894.37** | **2,972.58** |
| **ii. Intangible Assets** | | | | | | | | | | |
| Computer software | 33.21 | 139.23 | 0.08 | **172.36** | 29.83 | 36.01 | (0.08) | **65.76** | **106.60** | 3.38 |
| Right to use of land and ship repair facility | 750.00 | 0.00 | 0.00 | **750.00** | 25.00 | 25.00 | 0.00 | **50.00** | **700.00** | 725.00 |
| | **783.21** | **139.23** | **0.08** | **922.36** | **54.83** | **61.01** | **(0.08)** | **115.76** | **806.60** | **728.38** |
| Total (i+ii) | **5,947.76** | **347.73** | **8.02** | **6,287.47** | **2,246.80** | **346.96** | **(7.26)** | **2,586.50** | **3,700.97** | **3,700.96** |
| Previous year | **4,443.54** | **1,512.35** | **8.13** | **5,947.76** | **2,038.72** | **215.74** | **(7.66)** | **2,246.80** | **3,700.96** | **2,404.82** |

**Note 10**

**Restated Statement of Fixed Assets As at 31st Mar 2014**

**Tangible & Intangible**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | *₹ in millions* |
| **PARTICULARS** | **GROSS BLOCK** | | | | **DEPRECIATION** | | | | **NET BLOCK** | |
| | **As at 1st Apr 2013** | **Additions/ adjustments during the year** | **Disposal/ adjustments during the year** | **As at 31st Mar 2014** | **As at 1st Apr 2013** | **For the year** | **Adjustment/ (withdrawal)** | **As at 31st Mar 2014** | **As at 31st Mar 2014** | **As at 31st Mar 2013** |
| **i. Tangible assets** | | | | | | | | | | |
| Land (Freehold) | 56.36 | 0.00 | 0.00 | **56.36** | 0.00 | 0.00 | 0.00 | **0.00** | **56.36** | 56.36 |
| Buildings | 1,089.68 | 148.14 | 0.00 | **1,237.82** | 339.24 | 38.57 | 0.00 | **377.81** | **860.01** | 750.44 |
| Plant and equipment | 2,345.67 | 128.23 | 5.42 | **2,468.48** | 967.50 | 111.15 | (5.17) | **1,073.48** | **1,395.00** | 1,378.17 |
| Furniture and fixtures | 56.33 | 4.33 | 0.06 | **60.60** | 22.30 | 3.31 | (0.05) | **25.56** | **35.04** | 34.03 |
| Vehicles | 73.87 | 3.91 | 2.51 | **75.27** | 42.28 | 7.64 | (2.38) | **47.54** | **27.73** | 31.59 |
| Office equipment | 15.36 | 3.38 | 0.14 | **18.60** | 6.64 | 0.71 | (0.06) | **7.29** | **11.31** | 8.72 |
| Others | | | | | | | | | | |
| Docks and quays | 572.02 | 457.70 | 0.00 | **1,029.72** | 522.85 | 21.44 | 0.00 | **544.29** | **485.43** | 49.17 |
| Railway sidings | 2.21 | 0.00 | 0.00 | **2.21** | 2.10 | 0.00 | 0.00 | **2.10** | **0.11** | 0.11 |
| Electrical installation | 171.45 | 13.49 | 0.00 | **184.94** | 82.97 | 5.86 | 0.00 | **88.83** | **96.11** | 88.48 |
| Drainage and water supply | 13.35 | 0.00 | 0.00 | **13.35** | 9.79 | 0.05 | 0.00 | **9.84** | **3.51** | 3.56 |
| Vessels | 15.88 | 0.00 | 0.00 | **15.88** | 12.95 | 0.96 | 0.00 | **13.91** | **1.97** | 2.93 |
| Books | 1.32 | 0.00 | 0.00 | **1.32** | 1.32 | 0.00 | 0.00 | **1.32** | **0.00** | 0.00 |
| | **4,413.50** | **759.18** | **8.13** | **5,164.55** | **2,009.94** | **189.69** | **(7.66)** | **2,191.97** | **2,972.58** | **2,403.56** |
| **ii. Intangible Assets** | | | | | | | | | | |
| Computer software | 30.04 | 3.17 | 0.00 | **33.21** | 28.78 | 1.05 | 0.00 | **29.83** | **3.38** | 1.26 |
| Right to use of land and ship repair facility | 0.00 | 750.00 | 0.00 | **750.00** | 0.00 | 25.00 | 0.00 | **25.00** | **725.00** | 0.00 |
| | **30.04** | **753.17** | **0.00** | **783.21** | **28.78** | **26.05** | **0.00** | **54.83** | **728.38** | **1.26** |
| Total (i+ii) | **4,443.54** | **1,512.35** | **8.13** | **5,947.76** | **2,038.72** | **215.74** | **(7.66)** | **2,246.80** | **3,700.96** | **2,404.82** |
| Previous year | 3,767.31 | 694.46 | 18.23 | 4,443.54 | 1,911.16 | 143.35 | (15.79) | 2,038.72 | 2,404.82 | 1,856.15 |

**Note 10**

**Restated Statement of Fixed Assets As at 31st Mar 2013**

**Tangible & Intangible**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | ***₹ in millions*** |
| **PARTICULARS** | **GROSS BLOCK** | | | | **DEPRECIATION** | | | | **NET BLOCK** | |
| | **As at 1st Apr 2012** | **Additions/ adjustments during the year** | **Disposal/ adjustments during the year** | **As at 31st Mar 2013** | **As at 1st Apr 2012** | **For the year** | **Adjustment/ ( withdrawal)** | **As at 31st Mar 2013** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **i. Tangible assets** | | | | | | | | | | |
| Land (Freehold) | 45.04 | 11.32 | 0.00 | **56.36** | 0.00 | 0.00 | 0.00 | **0.00** | **56.36** | 45.04 |
| Buildings | 1,004.60 | 85.08 | 0.00 | **1,089.68** | 302.57 | 36.67 | 0.00 | **339.24** | **750.44** | 702.03 |
| Plant & Equipment | 1,782.70 | 577.38 | 14.41 | **2,345.67** | 895.44 | 84.91 | (12.85) | **967.50** | **1,378.17** | 887.26 |
| Furniture & Fixtures | 49.24 | 7.92 | 0.83 | **56.33** | 20.21 | 2.87 | (0.78) | **22.30** | **34.03** | 29.03 |
| Vehicles | 73.97 | 0.08 | 0.18 | **73.87** | 34.92 | 7.53 | (0.17) | **42.28** | **31.59** | 39.05 |
| Office Equipment | 14.13 | 4.04 | 2.81 | **15.36** | 7.52 | 1.11 | (1.99) | **6.64** | **8.72** | 6.61 |
| Others | | | | | | | | | | |
| Docks & Quays | 572.02 | 0.00 | 0.00 | **572.02** | 519.64 | 3.21 | 0.00 | **522.85** | **49.17** | 52.38 |
| Railway sidings | 2.21 | 0.00 | 0.00 | **2.21** | 2.10 | 0.00 | 0.00 | **2.10** | **0.11** | 0.11 |
| Electrical Installation | 163.67 | 7.78 | 0.00 | **171.45** | 77.83 | 5.14 | 0.00 | **82.97** | **88.48** | 85.84 |
| Drainage & water supply | 13.35 | 0.00 | 0.00 | **13.35** | 9.74 | 0.05 | 0.00 | **9.79** | **3.56** | 3.61 |
| Vessels | 15.88 | 0.00 | 0.00 | **15.88** | 11.99 | 0.96 | 0.00 | **12.95** | **2.93** | 3.89 |
| Books | 1.32 | 0.00 | 0.00 | **1.32** | 1.32 | 0.00 | 0.00 | **1.32** | **0.00** | 0.00 |
| | **3,738.13** | **693.60** | **18.23** | **4,413.50** | **1,883.28** | **142.45** | **(15.79)** | **2,009.94** | **2,403.56** | **1,854.85** |
| **ii. Intangible Assets** | | | | | | | | | | |
| Computer Software | 29.18 | 0.86 | 0.00 | **30.04** | 27.88 | 0.90 | 0.00 | **28.78** | **1.26** | 1.30 |
| | 29.18 | 0.86 | 0.00 | **30.04** | 27.88 | 0.90 | 0.00 | **28.78** | **1.26** | 1.30 |
| Total | **3,767.31** | **694.46** | **18.23** | **4,443.54** | **1,911.16** | **143.35** | **(15.79)** | **2,038.72** | **2,404.82** | **1,856.15** |
| Previous year | 3,621.01 | 149.32 | 3.02 | 3,767.31 | 1,714.25 | 199.42 | (2.51) | 1,911.16 | 1,856.15 | 1,906.76 |

**Note 10**

**Restated Statement of Fixed Assets As at 31st Mar 2012**

**Tangible & Intangible**

*₹ in millions*

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st Apr 2011 | Additions/ adjustments during the year | Disposal/ adjustments during the year | As at 31st Mar 2012 | As at 1st Apr 2011 | For the year | Adjustment/( withdrawal) | As at 31st Mar 2012 | As at 31st Mar 2012 | As at 31st Mar 2011 |
| **i. Tangible assets** | | | | | | | | | | |
| Land (Freehold) | 45.04 | 0.00 | 0.00 | **45.04** | 0.00 | 0.00 | 0.00 | **0.00** | **45.04** | 45.04 |
| Buildings | 982.45 | 22.15 | 0.00 | **1,004.60** | 261.62 | 40.95 | 0.00 | **302.57** | **702.03** | 720.83 |
| Plant & Equipment | 1,680.71 | 103.81 | 1.82 | **1,782.70** | 768.85 | 128.22 | (1.63) | **895.44** | **887.26** | 911.86 |
| Furniture & Fixtures | 43.83 | 5.81 | 0.40 | **49.24** | 17.56 | 3.05 | (0.40) | **20.21** | **29.03** | 26.27 |
| Vehicles | 69.05 | 4.92 | 0.00 | **73.97** | 27.61 | 7.31 | 0.00 | **34.92** | **39.05** | 41.44 |
| Office Equipment | 12.32 | 2.61 | 0.80 | **14.13** | 4.51 | 3.49 | (0.48) | **7.52** | **6.61** | 7.81 |
| Others | | | | | | | | | | |
| Docks & Quays | 563.34 | 8.68 | 0.00 | **572.02** | 514.40 | 5.24 | 0.00 | **519.64** | **52.38** | 48.94 |
| Railway sidings | 2.21 | 0.00 | 0.00 | **2.21** | 2.10 | 0.00 | 0.00 | **2.10** | **0.11** | 0.11 |
| Electrical Installation | 163.39 | 0.28 | 0.00 | **163.67** | 72.93 | 4.90 | 0.00 | **77.83** | **85.84** | 90.46 |
| Drainage & water supply | 13.35 | 0.00 | 0.00 | **13.35** | 7.43 | 2.31 | 0.00 | **9.74** | **3.61** | 5.92 |
| Vessels | 15.88 | 0.00 | 0.00 | **15.88** | 10.99 | 1.00 | 0.00 | **11.99** | **3.89** | 4.89 |
| Books | 1.32 | 0.00 | 0.00 | **1.32** | 1.32 | 0.00 | 0.00 | **1.32** | **0.00** | 0.00 |
| | **3,592.89** | **148.26** | **3.02** | **3,738.13** | **1,689.32** | **196.47** | **(2.51)** | **1,883.28** | **1,854.85** | **1,903.57** |
| **ii. Intangible Assets** | | | | | | | | | | |
| Computer Software | 28.12 | 1.06 | 0.00 | **29.18** | 24.93 | 2.95 | 0.00 | **27.88** | **1.30** | 3.19 |
| | **28.12** | **1.06** | **0.00** | **29.18** | **24.93** | **2.95** | **0.00** | **27.88** | **1.30** | **3.19** |
| Total | **3,621.01** | **149.32** | **3.02** | **3,767.31** | **1,714.25** | **199.42** | **(2.51)** | **1,911.16** | **1,856.15** | **1,906.76** |
| Previous year | 3,496.85 | 146.61 | 22.45 | 3,621.01 | 1,599.35 | 131.65 | (16.73) | 1,714.26 | 1,906.75 | 1,897.50 |

**Annexure IV B**

**Note 10**

**Restated Statement of Fixed Assets**

**iii. Capital Work in Progress**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| | | | | | | |
| Plant and machinery, Buildings and Civil works | 253.30 | 222.27 | 94.51 | 47.42 | 1,356.47 | 496.14 |
| Construction materials | 16.53 | 12.15 | 32.29 | 27.77 | 0.84 | 0.42 |
| Capital goods in transit | 0.00 | 0.00 | 0.99 | 0.46 | 22.78 | 139.62 |
| | | | | | | |
| **Total** | **269.83** | **234.42** | **127.79** | **75.65** | **1,380.09** | **636.18** |

**Note 11**

**Restated Statement of Non-Current investments**

| | | | | | | ₹ *in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| UNQUOTED AT COST (NON TRADE) | | | | | | |
| Investment in | | | | | | |
| Cochin Shipyard Employees Consumer Co-operative Society Limited 2175 'B Class' shares of ₹ 100 each | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 | 0.22 |
| Kerala Enviro Infrastructure Limited 70000 equity shares of ₹ 10 each fully paid up | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 | 0.70 |
| Cochin Waste to Energy Private Limited -100000 equity shares of ₹ 10 each fully paid up | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Less Diminution in value of Investment | | | | | | |
| Cochin Waste to Energy Private Limited | 1.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **0.92** | **0.92** | **1.92** | **1.92** | **1.92** | **1.92** |

**Note 12**

**Restated Statement of Deferred Tax As At 30th Sep 2016**

| | | | |
|---|---|---|---|
| | | | ***₹ in millions*** |
| | **AS AT 31-03-16** | **CURRENT YEAR CHARGE/(CREDIT)** | |
| | | **2016-17** | **AS AT 30-09-16** |
| | | | |
| **DEFERRED TAX LIABILITY** | | | |
| | | | |
| DEPRECIATION | 420.33 | (5.44) | 414.89 |
| | | | |
| **DEFERRED TAX ASSETS** | | | |
| | | | |
| Unpaid Statutory Liabilities | 112.56 | 1.89 | 114.45 |
| Other Items | 623.43 | (15.79) | 607.64 |
| **TOTAL** | 735.99 | (13.90) | 722.09 |
| | | | |
| **DEFERRED TAX (ASSET)/LIABILITY (NET)** | (315.66) | 8.46 | (307.20) |
| | | | |

**RESTATED STATEMENT OF DEFERRED TAX AS AT 31st MAR 2016**

| | | | |
|---|---|---|---|
| | | | ***₹ in millions*** |
| | **AS AT 31-03-15** | **CURRENT YEAR CHARGE/(CREDIT)** | |
| | | **2015-16** | **AS AT 31-03-16** |
| | | | |
| **DEFERRED TAX LIABILITY** | | | |
| | | | |
| DEPRECIATION | 404.22 | 16.11 | 420.33 |
| | | | |
| **DEFERRED TAX ASSETS** | | | |
| | | | |
| Unpaid Statutory Liabilities | 112.55 | 0.01 | 112.56 |
| Other Items | 517.82 | 105.61 | 623.43 |
| **TOTAL** | 630.37 | 105.62 | 735.99 |
| | | | |
| **DEFERRED TAX (ASSET)/LIABILITY (NET)** | (226.15) | (89.52) | (315.66) |
| | | | |

**RESTATED STATEMENT OF DEFERRED TAX AS AT 31st MAR 2015**

| | | | *₹in millions* |
|---|---|---|---|
| | **AS AT 31-03-14** | **CURRENT YEAR CHARGE/(CREDIT)** | |
| | | **2014-15** | **AS AT 31-03-15** |
| **DEFERRED TAX LIABILITY** | | | |
| | | | |
| DEPRECIATION | 378.71 | 25.51 | 404.22 |
| | | | |
| **DEFERRED TAX ASSETS** | | | |
| | | | |
| Unpaid Statutory Liabilities | 112.10 | 0.45 | 112.55 |
| Other Items | 429.67 | 88.15 | 517.82 |
| | | | |
| **TOTAL** | 541.77 | 88.60 | 630.37 |
| **DEFERRED TAX (ASSET)/LIABILITY (NET)** | (163.06) | (63.09) | (226.15) |

**RESTATED STATEMENT OF DEFERRED TAX AS AT 31st MAR 2014**

| | | | *₹in millions* |
|---|---|---|---|
| | **AS AT 31-03-13** | **CURRENT YEAR CHARGE/(CREDIT)** | |
| | | **2013-14** | **AS AT 31-03-14** |
| **DEFERRED TAX LIABILITY** | | | |
| | | | |
| DEPRECIATION | 301.22 | 77.49 | 378.71 |
| | | | |
| **DEFERRED TAX ASSETS** | | | |
| | | | |
| Unpaid Statutory Liabilities | 111.93 | 0.17 | 112.10 |
| Other Items | 351.89 | 77.78 | 429.67 |
| **TOTAL** | 463.82 | 77.95 | 541.77 |
| | | | |
| **DEFERRED TAX (ASSET)/LIABILITY (NET)** | (162.60) | (0.46) | (163.06) |
| | | | |

**RESTATED STATEMENT OF DEFERRED TAX AS AT 31st MAR 2013**

| | | | |
|---|---|---|---|
| | | | ***₹ in millions*** |
| | **AS AT 31-03-12** | **CURRENT YEAR CHARGE/(CREDIT)** | |
| | | **2012-13** | **AS AT 31-03-13** |
| **DEFERRED TAX LIABILITY** | | | |
| | | | |
| DEPRECIATION | 218.85 | 82.37 | 301.22 |
| | | | |
| **DEFERRED TAX ASSETS** | | | |
| | | | |
| Unpaid Statutory Liabilities | 104.40 | 7.53 | 111.93 |
| Other Items | 321.79 | 30.10 | 351.89 |
| **TOTAL** | 426.19 | 37.63 | 463.82 |
| | | | |
| **DEFERRED TAX (ASSET)/LIABILITY (NET)** | (207.34) | 44.74 | (162.60) |
| | | | |

**RESTATED STATEMENT OF DEFERRED TAX AS AT 31st MAR 2012**

| | | | |
|---|---|---|---|
| | | | ***₹ in millions*** |
| | **AS AT 31-03-11** | **CURRENT YEAR CHARGE/(CREDIT)** | |
| | | **2011-12** | **AS AT 31-03-12** |
| **DEFERRED TAX LIABILITY** | | | |
| | | | |
| DEPRECIATION | 215.87 | 2.98 | 218.85 |
| | | | |
| **DEFERRED TAX ASSETS** | | | |
| | | | |
| Unpaid Statutory Liabilities | 98.94 | 5.46 | 104.40 |
| Other Items | 301.28 | 20.51 | 321.79 |
| **TOTAL** | 400.22 | 25.97 | 426.19 |
| | | | |
| **DEFERRED TAX (ASSET)/LIABILITY (NET)** | (184.35) | (22.99) | (207.34) |

**Note 13**

**Restated Statement of Long Term Loans & Advances**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **Unsecured, considered good** | | | | | | |
| Capital advances | 43.82 | 19.13 | 15.71 | 16.35 | 4.85 | 39.81 |
| Security deposit | 60.22 | 59.14 | 58.56 | 82.84 | 20.87 | 20.38 |
| Others | | | | | | |
| **(Secured, considered good *)** | | | | | | |
| Employee advances | | | | | | |
| Related Parties | 0.00 | 0.17 | 0.22 | 0.40 | 0.69 | 0.92 |
| Others | 0.00 | 9.89 | 8.99 | 13.63 | 16.89 | 20.65 |
| **(Unsecured, considered good)** | | | | | | |
| Employee advances | | | | | | |
| Related Parties | 0.45 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | 11.59 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Deposits with Customs department | 27.29 | 27.29 | 27.29 | 26.12 | 26.12 | 26.12 |
| Advance Income Tax (Net of provision) | 0.00 | 266.64 | 250.13 | 0.00 | 0.00 | 0.00 |
| | | | | | | |
| **Total** | **143.37** | **382.26** | **360.90** | **139.34** | **69.42** | **107.88** |

**Note 14**

**Restated Statement of Other Non Current Assets**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **Unsecured** | | | | | | |
| **Long term trade receivables** | | | | | | |
| Considered good | 390.83 | 290.05 | 312.94 | 448.38 | 364.08 | 306.92 |
| Considered doubtful | 512.21 | 511.08 | 435.07 | 421.53 | 245.64 | 277.16 |
| Less: Provision for doubtful debts | 512.21 | 511.08 | 435.07 | 421.53 | 245.64 | 277.16 |
| **Unsecured** | | | | | | |
| **Others** | | | | | | |
| Income tax refund due | 0.00 | 0.00 | 0.00 | 228.14 | 254.76 | 222.32 |
| **Bank deposits with more than 12 months maturity** | | | | | | |
| Considered good | 0.00 | 1,655.30 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **390.83** | **1,945.35** | **312.94** | **676.52** | **618.84** | **529.24** |

**Note 15**

**Restated Statement of Inventories (As taken, valued and certified by the Management)**

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | ***₹ in millions*** |
| | | | | | | |
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| **At lower of Weighted Average Cost or Net Realisable Value** | | | | | | |
| Raw Materials and components | 663.54 | 590.33 | 2,194.91 | 2,741.25 | 1,370.29 | 1,973.79 |
| Less : Provision for obsolescence, non-usability, deterioration and reduction in value of inventory | 45.88 | 46.33 | 40.33 | 42.93 | 44.00 | 25.35 |
| Goods-in transit | 7.20 | 110.98 | 31.80 | 256.76 | 634.39 | 953.59 |
| | **624.86** | **654.98** | **2,186.38** | **2,955.08** | **1,960.68** | **2,902.03** |
| Work-in-progress (Valued at cost) | 1,300.37 | 739.93 | 575.52 | 383.27 | 785.42 | 254.96 |
| Work-in-progress (Valued at realisable value) | 600.52 | 772.46 | 113.91 | 440.65 | 586.02 | 252.39 |
| | **1,900.89** | **1512.39** | **689.43** | **823.92** | **1,371.44** | **507.35** |
| | | | | | | |
| **At lower of Weighted Average Cost or Net Realisable Value** | | | | | | |
| Stores & Spares | 65.52 | 51.70 | 48.61 | 81.11 | 81.53 | 68.63 |
| Less : Provision for obsolescence, non-usability, deterioration and reduction in value of inventory | 1.86 | 1.86 | 1.86 | 4.66 | 4.60 | 4.60 |
| Goods-in transit | 2.68 | 6.43 | 0.02 | 7.01 | 5.41 | 17.57 |
| | **66.34** | **56.27** | **46.77** | **83.46** | **82.34** | **81.60** |
| | | | | | | |
| Loose Tools **(Valued at cost)** | 87.56 | 81.96 | 90.86 | 91.17 | 107.87 | 122.84 |
| Goods-in transit | 0.00 | 0.00 | 0.00 | 0.46 | 0.04 | 0.39 |
| Scrap **(Valued at Net Realisable Value)** | 29.83 | 10.76 | 20.40 | 5.10 | 30.23 | 6.45 |
| | | | | | | |
| **Total** | **2,709.48** | **2,316.36** | **3,033.84** | **3,959.19** | **3,552.60** | **3,620.66** |

**Note 16**

**Restated Statement of Trade Receivables**

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | ***₹ in millions*** |
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Unsecured, considered good | | | | | | |
| Outstanding for a period exceeding six months from the date they were due for payment | 200.09 | 202.56 | 348.01 | 302.34 | 97.32 | 28.85 |
| Outstanding for a period less than six months from the date they were due for payment | 5,903.10 | 4,435.10 | 5,549.62 | 11,769.10 | 6,760.73 | 7,804.52 |
| | | | | | | |
| **Total** | **6,103.19** | **4,637.66** | **5,897.63** | **12,071.44** | **6,858.05** | **7,833.37** |

**Note 17**

**Restated Statement of Cash and Bank Balances**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| Cash on hand | 0.19 | 0.12 | 0.18 | 0.18 | 0.12 | 0.14 |
| Stamps in hand | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 |
| Balance with Banks: | | | | | | |
| In current account | 4,962.03 | 4,179.59 | 4,268.29 | 80.31 | 2,454.53 | 4,086.56 |
| Demand deposits with banks with original maturity of less than three months | 0.00 | 935.00 | 297.50 | 50.00 | 655.00 | 370.00 |
| **Cash and Cash Equivalents** | **4,962.22** | **5,114.71** | **4,565.97** | **130.49** | **3,109.65** | **4,456.71** |
| Balance with Banks: | | | | | | |
| Deposits with banks with maturity upto 12 months | 12,228.70 | 13,089.42 | 9,628.50 | 5,433.82 | 3,930.00 | 4,632.26 |
| **Other Bank balances** | **12,228.70** | **13,089.42** | **9,628.50** | **5,433.82** | **3,930.00** | **4,632.26** |
| **Total** | **17,190.92** | **18,204.13** | **14,194.47** | **5,564.31** | **7,039.65** | **9,088.97** |
| Bank balance in current account includes advance from Indian Navy for IAC project and parked in Flexi Deposit A/c | **1,986.91** | **4,168.70** | **4,253.87** | **0.33** | **2,386.69** | **3,876.77** |

**Note 18**

**Restated Statement of Short-term Loans and Advances**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **As at 30th Sep 2016** | **As at 31st Mar 2016** | **As at 31st Mar 2015** | **As at 31st Mar 2014** | **As at 31st Mar 2013** | **As at 31st Mar 2012** |
| To Related parties | | | | | | |
| Secured Considered Good -Employee Advance | 0.00 | 0.09 | 0.09 | 0.13 | 0.26 | 0.26 |
| Unsecured Considered Good - Employee Advance | 0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other than to related parties | | | | | | |
| Secured, considered good Employee advance* | 0.00 | 3.94 | 4.26 | 0.00 | 0.00 | 0.00 |
| Unsecured, considered good | | | | | | |
| Employee Advance | 3.49 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Advance income tax | 2,772.85 | 1,482.62 | 1,190.74 | 0.00 | 0.00 | 0.00 |
| Others | 560.63 | 471.54 | 592.30 | 1,919.51 | 633.64 | 1,416.16 |
| Unsecured, considered doubtful Others | 47.87 | 47.87 | 47.87 | 0.01 | 0.01 | 0.01 |
| | **3,385.09** | **2,006.06** | **1,835.26** | **1,919.65** | **633.91** | **1,416.43** |
| Less: Provision for doubtful advances | 47.87 | 47.87 | 47.87 | 0.01 | 0.01 | 0.01 |
| **Total** | **3,337.22** | **1,958.19** | **1,787.39** | **1,919.64** | **633.90** | **1,416.42** |

**Note 19**

**Restated Statement of Other Current Assets**

*₹ in millions*

| Particulars | As at 30th Sep 2016 | As at 31st Mar 2016 | As at 31st Mar 2015 | As at 31st Mar 2014 | As at 31st Mar 2013 | As at 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Interest accrued on bank deposits/others | 690.13 | 390.44 | 315.51 | 304.07 | 149.01 | 56.81 |
| Interest accrued on employee advances | | | | | | |
| To Related Parties | 0.19 | 0.07 | 0.06 | 0.16 | 0.24 | 0.20 |
| Others | 4.20 | 4.55 | 4.79 | 2.95 | 3.54 | 4.21 |
| Others (Including claims receivable) | 98.39 | 122.70 | 200.85 | 269.33 | 252.73 | 14.83 |
| Advance income tax | 0.00 | 0.00 | 0.00 | 1,033.96 | 837.75 | 688.75 |
| Gratuity Trust advance/adjustment account | 0.00 | 0.00 | 0.00 | 0.00 | 41.40 | 25.64 |
| Balances with Customs, Port Trust and Excise | 12.96 | 11.49 | 13.37 | 8.19 | 16.13 | 5.74 |
| Forward contract | 6.87 | 7.42 | 3.99 | 22.90 | 1.39 | 0.00 |
| Fixed Deposit with HDFC Ltd | 1,989.90 | 789.90 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other deposits | 0.65 | 0.56 | 0.66 | 1.46 | 0.41 | 0.40 |
| **Total** | **2,803.29** | **1,327.13** | **539.23** | **1,643.02** | **1,302.60** | **796.58** |

**Note 20**

**Restated Statement of Revenue from operations**

*₹ in millions*

| Particulars | For Half year ended 30th Sep 2016 | For the Year Ended 31st Mar 2016 | For the Year Ended 31st Mar 2015 | For the Year Ended 31st Mar 2014 | For the Year Ended 31st Mar 2013 | For the Year Ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| **Sale of products** | | | | | | |
| Ship building: | | | | | | |
| Indigenous Aircraft Carrier (IAC) | 6,184.63 | 11,590.69 | 7,635.23 | 10,800.59 | 6,572.18 | 5,971.78 |
| Vessels other than IAC | 1,567.29 | 4,641.75 | 6,034.54 | 4,763.38 | 7,424.28 | 6,740.80 |
| | **7,751.92** | **16,232.44** | **13,669.77** | **15,563.97** | **13,996.46** | **12,712.58** |
| Less: Excise duty | **0.00** | **0.00** | **0.00** | **0.00** | **37.36** | **117.75** |
| | **7,751.92** | **16,232.44** | **13,669.77** | **15,563.97** | **13,959.10** | **12,594.83** |
| **Sale of services** | | | | | | |
| Ship repairs | 1,765.47 | 3,640.54 | 1,977.70 | 2,286.51 | 2,852.70 | 1,465.37 |
| | **1,765.47** | **3,640.54** | **1,977.70** | **2,286.51** | **2,852.70** | **1,465.37** |
| Other Operating Revenue | 19.73 | 48.46 | 205.71 | 152.11 | 3.55 | 4.34 |
| Engineering works | 0.00 | 3.06 | 8.39 | 0.23 | 0.03 | 0.08 |
| | | | | | | |
| **Total** | **9,537.12** | **19,924.50** | **15,861.57** | **18,002.82** | **16,815.38** | **14,064.62** |

**Note 21**

**Restated Statement of Other Income**

| | | | | | | *₹in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| Other Income as restated | **737.49** | **1,068.34** | **770.73** | **610.61** | **869.22** | **672.39** |
| Net Profit/(loss) before Tax, as restated | 2,840.15 | 4,428.37 | 1,119.21 | 4,345.09 | 3,981.63 | 2,306.03 |
| Other Income as a % of Profit Before Tax | **26%** | **24%** | **69%** | **14%** | **22%** | **29%** |
| **Source of Other income** | | | | | | |
| Training facilities | 11.87 | 34.09 | 42.43 | 40.81 | 37.50 | 36.66 |
| Income from sale of scrap and stores | 22.13 | 14.14 | 45.26 | 14.33 | 80.42 | 41.94 |
| Profit on sale of fixed assets | 0.00 | 0.17 | 0.00 | 0.02 | 0.00 | 0.00 |
| Income from laboratory services | 2.01 | 3.58 | 2.98 | 2.34 | 2.38 | 1.96 |
| Rent received | 6.96 | 12.86 | 34.26 | 6.37 | 7.70 | 10.05 |
| Hire charges received | 2.90 | 0.33 | 0.45 | 0.71 | 2.60 | 1.53 |
| Interest on bank deposits | 628.31 | 991.26 | 531.15 | 505.89 | 584.55 | 495.80 |
| Interest from others | 0.96 | 2.35 | 4.34 | 2.39 | 5.17 | 5.60 |
| Dividend income | 30.26 | 0.05 | 0.11 | 0.09 | 0.61 | 0.07 |
| Net gain /(loss) on foreign currency transactions | 25.29 | 2.28 | 73.44 | 6.87 | 73.12 | 32.02 |
| Miscellaneous income | 6.80 | 7.23 | 36.31 | 30.79 | 75.17 | 46.76 |
| **Total** | **737.49** | **1,068.34** | **770.73** | **610.61** | **869.22** | **672.39** |

**Note 22**

**Restated Statement of Cost of Materials Consumed**

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | ***₹ in millions*** |
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| **Raw Materials** | | | | | | |
| Steel | 103.85 | 819.68 | 178.30 | 641.68 | 634.22 | 681.61 |
| Pipe | 49.70 | 118.63 | 53.70 | 81.79 | 88.97 | 82.89 |
| Paint | 83.54 | 170.59 | 121.49 | 77.20 | 83.60 | 110.12 |
| Bought out components | 4,123.05 | 9,434.32 | 9,654.59 | 6,956.82 | 7,986.39 | 5,821.57 |
| | | | | | | |
| **Total** | **4,360.14** | **10,543.22** | **10,008.08** | **7,757.49** | **8,793.18** | **6,696.19** |

**Note 23**

**Restated Statement of Changes in Inventories of Work-in-Progress**
(Other than those which are recognised as income on percentage/proportionate completion method)

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | ***₹ in millions*** |
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| Work -in-Progress at cost: | | | | | | |
| At the beginning of the year | 739.93 | 575.52 | 383.27 | 785.42 | 254.96 | 424.96 |
| Less: at the end of the year | 1,300.37 | 739.93 | 575.52 | 383.27 | 785.42 | 254.96 |
| Decretion/(Accretion) to Work-in-Progress | **(560.44)** | **(164.41)** | **(192.25)** | **402.15** | **(530.46)** | **170.00** |

**Note 24**

**Restated Statement of Sub Contract and Other Direct Expenses**

*₹ in millions*

| Particulars | For Half year ended 30th Sep 2016 | For the Year Ended 31st Mar 2016 | For the Year Ended 31st Mar 2015 | For the Year Ended 31st Mar 2014 | For the Year Ended 31st Mar 2013 | For the Year Ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Sub contract and off loaded jobs | 676.27 | 1,383.72 | 991.80 | 1,137.85 | 1,359.64 | 1,340.66 |
| Hull insurance | 7.16 | 20.98 | 19.69 | 21.73 | 26.90 | 29.70 |
| Other direct expenses | 907.82 | 524.51 | 589.43 | 587.08 | 648.02 | 762.97 |
| **Total** | **1,591.25** | **1,929.21** | **1,600.92** | **1,746.66** | **2,034.56** | **2,133.33** |

**Note 25**

**Restated Statement of Employee Benefits Expense**

*₹ in millions*

| Particulars | For Half year ended 30th Sep 2016 | For the Year Ended 31st Mar 2016 | For the Year Ended 31st Mar 2015 | For the Year Ended 31st Mar 2014 | For the Year Ended 31st Mar 2013 | For the Year Ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Salaries, wages, bonus/exgratia and allowances | 897.96 | 1,839.67 | 1,884.78 | 1,841.02 | 1,622.65 | 1,531.09 |
| Contribution to Provident Fund and Family Pension Fund | 58.53 | 116.65 | 119.10 | 112.55 | 95.81 | 94.76 |
| Gratuity | 28.81 | 29.28 | 38.02 | 19.94 | 97.14 | 53.13 |
| Staff welfare expenses | 61.95 | 122.83 | 115.61 | 118.41 | 72.48 | 70.93 |
| **Total** | **1,047.25** | **2,108.43** | **2,157.51** | **2,091.92** | **1,888.08** | **1,749.91** |

**Note 26**

**Restated Statement of Finance Costs**

*₹ in millions*

| Particulars | For Half year ended 30th Sep 2016 | For the Year Ended 31st Mar 2016 | For the Year Ended 31st Mar 2015 | For the Year Ended 31st Mar 2014 | For the Year Ended 31st Mar 2013 | For the Year Ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Bank interest | 0.00 | 4.57 | 67.64 | 160.68 | 224.98 | 116.97 |
| Interest others | 0.00 | 0.00 | 0.00 | 0.62 | 0.62 | 0.70 |
| Interest under Income Tax Act | 0.00 | 9.70 | 10.42 | 3.06 | 0.77 | 6.62 |
| Interest on Tax Free Bonds | 52.72 | 105.13 | 105.16 | 28.20 | 0.00 | 0.00 |
| **Total** | **52.72** | **119.40** | **183.22** | **192.56** | **226.37** | **124.29** |

**Note 27**

**Restated Statement of Depreciation and Amortisation Expense**

| | | | | | | ***₹ in millions*** |
|---|---|---|---|---|---|---|
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| Depreciation on Tangible assets | 138.38 | 272.06 | 285.95 | 189.69 | 142.45 | 196.47 |
| Amortisation of Intangible asset | 38.03 | 72.92 | 61.01 | 26.05 | 0.90 | 2.95 |
| Total | **176.41** | **344.98** | **346.96** | **215.74** | **143.35** | **199.42** |
| Add : Loss on Revaluation of tools | 11.99 | 26.95 | 30.02 | 37.48 | 44.65 | 50.78 |
| Less : Adjusted against opening balance of surplus | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 25.90 |
| **Total** | **188.40** | **371.93** | **376.98** | **253.22** | **188.00** | **224.30** |

**Note 28**

**Restated Statement of Other Expenses**

*₹ in millions*

| Particulars | For Half year ended 30th Sep 2016 | For the Year Ended 31st Mar 2016 | For the Year Ended 31st Mar 2015 | For the Year Ended 31st Mar 2014 | For the Year Ended 31st Mar 2013 | For the Year Ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Consumption of stores | 87.65 | 195.43 | 118.56 | 116.54 | 112.53 | 93.86 |
| Consumption of spares | 6.69 | 18.61 | 21.10 | 27.03 | 9.73 | 21.06 |
| Rates and taxes | 0.91 | 4.77 | 1.48 | 9.89 | 5.83 | 13.50 |
| Power | 97.08 | 173.88 | 151.30 | 159.46 | 134.81 | 106.06 |
| Fuel | 42.94 | 78.54 | 75.75 | 80.89 | 77.09 | 62.20 |
| Water | 12.67 | 25.73 | 19.05 | 15.93 | 14.40 | 11.81 |
| Repairs and maintenance: | | | | | | |
| Building and roads | 42.27 | 49.70 | 53.39 | 54.46 | 48.80 | 27.93 |
| Plant and machinery | 4.95 | 35.22 | 27.84 | 37.39 | 27.53 | 41.68 |
| Others | 52.82 | 130.44 | 132.92 | 55.16 | 64.17 | 53.74 |
| Maintenance dredging | 65.41 | 85.58 | 50.90 | 115.22 | 60.74 | 104.30 |
| Transport and stores handling | 9.49 | 18.91 | 18.36 | 20.24 | 19.06 | 24.25 |
| Travelling and conveyance expenses | 22.44 | 51.42 | 41.01 | 41.51 | 35.89 | 26.44 |
| Printing and stationery | 2.64 | 7.55 | 5.75 | 6.87 | 5.65 | 5.34 |
| Postage, telephone and telex | 2.25 | 7.38 | 5.31 | 4.47 | 4.60 | 3.75 |
| Advertisement and publicity | 14.09 | 36.50 | 24.32 | 18.20 | 14.17 | 9.89 |
| Lease rent | 29.77 | 58.14 | 56.24 | 50.44 | 2.31 | 1.71 |
| Hire charges | 17.40 | 26.40 | 18.56 | 18.52 | 15.88 | 10.96 |
| Insurance | 16.88 | 32.35 | 24.31 | 23.65 | 17.79 | 15.26 |
| Security expenses | 75.26 | 106.79 | 78.95 | 80.31 | 52.76 | 44.52 |
| Auditors remuneration | 0.43 | 0.87 | 0.56 | 0.51 | 0.60 | 0.58 |
| Auditors remuneration for other services | 0.29 | 0.29 | 0.11 | 0.24 | 0.03 | 0.03 |
| Training | 20.78 | 57.20 | 29.51 | 18.87 | 18.36 | 17.80 |
| Legal expenses | 1.65 | 6.21 | 5.19 | 1.55 | 0.83 | 0.47 |
| Liquidated damages | 0.00 | 6.28 | 103.86 | 113.13 | 108.70 | 248.74 |
| Consultancy | 0.23 | 13.71 | 11.93 | 3.66 | 4.06 | 5.32 |
| Bank charges | 7.71 | 5.22 | 5.95 | 5.18 | 4.95 | 6.92 |
| Net loss /(gain) on derivative contracts | 0.00 | 7.10 | (56.78) | 278.97 | 91.12 | 214.60 |
| Loss on Foreign currency transactions | 1.91 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Corporate Social Responsibility (Refer Note no.36) | 36.40 | 62.72 | 53.23 | 36.00 | 30.00 | 35.00 |
| Write off of stores and spares | 0.00 | 0.00 | 11.39 | 2.88 | 0.00 | 0.00 |
| Loss on sale and write off of fixed assets | 0.00 | 0.63 | 0.77 | 0.66 | 2.44 | 0.49 |
| Diminution in value of Investment | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Miscellaneous expenses | 21.42 | 127.98 | 36.75 | 21.83 | 30.55 | 32.39 |
| **Total** | **694.43** | **1,432.55** | **1,127.57** | **1,419.66** | **1,015.38** | **1,240.60** |

**Note 29**

**Restated Statement of Provision for Anticipated Losses and Expenditure**

| | | | | | | *₹ in millions* |
|---|---|---|---|---|---|---|
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the Year Ended 31st Mar 2016** | **For the Year Ended 31st Mar 2015** | **For the Year Ended 31st Mar 2014** | **For the Year Ended 31st Mar 2013** | **For the Year Ended 31st Mar 2012** |
| Provision for: | | | | | | |
| Doubtful debts / advances | 1.12 | 82.21 | 61.41 | 182.51 | 0.61 | 38.13 |
| Non moving inventory | 3.00 | 6.00 | 2.30 | 10.16 | 7.49 | 2.59 |
| Liquidated damages | 0.00 | 0.00 | 10.31 | 103.12 | 19.00 | 0.00 |
| Expenses and contingencies | 26.19 | 54.93 | 177.04 | 108.89 | 60.76 | 51.64 |
| Provision for loss on Ship Building | 30.40 | 81.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **Total** | **60.71** | **224.14** | **251.06** | **404.68** | **87.86** | **92.36** |

## 30: RESTATED STATEMENT OF CONTINGENT LIABILITIES AND COMMITMENTS

*(₹ in millions)*

| | Particulars | As on 30th Sep 2016 | As on 31st March 2016 | As on 31st March 2015 | As on 31st March 2014 | As on 31st March 2013 | As on 31st March 2012 | Brief Description of the nature and obligation as on 30.09.2016 |
|---|---|---|---|---|---|---|---|---|
| **A** | CONTINGENT LIABILITY (To the extent not provided for) | | | | | | | |
| **a** | Guarantees | | | | | | | |
| **i** | Letters of Credit | 1,550.63 | 1,400.31 | 2,712.41 | 2,124.79 | 1,953.36 | 3,491.59 | Represents LC opened by the Company in various banks for procurement of materials/assets |
| **ii** | Corporate Performance Guarantee | 392.50 | 392.50 | 392.50 | 392.50 | 0.00 | 0.00 | Performance guarantee given by Company to CoPT for performance of obligations under the contract agreement entered with CoPT during the contract period. |
| **b** | Other money for which the company is contingently liable | | | | | | | |
| **i** | Greater Cochin Development Authority (GCDA) | 6.91 | 6.91 | 6.91 | 6.91 | 6.91 | 10.00 | Claim raised by GCDA for the land acquired for the Company is settled. However 8 land acquisition revision petition cases (Valued at ₹6.91 millions) filed by evictees is pending with the Hon'ble Supreme Court and High Court. |
| **ii** | Customs duties | 2,046.52 | 2,201.12 | 2,369.14 | 870.00 | 2,054.85 | 1,147.00 | Customs duty for materials under Bond and indigenous vessels delivered. Includes an amount of ₹6.98 millions, being Customs duty refund granted by CESTAT, Bangalore, against which an appeal is pending before the Hon'ble High Court of Kerala. |
| **iii** | Penalty levied by KVAT authorities on export of ships | 0.00 | 0.00 | 0.00 | 0.00 | 254.68 | 254.68 | Appeal filed by the Company before KVAT Appellate Tribunal against the order imposing |

| (₹ in millions) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Particulars** | **As on 30th Sep 2016** | **As on 31st March 2016** | **As on 31st March 2015** | **As on 31st March 2014** | **As on 31st March 2013** | **As on 31st March 2012** | **Brief Description of the nature and obligation as on 30.09.2016** |
| | | | | | | | | penalty levied by Dept. of Commercial Taxes towards purported non- payment for KVAT on export of ships during 2008-09 was decided by the Tribunal in favour of the Company and hence no demand exists. |
| **iv** | Demand for KGST/KVAT for the Asst Years 2001-02,2004-05, 2005-06 & 2007-08 mainly due to levy of KVAT on the export turnover of ships | 139.63 | 139.63 | 139.63 | 139.63 | 865.11 | 853.12 | 2000-01 - ₹11.19 millions 2001-02 - ₹7.34 millions 2004-05 - ₹20.22 millions 2005-06 - ₹.65.22 millions 2007-08 - ₹35.65 millions (Under appeal.)Stay of collection of tax obtained in all cases.Demand reduced due to appeal allowed by Deputy Commissioner (Appeals) |
| **v** | Income Tax | 154.05 | 154.05 | 131.92 | 77.30 | 42.26 | 11.86 | Demand relating to Assessment Years: AY 2000-01 - ₹6.33 millions AY 2002-03 - ₹. 0.83 millions AY 2003-04 - ₹0.03 millions AY 2010-11 - ₹28.86 millions AY 2011-12 - ₹41.26 millions AY 2012-13 - ₹ 54.61 millions AY 2013-14 - ₹22.14 millions |
| **vi** | Service Tax | 164.75 | 164.75 | 164.75 | 164.75 | 164.75 | 164.75 | Demand of Service Tax on Indigenous Aircraft Carrier (Design Consultancy) as per Show Cause Notice issued. Reply to Show Cause Notice filed. No further action from Department side. |
| | | 37.67 | 37.67 | 37.67 | 0.00 | 0.00 | 0.00 | Refund claim on the service Tax on |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | ***(₹ in millions)*** |
| | **Particulars** | **As on 30th Sep 2016** | **As on 31st March 2016** | **As on 31st March 2015** | **As on 31st March 2014** | **As on 31st March 2013** | **As on 31st March 2012** | **Brief Description of the nature and obligation as on 30.09.2016** |
| | | | | | | | | Indigenous Aircraft Carrier pending before Commissioner (Appeals).Hearing completed and reserved for orders. |
| | | 233.96 | 233.96 | 0.00 | 0.00 | 0.00 | 0.00 | Show cause notice issued for levy of Service Tax on Ship Repair without allowing deduction of materials and disallowance of Cenvat credit. Reply to Show Cause Notice filed. Case is not posted for personal hearing. |
| | | 188.56 | 188.56 | 0.00 | 0.00 | 0.00 | 0.00 | Levy of Service Tax on LDCL Vessels due to disallowance of the benefit of Notification No.25/2012-ST w.e.f 20.06.12 for the repair of LDCL vessel. Reply to Show Cause Notice filed. Case is not posted for personal hearing. |
| | | 0.00 | 0.00 | 0.00 | 0.00 | 32.29 | 32.29 | Service Tax on the amount paid towards Brokerage and commission. |
| | | 0.00 | 0.00 | 0.00 | 0.00 | 24.24 | 0.00 | Demand of Service Tax on the TDS amount on the foreign remittances made on which Service Tax has been paid. |
| **B** | COMMITMENTS (To the extent not provided for) | | | | | | | |
| **a** | Estimated amount of contracts remaining to be executed on capital account and not provided for: | 331.07 | 68.15 | 43.59 | 36.89 | 33.47 | 233.51 | |

### 30.1. CONTINGENCIES AND COMMITMENTS

**I. Income Tax Assessments**

The Income Tax Assessment of the company have been completed up to AY 2013-14 Demands raised as per the assessment orders totalling to ₹154.05 million for the Assessment Years 2000-01, 2002-03, 2003-04, 2010-11, 2011-12, 2012-13 and 2013-14 are shown under Contingent Liability pending disposal of the appeals filed before the Commissioner of Income Tax (Appeals). The demands are mainly due to disallowance of certain genuine claims.

**II. Sales Tax Assessment under KGST Act**

The Sales Tax assessments under Kerala General Sales Tax Act up to the Assessment Year 2004-05 have been completed and orders were issued for all the years except for the year 2002-03 & 2003-04. Due to apparent mistake in the orders issued for the year 2000-01 and 2001-02, applications have been filed for rectification of the orders. Pending rectification to the assessment orders the demands thereto have been shown under Contingent Liabilities. For the Assessment year 2004-05, against the demand for ₹20.22 millions, Company has filed appeal before the Deputy Commissioner (Appeals). Pending disposal of the appeal, the tax due as per assessment order has been shown under Contingent Liabilities. However probable demand on fresh assessment has been shown under Contingent Liabilities.

**III. Sales Tax Assessments under KVAT Act**

The KVAT assessments from Assessment Year 2005-06 to Assessment Year 2007-08 have been completed and assessment orders were issued for Assessment Year 2005-06 and Assessment Year 2007-08 with a demand of ₹ 283.66 millions and ₹ 547.47 millions respectively. Assessment order for the year 2006-07 is pending. The appeals filed by the Company against the above order, before the Deputy Commissioner (Appeals) have been decided in favour of the Company and remanded for fresh assessments. Accordingly the demands as per the original assessment orders have become null. As such no demand exists as on reporting date. Fresh assessment for the above years is pending.

31. The dispute between M/s Apeejay Shipping Ltd (formerly Surendra Overseas Ltd) and the Company, in the matter of ship 005 was referred for arbitration by the Hon'ble Supreme Court of India. The arbitration award (July 2009) was in favour of the Company under which the Company is to receive ₹280.36 millions from M/s Apeejay Shipping Ltd. The company has filed a petition before Sub Court, Ernakulam for passing a decree. M/s Apeejay Shipping has moved the Sub Court to quash the Award of the Umpire and the Company has filed Counter Affidavit against this move. The matter is pending before the court. No credit has been taken in the books of account, pending final decree of the Court.

32. Permanent Machinery for Arbitration, Department of Public Enterprises, Govt. of India, has notified award in favour of the Company in the dispute between the Company and M/s Oil and Natural Gas Corporation Ltd on the Works Contract Tax issue and ONGC has paid to the Company the disputed sum along with interest amounting to ₹264.22 millions as per the award. ONGC has gone on appeal before the Law Secretary, Ministry of Law & Justice against the award. Pending disposal of ONGC appeal, no adjustment has been made in the accounts.

33. In the case of contracts/ sub-contracts, wherever final bills are not submitted by the contractors for the work done as at the close of the year, liability is estimated and provided for based on the work done.

34. Balances of sundry debtors, loans and advances, deposits, claims and sundry creditors are subject to confirmation and consequent reconciliation, if any.

35. Corporate Social Responsibility (CSR): As per section 135 of the Companies Act 2013, CSR committee has been formed by the Company. The areas of CSR activity includes Health Care, Education, Social Empowerment, etc., and those specified in Schedule VII of the Companies Act 2013. The utilisation of CSR funds are done through direct spending as per the recommendations of CSR committee. Details of amount required to be spend and the amount utilised are given below:

(a) Gross amount required to be spent by the company during the period ended 30$^{th}$ Sep 2016. ₹72.20 millions

(b) Amount spent during the period ended 30th Sep 2016

| (₹ in millions) | | | |
|---|---|---|---|
| **Particulars** | **In cash** | **Yet to be paid in cash** | **Total** |
| (i) Construction/acquisition of any asset | 6.94 | 26.06 | 33.00 |
| (ii) On purposes other than (i) above | 3.40 | - | 3.40 |

36. Litigation: The Company is subject to legal proceeding and claims, in the ordinary course of business. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's results of operation.

37. The Company has made adequate provision towards material foreseeable losses wherever required, in respect of long term contracts. The Company do not have any long term derivative contracts for which there were any material foreseeable losses.

38. **Segment Reporting:** The Company is engaged in two major activities, viz, Shipbuilding and Repair of ships/ offshore structures. Segment wise analysis has been made on the above basis and amounts allocated on a reasonable basis.

| (₹ in millions) | | | | | | |
|---|---|---|---|---|---|---|
| **TOTAL REVENUE** | **For Half year ended 30th Sep 2016** | **For the year ended 31st Mar 2016** | **For the year ended 31st Mar 2015** | **For the year ended 31st Mar 2014** | **For the year ended 31st Mar 2013** | **For the year ended 31st Mar 2012** |
| Ship Building | 7,751.92 | 16,232.44 | 13,669.77 | 15,563.97 | 13,959.10 | 12,594.83 |
| Ship Repair | 1,765.47 | 3,640.54 | 1,977.70 | 2,286.51 | 2,852.70 | 1,465.37 |
| Others | 757.22 | 1,119.86 | 984.83 | 762.95 | 872.80 | 676.81 |
| TOTAL | 10,274.61 | 20,992.84 | 16,632.30 | 18,613.43 | 17,684.60 | 14,737.01 |

39. **Value of Imports on CIF basis**

| (₹ in millions) | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the year ended 31st Mar 2016** | **For the year ended 31st Mar 2015** | **For the year ended 31st Mar 2014** | **For the year ended 31st Mar 2013** | **For the year ended 31st Mar 2012** |
| Raw materials | 315.72 | 955.59 | 2,058.47 | 2,544.29 | 3,726.15 | 3,894.28 |
| Components & Spares | 581.86 | 3,518.26 | 1,507.66 | 1,160.03 | 1,706.87 | 655.29 |
| Capital goods | 4.79 | 56.95 | 25.29 | 63.57 | 4.39 | 260.31 |
| | **902.37** | **4,530.80** | **3,591.42** | **3,767.89** | **5,437.41** | **4,809.88** |

**40. Value of imported/ indigenous raw materials, spares and bought out components consumed and percentage thereof:**

*Value (₹in millions)*

| Particulars | For Half year ended 30th Sep 2016 | | For the year ended 31st Mar 2016 | | For the year ended 31st Mar 2015 | | For the year ended 31st Mar 2014 | | For the year ended 31st Mar 2013 | | For the year ended 31st Mar 2012 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Raw Materials | | | | | | | | | | | | |
| Imported | 127.19 | 53.64 | 746.35 | 67.31 | 119.08 | 33.69 | 287.72 | 35.93 | 253.34 | 31.6 | 417.54 | 47.74 |
| Indigenous | 109.91 | 46.36 | 362.55 | 32.69 | 234.40 | 66.31 | 512.96 | 64.07 | 548.29 | 68.4 | 457.08 | 52.26 |
| | **237.10** | 100 | **1,108.90** | **100** | **353.48** | **100** | **800.68** | **100** | **801.63** | **100** | **874.62** | **100** |
| Bought out components | | | | | | | | | | | | |
| Imported | 2,972.28 | 72.09 | 6,929.49 | 73.45 | 5,963.07 | 61.76 | 3,736.14 | 53.70 | 5,175.20 | 64.76 | 2,461.37 | 42.28 |
| Indigenous | 1,150.76 | 27.91 | 2,504.83 | 26.55 | 3,691.53 | 38.24 | 3,220.67 | 46.30 | 2,816.35 | 35.24 | 3,360.20 | 57.72 |
| | **4,123.04** | 100 | **9,434.32** | **100** | **9,654.60** | **100** | **6,956.81** | **100** | **7,991.55** | **100** | **5,821.57** | **100** |
| Spares | | | | | | | | | | | | |
| Imported | 1.17 | 17.55 | 4.38 | 23.55 | 1.98 | 9.37 | 3.89 | 14.40 | 4.82 | 22.99 | 3.59 | 17.09 |
| Indigenous | 5.52 | 82.45 | 14.22 | 76.45 | 19.13 | 90.63 | 23.14 | 85.60 | 16.13 | 77.01 | 17.46 | 82.91 |
| | **6.69** | 100 | **18.60** | **100** | **21.11** | **100** | **27.03** | **100** | **20.95** | **100** | **21.05** | **100** |

**41. Expenditure in Foreign Currency (on Payment basis) other than those in item 40 above**

*(₹ in millions)*

| Particulars | For Half year ended 30th Sep 2016 | For the year ended 31st Mar 2016 | For the year ended 31st Mar 2015 | For the year ended 31st Mar 2014 | For the year ended 31st Mar 2013 | For the year ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Payments to foreign consultants | 2.43 | 57.34 | 34.91 | 70.06 | 75.21 | 57.21 |
| Commissioning and installation charges | 44.90 | 20.87 | 121.91 | 35.16 | 74.26 | 233.23 |
| Brokerage and commission | 0.00 | 0.00 | 103.26 | 0.00 | 66.39 | 68.25 |
| Advance payments to suppliers | 0.68 | 217.46 | 13.43 | 130.40 | 222.99 | 130.23 |
| Design and documentation charges | 1,364.65 | 948.99 | 320.16 | 1,715.26 | 131.16 | 101.83 |
| Others | 109.96 | 2.82 | 32.49 | 136.51 | 95.23 | 1.68 |

**42. Earnings in foreign exchange (on due basis)**

*(₹ in millions)*

| Particulars | For Half year ended 30th Sep 2016 | For the year ended 31st Mar 2016 | For the year ended 31st Mar 2015 | For the year ended 31st Mar 2014 | For the year ended 31st Mar 2013 | For the year ended 31st Mar 2012 |
|---|---|---|---|---|---|---|
| Income from shipbuilding | 1,041.86 | 1,138.68 | 7.29 | 736.49 | 6,125.16 | 6,771.99 |
| Income from ship repair | 0.00 | 8.54 | 4.86 | 1.53 | 0.00 | 0.00 |

## 43. Related party disclosure as per AS 18

| Sl No | Related Party | Nature of Relationship | | | | | |
|---|---|---|---|---|---|---|---|
| | | For Half year ended 30th Sep 2016 | For the year ended 31st Mar 2016 | For the year ended 31st Mar 2015 | For the year ended 31st Mar 2014 | For the year ended 31st Mar 2013 | For the year ended 31st Mar 2012 |
| 1 | Shri. Madhu S Nair Chairman & Managing Director ( w.e.f 01 Jan 2016) | Key Management Personnel | Key Management Personnel | - | - | - | - |
| 2 | Shri. Paul Ranjan D Director (Finance)&Chief Financial Officer( w.e.f 01 May 2014) | Key Management Personnel | Key Management Personnel | Key Management Personnel | - | - | - |
| 3 | Shri. Sunny Thomas Director (Technical) ( w.e.f 01 Jun 2014) | Key Management Personnel | Key Management Personnel | Key Management Personnel | - | - | - |
| 4 | Shri. Suresh Babu N V Director (Operations) w.e.f. 26 Apr 2016 | Key Management Personnel | - | - | - | - | - |
| 5 | CMDE. Subramaniam K Chairman & Managing Director ( Upto 31 Dec 2015) | - | Key Management Personnel | Key Management Personnel | Key Management Personnel | Key Management Personnel | Key Management Personnel |
| 6 | Capt Sundar R S Director (Operations) (21 Nov 2011 to 31 Aug 2015) | - | Key Management Personnel | Key Management Personnel | Key Management Personnel | Key Management Personnel | Key Management Personnel |
| 7 | Smt V Kala Company Secretary | Key Management Personnel | Key Management Personnel | Key Management Personnel | | - | - |
| 8 | Shri. Ravikumar Roddam Director (Finance) (Upto 30 April 2014) | - | - | Key Management Personnel | Key Management Personnel | Key Management Personnel | Key Management Personnel |
| 9 | Shri. Vinaya Kumar P Director (Technical) (01 Sep 2011 to 31 May 2014) | - | - | Key Management Personnel | Key Management Personnel | Key Management Personnel | Key Management Personnel |
| 10 | Shri V Radhakrishnan Director (Technical) (Upto 31 Aug 2011) | - | - | - | - | - | Key Management Personnel |

| (₹ in millions) | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Name of the transacting related party** | **Name of transaction** | **2016-17** | **2015-16** | **2014-15** | **2013-14** | **2012-13** | **2011-12** |
| Shri. Madhu S Nair | Remuneration | 2.42 | 0.71 | - | - | - | - |
| Shri. Paul Ranjan D | Remuneration | 2.05 | 2.95 | 2.61 | - | - | - |
| Shri. Sunny Thomas | Remuneration | 2.01 | 2.96 | 2.63 | - | - | - |
| Shri. Suresh Babu N V | Remuneration | 2.40 | - | - | - | - | - |
| CMDE. Subramaniam K | Remuneration | - | 4.35 | 4.57 | 3.50 | 3.62 | 2.15 |
| Capt Sundar R S | Remuneration | - | 2.46 | 3.82 | 2.73 | 2.29 | 0.69 |
| Smt V Kala | Remuneration | 1.46 | 2.25 | 2.03 | | - | - |
| Shri. Ravikumar Roddam | Remuneration | - | - | 1.24 | 2.92 | 3.07 | 1.97 |
| Shri. Vinaya Kumar P | Remuneration | - | - | 1.39 | 2.67 | 2.39 | 1.13 |
| Shri V Radhakrishnan | Remuneration | - | - | - | - | - | 0.72 |

Loans & Advances to Key Management Personnel*

| (₹ in millions) | | | | | |
|---|---|---|---|---|---|
| **2011-12** | **Opening Balance as on 1/4/2011** | **Loans Taken during 2011-12** | **Repayments** | **Balance as on 31/03/12** | **Interest accrued as on 31/03/12** |
| SUBRAMANIAM K | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SUNDAR R S | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| RAVI KUMAR RODDAM | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VINAYA KUMAR P | 0.27 | 0.00 | 0.10 | 0.17 | 0.05 |
| | | | | | |
| **2012-13** | **Opening Balance as on 1/4/2012** | **Loans Taken during 2012-13** | **Repayments** | **Balance as on 31/03/13** | **Interest accrued as on 31/03/13** |
| SUBRAMANIAM K | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SUNDAR R S | 0.00 | 0.00 | 0.00 | 0.00 | 0.07 |
| RAVI KUMAR RODDAM | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VINAYA KUMAR P | 0.17 | 0.00 | 0.09 | 0.08 | 0.05 |
| | | | | | |
| **2013-14** | **Opening Balance as on 1/4/2013** | **Loans Taken during 2013-14** | **Repayments** | **Balance as on 31/03/14** | **Interest accrued as on 31/03/14** |
| SUBRAMANIAM K | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SUNDAR R S | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| RAVI KUMAR RODDAM | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| VINAYA KUMAR P | 0.08 | 0.00 | 0.08 | 0.00 | 0.02 |
| | | | | | |

| 2014-15 | Opening Balance as on 1/4/2014 | Loans Taken during 2014-15 | Repayments | Balance as on 31/03/15 | Interest accrued as on 31/03/15 |
|---|---|---|---|---|---|
| PAUL RANJAN D | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |
| SUNNY THOMAS | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |
| SUNDAR R S | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| KALA V | 0.19 | 0.01 | 0.19 | 0.01 | 0.00 |
| | | | | | |
| **2015-16** | **Opening Balance as on 1/4/2015** | **Loans Taken during 2015-16** | **Repayments** | **Balance as on 31/03/16** | **Interest accrued as on 31/03/16** |
| MADHU S NAIR | 0.28 | 0.01 | 0.06 | 0.23 | 0.07 |
| PAUL RANJAN D | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |
| SUNNY THOMAS | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |
| SUBRAMANIAM K | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| SUNDAR R S | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| KALA V | 0.01 | 0.01 | 0.01 | 0.01 | 0.00 |

| as on 30.09.2016 | Opening Balance as on 1/4/2016 | Loans Taken during 2016-17 | Repayments | Balance as on 30/09/16 | Interest accrued as on 30/09/16 |
|---|---|---|---|---|---|
| MADHU S NAIR | 0.23 | 0.04 | 0.03 | 0.24 | 0.10 |
| PAUL RANJAN D | 0.01 | 0.04 | 0.01 | 0.04 | 0.00 |
| SUNNY THOMAS | 0.01 | 0.04 | 0.01 | 0.04 | 0.00 |
| SUBRAMANIAM K | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| KALA V | 0.01 | 0.04 | 0.01 | 0.04 | 0.00 |
| SURESH BABU N V | 0.33 | 0.04 | 0.02 | 0.35 | 0.09 |

**Loan balances have been considered from the year of attaining Key Management Personnel status.*

**44. Previous year figures have been regrouped and classified wherever necessary to conform to the current year presentation.**

**Annexure V**

**Statement of Capitalisation**

| | | |
|---|---|---|
| | | ***(₹in millions)*** |
| **Particulars** | **Pre-Issue as at 30-Sep-16** | **Post-Issue*** |
| **Debts** | | |
| Short Term Debts | 0.00 | |
| Long term debts | 1,230.00 | |
| **Total Debts** | **1,230.00** | |
| **Share Holders 'Funds** | | |
| Share Capital | 1,132.80 | |
| Reserves as restated | 17,913.99 | |
| **Total Share Holders 'Funds** | **19,046.79** | |
| Total debts / Total Shareholders' funds | 6.46% | |
| Long term debts / Total Shareholders' funds | 6.46% | |

** Shareholders fund post issue can be calculated only on the conclusion of the book building process.*

**Annexure VI**

**Statement of Dividend**

| | | | | | |
|---|---|---|---|---|---|
| | | | | | ***(₹in millions)*** |
| **Particulars** | **Year Ended 31 March 2016** | **Year Ended 31 March 2015** | **Year Ended 31 March 2014** | **Year Ended 31 March 2013** | **Year Ended 31 March 2012** |
| Paid-up equity share capital | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 | 1,132.80 |
| Preference share capital (7% Non-Cumulative) | 0.00 | 0.00 | 0.00 | 0.00 | 391.42 |
| Amount of dividend on equity shares | 866.59 | 169.92 | 169.92 | 169.92 | 169.92 |
| Amount of dividend on Preference shares | 0.00 | 0.00 | 0.00 | 0.00 | 27.40 |
| Rate (%) of dividend (equity) | 76.50% | 15.00% | 15.00% | 15.00% | 15.00% |
| Corporate Dividend Tax | 176.42 | 34.59 | 28.88 | 28.88 | 32.01 |

The dividend disclosed is excluding tax payable on such dividend.

**Annexure VII**

**Restated Statement of Accounting Ratios**

| *(Number / Amount ₹ in millions, Except Per Share Data)* | | | | | | |
|---|---|---|---|---|---|---|
| **Particulars** | **For Half year ended 30th Sep 2016** | **For the year ended 31st Mar 2016** | **For the year ended 31st Mar 2015** | **For the year ended 31st Mar 2014** | **For the year ended 31st Mar 2013** | **For the year ended 31st Mar 2012** |
| **Basic Earnings Per Share (Basic EPS)** | | | | | | |
| Profit for the year | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,553.28 |
| Less: Preference dividend and tax thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 31.85 |
| Profit for the year attributable to the equity shareholders | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,521.43 |
| Number of Weighted average equity shares | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 |
| Par value per share | 10 | 10 | 10 | 10 | 10 | 10 |
| **Earnings Per Share-Basic** | 16.29 | 25.23 | 6.29 | 25.03 | 23.56 | 13.43 |
| **Diluted Earnings Per Share (Diluted EPS)** | | | | | | |
| Profit for the year | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,553.28 |
| Less: Preference dividend and tax thereon | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 31.85 |
| Profit for the year attributable to the equity shareholders | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,521.43 |
| Number of Weighted average equity shares | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 |
| Par value per share | 10 | 10 | 10 | 10 | 10 | 10 |
| **Earnings Per Share-Diluted** | 16.29 | 25.23 | 6.29 | 25.03 | 23.56 | 13.43 |
| **Net Asset Value Per Equity Share (₹)** | | | | | | |
| Net worth, as restated | 19,046.79 | 17,205.10 | 15,386.30 | 14,900.81 | 12,239.26 | 9,782.78 |
| Number of equity shares outstanding | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 | 113.28 |
| **Net Asset Value (NAV) per Equity Share (₹)** | 168.14 | 151.88 | 135.83 | 131.54 | 108.04 | 86.36 |
| | | | | | | |
| Net Profit after tax, as restated | 1,845.24 | 2,858.29 | 712.29 | 2,835.69 | 2,669.04 | 1,521.43 |
| Net worth, as restated | 19,046.79 | 17,205.10 | 15,386.30 | 14,900.81 | 12,239.26 | 9,782.78 |
| **Return on Net worth (%) for equity shareholders** | 9.69% | 16.61% | 4.63% | 19.03% | 21.81% | 15.55% |

Note: The ratios have been computed as per the following formulae:

| | |
|---|---|
| (i) Basic and Diluted Earnings per Share | Net Profit after tax, as restated for the year / period, attributable to equity shareholders<br>―――――――――――<br>Weighted average number of equity shares outstanding during the year / period |
| (ii) Net Assets Value (NAV) | Net worth, as restated, at the end of the year / period<br>―――――――――――<br>Number of equity shares outstanding at the end of the year / period |
| (iii) Return on Net worth (%) | Net Profit after tax, as restated for the year / period, attributable to equity share holders<br>―――――――――――<br>Net worth as restated, at the end of the year / period |
| Net worth for ratios mentioned above is as arrived as mentioned below: | Net worth, as restated = Equity share capital + Reserves and surplus<br>(Includes Securities Premium and Surplus / (Deficit) in Standalone Statement of Profit and Loss). |

## Annexure VIII

**Restated Statement of Tax Shelters, as restated**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | **(₹ in millions)** |
| **Particulars** | | **As at** | | | | | |
| | | **30th Sep 2016** | **31st Mar 2016** | **31st Mar 2015** | **31st Mar 2014** | **31st Mar 2013** | **31st Mar 2012** |
| Profit before exceptional item current and deferred taxes restated | | 2,840.15 | 4,428.37 | 1,119.21 | 4,345.09 | 3,981.63 | 2,306.03 |
| Less: Exceptional Item | | | | | | | |
| Profit before exceptional item current and deferred taxes as restated | (A) | 2,840.15 | 4,428.37 | 1,119.21 | 4,345.09 | 3,981.63 | 2,306.03 |
| Weighted average tax rate (%) | (B) | 34.61% | 34.61% | 33.99% | 33.99% | 32.45% | 32.45% |
| Tax Expense at weighted average rate | (C) | 982.92 | 1,532.57 | 380.42 | 1,476.90 | 1,291.84 | 748.19 |
| **Adjustments** | | | | | | | |
| **Permanent Differences** | | | | | | | |
| Expenses disallowed/Income allowed | | 36.40 | 77.33 | 89.89 | 95.45 | 19.17 | 14.05 |
| Dividend/income exempt under the Income Tax Act | | (2.19) | (0.05) | (0.11) | (0.08) | (0.60) | (0.07) |
| Others | | 0.42 | 31.13 | 0.05 | 0.22 | 68.17 | 0.06 |
| **Total** | (D) | 34.63 | 108.41 | 89.83 | 95.59 | 86.74 | 14.04 |
| **Temporary Differences** | | | | | | | |
| Difference between book depreciation and tax depreciation | | 15.74 | (46.54) | (53.81) | (227.97) | (211.68) | (9.20) |
| Provision for anticipated losses and gains | | (45.63) | 455.93 | 565.97 | 224.83 | (140.25) | (135.85) |
| Disallowance under Sec 43B | | 5.47 | 0.02 | (4.59) | 0.51 | 7.53 | 16.86 |
| Adjustments due to reinstatement | | 0.00 | (150.77) | (333.83) | 4.01 | 183.72 | 199.06 |
| **Total** | (E) | (24.42) | 258.64 | 173.74 | 1.38 | (160.68) | 70.87 |
| **Net Adjustments (D+E)** | (F) | 10.21 | 367.05 | 263.57 | 96.97 | (73.94) | 84.91 |
| Tax Saving thereon | (G) | 3.53 | 127.03 | 89.59 | 32.96 | (23.99) | 27.55 |
| Total tax saving (C+G) | (H) | 986.45 | 1,659.60 | 470.01 | 1,509.86 | 1,267.85 | 775.74 |
| Tax as per [provisions of MAT (including Surcharge, Education Cess & Secondary & Higher Education Cess) | (I) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Current Tax provision for the year as per restated accounts - Amount higher of (H) or (I) | (J) | 986.45 | 1,659.60 | 470.01 | 1,509.86 | 1,267.85 | 775.74 |

For and on behalf of Board of Directors

| | | | |
|---|---|---|---|
| **V KALA** | **SUNNY THOMAS** | **D PAUL RANJAN** | **MADHU S NAIR** |
| Company Secretary | Director (Technical) | Director (Finance) & Chief Financial Officer | Chairman and Managing Director |
| | **DIN - 06882228** | **DIN - 06869452** | **DIN - 07376798** |

Kochi, dated 24th Jan 2017

As Per our report attached
For **M/s Krishnamoorthy & Krishnamoorthy,**
Chartered Accountants
(Firm Registration No.001488S)

**C KRISHNAMOORTHY**
Partner
(Membership Number 05957)
Kochi, dated 24th Jan 2017

## SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS

*The financial statements have been prepared in accordance with Indian GAAP, which differs in certain material respects from IND AS.*

*The following table summarizes certain of the areas in which differences between Indian GAAP and IND AS could be significant to our financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and IND AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in our financial statements (or notes thereto). Certain principal differences between Indian GAAP and IND AS that may have a material effect on our financial statements are summarized below. Accordingly, no assurance can be provided to investors that our financial statements would not be materially different if prepared in accordance with IND AS.*

*Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and IND AS and how those differences might affect the financial information disclosed in this Draft Red Herring Prospectus.*

| Sr. No. | Ind AS No | Particulars | Treatment as per Ind AS | Treatment as per Indian GAAP |
|---|---|---|---|---|
| 1 | Ind AS 1 | Presentation of Statements | **Other Comprehensive Income (OCI)**: Ind AS-1 requires the presentation of a statement of Other Comprehensive Income (OCI) as part of the financial statements. This statement presents all the items of income and expense (including reclassification adjustments) that are not recognized in the Statement of Profit and Loss as required or permitted by other Ind ASs. | **Other Comprehensive Income (OCI)**: There is no concept of inclusion of statement of Other Comprehensive Income (OCI) under Indian GAAP. Hence all the items of incomes and expenses are recognized in the Statement of Profit and Loss. |
| | | | **Statement of Changes in Equity (SOCIE):** Ind AS-1 requires the presentation of all transactions with equity holders in their capacity as equity holders to be presented in the statement of changes in equity (the "SOCIE"). The SOCIE is considered to be an integral part of financial statements. | **Statement of Changes in Equity (SOCIE):** Indian GAAP does not require a Statement Of Change In Equity. However, information relating to the appropriation of profits and movement in capital and reserves is presented in the line items 'Share Capital' and 'Reserves and Surplus' in the Balance Sheet. |
| | | | **Extraordinary Items:** Under Ind AS 1 presentation of items of income and expenditure as extraordinary is prohibited. | **Extraordinary Items:** Extraordinary items are disclosed separately in Indian GAAP to determine the net profit after tax. |
| | | | **Other Disclosures:** Ind AS-1 requires disclosure of:<br>(a) Critical judgments made by the management in applying accounting policies;<br>(b) Key sources of estimation uncertainty | **Other Disclosures:** There are no specific disclosure requirements under Indian GAAP for:<br>a) Critical judgments made by the management in applying accounting policies; |

| Sr. No. | Ind AS No | Particulars | Treatment as per Ind AS | Treatment as per Indian GAAP |
|---|---|---|---|---|
| | | | that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and<br><br>(c) Information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.<br><br>Further domicile and legal form of the entity, its country of incorporation and the address of its registered office/ principal place of business to be disclosed in the notes. | b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and<br><br>c) Information that enables users of financial statements to evaluate the entity's objectives, policies and processes for managing capital. |
| 2 | Ind AS 2 | Inventories | Amount paid for deferred settlement terms in procurement of inventories is to be recognized as an interest expense.<br><br>Consistent cost formula needs to be applied for inventories of similar nature and use to the entity. | There are no specific provisions relating to the recognition of interest expense relating to inventory procured on deferred settlement terms.<br><br>Cost formula could be applied differently for each of the inventory items. |
| 3 | Ind AS 8 | Accounting Policies and Changes in Accounting Estimates | **Restatement and Reclassification of Items:** The restatement/ reclassification of items, and retrospective application of accounting policy in the financial statements are permitted with additional disclosures of nature, reason and amount reclassified/ restated. Further a third balance sheet as at the beginning of the preceding period needs to be presented.<br><br>**Omissions/Misstatements:** Ind-AS 8 treats all omissions/misstatement in an entity's earlier period financial statements, including balance sheet misclassification, as an error/prior period item. Hence, Material errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred before the | **Restatement and Reclassification of Items:** Under Indian GAAP there is no requirement of retrospective adjustment of restatement and reclassification and change accounting policy.<br><br>**Omissions/Misstatements:** Requires rectification of prior period items with prospective effect. |

| Sr. No. | Ind AS No | Particulars | Treatment as per Ind AS | Treatment as per Indian GAAP |
|---|---|---|---|---|
| | | | earliest period presented, by restating the opening statement of financial position. | |
| 4 | Ind AS 10 | Events after the reporting date | **Disclosure of Non – Adjusting Events:** Ind AS 10 requires material Non – Adjusting events to be in the financial statements.<br><br>**Dividends:** As per Ind AS-10 proposed dividend is not to be recognized. The accounting of such appropriation is not permitted until approved by the shareholders at an annual general meeting. However Ind AS 1 requires separate disclosure of the amount of proposed dividend. | **Disclosure of Non – Adjusting Events:** AS 4 requires non-adjusting events to be disclosed in the report of the approving authority, for example, the board's report.<br><br>**Dividends:** Under Indian GAAP, proposed dividend is shown as an appropriation of profit in the Statement of Profit and Loss. |
| 5 | Ind AS 109 | Financial Instruments – Premium on forward contracts | **Forward Contract:** Under Ind AS 109, changes in fair value of the derivative hedging instrument, which are designated as "Cash Flow Hedges", are recognized under Other Comprehensive Income and held in Hedging Reserve (net of taxes) to the extent the hedges are effective.<br><br>To the extent that the hedge is ineffective, changes in fair value are recognized in the Statement of Income and reported within foreign exchange gains/ (losses), net. If the hedging instrument no longer meets the criteria for hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument is recognized in hedging reserve until the period the hedge was effective remains in hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the hedging reserve is transferred to the statement of income upon the occurrence of the related forecasted transaction. If the forecasted | **Forward Contract:** Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly. Exchange differences arising on such contracts are recognized in the period in which they arise.<br><br>All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions, are recognized in the financial statements at fair value as on the date of the balance sheet.<br><br>Under Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" on the accounting of derivative contracts, the gains or losses on the fair valuation/settlement of the derivative contracts covered under the standard are recognized in the statement of profit and loss or balance sheet (as the case may be) after applying the test of hedge effectiveness. |

| Sr. No. | Ind AS No | Particulars | Treatment as per Ind AS | Treatment as per Indian GAAP |
|---|---|---|---|---|
| | | | transaction is no longer expected to occur, such cumulative balance is immediately recognized in the statement of income.<br>Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges have to be recognized in the statement of income and reported within foreign exchange gains/ (losses), net.<br>The premium paid/received on a foreign currency forward contract designated as Cash Flow hedge is not recognized in either the statement of income or the balance sheet. | Under the test of hedge effectiveness, where the hedge in respect of off-balance sheet items is effective, the gains or losses have to be recognized in the "hedging reserve" which forms part of "reserves and surplus" line item in the balance sheet. The amount recognized in the "hedging reserve" has to be transferred to the statement of profit and loss in the period in which the underlying hedged item affects the statement of profit and loss. Gains or losses in respect of ineffective hedges have to be recognized in the statement of profit and loss in the period in which such gains or losses are incurred.<br><br>The premium paid/received on a foreign currency forward contract designated as Cash Flow hedge is accounted as expense/ income over the life of the contract. |
| 6 | Ind AS 17 Read with Ind AS 109 | Leases – Fair Valuation of Rent Deposits | Under Ind AS, in case of an operating lease, the difference between the nominal value and the fair value of the deposit under the lease is considered as prepaid rent. This is expensed on a straight line basis over the term of the lease.<br>The lessee also recognizes interest income using Internal Rate of Return through its Statement of Profit and Loss over the life of the deposit. | There is no specific accounting treatment specified under Indian GAAP for the accounting of deposits provided by the lessee under a lease. Deposits are generally accounted as assets at historical cost. |
| | Ind AS 17 | Scope | Ind-AS 17 deals with lease of land and composite leases. It also states that when a lease includes both land and building elements, an entity assesses the classification of each element as finance or an operating lease separately in accordance with the criteria laid in the standard | However under Indian GAAP, it excludes from its scope, the lease of land. |
| 7 | Ind AS 19 | Employee Benefits – Treatment for actuarial gains or losses on retirement benefits | **Recognition of Actuarial Gain/ (Losses):** Ind-AS 19 requires that actuarial gains or losses representing the changes in the present value of the defined benefit obligation resulting from experience | **Recognition of Actuarial Gain/(Losses):** As per AS 15 'Employee Benefits', actuarial valuation is used to determine the present value of benefit obligation and is carried out every year. The fair value of the |

| Sr. No. | Ind AS No | Particulars | Treatment as per Ind AS | Treatment as per Indian GAAP |
|---|---|---|---|---|
| | | | adjustment and effects of change in actuarial assumptions are recognized immediately in Other Comprehensive Income (OCI).<br><br>However, actuarial gains or losses arising on other long-term employee benefits will continue to be recognized immediately in the statement of Profit and Loss for the period. | benefit obligations is determined at every balance sheet date.<br>All actuarial gains or losses recognized in the Statement of Profit or Loss. |
| 8 | Ind AS 109 | Financial Instruments – Provision for Doubtful Debts | **Provision for Doubtful Debts –** In addition to the specific provisions under Indian GAAP, under Ind AS, at each reporting date, an entity shall assess whether the credit risk on trade receivables has increased significantly since initial recognition.<br><br>When making the assessment, an entity shall use the Expected Credit Loss model to provide for a loss allowance over and above any provision for doubtful debts in the Statement of Profit and Loss. | **Provision for Doubtful Debts –** Under Indian GAAP, provisions are made for specific receivables based on the circumstances such as Credit Default of customer or disputes with customers.<br><br>An enterprise should assess the provision of doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flows of the debtors.<br><br>Different methods are used for making provisions for bad debts, including ageing analysis and individual assessment of recoverability. |
| 9 | Ind AS 21 | Effects of changes in Foreign Exchange Rates<br>Functional and presentation currency | Under Ind AS, the functional currency is the currency of the primary economic environment in which the entity operates. Foreign Currency is a currency other than the functional currency. Presentation currency is the currency in which the financial statements are presented. | Foreign currency is a currency other than the reporting currency, which is the currency in which the Financial Statements are prepared. Under Indian GAAP, there is no concept of functional currency. |
| 10 | Ind AS 12 | Deferred Taxes : Profit and Loss Approach vs Balance Sheet Approach | Deferred Taxes are computed for temporary differences between the carrying amount of an asset or liability in the Statement of Financial Position and its tax base.<br><br>Current Tax and Deferred Tax are recognized outside Profit or Loss if the tax relates to items that are recognized in the same or different period, outside Profit or Loss. | Deferred taxes are computed for timing differences in respect of recognition of items of profit or loss for the purpose of financial reporting and for income taxes. |

| Sr. No. | Ind AS No | Particulars | Treatment as per Ind AS | Treatment as per Indian GAAP |
|---|---|---|---|---|
| | | | Therefore the tax on items recognized in Other Comprehensive Income (OCI) or directly in Equity, is also recorded in Other Comprehensive Income (OCI) or in Equity, as appropriate. | |
| 11 | Ind AS 16 | Property, Plant & Equipment | Asset retirement obligation is required to be estimated and included in Cost of Property, Plant & Equipment. | Indian GAAP did not require inclusion of asset retirement obligation costs in the cost of the asset. |
| 12 | Ind AS 18 | Revenue Recognition | Revenue should be measured at the fair value of the consideration received or receivable. Where the inflow of cash or cash equivalents is deferred, revenue is measured at the present value of future cash flows. | Under Indian GAAP, Revenue is measured at the amount recoverable from the customers for goods supplied, services rendered or the use of resources used by them. Discounting of deferred revenue is normally not required. |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our restated financial information which is included in this Draft Red Herring Prospectus. The following discussion and analysis of our financial condition is based on our restated financial statements for the half year ended September 30, 2016 and the Fiscals ended March 31, 2016, March 31, 2015 and March 31, 2014 including the related notes and reports, prepared in accordance with Indian GAAP and included in this Draft Red Herring Prospectus. Our restated financial statements have been derived from our audited financial statements. This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Presentation of Financial, Industry and Market Data", "Risk Factors" and "Forward Looking Statements" on pages 12, 17 and 15, respectively, and elsewhere in this Draft Red Herring Prospectus. We prepare our financial statements in accordance with Indian accounting standards, which differ in material respects from IFRS and U.S. GAAP.*

*We have published Ind AS financial statements on December 14, 2016, comprising of selective financial information in the format as prescribed under SEBI circular number CIR/IMD/DF1/69/2016 dated August 10, 2016 ("**SEBI Circular**"). The Ind AS financial statements have been prepared and published in order to comply with the requirements prescribed under the SEBI Listing Regulations since our secured bonds are listed on the BSE. The Ind AS financial statements comprise of selective financial information which have been (i) audited as of September 30, 2016; and (ii) unaudited as of September 30, 2015. As the results for the prior period ended September 30, 2015 are unaudited in compliance with the SEBI Circular, such Ind AS financial statements cannot be included and do not form part of this Draft Red Herring Prospectus. For further details, see "Risk Factors - Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, Ind AS and IFRS, which may be material to investors' assessments of our financial condition." and "Significant Differences Between Indian GAAP and Ind AS" on pages 35 and 230 respectively.*

### Overview

We are the largest public sector shipyard in India in terms of dock capacity, as of March 31, 2015, according to the CRISIL Report. We cater to clients engaged in the defence sector in India and clients engaged in the commercial sector worldwide. In addition to shipbuilding and ship repair, we also offer marine engineering training.

As of January 31, 2017, we have two docks – dock number one, primarily used for ship repair ("**Ship Repair Dock**") and dock number two, primarily used for shipbuilding ("**Shipbuilding Dock**"). Our Ship Repair Dock is one of the largest in India and enables us to accommodate vessels with a maximum capacity of 125,000 DWT *(Source: CRISIL Report)*. Our Shipbuilding Dock can accommodate vessels with a maximum capacity of 110,000 DWT *(Source: CRISIL Report)*.

We are in the process of constructing a new dock, a 'stepped' dry dock ("**Dry Dock**"). This stepped dock will enable longer vessels to fill the length of the dock and wider, shorter vessels and rigs to be built or repaired at the wider part. We are also in the process of setting up an International Ship Repair Facility ("**ISRF**"), which includes setting up a shiplift and transfer system.

In the last two decades, we have built and delivered vessels across broad classifications including bulk carriers, tankers, Platform Supply Vessels ("**PSVs**"), Anchor Handling Tug Supply vessels ("**AHTSs**"), barges, bollard pull tugs, passenger vessels and Fast Patrol Vessels ("**FPVs**"). We are currently building India's first Indigenous Aircraft Carrier ("**IAC**") for the Indian Navy. We have also grown our ship repair operations and are the only commercial shipyard to have undertaken repair work of Indian Navy's aircraft carriers, the INS Viraat and INS Vikramaditya.

Our diversified offerings to the Indian clients engaged in the defence sector and to clients engaged in the commercial sector worldwide have allowed us to successfully adapt to the cyclical fluctuations of our industry. Over the last five Fiscals, the break-down of our average operating revenues is set out below:

| Activity | Clients engaged in the defence sector | Commercial clients |
|---|---|---|
| Shipbuilding | 64.74% | 20.60% |

| Activity | Clients engaged in the defence sector | Commercial clients |
|---|---|---|
| Ship repair | 7.46% | 6.70% |
| Other operating revenue | 0.47% | 0.03% |

Our current shipbuilding order book includes Phase-II of the IAC for the Indian Navy, two 500 passenger cum 150 ton cargo vessels and two 1,200 passenger cum 1,000 ton cargo vessels for the Andaman and Nicobar Administration ("**A&N Administration**"), two Roll-On/Roll-Off ("**Ro-Ro**") vessels for the Kochi Municipal Corporation and a vessel for one of the Government of India's ("**GoI**") projects. Our current ship repair order book includes vessels from our key clients.

We recently delivered a large deck cargo cum launch barge to the National Petroleum Construction Company, Abu Dhabi ("**NPCC**") and the last FPV (in a series of 20) to the Indian Coast Guard.

We are a wholly-owned GoI company, incorporated on March 29, 1972 and were conferred the 'Miniratna' status in 2008, by the Department of Public Enterprises, GoI. Our shipyard is strategically located along the west coast of India, midway on the main sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. In addition, our shipyard is located close to the Kochi port as well as to offshore oil fields on the western coast of India and relatively close to the Middle East.

We commenced our operations in 1975 and have over four decades of experience in shipbuilding. We have in the past delivered two of India's largest double hull oil tankers, each of 92,000 DWT *(Source: CRISIL Report)* to the Shipping Corporation of India ("**SCI**"). Over the years, we have successfully responded to fluctuations in the shipbuilding requirements of the markets we operate in and have evolved from building bulk carriers to building smaller and more technically sophisticated vessels such as PSVs and AHTSs. We have worked with several leading technology firms in our industry including Rolls Royce Marine (Norway), and GTT (Gaztransport & Technigaz) SA ("**GTT**"). We believe this has added to our credibility in the international markets. Our key shipbuilding clients include the Indian Navy, the Indian Coast Guard and the SCI. We have also exported 45 ships to various commercial clients outside India such as NPCC, the Clipper Group (Bahamas) and Vroon Offshore (Netherlands) and SIGBA AS (Norway).

We began our ship repair operations in 1978 and have undertaken repairs of various types of vessels including upgradation of ships of the oil exploration industry as well as periodical maintenance, repairs and life extension of ships. Our shipyard has, over the years, developed capabilities to handle various repair jobs. We have entered into MoUs with various clients including with the Lakshadweep Development Corporation Limited ("**LDCL**"), Directorate General of Lighthouses and Lightships ("**DGLL**") and the Dredging Corporation of India ("**DCI**") giving us the opportunity to undertake ship repair work for these organisations on a bulk volume basis. Our key ship repair clients include the Indian Navy, the Indian Coast Guard, SCI, the Oil & Natural Gas Corporation ("**ONGC**") and DCI. We have also partnered with Techcross Inc. for technical support, engineering, service support and sharing of information in relation to the Ballast Water Treatment System ("**BWTS**") products.

Our Marine Engineering Training Institute at Kochi began in 1993, where we conduct marine engineering training programs. These programs are approved by Director General of Shipping ("**DGS**"), GoI. We also operate a material testing laboratory, which was established in 1972. Our material testing laboratory has been accredited by the National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") and is one of the leading laboratories in Kerala in the field of chemical, mechanical and non-destructive testing of various materials including metals, welds and alloys.

We have several certifications including the ISO 9001:2008 – Quality Management System, ISO 14001:2004 - Environmental Management System and OHSAS 18001:2007 – Occupational Health and Safety Management System. Our listed debentures have been rated AA+ by since 2014 by various agencies including India Ratings and Research Private Limited ("**IRRPL**") and CARE. We were also adjudged the "Shipbuilding Company of the Year" in 2015 by the Gateway Awards. For further details of awards we have received, see "*History and Certain Corporate Matters – Awards and Recognition*" on page 136.

Our Company has posted profits continuously in the last five Fiscals. Our total revenues and PAT has increased from ₹14,737.01 million and ₹1,553.28 million respectively, in Fiscal 2012 to ₹20,992.84 million and ₹2,858.29 million, respectively, in Fiscal 2016 at a CAGR of 9.25% and 16.47%, respectively. For the half year ended September 30, 2016, our total revenues and PAT were ₹10,274.61 million and ₹1,845.24 million, respectively.

**Significant factors affecting our results of operations**

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

***Global and domestic demand and pricing for commercial and defence vessels***

*Demand for commercial vessels*

Demand for commercial vessels of the type that we manufacture and sell depends principally upon overall trends in the commercial shipping industry. The principal factors affecting shipbuilding demand in the segments in which we operate include:

- Global GDP growth and seaborne trade growth;
- Prevailing commercial freight rates;
- Age and condition of existing fleet of commercial vessels;
- The cost of building new vessels compared to the cost of purchasing and/or repairing existing vessels;
- Changes in laws or regulations that affect the types of ships that can be used to transport specified cargo, such as crude oil; and
- Viability of other modes of transport.

We believe that growth in the global economy and increases in world trade have brought about the recent growth in the shipping industry and increased demand for vessels. Bulk carrier fleet demand is affected primarily by growth in global seaborne trade. Bulk carrier operators have enjoyed robust freight rates in the last few years and have steadily increased their fleets to take advantage of these favourable freight rates. We believe that the Government of India intends to promote inland waterways and marine transportation with the development of 101 inland waterways, which may lead to the increase in demand for dredgers and small bulk carrier vessels.

We also expect a growth in demand for commercial vessels from regional port trusts, Indian PSUs and corporates globally.

*Demand for defence vessels*

We expect a steady growth in demand for vessels for clients engaged in the defence sector in the near to short term due to India's stated defence procurement policy. We believe that our leading position as a commercial shipyard in India, multiple offerings and advanced capabilities put us in a good position to benefit from the recent 'Make in India' initiative introduced by the GoI pursuant to which a steady pipeline of future orders and opportunities is expected from the defence sector as well as Indian PSUs.

The IAC we are building for the Indian Navy will form a substantial portion of our order book in the next few years.

*Ship-repair*

Ship-repair is a key component of our business, in addition to shipbuilding, as we believe it provides us with good margins. We enjoy a degree of exclusivity in the ship-repair business as only few of our competitors in India have a ship-repair offering of our size and capability. We believe that the GoI intends to promote inland waterways and marine transportation, which may lead to growth in the number of ship-repair orders. To be able to cater to this growing demand, we are in the process of setting up the ISRF, a new facility exclusively for ship-repairing near our existing premises.

*Pricing*

New vessel prices are largely determined by the supply of shipbuilding berths and demand for new vessels. Various other factors also influence the price of new vessels, including:

- Vessel prices vary according to the particular specifications of the new vessel. For example, custom designed vessels built to meet a buyer's specific requirements typically cost more than ships ordered in accordance with a shipyard's standard specifications;

- Certain shipbuilding countries have a competitive advantage over their competitors due to lower costs, enabling their shipyards to offer customers lower prices. We benefit from low-cost skilled labour vis-à-vis overseas yards and various incentives and subsidies the Indian government has offered and intends to offer in the future; and

- The size of a particular order can also have an impact on price. Shipbuilders can achieve economies of scale associated with larger orders, both in respect to the size of the vessel and the number of vessels, and therefore are generally willing to offer price discounts for larger orders.

New vessel prices for different ship types move, to a large extent, in parallel with one another so that a reduced demand in one sector may reduce prices in another sector. New vessel prices are a function of the supply of berths to the whole market and not just to individual sectors.

***Capacity limitations***

Our production capacity is limited by, amongst other things, the size of our shipyards, the number, size and capacities of our slipways, berths, docks (including the New Dry Dock and the ISRF which are under construction) and our plant and equipment. In addition, the size and capacity of the vessels we construct is limited by the locations at which we operate. Currently, we are limited to the construction of vessels of up to 110,000 DWT and ship-repairing of up to 125,000 DWT at our existing facilities. These limitations have restricted our ability to expand our business by constructing larger vessels, for which we believe there is greater demand and on which we believe we can achieve better profit margins, and by increasing our annual output.

Upon completion of the New Dry Dock, we anticipate that we will be able to build higher capacity vessels and repair of Offshore Rigs. See "*"Risk Factors – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation v. Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife."* on page 20 for a description of certain risks related to our New Dry Dock.

***Order backlog and new orders***

We accept orders for different types of ships based on a number of factors, including:
- the margins we expect to achieve on the different types of vessels we construct;
- the reputation of the ship-owners placing the orders;
- our projected capacity utilisation level during the period in which the vessel would be required to be constructed; and
- status of order book and order backlog at the time of receiving orders.

The new orders that we receive for the construction of vessels and our order backlog, or order book, have a significant effect on our future revenues. We generally accept orders for construction of vessels to be delivered up to 12 months to 48 months from the date of the order. As of January 31, 2017, we had orders for vessels to be delivered from 2017 through 2020.

***Productivity***

Our production volumes, margins and profitability depend to a significant extent on our production efficiencies. We use a combination of man-hours available and our tonnage capacity to estimate our productivity. Our productivity is also affected by the number of hours we operate. We are constrained in our ability to increase the number of shifts at our shipyard. Although we have not experienced any significant shutdowns in the past, any significant shutdowns in the future would adversely affect our productivity.

***Cost of skilled labour***

Competition for skilled shipyard labour and engineers in India is intense and as we and others expand our and their operations, this competition may increase. We may from time to time, experience an inability to attract and retain highly skilled employees or increased costs to do so. Labour shortages could increase our production cost and hinder our productivity and ability to meet our customers' delivery schedule. Further, we utilise subcontract labour and production workers in our shipyard on a regular basis. In the event that we are unable to secure required subcontract labour and production workers at an acceptable cost or with the required skill sets, we may face an increase in cost, delay in delivery schedule and a decrease in quality of our vessels which could lead to an adverse impact on our results of operations.

***Changes in Segment Contribution to Revenue***

The contribution of a particular segment to our total revenue for each year depends on the orders we receive from customers, the scheduled delivery dates of vessels and the contract prices that we are able to secure for the different types of vessels. A major portion of our order book in the near-term will be the IAC we are building for the Indian Navy. The division of our revenues from defence and commercial projects depends on our order book. Once our New Dry Dock is ready, we will able to build other types of vessels as well given our increased capacity and we plan to increase our product lines to build larger, more complex vessels with higher profit margins and more advanced technology. Results of our performance may change as the mix of our vessels changes and our past performance may not be indicative of our future results. We expect a greater volume of ship repair orders in the near future which may result in lower revenue but higher margins.

***Depreciation and amortisation expenses***

We had net block of fixed assets of ₹3,682.21 million as of September 30, 2016 and ₹ 3,702.19 million as of March 31, 2016, that was subject to depreciation. Our total depreciation and amortisation expenses in the six-month period ended September 30, 2016 and Fiscals 2016, 2015 and 2014 were ₹ 188.40 million, ₹ 371.93 million, ₹ 376.98 million and ₹ 253.22 million, respectively. We expect our depreciation expenses to increase as a result of the construction of our New Dry Dock and ISRF.

***Taxation***

The Government of India has proposed a comprehensive national GST regime that will combine taxes and levies by the Central and state Governments into a unified rate structure. Given the limited availability of information in the public domain concerning GST, we have not been able to do an impact analysis of GST on our business and results of operations and we are unable to provide any assurance as to the tax regime following implementation of GST. The implementation of this new structure may be affected by any disagreement between certain state Governments, which could create uncertainty. Any such future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

**Significant accounting policies**

(i) **Basis of preparation of financial statements**

1. The Restated Financial Statements have been prepared under Indian Generally Accepted Accounting Principles (IGAAP) and in accordance with the requirements of:

    (a) section 26 of Part I of Chapter III of the Companies Act 2013 read with Rule 4 to Rule 6 of the of the Companies (Prospectus and Allotment of Securities) Rules, 2014;

    (b) item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with the SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on Clarification regarding disclosures in Offer Documents under the SEBI Regulations issued by the Securities and Exchange Board of India in connection with the Proposed Initial Public Offering of Equity Shares of the Company.

(ii) **Use of estimates**

In the preparation of financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognized in the period in which results are ascertained.

(iii) **Depreciation on Tangible Assets**

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment if any. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Depreciation on fixed assets is provided on straight-line method based on useful life of the asset as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following items:

For the assets acquired from Cochin Port Trust for ISRF, depreciation is provided on the basis of useful life as assessed by technical experts.

(iv) **Amortisation of Intangible Assets**

Cost incurred on Design Development which are not directly chargeable on a product are capitalized as ‘Intangible Asset’ and amortised on a straight-line basis over a period of five years. Cost of software which is not an integral part of the related hardware acquired for internal use is capitalised as intangible asset and amortised on a straight-line basis over a period of three years. Up- front fee paid for securing right to use of land and other facility is capitalized as intangible asset and amortised on a straight line basis over the period of 30 years for which the right has been obtained. Cost of internally generated software is capitalized as 'Intangible Asset' and amortised on a straight-line basis over a period of three years.

(v) **Impairment of Assets**

The company assesses the impairment of assets with reference to each cash generating unit, at each Balance Sheet date. If events or changes in circumstances based on internal and external factors indicate that the carrying value may not be recoverable in full, the loss on account and the recoverable amount is accounted for accordingly.

(vi) **Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date of such investments are classified as current investments. All other investments are classified as Non-current. Current investments are carried at lower of cost and fair value. Non-current investments are valued at cost unless there is a permanent diminution in the value thereof.

(vii) **Revenue Recognition**

*Contracts for the construction of ships and small crafts (Other than Defence Vessels)*

The income from ship building is recognized on percentage of completion method, in proportion to the cost incurred for the work performed up to the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

*Construction of Defence vessels*

Income from the construction of vessels which are on fixed price basis is recognized on percentage of completion method, in proportion to the cost incurred for the work performed up to the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

*Construction of Indigenous Aircraft Carrier*

In the case of construction of IAC which is partly fixed price basis and partly cost plus basis, the income from fixed price part is recognized on the percentage of completion method. Income from ‘cost plus’ part of the contract activities for design outsourcing and material procurement are recognized when the activities are performed / materials received/ payments made. Cost of material and other expenses incurred for the vessel which are recoverable separately from Navy is charged off to the statement of Profit and Loss and are grossed up with the value of work done and recognized as income.

*Contracts for repair of ships/ offshore structures*

Income from repair of ships /offshore structures is recognized based on proportionate completion method when proportionate performance of each ship repair activity exceeds 75%. The proportionate progress is measured by the Company's technical evaluation of the percentage of physical completion of each job. Revenue is recognized after taking into consideration possible contingencies with reference to the realisable value of work done. In the case of ship repair contracts completed and invoices settled during the year, income recognized is net of reductions due to price variation admitted. In the case of unsettled invoices, the income is recognised net of estimated amount of reductions. Differences, if any, on settlement are adjusted against income in the year of settlement.

*Excise Duty*
The products manufactured by the Company such as ships / ship repair are exempted from the purview of excise duty.

*Liquidated damages and interest on advances*
No income has been recognized on account of (a) interest on advances given and (b) liquidated damages, where the levies depend on decisions regarding force majeure condition of contract. These are accounted for on completion of contracts and / or when final decisions are taken.

*Others*
Dividend income is recognized when the Company's right to receive is established.

(viii) **Inventories**

(a) Raw materials, components, stores and spares are valued at weighted average cost method or net realisable value whichever is lower. Provision for obsolescence / non- usability / deterioration is determined on the basis of technical assessment made by the management. Goods in transit are valued at cost. Stock of materials in respect of construction of vessels for clients engaged in the defence sector wherein the cost incurred is reimbursed by the owner are shown as reduction from the advances paid by the owner for construction of the vessel.

(b) Work *in progress*

(i) For Ship Building: Work in progress is recognised only when the percentage of physical completion is less than the financial completion, in which case the cost proportionate to excess of percentage of financial completion over physical completion is treated as Work in progress. In the case of Indigenous Aircraft Carrier since all the materials belongs to Indian Navy, work in progress is not recognized.

(ii) Work in progress of ships/offshore structures under repair, which have not reached 75% stage of physical completion and general engineering jobs are valued at cost. Work- in- progress of ships where physical construction has not started is also valued at cost.

(c) Loose tools stock is valued at cost and tools in use are revalued after providing for loss on revaluation estimated at 30% of book value.

(d) Stock of scrap is valued at net realisable value after adjusting customs duty, if any, payable on the scrap.

(ix) **Advance/progress payments received**

Advance/progress payments received from customers in respect of repair work of ships/offshore structures are shown as deduction from the amount of work in progress in respect of income recognized under proportionate completion method. In the case of ship building, the advance payment received is adjusted only when the ship is invoiced.

(x) **Employee benefits**

(a) Liability in respect of defined benefit plan is provided on the basis of actuarial valuation as on the date of Balance Sheet. The method of actuarial valuation adopted is the Projected Unit Credit method.

(b) Liability for payment of gratuity is determined by actuarial valuation as per Accounting Standard 15 (Revised) and funded to Employees Group Gratuity Trust as per Rules.

(c) Defined contribution to Employees PF and Employees' Pension Scheme, 1995 are made on a monthly basis as per respective statutes.
(d) Liability in respect of leave entitlement is made on actuarial valuation basis at the year end and provided for as per Accounting Standard 15 (Revised).

(xi) **Borrowing cost**

General and specific borrowing costs directly attributable to acquisition/ construction or production of qualifying assets are capitalized as part of cost of such assets upto the date when such assets are ready for intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

(xii) **Prior period adjustment**

Prior period adjustments and extra ordinary items having material impact on the financial affairs of the Company are disclosed.

(xiii) **Foreign Currency Transactions**

*Foreign Currency Transactions*

Foreign exchange transactions are recorded adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognized in the Statement of Profit and Loss account.

*Derivative instruments and hedge accounting*

The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designated these as cash flow hedges applying the recognition and measurement principles set out in the Accounting standards 30 - Financial instruments: Recognition and Measurement, issued by the ICAI. The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes. Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated as effective cash flow hedges are recognized in Hedge Reserve Account under Shareholders' Funds and the ineffective portion is recognized in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of profit and Loss as and when they arise. Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to the Statement of Profit and Loss.

(xiv) **Earnings Per Share**

Basic/diluted Earnings per share reported is calculated by dividing the net profit after tax for the year (including post tax effect of any extraordinary items) by the weighted average number of equity shares/dilutive potential equity shares outstanding as at the end of the year as the case may be.

(xv) **Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability or assets is recognized at subsequently enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax asset that arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realise the same.

(xvi) **Provision, Contingent Liabilities and Contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Provision towards guarantee claims in respect of ships/ small crafts delivered wherever provided /maintained is based on technical estimation. As per revised policy, for ships delivered, the guarantee claims are covered by way of insurance policies covering the guarantee period on case to case basis, where ever required. Contingent liability is disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation. Contingent assets are neither recognized nor disclosed in the accounts.

(xvii) **Segment Reporting**

*Identification of segments*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided.

*Unallocated items*

Unallocated items include general income and expense items which are not allocated to any business segment.

(xviii) **Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (Loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future of cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**Principal components of revenue and expenditure**

Our revenue and expenditure is reported in the following manner:

**Revenue**

Our revenue comprises of revenue from operations and other income.

*Revenue from Operations*

Our revenue from operations consists of revenue from sale of products, sale of services and other operating revenue. Revenue from sale of products primarily includes sale of vessels built. Revenue from sale of services comprises of revenue from repair of vessels.

*Other Income*

Our other income primarily consists of income from interest on bank deposits, net gains from foreign currency transactions, sale of scraps and stores and from training activities.

**Expenses**

Our expenses comprise of cost of materials consumed, changes in inventories of work-in-progress, sub contract and other direct expenses, employee benefits expense, finance costs, depreciation and amortisation expense, other expenses and provision for anticipated losses and expenditure.

*Cost of Materials Consumed*

Our cost of materials consumed includes the cost of raw materials, namely, steel, pipe and paint and the cost of bought out components.

*Change in Inventories of Work-in-Progress*

Change in inventories of work-in-progress is the difference between our inventories of work-in-progress at the beginning of the year and at the end of the year.

*Sub-contract and Other Direct Expenses*

Our sub-contract expenses include expenses for sub-contracting and other off-loaded jobs and for hull insurance. Our other direct expenses include classification fees, design expenses, launching expenses and delivery expenses.

*Employee Benefit Expenses*
Our employee benefit expenses include salaries, wages, bonus and allowances, contribution to provident fund and family pension fund, gratuity and staff welfare expenses.

*Finance Costs*
Our finance costs include bank interest payable, other interest payable, interest payable under the Income Tax Act and interest payable on the tax free bonds issued by us.

*Depreciation and Amortisation Expense*
Our depreciation and amortisation expense primarily includes depreciation of tangible assets and amortisation of intangible assets.

*Other Expenses*
Our other expenses primarily include consumption of stores, power, repair and maintenance, maintenance dredging, security expenses and travelling expenses and conveyance expenses.

*Provision for Anticipated Losses and Expenditure*
This includes provision primarily for expenses and contingencies, doubtful debts and advances, liquidated damages and loss on ship building.

**Results of operations**

*(In ₹ million)*

| Particulars | Half year ended September 30, 2016 | Fiscal 2016 | Fiscal 2015 | Fiscal 2014 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Revenue from operations | 9,537.12 | 19,924.50 | 15,861.57 | 18,002.82 |
| Other income | 737.49 | 1,068.34 | 770.73 | 610.61 |
| **Total Revenue** | **10,274.61** | **20,992.84** | **16,632.30** | **18,613.43** |
| **Expenses** | | | | |
| Cost of materials consumed | 4,360.14 | 10,543.22 | 10,008.08 | 7,757.49 |
| Changes in inventories of work-in-progress | (560.44) | (164.41) | (192.25) | 402.15 |
| Sub contract and other direct expenses | 1,591.25 | 1,929.21 | 1,600.92 | 1,746.66 |
| Employee benefits expense | 1,047.25 | 2,108.43 | 2,157.51 | 2,091.92 |
| Finance costs | 52.72 | 119.40 | 183.22 | 192.56 |
| Depreciation and amortisation expense | 188.40 | 371.93 | 376.98 | 253.22 |
| Other expenses | 694.43 | 1,432.55 | 1,127.57 | 1,419.66 |
| Provision for anticipated losses and expenditure | 60.71 | 224.14 | 251.06 | 404.68 |
| **Total Expenses** | **7,434.46** | **16,564.47** | **15,513.09** | **14,268.34** |
| **Profit before tax** | **2,840.15** | **4,428.37** | **1,119.21** | **4,345.09** |
| **Tax expense** | | | | |
| Current tax | 986.45 | 1,659.60 | 470.01 | 1,509.86 |
| Deferred tax | 8.46 | (89.52) | (63.09) | (0.46) |
| **Profit for the year** | **1,845.24** | **2,858.29** | **712.29** | **2,835.69** |

**Discussion on the results of operations**

**Half year ended September 30, 2016**

***Revenue from Operations***
Our total revenue was ₹10,274.61 million in the half year ended September 30, 2016 comprising of:

*Revenue from operations*: Our revenue from operations was ₹9,537.12 million in the half year ended September

30, 2016 primarily comprising of revenue from building of the IAC of ₹6,184.63 million. Our revenue from building of other vessels during this period was ₹1,567.29 million. Our revenue from repair of vessels during this period was ₹1,765.47 million.

*Other Income*: Our other income was ₹737.49 million in the half year ended September 30, 2016, primarily comprising of interest income received of ₹628.31 million.

***Expenses***
Our total expenditure was ₹7,434.46 million in the half year ended September 30, 2016 comprising of:

*Cost of material consumed:* Our cost of material consumed was ₹4,360.14 million in the half year ended September 30, 2016, primarily comprising of bought out components of ₹4,123.05 million.

*Change in Inventory of Work in Progress:* Our increase in inventories of work in progress was ₹(560.44) million in the half year ended September 30, 2016.

*Sub contract and other direct expenses:* Our sub contract expenses and other direct expenses were ₹1,591.25 million in the half year ended September 30, 2016, primarily comprised of other direct expenses of ₹ 907.82 million and of costs in relation to sub contract and off loaded jobs of ₹ 676.27 million.

*Employee benefits expense:* Our employee benefits expenses were ₹1,047.25 million in the half year ended September 30, 2016, primarily due to salaries, wages, bonus ex gratia and allowances of ₹897.96 million.

*Finance Costs:* Our finance costs were ₹52.72 million in the half year ended September 30, 2016 representing interest paid on tax free bonds issued by us.

*Depreciation and amortisation expense*: Our depreciation and amortisation expense was ₹188.40 million in the half year ended September 30, 2016, primarily due to depreciation of tangible assets of ₹138.38 million.

*Other expenses:* Our other expenses were ₹694.43 million in the half year ended September 30, 2016, primarily due to expenses in relation to repairs and maintenance expense of ₹100.04 million, power expense of ₹97.08 million, of consumption of stores expense of ₹87.65 million, security expense of ₹75.26 million, maintenance dredging expense of ₹65.41 million, fuel expense of ₹42.94 million and corporate social responsibility expense of ₹36.40 million.

*Provision for anticipated losses and expenditure:* Our provision for anticipated losses and expenditure was ₹60.71 million in the half year ended September 30, 2016, primarily for loss on shipbuilding of ₹30.40 million and for expenses and contingences of ₹26.19 million.

*Tax expense:* Our tax expense was ₹994.91 million in the half year ended September 30, 2016.

*Profit after tax for the year:* Due to the factors mentioned above, our profit after tax was ₹1,845.24 million in the half year ended September 30, 2016.

**Fiscal 2016 compared to Fiscal 2015**

***Revenue from operations***
Our total revenue increased to ₹20,992.84 million in Fiscal 2016 from ₹16,632.30 million in Fiscal 2015 which was an increase by 26.22% due to the reasons described below:

*Revenue from operations*: Our revenue from operations increased by 25.61% to ₹19,924.50 million in Fiscal 2016 from ₹15,861.57 million in Fiscal 2015. This increase was primarily due to an increase in the revenue from building the IAC by ₹3,955.46 million and from repair of vessels by ₹1,662.84 million which was partially off-set by a decrease in the revenue from building of other vessels by ₹1,392.79 million.

*Other Income*: Our other income also increased by 38.61% to ₹1,068.34 million in Fiscal 2016 from ₹770.73 million in Fiscal 2015. This increase was primarily due to an increase in interest income from bank deposits of ₹460.11 million. Our other income as a percentage of total income was 5.09% for Fiscal 2016 as compared to 4.63% for the Fiscal 2015.

***Expenses***
Our total expenditure increased by 6.78% to ₹16,564.47 million in Fiscal 2016 from ₹15,513.09 million in Fiscal 2015, due to the factors described below:

*Cost of material consumed:* Our cost of material consumed increased by 5.35% to ₹10,543.22 million in Fiscal 2016 from ₹10,008.08 million in Fiscal 2015. This increase was primarily due to an increase in the cost of steel consumed by ₹641.38 million, due to the higher volume of shipbuilding and ship-repair work, which was partially offset by a decrease in the cost of bought out components by ₹220.27 million.

*Change in Inventory of Work in Progress:* Our change in inventory of work-in-progress decreased by 14.48% to ₹164.41 million in Fiscal 2016 from ₹192.25 million in Fiscal 2015.

*Sub contract and other direct expenses:* Our sub contract and other direct expenses increased by 20.51% to ₹1,929.21 million in Fiscal 2016 from ₹1,600.92 million in Fiscal 2015. Our sub contract and other direct expenses increased due to an increase primarily in the expenses of sub contract and other offloaded jobs of ₹391.92 million which was partially offset by a decrease in the other direct expenses of ₹64.92 million.

*Employee benefits expense:* Our employee benefits expense marginally decreased by 2.27% to ₹2,108.43 million in Fiscal 2016 from ₹2,157.51 million in Fiscal 2015. Our employee benefits expense marginally decreased due to a decrease primarily in our salaries, bonus and allowances by ₹45.11 million which was partially offset by an increase in the staff welfare expenses of ₹ 7.22 million.

*Finance Costs:* Our finance costs decreased by 34.83% to ₹119.40 million in Fiscal 2016 from ₹183.22 million in Fiscal 2015. Our finance costs decreased primarily due to a decrease in the bank interest payable by ₹63.07 million.

*Depreciation and amortisation expense*: Our depreciation and amortisation expense marginally decreased by 1.34% to ₹371.93 million in Fiscal 2016 from ₹376.98 million in Fiscal 2015. Our depreciation and amortisation expense marginally decreased due to reduction in depreciation of tangible assets by ₹13.89 million which was partially offset by an increase in amortization of intangible assets by ₹11.91 million.

*Other expenses:* Our other expenses increased by 27.04% to ₹1,432.55 million in Fiscal 2016 from ₹1,127.57 million in Fiscal 2015. Our other expenses increased primarily due to an increase in miscellaneous expenses by ₹91.23 million, consumption of stores by ₹76.87 million, net gain on derivative contracts by ₹63.88 million, which was partially offset by a decrease primarily in liquidated damages by ₹97.58 million.

*Provision for anticipated losses and expenditure:* Our provision for anticipated losses and expenditure decreased by 10.72% to ₹224.14 million in Fiscal 2016 from ₹251.06 million in Fiscal 2015. Our provision for anticipated losses and expenditure decreased due to a decrease primarily in our provision for expenses and contingencies by ₹122.11 million, which was partially offset by an increase primarily in the provision for loss in shipbuilding by ₹81.00 million.

*Tax expense:* Our tax expense increased by 285.84% to ₹1,570.08 million in Fiscal 2016 from ₹406.92 million in Fiscal 2015.

*Profit after tax for the year:* Due to the factors mentioned above, our profit after tax increased by ₹2,146 million to ₹2,858.29 million in Fiscal 2016 from ₹712.29 million in Fiscal 2015.

**Fiscal 2015 compared to Fiscal 2014**

***Revenue from operations***
Our total revenue decreased to ₹16,632.30 million in Fiscal 2015 from ₹18,613.43 million in Fiscal 2014 which was a decrease of 10.64% due to the reasons described below:

*Revenue from operations*: Our revenue from operations decreased by 11.89% to ₹15,861.57 million in Fiscal 2015 from ₹18,002.82 million in Fiscal 2014. This decrease was primarily due to a decrease in the revenue from building of the IAC by ₹3,165.36 million (due to delayed signing of the Phase-II contract) and from the repair of fewer vessels by ₹308.81 million. This was partially off-set by an increase in the revenue from building of other vessels by ₹1,271.16 million.

*Other Income*: Our other income increased by 26.22% to ₹770.73 million in Fiscal 2015 from ₹610.61 million in Fiscal 2014. This increase was primarily due to an increase in net gains on foreign currency transactions of ₹66.57 million and in rent received of ₹27.89 million. Our other income as a percentage of total income was 4.63% for Fiscal 2015 as compared to 3.28% for the Fiscal 2014.

***Expenses***

Our total expenditure increased by 8.72% to ₹15,513.09 million in Fiscal 2015 from ₹14,268.34 million in Fiscal 2014, due to the factors described below:

*Cost of material consumed:* Our cost of material consumed increased by 29.01% to ₹10,008.08 million in Fiscal 2015 from ₹7,757.49 million in Fiscal 2014. This increase was due to an increase primarily in the cost of bought out components by ₹2,697.77 million which was marginally offset by a decrease in the cost of steel by ₹ 463.38 million.

*Change in Inventory of Work in Progress:* Our change in inventory of work-in-progress decreased by 147.81% to (₹192.25) million in Fiscal 2015 from ₹402.15 million in Fiscal 2014.

*Sub contract and other direct expenses:* Our changes in sub contract and other direct expenses decreased by 8.34% to ₹1,600.92 million in Fiscal 2015 from ₹1,746.66 million in Fiscal 2014. Our sub contract and other direct expenses decreased due to a decrease primarily in the costs relating to sub contract and other offloaded jobs by ₹146.05 million which was marginally offset by an increase in the other direct expenses by ₹2.35 million.

*Employee benefits expense:* Our employee benefits expense increased by 3.14% to ₹2,157.51 million in Fiscal 2015 from ₹2,091.92 million in Fiscal 2014. Our employee benefits expense increased due to an increase primarily in the salaries, wages, bonus and allowances by ₹43.76 million which was marginally offset by a decrease in the staff welfare expenses by ₹2.80 million.

*Finance Costs:* Our finance costs decreased by 4.85% to ₹183.22 million in Fiscal 2015 from ₹192.56 million in Fiscal 2014. Our finance costs decreased primarily due to a decrease in the bank interest payable by ₹93.04 million which was partially offset primarily by an increase in the interest payable on tax free bonds issued by us by ₹76.96 million.

*Depreciation and amortisation expense*: Our depreciation and amortisation expense increased by 48.87% to ₹376.98 million in Fiscal 2015 from ₹253.22 million in Fiscal 2014. Our depreciation and amortisation expense increased due to an increase primarily in the depreciation on tangible assets by ₹96.26 million which was marginally offset by a decrease in the loss on revaluation of tools by ₹7.46 million.

*Other expenses:* Our other expenses decreased by 20.57% to ₹1,127.57 million in Fiscal 2015 from ₹1,419.66 million in Fiscal 2014. Our other expenses decreased primarily due to a decrease in the net gain/loss on derivative contracts by ₹335.75 million and maintenance dredging expense by ₹64.32 million, which was partially offset by an increase in repair and maintenance expense by ₹67.14 million.

*Provision for anticipated losses and expenditure:* Our provision for anticipated losses and expenditure decreased by 37.96% to ₹251.06 million in Fiscal 2015 from ₹404.68 million in Fiscal 2014. Our provision for anticipated losses and expenditure decreased due to a decrease primarily in the provision for doubtful debts and advances by ₹121.10 million and in the provision for liquidated damages by ₹92.81 million, which was partially offset by an increase in the provision for expenses and contingencies by ₹68.15 million.

*Tax expense:* Our tax expense decreased by 73.04% to ₹406.92 million in Fiscal 2015 from ₹1,509.40 million in Fiscal 2014.

*Profit after tax for the year:* Due to the factors mentioned above, our profit after tax decreased by ₹2,123.40 million to ₹712.29 million in Fiscal 2015 from ₹2,835.69 million in Fiscal 2014.

***Liquidity and capital resources***

Over the past three years and six months, we have been able to finance our working capital requirements through cash generated from our operations and bank loans and facilities. We have relied on cash from internal resources and loans from banks to finance the expansion of our business and operations. We believe that after taking into account the expected cash to be generated from our business and operations and the proceeds from our bank loans, we have sufficient working capital for our present requirements and anticipated requirements for capital expenditures and other cash requirements for 12 months following the date of this Draft Red Herring Prospectus. As of September 30, 2016, we had ₹17,190.92 million of cash and bank balances.

The table below summaries our cash flows from our restated financial information of cash flows for the half year ended September 30, 2016, Fiscal 2016, Fiscal 2015 and Fiscal 2014:

*(In ₹ million)*

| | **Half year ended September 30, 2016** | **Fiscal 2016** | **Fiscal 2015** | **Fiscal 2014** |
|---|---|---|---|---|
| Net cash (used in) / generated from operating activities | (343.89) | 393.43 | 6,634.17 | (5,841.75) |
| Net cash generated from investing activities | 169.12 | 474.23 | 155.24 | 152.47 |
| Net cash (used in) / generated from financing activities | 22.28 | (318.92) | (2,353.93) | 2710.12 |
| Net increase/ (decrease) in cash and cash equivalents | (152.49) | 548.74 | 4435.48 | (2,979.16) |
| Cash and Cash Equivalents at the beginning of the period | 5,114.71 | 4,565.97 | 130.49 | 3,109.65 |
| Cash and Cash Equivalents at the end of the period | 4,962.22 | 5,114.71 | 4,565.97 | 130.49 |

*Operating activities*

*Half year ended September 30, 2016*

Net cash used in operating activities was ₹343.89 million in the half year ended September 30, 2016. Our operating profit before working capital changes was ₹2,381.84 million in the half year ended September 30, 2016, due to adjustments primarily by interest income of ₹629.27 million and depreciation and amortization of ₹176.41 million. The operating profit before working capital changes was primarily offset by increase/decrease of trade and other receivables of ₹1,365.98 million and inventories of ₹ 393.12 million and taxes paid of ₹899.30 million.

*Fiscal 2016*

Net cash generated from operating activities was ₹393.43 million in Fiscal 2016. Our operating profit before working capital changes was ₹3,886.22 million in Fiscal 2016, due to adjustments primarily by interest income of ₹993.61 million and depreciation and amortization of ₹344.98 million. The operating profit before working capital changes was adjusted by trade and other payables of ₹1858.56 million but primarily offset by trade and other receivables of ₹4,734.65 million and taxes paid of ₹1,334.18 million.

*Fiscal 2015*

Net cash generated from operating activities was ₹6.634.17 million in Fiscal 2015. Our operating profit before working capital changes was ₹941.09 million in Fiscal 2015, due to adjustments primarily by interest income of ₹535.49 million and depreciation and amortization of ₹346.96 million. The operating profit before working capital changes was adjusted by trade and other payables of ₹2,164.70 million but primarily offset by trade and other receivables of ₹3,351.57million and taxes paid of ₹748.54 million.

*Fiscal 2014*

Net cash used in operating activities was ₹5,841.75 million in Fiscal 2014. Our operating profit before working capital changes was ₹4,508.14 million in Fiscal 2014, due to adjustments primarily by interest income of ₹508.29 million and net loss/profit on derivative contracts ₹275.95 million. The operating profit before working capital changes was primarily offset by trade and other payables of ₹764.64 million and trade and other receivables of ₹8,295.06 million and taxes paid of ₹883.60 million.

*Investing Activities*

*Half year ended September 30, 2016*

Net cash generated from investing activities was ₹169.12 million in the half year ended September 30, 2016. This was primarily due to interest income received of ₹329.35 million and was primarily offset by purchase of assets of ₹156.45 million.

*Fiscal 2016*

Net cash generated from investing activities was ₹474.23 million in Fiscal 2016. This was primarily due to interest income received of ₹918.33 million and was primarily offset by purchase of assets of ₹347.77 million and capital work in progress of ₹106.63 million.

*Fiscal 2015*
Net cash generated from investing activities was ₹155.24 million in Fiscal 2015. This was primarily due to interest income received of ₹522.30 million and was primarily offset by purchase of assets of ₹347.73 million and capital work in progress of ₹52.14 million.

*Fiscal 2014*
Net cash generated from investing activities was ₹152.47 million in Fiscal 2014. This was primarily due to capital work in progress of ₹1,304.44 million and interest income received of ₹353.90 million and was primarily offset by purchase of assets of ₹1,512.35 million.

*Financing Activities*

*Half year ended September 30, 2016*
Net cash generated from financing activities in the half year ended September 30, 2016 was ₹22.28 million which represented net profit on derivative contracts of ₹22.28 million.

*Fiscal 2016*
Net cash used in financing activities was ₹318.92 million for Fiscal 2016 comprising mainly of dividend paid of ₹169.92 million and interest paid of ₹109.72 million.

*Fiscal 2015*
Net cash used in financing activities was ₹2,353.93 million for Fiscal 2015 comprising mainly of re-payment of short term borrowings of ₹2,109.18 million, interest paid of ₹172.79 million and dividend paid of ₹169.92 million.

*Fiscal 2014*
Net cash generated from financing activities was ₹2,710.12 million for Fiscal 2014 comprising mainly of short term borrowings taken of ₹2,109.18 million and issue of tax free bonds of ₹1,230.00 million, which were partially off-set by net loss on derivative contracts of ₹275.95 million, dividend paid of ₹169.92 million and interest paid of ₹161.30 million.

**Related party transactions**
Related party transactions with certain of our directors and employees primarily relate to remuneration. For further details of such related parties under AS 18, see "*Financial Statements*" on page 162.

**Contingent liabilities**
In the financial statements for the six-month period ended September 30, 2016 and for Fiscals 2016, 2015, 2014, 2013 and 2012, contingent liabilities are not recognized in the books of accounts and disclosed as notes to accounts. However during the said periods certain contingent liabilities had materialised subsequently and were provided for in the subsequent year. For the purpose of the restatement, the said liabilities have been adjusted to the respective year in which the liability relates to, including adjustment to the balance brought forward in profit and loss account as at April 1, 2011.

Our contingent liabilities as at September 30, 2016 are set out below:

*(In ₹million)*

| | Particulars | Six month period ended September 30, 2016 | Brief Description of the nature and obligation as on September 30, 2016 |
|---|---|---|---|
| **A** | Contingent Liability (To the extent not provided for) | | |
| | | | |
| **a** | Guarantees | | |
| **i** | Letters of credit | 1550.63 | Represents LC opened by the Company in various banks for procurement of materials/assets |
| **ii** | Corporate performance guarantee | 392.50 | Performance guarantee given by Company to CoPT for performance of obligations under the contract agreement |

| | Particulars | Six month period ended September 30, 2016 | Brief Description of the nature and obligation as on September 30, 2016 |
|---|---|---|---|
| | | | entered with CoPT during the contract period. |
| **b** | Other money for which the company is contingently liable | | |
| **i** | Greater Cochin Development Authority | 6.91 | Claim raised by GCDA for the land acquired for the Company is settled. However 8 land acquisition revision petition cases (Valued at Rs.6.91 million) filed by evictees is pending with the Supreme Court and High Court of Kerala. |
| **ii** | Customs duties | 2046.52 | Customs duty for materials under Bond and indigenous vessels delivered. Includes an amount of ₹6.98 million, being Customs duty refund granted by Customs Excise and Service Tax Appellate Tribunal, Bangalore, against which an appeal is pending before the High Court of Kerala. |
| **iii** | Demand for KGST/KVAT for the Assessment Years 2001-02,2004-05, 2005-06 & 2007-08 mainly due to levy of KVAT on the export turnover of ships | 139.63 | 2000-01 - ₹11.19 million<br>2001-02 - ₹7.34 million<br>2004-05 - ₹20.22 million<br>2005-06 - ₹65.22 million<br>2007-08 - ₹35.65 million<br>(Under appeal.)Stay of collection of tax obtained in all cases. Demand reduced due to appeal allowed by Deputy Commissioner (Appeals) |
| **iv** | Income Tax | 154.05 | Demand relating to Assessment Years: |
| | | | AY 2000-01 - ₹6.33 million<br>AY 2002-03 - ₹0.83million<br>AY 2003-04 - ₹0.03million<br>AY 2010-11 - ₹28.86 million<br>AY 2011-12 - ₹41.26 million<br>AY 2012-13 - ₹54.61 million<br>AY 2013-14 - ₹22.14 million |
| **v** | Service Tax | 164.75 | Demand of Service Tax on IAC P-71 (Design Consultancy) as per Show Cause Notice issued. Reply to Show Cause Notice filed. No further action from Department side. |
| | | 37.67 | Refund claim on the Service Tax on IAC pending before Commissioner (Appeals). Hearing completed and reserved for orders. |
| | | 233.96 | Show cause notice issued for levy of Service Tax on Ship Repair without allowing deduction of materials and disallowance of cenvat credit. Reply to Show Cause Notice filed. Case is not posted for personal hearing. |
| | | 188.56 | Levy of Service Tax on LDCL Vessels due to disallowance of the benefit of Notification No.25/2012-ST ef 20.06.12 for the repair of LDCL vessel. Reply to Show Cause Notice filed. Case is not posted for personal hearing. |
| **B** | Commitments (To the extent not provided for) | | |
| **a** | Estimated amount of contracts remaining to be executed on capital account and not provided for: | 331.07 | |

### Off-balance sheet items

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements**.**

### Capital and other commitments

As of September 30, 2016, we had contractual obligations of the following amounts:

*(In ₹ million)*

| Particulars | | As at March 31, |
|---|---|---|

| | As at September 30, 2016 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 331.07 | 68.15 | 43.59 | 36.89 | 33.47 | 233.51 |

**Secured and unsecured borrowings**

As of September 30, 2016, the fund-based outstanding borrowings of our Company aggregated to ₹1,310.87 million. For further details, please see "*Financial Indebtedness*" on page 259.

**Capital Expenditure**

Capital expenditures represent our expenditure in relation to shipbuilding, ship repair and unallocated expenditure. The following table sets out the total capital expenditure for the periods indicated:

*(In ₹ million)*

| Particulars | Half year ended September 30, 2016 | Fiscal 2016 | Fiscal 2015 | Fiscal 2014 |
|---|---|---|---|---|
| Ship Building | 50.09 | 120.54 | 140.57 | 490.91 |
| Ship Repair | 16.78 | 148.74 | 20.38 | 926.02 |
| Unallocated | 89.59 | 78.49 | 186.77 | 95.42 |
| **Total** | **156.46** | **347.77** | **347.72** | **1,512.35** |

**Quantitative and Qualitative Disclosures about Market Risk**

*General*

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.

*Foreign Exchange Rate Risk*

Changes in currency exchange rates influence our results of operations. A major portion of our revenues, particularly relating to our international orders, is denominated in currencies other than Indian Rupees, most significantly the U.S. dollar. The appreciation of the Indian Rupee against the U.S. Dollar and other foreign currencies may adversely affect our results of operations. We incur currency transaction risks whenever we enter into a purchase or sale transaction using a currency other than our functional currency such as in relation to the import of raw materials. Although we enter into hedging transactions to minimize our currency exchange risks, there can be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the relevant foreign currencies.

*Commodity Price Risk*

We are subject to market risks related to the volatility in the price of our raw materials like steel, pipe and paint and bought out components. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for these materials, changes in the economy, worldwide production levels, worldwide inventory levels and disruptions in the supply chain.

*Credit Risk*

Any scarcity of credit or other financing in India, or worldwide, resulting in an adverse impact on economic conditions may impinge upon our ability to finance our developments and expansions.

*Inflation Risk*

Our Company is incorporated in India, and almost all our assets and employees are located in India. As a result we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Any increase in inflation in India may adversely affect our results of operations by increasing our costs such as the price of raw materials, the cost of power and transportation costs.

**Reservations, qualifications and adverse remarks**

There are no reservations, qualifications and adverse remarks by our statutory auditor for the half year ended September 30, 2016 and the Fiscals 2016, 2015, 2014, 2013 and 2012, except as follows:

*Fiscal 2015*

- The Company has recognized revenue from ship building and ship repair activities based on its own assessment of physical completion. The auditors have placed reliance on the technical assessment and activity based cost estimates provided by the Company for the purpose of income recognition.

- Accounting of liabilities towards sub-contract works, at the end of the year is based on the Company's estimate.

*Fiscal 2014*

- The income recognised in respect of the IAC includes income pertaining to the phase-II contract recognised provisionally at phase-I rates pending finalisation of the terms and conditions of the phase-II contract. This also includes an amount of ₹864.80 million pertaining to the phase-II works completed in previous year, the expenditure of which has been charged in that year.

- The Company has recognized revenue from ship building and ship repair activities based on its own assessment of physical completion. The auditors have placed reliance on the technical assessment and activity based cost estimates provided by the Company for the purpose of income recognition;

- Accounting of liabilities towards sub-contract works is based on the Company's estimate pending confirmation by the parties.

*Fiscal 2013 and 2012*

- Liabilities towards unsettled and incomplete sub-contract work, at the end of the year have been accounted on an estimated basis.

- Effect of using estimates for arriving at the total cost of the contract for the purpose of recognition of income from ship building contracts under percentage completion method, recognition of anticipated loss on ship building contracts and for recognition of income from ship repair activities under proportionate completion method and reduction from invoice value for arriving at the ship repair turnover and the consequent impact, if any, on the profitability and current assets as on the balance sheet date is not ascertainable.

***Other audit qualifications which do not require any corrective adjustment in the financial information***

*Fiscal 2016*

- During the Fiscal, the Company has written-off balance due from sundry debtors amounting to ₹0.95 million. Pursuant to the Company's policy, liquidated damages, where the levies depend on decisions regarding force majeure condition of contract, are accounted for on completion of contract and/or when final decision is taken. The Statutory Auditors have commented that based on the examination of the records of the Company and according to the information and explanations given to them, liquidated damages accounted for have not been waived or written off during the year. Based on the explanation given to them, the Company does not have the practice of claiming interest on delayed payment from customers even though certain contracts provide for this.

- The Statutory Auditors have commented that based on its examination of the books and records of the Company, during this Fiscal, claims disallowed by the Indian Navy amounting to ₹1.00 million have been adjusted against income in the books of accounts and claims disallowed amounting to ₹10.78 million have been resubmitted and pending approval, these have not been adjusted in the statement of profit and loss.

- The Company has several dues outstanding with respect to income tax, sales tax, value added tax, service tax and customs duty which have not been deposited on account of ongoing disputes with the relevant departments.

*Fiscal 2015*

- The Company does not have the practice of claiming interest on delayed payment from customers even though certain contracts provide for this.

- Records maintained relating to items dispatched out of the Company against returnable gate pass, offers scope for improvement and the procedures followed relating to items sent out on returnable basis needs to be strengthened.

- Report on age wise analysis of pending legal/ arbitration cases (other than statutory matters), is set out below.

*(In ₹ million)*

| S. No. | Age of pending cases | No. of cases | Amount involved* | Legal Expenses | Reasons for pendency/ Present position |
|---|---|---|---|---|---|
| 1 | 0-3 years | 30 | 151.93 | Total legal expenses incurred during the year amounts to 5.19 (Previous year – 1.55) | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |
| 2 | 4-6 years | 5 | 280.36 | | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |
| 3 | 7-10 years | 2 | - | | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |
| 4 | Above 10 years | 10 | 157.29 | | The delay is attributable to adjournments in courts/ legal matters/ other court related matters. |

**to the extent quantifiable and having financial impact on the Company*

- Frequency of physical inventory verification needs to be increased.

- The Company has several dues outstanding with respect to income tax, sales tax and value added tax which have not been deposited on account of ongoing disputes with the relevant departments.

*Fiscal 2014*

- Fixed asset stated to be physically verified by the management not observed by auditors. Physical verification procedure needs to be strengthened.

- Procedure of physical verification of inventories followed by the management need to be strengthened in relation to the size of the Company and the nature of its business.

- The internal control system should be strengthened to commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.

- The scope of internal audit function carried out by the independent chartered accountants needs to be enlarged to commensurate with the size of the Company and nature of its business.

- The Company has several dues outstanding with respect to income tax, sales tax, value added tax and service tax which have not been deposited on account of ongoing disputes with the relevant departments.

*Fiscal 2013*

- The Company has several dues outstanding with respect to income tax, sales tax, value added tax and service tax which have not been deposited on account of ongoing disputes with the relevant departments.

*Fiscal 2012*

- The Company has several dues outstanding with respect to income tax, sales tax, value added tax and service tax which have not been deposited on account of ongoing disputes with the relevant departments.

**Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution**

There have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company as of September 30, 2016, except as set out below:

(i) Undisputed statutory dues in arrears for a period of more than six months from the date they became payable:

| Sr. No. | Name of the statute | Nature of Liability | Amount (Rs. in Million) | Period to which the amount relates | Remarks |
|---|---|---|---|---|---|
| 1 | Finance Act, 1994 | Service Tax | 66.32 | July 2012-September 2016 | The amount has been paid by the Company on January 17, 2017 |

(ii) Statutory dues which have not been deposited with the appropriate authorities on account of disputes:

| Sr. No. | Name of the statute | Nature of Liability | Amount (Rs. in Million)# | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| 1 | Income Tax Act, 1961 | Income Tax | 6.33 | AY 2000-01 | Assessing Authority (Case remanded by Income Tax Appellate Tribunal) |
| 2 | Income Tax Act, 1961 | Income Tax | 0.83 | AY 2002-03 | Income Tax Appellate Tribunal |
| 3 | Income Tax Act, 1961 | Income Tax | 0.03 | AY 2003-04 | Income Tax Appellate Tribunal |
| 4 | Income Tax Act, 1961 | Income Tax | 28.86 | AY 2010-11 | Commissioner of Income Tax (Appeals) |
| 5 | Income Tax Act, 1961 | Income Tax | 41.26 | AY 2011-12 | Commissioner of Income Tax (Appeals) |
| 6 | Income Tax Act, 1961 | Income Tax | 54.61 | AY 2012-13 | Commissioner of Income Tax (Appeals) |
| 7 | Income Tax Act, 1961 | Income Tax | 22.14 | AY 2013-14 | Commissioner of Income Tax (Appeals) |
| 8 | Kerala General Sales Tax Act, 1963 | Sales Tax | 4.90 | 1996-97 | Assessing Authority (Remanded back to AO by DC(A)) |
| 9 | Kerala General Sales Tax Act, 1963 | Sales Tax | 5.80 | 1999-00 | Assessing Authority, Commercial Taxes (Remanded back to Assessing Officer by the Kerala Sales Tax Appellate Tribunal) |
| 10 | Kerala General Sales Tax Act, 1963 | Sales Tax | 11.19 | 2000-01 | Deputy Commissioner(Appeals) |
| 11 | Kerala General Sales Tax Act, 1963 | Value Added Tax | 7.34 | 2001-02 | Deputy Commissioner(Appeals) |

| Sr. No. | Name of the statute | Nature of Liability | Amount (Rs. in Million)# | Period to which the amount relates | Forum where the dispute is pending |
|---|---|---|---|---|---|
| 12 | Kerala General Sales Tax Act, 1963 | Value Added Tax | 20.22 | 2004-05 | Deputy Commissioner(Appeals) |
| 13 | Kerala Value Added Tax Act, 2003 | Value Added Tax | 65.22 | 2005-06 | Deputy Commissioner(Appeals) |
| 14 | Kerala Value Added Tax Act, 2003 | Value Added Tax | 35.65 | 2007-08 | Deputy Commissioner(Appeals) |
| 15 | Finance Act, 1994 | Service Tax | 96.49* | Apr 2003- Mar 2007 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| 16 | Finance Act, 1994 | Service Tax | 16.49* | Apr 2007- Dec 2008 | Commissioner of Central Excise (Appeals) |
| 17 | Finance Act, 1994 | Service Tax | 9.77* | Jan 2009- Sep 2009 | Commissioner of Central Excise (Appeals) |
| 18 | Finance Act, 1994 | Service Tax | 11.66* | Oct 2009- Sep 2010 | Commissioner of Central Excise (Appeals) |
| 19 | Finance Act, 1994 | Service Tax | 11.13* | Oct 2010- Sep 2011 | Commissioner of Central Excise (Appeals) |
| 20 | Finance Act, 1994 | Service Tax | 7.05* | Oct 2011- Jun 2012 | Commissioner of Central Excise (Appeals) |
| 21 | Finance Act, 1994 | Service Tax | 8.74* | Jul 2012- Mar 2013 | Commissioner of Central Excise (Appeals) |
| 22 | Finance Act, 1994 | Service Tax | 0.41 | Jul 2012- Sep 2013 | Commissioner of Central Excise (Appeals) |
| 23 | Finance Act, 1994 | Service Tax | 0.57* | Oct 2013- Mar 2015 | Commissioner of Central Excise (Appeals) |
| 24 | Finance Act, 1994 | Service Tax | 8.54* | April 2013 – March 2014 | Commissioner of Central Excise (Appeals) |
| 25 | Finance Act, 1994 | Service Tax | 7.30* | April 2014- March 2015 | Commissioner of Central Excise (Appeals) |
| 26 | Customs Act, 1962 | Duty of Customs | 2.33 (Interest on addl. duty) | 1992-1993 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| 27 | Customs Act, 1962 | Duty of Customs | 1489.14 | 2010-2015 | Hon'ble High Court of Kerala |
| 28 | Customs Act, 1962 | Duty of Customs | 2.75 (Interest on addl. duty) | 1984-1990 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |
| 29 | Customs Act, 1962 | Duty of Customs | 2.21 (Interest on addl. duty) | 2013-2014 | Custom Excise & Service Tax Appellate Tribunal, Bangalore |

*#Amount mentioned net of taxes paid.*
**Amounts are inclusive of interest/penalty*

**Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the half year ended September 30, 2016 and the Fiscals 2016, 2015, 2014, 2013 and 2012 except as set out below:

*Fiscal 2014*

- Tampering of certain e-tickets by the Company's travel agents. Financial implication based on the initial assessment is around ₹0.19 million.

**Unusual or infrequent events or transactions**

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

**Significant economic changes that materially affected or are likely to affect income from continuing operations**

We operate in a highly regulated industry. Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in the section titled "*Risk Factors*" on page 17.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations*" and the uncertainties described in the section titled "*Risk Factors*" on pages 237 and 17, respectively. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on sales, revenue or income from continuing operations.

**Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Other than as described in "*Risk Factors*" and this section, we believe there are no known factors that might affect the future relationship between cost and revenue.

**Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

Changes in revenue in the last fiscal three years are as explained in the part "*Fiscal 2016 compared to Fiscal 2015*" and "*Fiscal 2015 compared to Fiscal 2014*" in this section.

**Competitive Conditions**

We expect competition in our industry from existing and potential competitors to intensify. For details, please see the discussions of our competition in "*Risk Factors*" on page 17.

**Increase in income**

Increases in our income are due to the factors described above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations*" and "*Risk Factors*" on pages 237 and 17, respectively.

**Status of any publicly announced new products or business segments**

We have not announced and do not expect to announce in the near future any new products or business segments.

**Significant dependence on a single or few suppliers or customers**

Apart from the Indian Navy, with whom we have we have entered into an agreement for building of the IAC which constitutes a major portion of our current order book as of September 30, 2016 and of our total revenues in the six-month period ended September 30, 2016 and in Fiscal 2016, we are not dependent on any particular supplier or customer.

**Significant developments after September 30, 2016 that may affect our future results of operations**

India has decided to adopt the "Convergence of its existing standards with IFRS" not IFRS. These "IFRS based/ synchronised Accounting Standards" are referred to in India as Ind AS. The Ministry of Corporate Affairs, Government of India, has through a notification dated February 16, 2015, set out the Ind AS and the timelines for their implementation. Accordingly, our Company is required to prepare its financial statements in accordance with Ind AS from April 1, 2016. Given that Ind AS is different in many respects from Indian GAAP under which our financial statements are currently prepared, our financial statements for the period commencing from April 1, 2016 may not be fully comparable to our historical financial statements.

See "*Risk Factor – Public companies in India, including us, are required to compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to ICDS in India is very recent and we may be negatively affected by such transition.*" on page 35. The key highlights of this transition to Ind AS are set out in "*Significant Differences between Indian GAAP and Ind AS*" on page 230. This is an indicative list of significant line items only and is provided for convenience only. It is not intended to be an exhaustive list. Investors should seek specific advice from their advisors in relation to the impact of transition to Ind AS.

## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding borrowings together with a brief description of certain significant terms of such financing arrangements. Our Company has granted loans to certain Directors and KMPs. For details, see "*Our Management – Loans taken by Directors/KMP*" on page 156.

### I. Fund Based Borrowing

### A. Secured Borrowings

The details of the secured borrowings are provided below:

| S. No | Lender and Term | Particulars | Amount sanctioned | Principal amount availed as on January 31, 2017 | Amount outstanding as on January 31, 2017 | Security / margin and Commission (p.a) | Purpose |
|---|---|---|---|---|---|---|---|
| 1. | Sanction letter from State Bank of India dated September 19, 2016 | Term loan for Dry Dock (**"Term Loan I"**) | ₹ 4,190 million | NIL | NIL | Margin: 76.71%<br>Security: hypothecation of project assets, equitable mortgage over 30 acres of factory land and buildings at Perumanoor, Ernakulam upon which the project is coming up, equitable mortgage over 57.78 acres of factory land and buildings at Perumanoor, Ernakulam and negative lien over remaining 81.94 acres of factory land at Perumanoor. | Dry Dock |
| | | Term loan for ISRF (**"Term Loan II")** | ₹ 4,420 million | NIL | NIL | Margin: 54.43%<br>Security: hypothecation of project assets and equitable mortgage over leasehold rights on project land measuring 16.90 hectares. | ISRF |

The sanction letter(s) issued by State Bank of India entails various restrictive conditions and covenants *interalia* restricting certain corporate actions for which our Company requires prior consent of the lender. Certain of these covenants include:

1. Formulation of any scheme of amalgamation or reconstruction or merger or demerger of our Company.
2. Issuing any guarantee obligation or letter of comfort in the nature of guarantee on behalf of any other company.
3. Embarking on any expansion/acquisition of fixed assets, if such investment results in breach of financial covenants or diversion of working capital funds for financing long term assets.
4. Diversion of funds by way of investment in share capital or loan or advance funds to or place deposits with any other concern for any other purpose other than for which granted or agreed to be granted.
5. Change the practice with regard to remuneration of directors or commission, scale of sitting fees, etc. except where mandated by any legal or regulatory provisions.
6. Changing the nature of business i.e. any other trading activity other than sale of products arising out of manufacturing operations of our Company.
7. Creating charge, mortgage or encumbrance over all or any of the fixed assets of our Company charged to the bank, except five percent of gross block.
8. Effecting any change in management, transfer of controlling interest and operating structure of our Company including key managerial persons.
9. In the event of default in repayment or cross default, State Bank of India will have the right to appoint its nominee on the Board of our Company to look after its interest.

10. Our Promoter's shares in our Company should not be pledged to any bank, non banking financial company or institution without prior written consent of State Bank of India.
11. In stressed situation or restructuring of debt, the regulatory guidelines provide for conversion of debt to equity. The Bank shall have the right to convert loan to equity or other capital in accordance with the regulatory guidelines.
12. Pre-payment charges include 2.00% of the pre-paid amount (loans prepaid out of higher cash accruals from the project/ refinancing under 5/25 on the date of refinancing/ equity infusion by promoters/ borrowers will not attract prepayment/ pre closure charges).
13. For non-compliance with any of the terms of sanction, the penal interest applicable is 1.00% per annum on the entire outstanding for the period on non-compliance. In case of diversion of funds in negative covenants, the penal interest of 2.00% per annum is applicable on the entire outstanding till such time the position is rectified.
14. Penal interest will be charged in case of breach of any two of the three of the following financial parameters vs-a-vis values as approved by the sanctioning authority, in the sanction note at the following rates:

| Parameters | Benchmark for annual testing of financial covenant | Penalty for adverse deviation | |
|---|---|---|---|
| DSCR | 4.96 | i) Upto 5% | Nil |
| Interest Coverage Ratio | 8.34 | ii) >5% and upto 10% | 25 bps p.a. |
| FACR | 2.98 | iii) >10% | 50 bps p.a. |

15. Each of the following events will attract penal interest/ charges as applicable, at rates circulated from time to time, over and above the normal interest applicable in the account:
    (a) For the period of overdue interest/ installment in respect of Term Loans and overdrawing above the drawing power/ limit in Fund Based Working Capital accounts on account on interest/ devolvement of letters of credit /bank guarantee, insufficient stocks and receivables etc.,
    (b) Non-submission of Audited Balance Sheet within 6 months of closure of financial year;
    (c) Non-submission of review/ renewal data at least one month prior to due date; and
    (d) Non-renewal of insurance policy(ies) in a timely manner or inadequate insurance cover.

**B. Secured Bonds**

Our Company has issued secured bonds on a private placement basis. The total amount outstanding in relation to bonds issued by our Company as on January 31, 2017 is ₹ 1,230.00 million (excluding interest). The bonds are listed on the BSE and have received a credit rating of 'IND AA+' grade by IndiaRatings and Research Private Limited and 'CARE AA+' by Care Analysis and Research Limited. As on January 31, 2017, there has been no redemption on the bonds. The details of the outstanding bonds issued by our Company are set forth below:

| S. No. | Nature of Bond | Redemption | Amount Outstanding (excluding interest) as on January 31, 2017 | Security |
|---|---|---|---|---|
| 1. | 8.51% Secured redeemable non-convertible tax-free bonds of face value of ₹ 1 million each allotted on December 2, 2013 | Earliest on December 2, 2023 | ₹ 1,000.00 million | The bonds is secured by way of equitable mortgage on the landed property situated at Elamkulam village, Kanayannur taluk, Ernakulam district admeasuring 197.12 ares |
| 2. | 8.72% Secured redeemable non-convertible tax-free bonds of face value of ₹ 1 million each allotted on March 28, 2014 | Earliest on March 28, 2029 | ₹ 230.00 million | The bonds is secured by way of equitable mortgage on the landed property situated at Elamkulam village, Kanayannur taluk, Ernakulam district admeasuring 197.12 ares |

Some of the salient features of the bonds, including the events of defaults provide for the following:

1. Defaults in payment of any interest on the bonds and such default continuing for a period of 30 days or interest amounting to at least ₹ 5,000 in arrears and unpaid for 30 days after becoming due shall amount to an event of default.
2. Defaults in the performance of any covenants, conditions or agreements under any agreement between our Company and/or the bond holders and/or the debenture trustees shall amount to an event of default.
3. If the information given by our Company in information memorandum, reports and other information furnished, and the warranties given/ deemed to have been given by it to the bondholder(s)/ beneficial owner(s) for financial assistance by way of subscription to privately placed bonds is found to be misleading or incorrect in any material respect or warranty referred to is found to be incorrect shall amount to an event of default.
4. Reasonable apprehension that our Company is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been commenced in respect of it shall amount to an event of default.
5. If our Company voluntarily or involuntarily: (i) becomes subject of proceedings under any insolvency laws; or (ii) gets dissolved or a petition of winding up has been admitted (otherwise than in pursuance of a scheme of amalgamation or reconstruction previously approved in writing by the bond trustees and duly carried into effect) shall amount to an event of default.
6. Our Company shall take consent in writing from the bond trustees for: (i) making any alterations in the provisions of its Memorandum and Articles of Association in an event of default; (ii) undertaking any new project/diversification of a project etc.; (iii) undertaking or permitting any merger, consolidation, etc.

## II. Non- Fund Based Borrowing

| Sr. No | Lender and Term | Type of Facility and validity | Limit/ Amount | Principal amount availed as on January 31, 2017 | Amount outstanding as on January 31, 2017 | Security / margin and Commission (p.a) | Purpose |
|---|---|---|---|---|---|---|---|
| 1. | Sanction letter from IndusInd Bank dated September 1, 2016 | Letter of Credit | ₹ 5,000 million | Nil | Nil | Nil | For procurement of raw materials, stores, spares etc. |
| | | Capex Letter of Credit (Import/ Inland) (sublimit of Letter of Credit) | (₹ 2,000 million) | Nil | Nil | Nil | For import as well as domestic procurement of plant, machinery and equipment etc. in the normal course of business |
| | | Bank Guarantee limit (sublimit of Letter of Credit) | (₹ 1,000 million) | Nil | Nil | Nil | To issue guarantee in course of normal business of the Company |
| | | Line of Credit for short term loans (sublimit of Letter of Credit) | (₹ 1,000 million) | Nil | Nil | Nil | For working capital purposes and cash flow mismatches in course of normal operations |
| | | Forward Cover Limit (vanilla forward contracts) / Derivative Limit (sublimit of Letter of Credit) | (₹ 5,000 million) | Nil | Nil | Security: Nil | To hedge exchange risk on account of trade-related payables/ receivables in normal course of business |
| | | Potential Future Exposure: ₹ 1,750 million (at the rate of 35% for three years, sublimit of LC facility) | | | | | |

| Sr. No | Lender and Term | Type of Facility and validity | Limit/ Amount | Principal amount availed as on January 31, 2017 | Amount outstanding as on January 31, 2017 | Security / margin and Commission (p.a) | Purpose |
|---|---|---|---|---|---|---|---|
| | | Internal mark-to-market threshold: ₹ 300 million (at the rate of 6%) | | | | | |
| 2. | Sanction letter from the State Bank of India dated September 19, 2016 | Letter of credit | ₹ 3,500 million | $ 23.26 million | $ 23.26 million | Security: documents of title to goods, goods covered under letter of credit and extension of charge on the entire current assets of our Company | Working capital |
| | | Bank guarantee | ₹ 1,500 million | $ 3.20 million | $ 3.20 million | Security: counter guarantee of our Company and extension of charge on the entire current assets of our Company | Working capital |
| | | Credit Exposure Limit | ₹ 60 million | NIL | NIL | - | Working capital |
| | | One-time Capex letter of credit (as a sublimit to Term Loan I and Term Loan II) | (₹ 8,610 million) | NIL | NIL | Security: documents of title to goods, goods covered under letter of credit and extension of securities proposed for Term Loan I and Term Loan II | Working capital |
| 3. | Sanction letter by IDBI Bank Limited dated December 15, 2016 | Letter of Credit Sanction validity: One year | ₹ 1,500 million | ₹ 10.75 million | ₹ 10.75 million | Nil and 0.03% p.a. plus service tax | Working Capital (Import/ Inland) |
| | | Buyer's Credit (as inner limit to Letter of Credit limit) Sanction validity: One year | (₹ 1,500 million) | NIL | NIL | Nil and 0.03% p.a. plus service tax payable upfront | Working Capital (Import) |
| | | Bank Guarantee (as inner limit to Letter of Credit limit) Sanction validity: One year | (₹ 1,500 million) | NIL | NIL | Security: Counter Guarantee and 0.03% p.a. plus service tax | Working Capital |
| | | Treasury Limit/ LER (as inner limit to Letter of Credit Limit) Term: till | (₹ 200 million) | NIL | NIL | Nil | For booking forward contracts |

| Sr. No | Lender and Term | Type of Facility and validity | Limit/ Amount | Principal amount availed as on January 31, 2017 | Amount outstanding as on January 31, 2017 | Security / margin and Commission (p.a) | Purpose |
|---|---|---|---|---|---|---|---|
| | | December 1, 2017 | | | | | |
| 4. | Sanction letter from Union Bank of India dated August 5, 2015 ("Sanction Letter") read with letter dated January 10, 2017* | Line of Credit | ₹ 3,000 million | NIL | NIL | Security: charge on current asset and 0.03% p.a. plus service tax payable upfront | - |
| | | Import line of credit | ₹ 2,000 million | ₹ 706.64 million | ₹ 706.64 million | Nil and 0.03% p.a. plus service tax payable upfront | - |
| | | Inland line of credit | ₹ 1,500 million | NIL | NIL | Nil and 0.03% p.a. plus service tax payable upfront | - |
| | | Inland Letter of Guarantee | ₹ 2,500 million | NIL | NIL | Nil and 0.03% p.a. plus service tax payable upfront | - |
| | | Letter of Guarantee II Foreign | ₹ 5,500 million | ₹ 82.67 million | ₹ 82.67 million | Nil and 0.03% p.a. plus service tax payable upfront | - |
| | | Line of Credit for Buyer's credit | ₹ 1,500 million | NIL | NIL | Nil and 0.03% p.a. plus service tax payable upfront | - |
| 5. | Sanction letter of State Bank of Travancore ("**SBT**") dated April 21, 2014** | Letter of credit (inland/ foreign) | ₹ 2,500 million | ₹ 209.83 million | ₹ 209.83 million | Charges: 0.03% p.a. plus SWIFT charge | Purchase of raw material |

* The non-fund based limits are inter-changeable as provided in Sanction Letter.

** The sanction letter from SBT has expired. For risk in relation to the said sanction letter, see "*Risk Factors – Our planned capital expenditure may not yield the intended benefits or we may be unable to raise finances to fund our planned capital expenditure which may negatively impact our business, financial condition and results of operations.*" on page 26.

The sanction letter from IndusInd Bank dated September 1, 2016, entails certain covenants including:

1. For forward cover limit (vanilla forward contracts) / derivative limit (sublimit of Letter of Credit), the event of default includes the downgrade of external rating below "A". In case of event of default, our Company shall bring in cash margin to cover the mark-to-market/ exposures under other facilities at all times during the currency of the contract.

2. Our Company is advised to have the facilities sanctioned herein rated by an approved external rating agency. In case of non-compliance, IndusInd Bank reserves the right to recall the facility.

3. Common condition for all facilities sanctioned includes restriction on GoI holding in our Company falling below 51%.

The sanction letter by IDBI Bank Limited dated December 15, 2016 entails certain covenants including:

1. For the Treasury Limit/ LER, (a) in case of default in the payment of cancellation charges/ premium, or non-compliance with terms and conditions or breach of specific covenants, etc., an interest shall be charged at the

rate of 4% above benchmark prime lending rate, (b) our Company shall not make any alterations in the controlling ownership or any other material change in management, or in the nature of our Company's business or operations during the subsistence of facilities, except after prior written notice to IDBI atleast one month in advance.

2. Our Company shall not divert the facilities to inter-corporate deposits, debentures, stocks and shares, real estate business, etc. In case of diversion to other uses, the facilities will be withdrawn forthwith and will also attract penal interest at the rate of 2% over and above the rate charged till the repayment.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/ regulatory authorities; (iii) indirect and direct tax proceedings; and (iv) other material litigations; involving our Company and Directors. Our Board, in its meeting held on January 24, 2017, adopted a policy on identification of group companies, material creditors and material litigations ("**Materiality Policy**").*

*As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving our Company: (a) where the amounts involved in such litigation exceed 5% of the net profit after tax of our Company (as per the latest audited financial statements of our Company) are to be considered as material pending litigation; (b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed 5% of the net profit after tax of our Company (as per the latest audited financial statements of our Company); and (c) and other litigation which does not meet the criteria set out in (a) and (b) above and whose adverse outcome would materially and adversely affect the operations or financial position of our Company, have been disclosed in this Section.*

*Additionally, as per the Materiality Policy, for the purposes of (iv) above, all outstanding litigation involving our Directors, an adverse outcome of which would materially and adversely affect the reputation, operations or financial position of our Company, have been considered as material litigation and disclosed in this section.*

*Accordingly, the materiality threshold for (iv) above, for our Company is ₹137.52 million (i.e. 5% of the net profit after tax of our Company i.e., ₹2,750.31 million, as per the audited financial statements of our Company) for Fiscal 2016.*

*Further, except as stated in this section, there are no: (i) pending proceedings initiated against our Company for economic offences; (ii) default and non - payment of statutory dues by our Company; (iii) inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years against our Company from the date of this Draft Red Herring Prospectus; (iv) material frauds committed against our Company in the last five years; (v) overdues to banks or financial institutions by our Company; (vi) defaults against banks or financial institutions by our Company; (vii) fines imposed or compounding offences against our Company; (viii) proceedings initiated against our Company for economic offences; (ix) matters involving our Company pertaining to violation of securities law, and (x) outstanding dues to material creditors and material small scale undertakings.*

*As per the Materiality Policy, outstanding dues to creditors in excess of* 5% *of the total trade payables as per last audited financial statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be 5% of total trade payable as at September 30, 2016 i.e. 5% of ₹3,557.15 million which is ₹177.86 million. For ease of disclosure, our Board has determined the outstanding dues in excess of ₹177.86 million to be material dues and the same has been accordingly disclosed in this section. Further, all outstanding dues have been disclosed in a consolidated manner in this section. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at http://cochinshipyard.com/investors.htm.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation are for that particular litigation only.*

**Litigations involving our Company**

**I. Litigations against our Company**

*(a) Criminal Complaints*

Nil

*(b) Actions by Statutory and Regulatory Authorities*

Nil

*(c) Tax proceedings*

*Indirect Tax proceedings (consolidated)*

| S. No. | Type of Indirect Tax | Number of cases | Approximate amount in dispute/ demanded (in ₹ million |
|---|---|---|---|
| 1. | Customs | 3 | 34.43 * |
| 2. | Service Tax | 19 | 857.28** |
| 3. | Sales Tax | 28 | 1,374.13*** |
| **Total** | | **50** | **2,265.84** |

** All three cases pertain to a refund claim of ₹34.43 million by our Company.*

*** Excludes penalty, fines and interest that have not been quantified.*

**** Our Company has paid tax in certain cases in protest. The liability of our Company shall be reduced to that extent. Further, the amount excludes ₹2.88 million of excess tax paid by our Company in one of the matters.*

*Direct Tax proceedings (consolidated)*

| S. No. | Type of Direct Tax | Number of cases | Approximate amount in dispute / demanded (in ₹ million) |
|---|---|---|---|
| 1. | Income Tax | 12 | 607.79* |
| **Total** | | **12** | **607.79*** |

** The total income tax liability as per the tax authorities is ₹167.66 million.*

*(d) Other material pending litigations*

*Civil Proceedings*

1. Our Company entered into a shipbuilding contract with Surrendra Overseas Limited, (presently known as Apeejay Shipping Limited) ("**Petitioner**") on November 29, 1980 for the supply of a bulk carrier ("**Contract**"**)**. The Petitioner has filed a writ petition bearing number 844 of 1991 before the High Court of Calcutta challenging the price of the ship which was fixed at ₹ 325.27 million in the Contract. The High Court of Calcutta *vide* its order dated December 15, 1995, directed the Government of India to consider the Petitioner's representation and dispose the same after giving an opportunity for the Petitioner of being heard. After hearing the Petitioner on March 26, 1996, the Ministry of Shipping passed its final order bearing number SY-11018/19/91-MD Vol II dated June 4, 1996 rejecting the contention of the Petitioner ("**MoS Award**"). Thereafter, the MoS Award was filed before the High Court of Calcutta and writ petition 844 of 1991 was dismissed. Aggrieved, the Petitioner, approached the High Court of Calcutta by writ petition 2255 of 1996 which was dismissed by the High Court of Calcutta through order dated August 8, 2002 on the ground of default on the part of the Petitioner, since none appeared on behalf of them at the time when the matter was called for hearing. Further, in the simultaneous arbitration that was being undertaken between the parties for the Contract, it was decided by the arbitrator that since the price of the ship has been fixed by the government, it is not an issue for arbitration. The High Court of Calcutta *vide* order dated August 17, 2009 recalled the order of dismissal dated August 8, 2002 and listed the matter for hearing. This writ petition is currently pending before the High Court of Calcutta.

2. Our Company entered into an agency agreement dated August 1, 1993 with Vigil Marine Services ("**Claimant**") whereby the Claimant agreed to safeguard the interest of our Company and render all services required to market the products of our Company in the countries in the Middle East through inquiries, tenders, etc. issued by government and oil companies ("**Agency Agreement**"). The Claimant claimed that it is through their services that our Company was awarded few critical contracts such as the contract with National Petroleum Construction Company, Abu Dhabi, A.A. Turki Corporation, Saudi Arabia ("**ATCO**"), etc. The dispute arose between the parties on the ground of wrongful termination of the Agency Agreement as well as in relation to certain brokerage claims made by the Claimant. The parties commenced arbitration proceedings pursuant to the arbitration clause in the Agency Agreement after its termination. The arbitral tribunal passed an award dated November 24, 2015 directing our Company to pay a commission at the rate of 5% of US$ 18.25 million along with interest at 8% per annum, being the ATCO contract value from the date of receipt of the said amount by our Company of US$ 18.25 million till payment is made to the Claimant ("**Arbitral Award**"). Thereafter, the arbitrator, *vide* an order dated January 12, 2016, dismissed the claim made by the Claimant for issuing further directions under section(s) 33(1) or 33(4) of the Arbitration and Conciliation

Act, 1996. Aggrieved by the Arbitral Award, our Company has filed a petition in the court of Additional District Judge V, Ernakulam ("**Civil Court**") bearing number O.P. (arbitration) 187 of 2016 for stay on the execution of the Arbitral Award. The Civil Court, *vide* order dated February 26, 2016 in I.A. 831 of 2016 in O.P. (arbitration) 187 of 2016 granted stay on the execution of the Arbitral Award till the disposal of O.P. (arbitration) 187 of 2016. This matter is currently pending before the Civil Court.

3. Mr. Sebastian ("**Complainant**"), has filed a writ petition before the High Court of Kerala against our Company, the Chairman and Managing Director (as a performa party) of our Company alleging favouritism in the manner of awarding contracts. The Complainant has prayed for issuance of writ of mandamus or other appropriate writ directions or orders directing the Central Vigilance Commission to take appropriate legal action as per the Central Vigilance Commission Act, 2003. The matter is currently pending.

4. Certain contractors/ sub-contractors of our Company ("**Petitioners**") have filed 33 writ petitions before the High Court of Kerala at Ernakulam against the Union of India, assessing authority, our Company and other parties in relation to the collection of service tax. Our Company collects central excise duty/ service tax from the contractors/ sub-contractors for each of its vessel and pays service tax on the total consideration to the taxing authority. However, the assessing authorities have issued show-cause notices to the Petitioners *inter alia* for non-payment of service tax. The Petitioners have filed the writ petition to *inter alia* direct the assessing authorities to consider the claims of the Petitioners and in the event that the Petitioners are found liable to pay service tax, direct our Company *vide* writ of mandamus or any other appropriate writ, direction or order, to release the amount withheld by our Company from the Petitioners for the payment of the taxes. Our Company has *interalia* claimed that the payment or non-payment of tax by the Petitioners would not vary the total collection that could be legally collected on the activity undertaken in the shipyard. These writ petitions are currently pending.

**II. Litigations by our Company**

*(a) Criminal Complaints*

Nil

*(b) Other material pending litigations*

*Civil Proceedings*

1. Our Company entered into a shipbuilding contract with Surrendra Overseas Limited, (presently known as Apeejay Shipping Limited) ("**Petitioner**") on November 29, 1980 for the supply of a bulk carrier ("**Contract**"**)**. The dispute was in relation to the price clause in the agreement as well as in relation to the delivery timing of the vessel built by our Company for the Petitioner. The dispute arose between the parties and as per the provisions of the Contract, the matter was referred for arbitration. Our Company filed a claim for ₹ 87.00 million. The Petitioner filed a counter claim of ₹ 240.34 million. The arbitrator passed the award for ₹ 80.7 million on December 21, 1992 ("**Award**") in favour of our Company. The Award was challenged by the Petitioner before the sub-court, Ernakulam ("**Civil Court**") as petitioner bearing number O.P. (arbitration) 43 of 1993. Our Company filed a petition bearing number O.P. (arbitration) 7 of 1993 for passing the decree in terms of the Award. The Civil Court, *vide* common order dated October 13, 1997, set aside the Award and dismissed the application to pass a decree in terms of the Award ("**Civil Court Judgement**"). Aggrieved by the Civil Court Judgement, the Petitioner filed a petition bearing number M.F.A. 192 of 1998 and C.R.P. 957 of 1998 before the High Court of Kerala ("**High Court**"**)**. The High Court, *vide* a common judgement dated October 11, 2001, set aside the decision and order of the Civil Court and appointed a new arbitrator in the matter ("**High Court Order**"). Our Company filed a special leave petition bearing number 1854 and 1855 of 2002 before the Supreme Court of India ("**Supreme Court**"). The special leave petition was allowed and the matter was heard as civil appeal bearing number 7096 and 7097 of 2002. The Supreme Court upheld the High Court Order. The arbitrator passed an award on July 15, 2009 in favour of our Company ("**Award-II**"). The Award-II envisages an amount of ₹ 81.83 million plus a flat rate of 12.5% interest amounting to ₹ 198.54 million for the sum from the date of claim totalling to ₹ 280.36 million to be paid to our Company. This Award-II was filed before the High Court. The High Court, *vide* order dated August 11, 2009, held that the Award-II be filed before the Civil Court. Our Company prayed before the Civil Court for passing the decree under section 17 of the Arbitration and Conciliation Act, 1940 in terms of the Award-II

and the Petitioner filed a petition bearing number O.P. (arbitration) 30 of 2009 under section(s) 30 and 33 of the Arbitration and Conciliation Act, 1940 to set aside the Award-II. During the pendency of this petition before the Civil Court, the Petitioner filed an application bearing number I.A. 5625 of 2011 to seek permission to examine the arbitrator and the general manager of the Petitioner's company as witnesses. The Civil Court, *vide* order dated December 23, 2011, rejected the application holding that there was no justification to examine the arbitrator ("**Order-II**"). The Petitioner filed a writ petition bearing number 482 of 2013 before the High Court which concurred with the view expressed by the Civil Court *vide* its order dated August 11, 2014. However, the High Court granted liberty to the Petitioner to produce other available evidence to substantiate its claim and specifically permitted examination of its employees as witness in the proceeding. Thereafter, in relation to O.P. (Arbitration) 30 of 2009 pending before the Civil Court, the Supreme Court *vide* its order dated December 15, 2014 in the special leave appeal (civil) 34309 of 2014 granted stay on further proceedings. Further our Company filed an appeal before the Supreme Court questioning the legal tenability of the order passed by the High Court on August 11, 2014. The Supreme Court *vide* its judgement on civil appeal number 9187 of 2015 dated November 6, 2015 held that no witness examination is permissible, within the parameters of Sections 30 and 33 of the Arbitration Act, 1940 to prove a legal misconduct on the part of the arbitrator. The Supreme Court granted the permission to the Petitioner to examine any witness in court. This matter is currently pending before the sub-court, Ernakulam.

2. Our Company filed a petition bearing number O.S. 124 of 2013 against Superwaudite Jointings Private Limited, Ahmedabad ("**Respondent**") before the Subordinate District Judge Court, Ernakulam ("**Civil Court**") on January 30, 2013 in relation to the purchase orders placed with the Respondent. Our Company placed the purchase orders for asbestos free gaskets for its vessels. The Respondent confirmed that the gaskets it had supplied to our Company were asbestos-free. However, it was later reported and certified that the gaskets contained asbestos content. Consequently, our Company was compelled to settle the claims raised by the owners of the vessels, i.e. the companies owned by the Vroon group. Our Company has claimed ₹ 140.46 million with future interest from the Respondent for the loss and damages sustained by us ("**Petition**"). The Respondent filed a written statement on September 21, 2013 wherein it denied supplying gaskets with asbestos content to our Company. It further stated that our Company failed to raise any claim in relation to the quality of the gaskets during the twelve month guarantee period. Thereafter, our Company filed a petition bearing number O.P. (C) 693 of 2015 before the High Court of Kerala at Ernakulam (**High Court**") for seeking directions to the Civil Court to accept our witness list for examination. The High Court, *vide* its order dated August 7, 2015, directed the Civil Court to permit our Company to take steps for availing the presence of the witnesses for examination. This matter is currently pending before the Civil Court.

## III. Outstanding dues to small scale undertakings and other creditors by our Company

As on September 30, 2016, our Company has 1,374 creditors. Based on the Materiality Policy adopted by our Board, the threshold for material dues is 5% of total trade payable as at September 30, 2016, i.e. 5% of ₹ 3,557.15 million which is ₹ 177.86 million. Details of the dues owed to creditors are given below:

| Sr. No. | Name of the creditor | Amount Outstanding (in ₹ million) |
|---|---|---|
| 1. | Bharat Electronics Limited | 580.74 |
| 2. | Dredging Corporation of India | 468.13 |
| 3. | Bharat Heavy Electricals Limited | 379.94 |
| | **Total** | **1,428.81** |

The details pertaining to net outstanding dues towards creditors are available on the website of our Company at http://cochinshipyard.com/investors.htm. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website www.cochinshipyard.com or http://cochinshipyard.com/investors.htm would be doing so at their own risk.

**IV. Details of default and non - payment of statutory dues by our Company.**

For details of non-payment of statutory dues by our Company, refer to "*Management discussion and analysis of financial condition and results of operations – Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution*" on page 254.

**V. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company**

*The below mentioned summary has been prepared from publicly available information including press releases, orders available on the website of the Supreme Court of India. The information has not been independently verified by our Company, the Selling Shareholder, the Book Running Lead Managers, or any of the advisors of our Company, the Selling Shareholder, the Book Running Lead Managers or their respective affiliates and neither our Company nor the Selling Shareholder nor any of the Book Running Lead Managers makes any representation as to its accuracy or completeness.*

Goa Foundation ("**Petitioner**") filed a public interest litigation (writ petition bearing number 460 of 2004), against the Union of India before the Supreme Court of India (the "**Court**") in relation to operation of certain units which had not obtained prior environmental clearance in contravention of a Central Government notification dated January 27, 1994. The Court, pursuant to an order dated February 21, 2005, directed the Central Government to issue requisite orders for the closure of all defaulting units continuing in violation of environmental laws. Accordingly, the Central Government issued an order dated March 2, 2005, directing the defaulting units to be closed down. The March 2, 2005 order was subsequently stayed by the Court pursuant to an order dated March 11, 2005 since some of the applications for the grant of environmental clearance were pending with the Ministry of Environment and Forests ("**MoEF**"). The MoEF subsequently assisted the Court in identification of defaulting units which were subsequently closed pursuant to an order dated May 11, 2005. The May 11, 2005 order did not apply to certain coal mines, units which had obtained a valid environmental clearance and units whose environmental clearance were being deliberated by the MoEF. The Petitioner had subsequently contended that the MoEF while granting environmental clearances to units situated in close proximity to wildlife sanctuaries had not considered a decision dated January 21, 2002 of the Indian Board of Wildlife, to notify the areas within 10 kilometres of the boundaries of national parks and sanctuaries as eco-sensitive zones (the "**IBW Decision**"). The MoEF in its response stated that subsequent to the IBW Decision, the MoEF had requested all Chief Wildlife Wardens of all States and Union Territories for initiating measures for identification of suitable areas and submit detailed proposals at the earliest per the IBW Decision. The MoEF further stated that some of the states had raised a concern that most of the human habitation and other areas including important cities in these states would come under the purview of eco-sensitive zones and would adversely affect development. The National Board for Wildlife in its meeting held on March 17, 2005 had decided that *"delineation of eco-sensitive areas would have to be site specific and relate to regulation, rather than prohibition, of specific activities."* The MoEF had also sent a letter dated May 27, 2005 to all the Chief Wildlife Wardens to initiate suitable measures for the identification of the suitable areas and submit detailed proposals. The Court thereafter, pursuant to its order dated December 4, 2006, directed the MoEF to give a final opportunity to the States / Union Territories to respond to the letter dated May 27, 2005 within four weeks failing which the Court would implement the IBW Decision. The Court further directed that in all cases where environmental clearances were granted for activities within the 10 kilometres zone such cases be referred to the standing committee of the National Board for Wildlife. The Court further stated that the letter dated May 27, 2005 is a departure from decision taken on January 21, 2002 and that this departure is being considered in another case. The MoEF had subsequently filed an affidavit on the proposals received by it from the various states. The MoEF has also released guidelines for declaration of eco-sensitive zones around national parks and wildlife sanctuaries on February 9, 2011. The matter is currently pending. For further details see *"Risk Factors – The environmental clearance for our new Dry Dock is subject to the final order in the matter of Goa Foundation vs Union of India and amongst others, the prior clearance of the Standing Committee of the National Board for Wildlife."* on page 20.

**VI. Material fraud committed against our Company in the last five years and actions taken by our Company in this regard**

There has been no material fraud committed against our Company in the last five years, except as given below:

During the financial year 2013-14, a case of fraud committed against the Company in relation to tampering of certain e-tickets by the Company's travel agents was noted. The financial implication of the case amounted to Rs.0.19 Million (as quantified by M/s Babu A Kallivayalil & Co., Chartered Accountants, the statutory auditor of the Company for the year ended March 31, 2014).

**VII. Pending proceedings initiated against our Company for economic offences**

*Nil*

**VIII. Inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company**

The office of Registrar of Companies, Kerala, Ministry of Corporate Affairs issued a show-cause notice dated July 14, 2015 for violation of section 149(1) of the Companies Act 2013 ("**Act**") and read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 for non-appointment of a woman director on our Board ("**SCN**"). Our Company, *vide* reply dated July 30, 2015 to the SCN, stated that as per article 21(a) of our Articles of Association, the Directors of our Company are appointed by President of India and that appointment of a director including a woman director is beyond the powers of the Board. The Ministry of Shipping, Government of India, *vide* letter dated March 21, 2016, appointed Ms. Roopa Shekhar Rai as a director on our Board.

**IX. Material Developments**

There are no material developments post September 30, 2016. For details of significant developments post September 30, 2016, see *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 236.

**X. Details of fines imposed or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Draft Red Herring Prospectus**

*Nil*

**XI. Litigations involving our Directors**

***(i) Litigations against our Directors***

*(a) Criminal Complaints*

Nil

*(b) Other litigations*

Our directors have not been made party to in any litigation in their personal capacity. However, they have been made performa party in some of the matters instituted against our Company. For details where the Chairman and Managing Director of our Company is named as performa party, see "*Litigations against our Company – Other material pending litigations."* on page 266.

***(ii) Litigations by our Directors***

*Nil*

## GOVERNMENT AND OTHER APPROVALS

*In view of the approvals listed below, our Company can undertake the Issue and our Company can undertake its current business activities, and no further major approvals from any governmental or regulatory authority are required to undertake the Issue or continue the business activities of our Company. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or are in the process of making such applications. For details in connection with the regulatory and legal framework within which we operate, see "Regulations and Policies" on page 129.*

### 1. Incorporation Details

- Certificate of Incorporation dated March 29, 1972 issued to our Company by the RoC.
- Change of status to deemed public company under section 43A (1)/ 43A (1A)/ 43A (1B) of the Companies Act, 1956 with effect from July 1, 1982.
- Change of status to private company with effect from July 16, 1985 as per the notification number G.S.R. 577(E) dated July 16, 1985.
- Change of status to public company on November 8, 2016 and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Kerala at Ernakulam.

### 2. Approvals in relation to the Issue

- Our Board has, by way of resolution dated December 22, 2015, approved the Issue.
- Our Shareholders have, pursuant to a resolution passed at the AGM held on September 20, 2016 approved the Issue.
- The President of India, acting through the Ministry of Shipping, Government of India has approved the Offer for Sale of 11,328,000 equity shares of our Company *vide* its letter bearing file number SY-12021/1/2007-CSL Vol. V dated December 6, 2016.
- The President of India, acting through the Ministry of Shipping, Government of India has consented to include its shareholding of upto 27,187,200 Equity Shares representing 20% of the post Issue paid-up Equity Share capital as minimum promoter's contribution to the Issue, which shall be considered for lock-in for a period of three years from the date of allotment of Equity Shares in the Issue *vide* its authorisation certificate numbered File No. SY-12021/1/2007-CSL Vol. V dated December 6, 2016.

### 3. In Principle Approvals from Stock Exchanges

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

### 4. Material approvals for our business and operations

We require various approvals and/or licences under various rules and regulations to operate our business in India. We have obtained the necessary permits, licences and approvals from the appropriate regulatory and governing authorities required to operate our business.

The material approvals required by our Company to conduct its operations are set out below:

**a) Environmental Licence**

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Integrated Consent to Operate | Kerala State Pollution Control Board ("**KSPCB**") | January 20, 2016 | June 30, 2018 |

**b) Industry Related Licences**

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Licence for possession and operation of radiography exposure device(s) for industrial radiography under the Atomic Energy Act, 1962 | Chairman, Atomic Energy Regulatory Board, Government of India | August 18, 2015 | August 18, 2018 |
| 2. | Approval for electrical installations under regulation 43 of the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 in relation to roof top solar systems at various buildings of our Company | Regional Inspectorial Organisation (South), Central Electricity Authority | February 1, 2016 | - |
| 3. | Industrial licence under the Industries (Development and Regulation) Act, 1951 for the manufacture of building of passenger ships, oil tankers, etc. falling under scheduled industry numbered 7(2) | Department of Industrial Development, Ministry of Industry, Government of India | May 27, 1988 | - |
| 4. | Licence to store petroleum in tank/s in connection with pump outfit for fuelling motor conveyances under the Petroleum Act, 1934 | Office of Deputy Chief Controller of Explosives, Government of India | April 5, 1997 | December 31, 2022 |
| 5. | Licence to import and store petroleum in an installation under the Petroleum Act, 1934 | Office of Deputy Chief Controller of Explosives, Government of India | April 6, 2015 | December 31, 2017 |
| 6. | Licence to import and store petroleum in an installation under the Petroleum Act, 1934 | Office of Deputy Chief Controller of Explosives, Government of India | January 12, 2016 | December 31, 2018 |
| 7. | Licence to store compressed gas in pressure vessel or vessels under the Indian Explosives Act, 1884 and the rules made thereunder | Office of Deputy Chief Controller of Explosives, Government of India | August 22, 2014 | March 31, 2017 |
| 8. | Renewal certificate for Fixed (FM B/C), Fixed (CR B/C), Fixed Land Mobile, Handheld Maritime Mobile, Aero mobile/ Experimental Demonstration Radio Control of Model Licence number FL-585/1-10 | Wireless Planning and Coordination Wing, Ministry of Communications and Information Technology, Government of India | April 4, 2016 | March 31, 2017 |
| 9. | Renewal certificate for Fixed (FM B/C), Fixed (CR B/C), Fixed Land Mobile, Handheld Maritime Mobile, Aero mobile/ Experimental Demonstration Radio Control of Model Licence number FL-1277/1-31 | Wireless Planning and Coordination Wing, Ministry of Communications and Information Technology, Government of India | August 17, 2016 | May 31, 2017 |
| 10. | Renewal certificate for Fixed (FM B/C), Fixed (CR B/C), Fixed Land Mobile, Handheld Maritime Mobile, Aero mobile/ Experimental Demonstration | Wireless Planning and Coordination Wing, Ministry of Communications and Information Technology, | June 20, 2016 | May 31, 2017 |

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| | Radio Control of Model Licence number FL-1278/1-10 | Government of India | | |
| 11. | Renewal certificate for Fixed (FM B/C), Fixed (CR B/C), Fixed Land Mobile, Handheld Maritime Mobile, Aero mobile/ Experimental Demonstration Radio Control of Model Licence number FL-1531/1-47 | Wireless Planning and Coordination Wing, Ministry of Communications and Information Technology, Government of India | August 17, 2016 | July 31, 2017 |
| 12. | Licence under the Food Safety and Standards Act, 2006 | Food Safety and Standards Authority of India, Government of India | November 23, 2012 | March 31, 2017 |
| 13. | Licence under the Factories Act, 1948 and Kerala Factories Rules, 1957 | Department of Factories and Boilers, Government of Kerala | January 11, 2017 | December 31, 2017 |
| 14. | Our Company is in receipt of the certificate of verification for stamping weights and measures under the Standards of Weights and Measures (Enforcement) Act, 1985 issued by the Office of the Controller of Legal Metrology, Kerala in relation to various weights and measures. These weights and measures are periodically verified by the concerned agency. | | | |

**c) Employment Related Licences**

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Certificate of registration under Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 | Office of the Assistant Labour Commissioner (Central), Ministry of Labour and Employment, Government of India | December 9, 2016 | - |
| 2. | Certificate of registration under Contract Labour (Regulation and Abolition) Act, 1970 | Office of the Assistant Labour Commissioner (Central), Ministry of Labour and Employment, Government of India | December 9, 2016 | - |
| 3. | Certificate under Employees' Provident Fund and Miscellaneous Provisions act, 1952 | Employees Provident Fund Organisation, Ministry of Labour and Employment, Government of India | June 14, 2013 | - |
| 4. | Certificate under Employees' State Insurance Act, 1948 | Employees State Insurance Corporation, Ministry of Labour and Employment, Government of India | June 14, 2013 | - |

In addition to the above, we have also obtained the certified copy of the Standing Orders as certified by the Chief Labour Commissioner (Central) and Appellate Authority under the Industrial Employment (Standing Orders) Act 1946.

**d) Tax Related Approvals**

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Certificate of registration under the Kerala Value Added Tax Rules, 2005 | Kerala Commercial Taxes Department, Circle II, Ernakulam | April 27, 2016 | March 31, 2017 |
| 2. | Certificate of registration under | Central Board of Excise | April 19, 2013 | - |

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| | the Service Tax Rules, 1994 | and Customs, Ministry of Finance- Department of Revenue | | |
| 3. | Excise Control Code number | Officer of Deputy Commissioner of Central Excise, Ernakulam II Division, Kochi | April 1, 2000 | - |
| 4. | PAN number under the Income Tax Act, 1961 | Commissioner of Income Tax, Cochin | March 29, 1972 | - |
| 5. | The Tax Deduction Account number of our Company is CHNC00784A | | | |

**e) Foreign Trade Related Approvals**

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Import Export Code certificate | Office of Joint Director General of Foreign Trade, Ministry of Commerce, Government of India | June 30, 1988 | - |
| 2. | Licence for private bonded warehouse under the Customs Act, 1962 | Office of Commissioner of Customs, Government of India | May 17, 1978 | - |

**f) Approvals in relation to the development of ISRF project at Cochin Port Trust, Willingdon Island, Kochi**

*Approvals Received*

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Approval of the proposal for the development of ISRF at Cochin Port Trust premises by our Company *vide* its letter numbered F. No. SY-13013/3/2014-CSL | The Government of India, acting through the Ministry of Shipping | May 19, 2016 | - |
| 2. | Consent to establish issued under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment (Protection) Act, 1986 | Kerala State Pollution Control Board | April 6, 2016 | May 31, 2018 |
| 3. | Approval for electrical installations under the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 for installation of 2000 KVA, 11kV/433V Transformer, 630 KVA, 433/380V Autotransformer, 11kV VCB panel and connecting cables for ISRF | Deputy Director, Central Electricity Authority | February 1, 2016 | - |
| 4. | Licence under the Factories Act, 1948 and Kerala Factories | Department of Factories and Boilers, Government | December 27, 2016 | December 31, 2017 |

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| | Rules, 1957 | of Kerala | | |
| 5. | Factory Approval Plan Order issued under Factories Act, 1948 and Rule 3 of Kerala Factories Rule 1951 vide order no. T3/909/2017/F&B/R.Dis. | Office of the Director of Factories and Boilers, Thiruvananthapuram | February 7, 2017 | February 6, 2018 |

*Pending Approvals*

We have made applications for some of the registrations and approvals to be obtained by our Company in relation to which are set out below:

(i) Application for Coastal Regulation Zone ("**CRZ**") clearance as per CRZ notification made to Kochi municipal corporation dated April 29, 2015

(ii) Application to national board for wildlife clearance, Ministry of Environment, Forest and Climate Change ("**MOEFCC**") (Wildlife Division) dated June 24, 2016

(iii) Application for stage I forest clearance made under section 2 of the Forest (Conservation) Act, 1980 for diversion of forest area dated June 24, 2016

(iv) Application submitted along with environmental impact assessment report to MOEFCC for environmental clearance dated September 29, 2015

**g) Approvals in relation to construction of Dry Dock in our Company's premises**

*Approvals Received*

| Sr. No. | Name/description of licence/approval | Issuing authority | Date of issue/renewal | Date of expiry, if specified |
|---|---|---|---|---|
| 1. | Approval of the proposal for construction of Dry Dock project in our Company's premises vide letter numbered SY-13013/3/2014-CSL | The Government of India, acting through the Ministry of Shipping | August 5, 2016 | - |
| 2. | Environmental clearance and CRZ clearance numbered File No. 10-9/2015-IA III for the Dry Dock* | MOEFCC | November 9, 2016 | - |
| 3. | Factory plan approval order numbered T3-9971/2016/F&B/R.Dis | Department of Factories and Boilers, Thiruvananthapuram | October 28, 2016 | October 27, 2017 |
| 4. | Consent to establish under the Water (Prevention and control of pollution) Act, 1974, the Air (Prevention and control of pollution) Act, 1981 and the Environment (Protection) Act, 1986 | Kerala State Pollution Control Board | December 19, 2016 | May 17, 2019 |
| 5. | No objection letter for construction of Dry Dock and installation of cranes subject to certain conditions | Ministry of Defence, Government of India | December 20, 2016 | - |

* The DD DPR mentions certain risks applicable to our Company in relation to setting up of the Dry Dock. For further details on certain risks disclosed in the DD DPR, see "*Risk Factors – We cannot assure you that our proposed Dry Dock or International Ship Repair Facility will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new proposed dry dock or the new ship repair facility in a timely manner or without cost overruns, our business, results of operations and financial condition may be adversely affected.*" on page 18. Also refer to "*Outstanding Litigation and Other Material Development – Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company.*" on page 269.

*Pending Approvals*

We have made applications for some of the registrations and approvals to be obtained by our Company in relation to which are set out below:

1. Application to national board for wildlife clearance, MOEFCC (Wildlife Division) dated October 26, 2015.

2. Application to Central Ground Water Board, Thiruvananthapuram dated November 22, 2016.

**h) Pending trademarks**

Our Company has applied for the following trademarks, which are currently pending for registration:

| S. no. | Trademark | Application Number | Class |
|---|---|---|---|
| 1. | Cochin Shipyard Limited (Word)* | 2530907 | 37 |
| 2. | Marine Engineering Training Institute (M.E.T.I) (Device)* | 2530910 | 41 |
| 3. | Shipbuilders And Ship Repairers (with device) (Device)* | 2530909 | 41 |
| 4. | CSL (Device) | 2530908 | 37 |

**The trademark applications in respect of these trademarkss have been objected to by certain third parties.*

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors has approved the Issue pursuant to a resolution passed at their meeting held on December 22, 2015 and our shareholders have approved the Issue pursuant to a resolution passed at the AGM held on September 20, 2016.

The Offer for Sale has been authorised by the Selling Shareholder, by its letter bearing file number SY-12021/1/2007–CSL Vol IV dated November 23, 2015. The President of India, acting through the Ministry of Shipping, Government of India has approved the Offer for Sale of 11,328,000 equity shares of our Company vide its letter bearing file number SY-12021/1/2007-CSL Vol. V dated December 6, 2016.

The Selling Shareholder has confirmed that they have held the Equity Shares proposed to be offered and sold in the Issue for at least one year prior to the date of filing the Draft Red Herring Prospectus and the Equity Shares proposed to be offered and sold by them shall not be sold or transferred, charged, pledged or otherwise encumbered.

### Prohibition by SEBI or other Governmental Authorities

Our Company, our Directors, our Promoter, persons in control of our Company, have not been prohibited from accessing capital market for any reason by SEBI or any other authorities in India.

Our Promoter, our Directors, persons in control of our Company were not, or also are not, a promoter or a director or persons in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Directors are associated in any manner with the securities market, including securities market related business, and there has been no action taken by SEBI against our Directors or any entity in which any of our Directors are involved as a promoter or director.

### Prohibition with respect to wilful defaulters

Neither our Company, nor our Promoter or Directors have been identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI. Further, there are no violations of securities laws committed by them in the past or are pending against them.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with the regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the restated financial statements prepared in accordance with sub clause (i) (ii) and (iii) of clause (b) of sub section (1) of section 26 of Chapter III of the Companies Act, 2013 read with Rule 4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets (refer point 2 below the table in relation to the explanation for monitory assets);
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a pre-Issue net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Issue and all previous issues made in the same Fiscal in terms of the Issue size is not expected to exceed five times the pre- Issue net worth of our Company as per the audited balance sheet of the preceding Fiscal; and
- Our Company has not changed its name in the last year.

Our Company's net tangible assets, pre-tax operating profit and net worth derived from our restated financial statements are set forth below:

*(in ₹ million)*

| Particulars | For the half year ended September 30, 2016 | As at March 31, | | | | |
|---|---|---|---|---|---|---|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| Net tangible assets, as restated | 36,227.69 | 34,286.47 | 29,376.63 | 29,186.67 | 24,023.23 | 26,093.41 |
| Monetary assets (including firm commitments) | 19,180.82 | 20,649.33 | 14,194.47 | 5,564.31 | 7,039.65 | 9,088.97 |
| Firm commitments to utilize towards business / project | 3,815.44 | 4,169.73 | 4,337.72 | 238.94 | 2,386.69 | 3,876.77 |
| Monetary Assets, as restated, less firm commitments | 15,365.38 | 16,479.60 | 9,856.75 | 5,325.37 | 4,652.96 | 5,212.20 |
| Monetary Assets, as restated, as a percentage of Net Tangible Assets | 52.95% | 60.23% | 48.32% | 19.06% | 29.30% | 34.83% |
| Monetary Assets, as restated, (net of Firm Commitments) as a percentage of Net Tangible Assets | 42.41% | 48.06% | 33.55% | 18.25% | 19.37% | 19.98% |
| Pre-tax Operating Profit, as restated | 2,155.38 | 3,479.43 | 531.70 | 3,927.04 | 3,338.78 | 1,757.93 |
| Net Worth, as restated | 19,046.79 | 17,205.10 | 15,386.30 | 14,900.81 | 12,239.26 | 10,174.20 |

1. *'Net Tangible Assets' has been defined as the sum of all net assets of our Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India. (i.e., Total Assets- Intangible Assets).*
2. *Monetary Assets' constitute cash and bank balances including the deposits accounts but excluding interest accrued thereon and balance with banks held against firm commitments as follows:*
   *(a) Balance in current account received from Principal Controller of Defence Account (Indian Navy) under the contract for construction of Indigenous Aircraft Carrier and held in separate bank accounts and which shall be utilized for expenditure and authorized stage payments.*
   *(b) Fixed Deposit with banks to the extent ear marked for utilization towards ISRF project was also held under firm commitment and excluded from monetary assets during the relevant years (i.e. year ended March 31, 2015 and March 31, 2014). During the year 2015-16, an amount of ₹ 79.49 million earmarked towards ISRF was utilized fully. The proceeds received on issue of 8.72% Tax Free Secured Redeemable Non-convertible bonds amounting to ₹ 79.49 million was held as term deposit with a Nationalised bank as on March 31, 2016 (maturity on June 27, 2016 with an interest of 8.25% p.a). The Company had utilized its own funds instead of withdrawing/pre-closing the fixed deposit considering that the fixed deposit had not matured.*
3. *'Pre – tax Operating Profits' has been calculated as net profit before the aggregate of tax, extra-ordinary items, finance costs and other income.*
4. *'Net Worth' has been defined as the aggregate of the paid-up share capital (equity share capital and preference share capital), share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account, if any.*

In accordance with regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted under the Issue shall not be less than 1,000 otherwise the entire application money will be refunded. If such money is not repaid within the time prescribed under the Applicable Laws, our Company and the Selling Shareholder shall be liable to pay interest on the application money in accordance with the Applicable Laws.

**Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING SBI CAPITAL MARKETS LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED AND JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED**

**HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, AND THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THIS DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF FOR THE PORTION OF THE EQUITY SHARES OFFERED BY WAY OF THE OFFER OF SALE, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 23, 2017 WHICH READS AS FOLLOWS:**

**WE, THE BOOK RUNNING LEAD MANAGERS TO THE ISSUE, STATE AND CONFIRM AS FOLLOWS:**

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

   A. **THIS DRAFT RED HERRING PROSPECTUS FILED WITH SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   B. **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   C. **THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - <u>NOTED FOR COMPLIANCE.</u>**

5. **WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS DRAFT RED HERRING PROSPECTUS.**

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS - COMPLIED WITH AND NOTED FOR COMPLIANCE.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE.**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE, THE COMPANY AND THE SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE ISSUE SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES IN THE ISSUE ARE TO BE ISSUED IN DEMATERIALISED FORM ONLY.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS DRAFT RED HERRING PROSPECTUS:**

    A. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**

    B. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE - NOTED FOR COMPLIANCE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC. - COMPLIED WITH**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THIS DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - COMPLIED WITH**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS - COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH ACCOUNTING STANDARD 18 AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE) – NOT APPLICABLE.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH BRLMS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS, THE RED HERRING PROSPECTUS AND THE PROSPECTUS**.

The filing of this Draft Red Herring Prospectus does not, however, absolve any person who has authorized the issue of this Draft Red Herring Prospectus from any liabilities under section 34 or section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

**Caution - Disclaimer from our Company, our Directors and the BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website http://www.cochinshipyard.com would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to it and/or to the Equity Shares offered through the Offer for Sale.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and the Selling Shareholder in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and the Selling Shareholder for which they have received, and may in the future receive, compensation.

We have published Ind AS financial statements on December 14, 2016, comprising of selective financial information in the format as prescribed under SEBI circular number CIR/IMD/DF1/69/2016 dated August 10, 2016 ("**SEBI Circular**"). The Ind AS financial statements have been prepared and published in order to comply with the requirements prescribed under the SEBI Listing Regulations since our secured bonds are listed on the BSE. The Ind AS financial statements comprise of selective financial information which have been (i) audited as of September 30, 2016; and (ii) unaudited as of September 30, 2015. As the results for the prior period ended September 30, 2015 are unaudited in compliance with the SEBI Circular, such Ind AS financial statements cannot be included and do not form part of this Draft Red Herring Prospectus.

**Disclaimer in respect of Jurisdiction**

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, state industrial development corporations, insurance companies registered with IRDA, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India) and to FPIs, FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Kochi only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") pursuant to Rule 144A or another available exemption from the registration requirements of the Securities Act, and (ii) outside the United States only in offshore transactions in reliance on Regulation S under the Securities Act and pursuant to the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the Securities Act unless made pursuant to Rule 144A or another available exemption from the registration requirements of the Securities Act and in accordance with applicable state securities laws.

***Equity Shares Offered and Sold within the United States***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue within the United States, by its acceptance of the Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of the Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, or (iv) pursuant to another available exemption from the registration requirements of the Securities Act and (B) in each case in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility

established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(8) the purchaser is not acquiring the Equity Shares as a result of any form of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) of Regulation D under the Securities Act);

(9) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

**THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT,**

**(3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.**

(10) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(11) the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

***All Other Equity Shares Offered and Sold in this Issue***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue outside the United States, by its acceptance of the Draft Red Herring Prospectus and of the Equity Shares offered pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLMs that it has received a copy of the Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(3) the purchaser is purchasing the Equity Shares offered pursuant to this Issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Issue, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(6) the purchaser is not acquiring the Equity Shares as a result of any "directed selling efforts" (within the meaning of Rule 902(c) of Regulation S under the Securities Act);

(7) our Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(8) the purchaser acknowledges that our Company, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each EEA State that has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "Relevant Member State), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the Underwriters; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Equity Shares shall result in a requirement for our Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the Underwriter and our Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale.

Our Company, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

**Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

**Disclaimer Clause of the NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

**Filing**

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporate Finance Department, Plot No.C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the following address of the RoC:

**Registrar of Companies**
Company Law Bhawan,
BMC Road,
Thrikkakara,
Kochi – 682021
Kerala, India

**Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the Bidders/Applicants in pursuance of the Red Herring Prospectus/ the Prospectus. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every Director of our Company and every officer of our Company who is in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six Working Days of the Bid/ Issue Closing Date. Further, the Selling Shareholder confirm that they shall provide assistance to our Company and the BRLMs, as may be reasonably required and necessary, for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/ Issue Closing Date.

**Price information of past issues handled by the BRLMs**

**A. SBI Capital Markets Limited**

**1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by SBICAP**

| Sr. No. | Issue Name | Issue Size (Rs. Mn.) | Issue Price (Rs.) | Listing Date | Opening Price on Listing Date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Avenue Supermarts Limited | 18,700.00 | 299.00 | March 21, 2017 | 604.40 | NA | NA | NA |
| 2 | BSE Limited | 12,434.32 | 806.00 | February 03,2017 | 1085.00 | +17.51% [+2.54%] | NA | NA |
| 3 | Laurus Labs Limited | 13,305.10 | 428.00 | December 19,2016 | 490.00 | +11.43% [+3.26%] | +23.36% [+11.92%] | NA |
| 4 | HPL Electric & Power Limited | 3610.00 | 202.00 | October 04, 2016 | 190.00 | -14.75% [-2.91%] | -51.18% [-6.72%] | NA |
| 5 | ICICI Prudential Life Insurance Company Limited | 60,567.91 | 334.00 | September 29, 2016 | 330.00 | -7.60% [+0.54%] | -11.54% [-6.50%] | NA |
| 6 | L&T Technology Services Limited | 8,944.00 | 860.00 | September 23, 2016 | 920.00 | -2.11% [-1.39%] | -8.54% [-8.72%] | -9.09% [+2.25%] |
| 7 | RBL Bank Limited | 12,129.67 | 225.00 | August 31, 2016 | 274.20 | +27.07% [-2.22%] | +56.98% [-7.50%] | +107.91% [+1.26%] |
| 8 | Infibeam Incorporation Limited | 4,500.00 | 432.00 | April 4, 2016 | 458.00 | +20.37% [-0.67%] | +61.31% [+7.40%] | +106.49% [+9.56%] |
| 9 | Precision Camshafts Limited | 4,101.90 | 186.00 | February 8, 2016 | 163.10 | -14.68% [+1.53%] | -20.43% [+5.77%] | -20.32% [15.61%] |
| 10 | Prabhat Dairy Limited | 3,561.88 | 115.00 | September 21, 2015 | 115.00 | +11.78% [+3.57%] | +30.83% [-1.79%] | -5.48% [-4.67%] |
| 11 | Navkar Corporation Limited | 6,000.00 | 155.00 | September 9, 2015 | 152.00 | +0.71% [+4.38%] | +25.81% [-0.74%] | +6.13% [-4.12%] |
| 12 | Monte Carlo Fashions Limited | 3,504.30 | 645.00 | December 19, 2014 | 585.00 | -26.53% [+3.25%] | -23.37% [+4.57%] | -21.01% [-2.50%] |

*Source: www.nseindia.com, www.bseindia.com*

***Notes:***

1. *The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*
2. *The designated exchange for the issue has been considered for the price, benchmark index and other details.*

2. **Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by SBICAP**

| Financial Year | Total no. of IPOs | Total amount of funds raised (Rs. Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2016-17*^ | 7 | 129,691.00 | - | - | 3 | - | 1 | 2 | - | - | 1 | 1 | - | - |
| 2015-16 | 4 | 18,163.78 | - | - | 1 | - | - | 3 | - | - | 2 | 1 | - | 1 |
| 2014-15 | 1 | 3,504.30 | - | 1 | - | - | - | - | - | - | 1 | - | - | - |

** Based on issue closure date*

*^ Details not applicable for the IPO of Avenue Supermarts Limited since 30 calendar days have not elapsed since listing date.*

## B. Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss Financial Services Limited.

| Sr. No. | Issue Name | Issue Size (Rs. Mn.) | Issue Price (Rs.) | Listing Date | Opening Price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Avenue Supermarts Limited | 18,700.00 | 299.00 | March 21, 2017 | 600.00 | Not applicable | Not applicable | Not applicable |
| 2 | BSE Limited | 12,434.32 | 806.00 | February 3, 2017 | 1,085.00 | 17.52%; [2.55%] | Not applicable | Not applicable |
| 3 | Sheela Foam Limited | 5,100.00 | 730.00 | December 9, 2016 | 860.00 | 30.23%; [-0.31%] | 48.39% [8.02%] | Not applicable |
| 4 | ICICI Prudential Life Insurance Company Limited | 60,567.91 | 334.00 | September 29, 2016 | 330.00 | -7.60%; [0.54%] | 11.54%; [-6.50%] | Not applicable |
| 5 | Thyrocare Technologies Limited | 4,792.14 | 446.00 | May 9, 2016 | 665.00 | 36.85%; [5.09%] | 22.57%; [10.75%] | 39.09%; [7.22%] |
| 6 | Equitas Holdings Limited | 21,766.85 | 110.00 | April 21, 2016 | 145.10 | 34.64%; [-2.05%] | 57.91%; [7.79%] | 63.77%; [7.69%] |
| 7 | Healthcare Global Enterprises Limited | 6,496.40 | 218.00 | March 30, 2016 | 210.20 | -15.30%; [1.45%] | -19.98%; [4.65%] | -1.28%; [12.77%] |
| 8 | Alkem Laboratories | 13,477.64 | 1,050.00 | December 23, | 1,380.00 | 30.34%; | 28.60%; | 31.91%; |

| Sr. No. | Issue Name | Issue Size (Rs. Mn.) | Issue Price (Rs.) | Listing Date | Opening Price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| | Limited@ | | | 2015 | | [-7.49%] | [-2.06%] | [4.74%] |
| 9 | Coffee Day Enterprises Limited | 11,500.00 | 328.00 | November 2, 2015 | 317.00 | -21.42%; [-1.19%] | -20.76%; [-6.15%] | -20.98%; [-2.50%] |
| 10 | Prabhat Dairy Limited^ | 3,561.88 | 115.00 | September 21, 2015 | 113.00 | 11.78%; [3.57%] | 30.83%; [-1.79%] | -5.48%; [-4.67%] |

*Source: www.nseindia.com*

*@ Alkem Laboratories Limited - Discount of Rs. 100 per equity share offered to eligible employees. All calculations are based on offer price of Rs. 1,050.00 per equity share.*

*^ Prabhat Dairy Ltd - Discount of Rs. 5 per equity share offered to retail investors. All calculations are based on issue price of Rs. 115.00 per equity share.*

***Notes***

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
4. *The Nifty 50 index is considered as the Benchmark Index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

2. Summary statement of price information of past issues handled by Edelweiss Financial Services Limited.

| Financial Year | Total no. of IPOs | Total amount of funds raised (Rs. Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2016 - 17^ | 6 | 123,361.22 | - | - | 1 | - | 3 | 1 | - | - | - | 1 | 1 | - |
| 2015 - 16 | 7 | 56,157.83 | - | - | 3 | - | 2 | 2 | - | - | 4 | - | 1 | 2 |
| 2014 - 15 | 3 | 8,835.40 | - | 1 | - | 2 | - | - | - | - | 1 | 2 | - | - |

*^The information is as on the date of the document*

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

*For the financial year 2016-17 – total 6 issues were completed. However, only 5 issues have completed 30 days and 2 issues have completed 180 days.*

*For the financial year 2014-15 total 3 issues were completed. However, disclosure under Table-1 is restricted to latest 10 issues.*

C. **JM Financial Institutional Securities Limited**

**Table 1: Price information of past issues handled**

| Sr. No. | Issue Name | Issue Size (₹in ₹crore) | Issue Price (₹) | Listing Date | Opening Price on Listing Date (in ₹) (2) | +/- % change in closing price(3), [+/- % change in closing benchmark](4) - 30th calendar days from listing | +/- % change in closing price(3), [+/- % change in closing benchmark](4) - 90th calendar days from listing | +/- % change in closing price(3), [+/- % change in closing benchmark](4) - 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Avenue Supermarts Limited | 1,870.00 | 299 | March 21, 2017 | 600.00 | NA | NA | NA |
| 2 | PNB Housing Finance Limited | 3,000.00 | 775 | November 07, 2016 | 860.00 | +11.70% [-4.16%] | +21.28% [+2.87%] | NA |
| 3 | ICICI Prudential Life Insurance Company Limited | 6,056.79 | 334 | September 29, 2016 | 330.00 | -7.60% [+0.54%] | -11.54% [-6.50%] | NA |
| 4 | L&T Technology Services Limited | 894.40 | 860 | September 23, 2016 | 920.00 | -0.85% [-1.57%] | -8.54% [-8.72%] | -9.55% [+3.28%] |
| 5 | Dilip Buildcon Limited | 653.98 | 219 | August 11, 2016 | 240.00 | +5.11% [+3.20%] | +1.53% [-0.57%] | +22.12% [+2.43%] |
| 6 | Parag Milk Foods Limited | 750.54 | 215(1) | May 19, 2016 | 217.50 | +17.07% [+4.97%] | +48.67% [+11.04%] | +38.93% [+6.59%] |
| 7 | Thyrocare Technologies Limited | 479.21 | 446 | May 9, 2016 | 665.00 | +36.85% [+5.09%] | +23.48% [+10.39%] | +39.09% [+7.22%] |
| 8 | S H Kelkar and Company Limited | 508.17 | 180 | November 16, 2015 | 223.70 | +21.69% [-1.35%] | +20.78% [-10.58%] | +24.97% [+0.11%] |

*Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details*
*Notes:*
1. *Issue price for anchor investors was ₹227 per equity share and a discount of ₹12 per equity share had been offered to eligible employees and retail individual bidders.*
2. *Opening price information as disclosed on the website of NSE.*
3. *Change in closing price over the issue/offer price as disclosed on. NSE.*
4. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
5. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
6. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*

**Table 2: Summary statement of disclosure**

| Financial Year | Total no. of IPOs | Total amount of funds raised (₹in ₹crore) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2016-2017 | 7 | 13,704.92 | - | - | 2 | - | 1 | 3 | - | - | 1 | - | 2 | 1 |
| 2015-2016 | 1 | 508.17 | - | - | - | - | - | 1 | - | - | - | - | - | 1 |
| 2014-2015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

*Source: www.nseindia.com*

**Track record of past issues handled by the BRLMs**

For details regarding the track record of the BRLMs to the Issue as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, refer to the websites of the BRLMs as set forth in the table below:

| Sr. No. | Name of the BRLMs | Website |
|---|---|---|
| 1. | SBICAPS | www.sbicaps.com |
| 2. | Edelweiss | www.edelweissfin.com |
| 3. | JM Financial | www.jmfl.com |

**Consents**

Consents in writing of: (a) our Directors, our CFO, our Company Secretary and Compliance Officer, Indian Legal Counsel to our Company and the Selling Shareholder, International Legal Counsel to our Company and the Selling Shareholder, Indian Legal Counsel to the BRLMs, Bankers to our Company and (b) the BRLMs, the Syndicate Members, the Escrow Collection Banks, and the Registrar to the Issue to act in their respective capacities have been, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 26 and 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, Krishnamoorthy & Krishnamoorthy, Chartered Accountants, have given their written consent for inclusion of their reports dated January 24, 2017, on the audited restated financial statements of our Company and the statement of tax benefits dated March 23, 2017 in the form and context, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

**Expert opinion**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors to include their name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the examination report dated January 24, 2017 of the Statutory Auditors on the restated audited financial statements of our Company as of and for Fiscals ended March 31, 2016, 2015, 2014, 2013 and 2012 and the statement of tax benefits dated March 23, 2017, included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

**Issue Expenses**

The Issue related expenses consist of listing fees, fees payable to the BRLMs, underwriting fees, selling commission, legal counsel, Registrar to the Issue, Public Issue Account Bank(s), Escrow Collection Bank, Refund Bank including processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the Members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. The fees and expenses relating to the Issue shall be shared, upon successful completion of the Issue, in the proportion mutually agreed among our Company and the Selling Shareholder in accordance with Applicable Law. However, in the event that the Issue is withdrawn by our Company for any reason whatsoever, all the Issue related expenses will be borne by our Company. The Selling Shareholder shall reimburse our Company for all expenses incurred by our Company in relation to the Offer for Sale. For further details of the Issue expenses, see "*Objects to the Issue*" on page 78.

**Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the Syndicate Agreement, a copy of which will be available at our Registered Office.

**Commission payable to the SCSBs, Registered Brokers, RTAs and CDPs**

For details of the commission payable to the SCSBs, Registered Brokers, RTAs and CDPs, see "*Objects of the Issue*" on page 78.

**Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue including fees for processing of Bid cum Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment Advice by registered post/ speed post (subject to postal rules)/under certificate of posting.

**Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

**Previous issues of Equity Shares otherwise than for cash**

Except as disclosed in "*Capital Structure*" on page 66, our Company has not issued any Equity Shares for consideration other than for cash.

**Commission and Brokerage paid on previous issues of the Equity Shares**

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

**Previous capital issue during the previous three years by listed Group Companies and associates of our Company**

Our Company does not have group companies and associates which have undertaken a capital issue in the last three years preceding the date of this Draft Red Herring Prospectus.

**Performance vis-à-vis objects – public/ rights issue of our Company and/ or listed Group Companies and associates of our Company**

Our Company has not undertaken any previous public or rights issue. Our Company does not have Group Companies and associates which have undertaken any public or rights issue in the last 10 years preceding the date of this Draft Red Herring Prospectus.

**Outstanding Debentures or Bonds**

Except as disclosed in "*Financial Indebtedness*" on page 259, our Company does not have any outstanding debentures or bonds as of the date of this Draft Red Herring Prospectus.

**Outstanding Preference Shares**

Our Company does not have any outstanding preference shares as on date of this Draft Red Herring Prospectus.

**Partly Paid-up Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

**Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

**Mechanism for Redressal of Investor Grievances**

The Registrar Agreement provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the Designated Intermediaries, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee. For details, see "*Our Management – Committees of the Board – Stakeholder Relationship Committee*" on page 152.

Our Company has also appointed Ms. V. Kala, Company Secretary of our Company as the Compliance Officer for the Issue and she may be contacted in case of any pre- Issue or post- Issue related problems at the following address:

**Cochin Shipyard Limited**
Administrative Building,
Cochin Shipyard Premises,
Perumanoor, Kochi - 682015,
Kerala, India
Tel: +91 (484) 2501306
Fax: +91 (484) 2384001
Email: secretary@cochinshipyard.com

Our Company has not received any investor complaint during the three years preceding the date of filing of this Draft Red Herring Prospectus.

**Changes in Auditors**

Except as described below, there has been no change in the statutory auditors of our Company during the three years preceding the date of this Draft Red Herring Prospectus.

| Name of Auditor | Date of Change | Reason |
|---|---|---|
| Babu A Kallivayalil & Co, Chartered Accountants | November 12, 2014 | Change of auditor by Comptroller and Auditor General of India |
| Krishnamoorthy & Krishnamoorthy, Chartered Accountants | November 12, 2014 | Appointment of auditor by Comptroller and Auditor General of India |

**Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years.

**Revaluation of Assets**

Our Company has not re-valued its assets in the last five years.

## SECTION VII: ISSUE INFORMATION

## TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to this Issue shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue. SEBI has notified the SEBI Listing Regulations which governs the obligations which were prescribed under the Equity Listing Agreement.

**Ranking of the Equity Shares**

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the SEBI Listing Regulations, the MoA and AoA and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees upon Allotment of Equity Shares under the Issue, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of Articles of Association*" on page 347.

**Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of Articles of Association*" on pages 161 and 347, respectively.

**Face Value and Issue Price**

The face value of each Equity Share is ₹ 10 and the Issue Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in all editions of English national daily newspaper Business Standard, all editions of Hindi national daily newspaper Business Standard and Kochi edition of Malayalam daily newspaper Mathrubhumi, each with wide circulation, at least five Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Issue Price shall be determined by the Selling Shareholder and our Company, in consultation with the BRLMs, after the Bid/ Issue Closing Date, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process.

**Retail Discount and Employee Discount**

Retail Discount and Employee Discount of ₹ [●] per Equity Share and ₹ [●] per Equity Share to the Issue Price may be offered to the Retail Individual Bidders and the Eligible Employees bidding in the Employee Reservation Portion, respectively.

At any given point of time there shall be only one denomination of Equity Shares.

**Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Rights of our Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;

- Right to vote on a poll either in person or by proxy or "e-voting", in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" on page 347.

**Market Lot and Trading Lot**

Pursuant to section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated November 24, 2016 amongst NSDL, our Company and the Registrar to the Issue; and
- Agreement dated November 6, 2013 amongst CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

**Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

**Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Kochi.

**Nomination facility to Bidders**

In accordance with section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

(a) to register himself or herself as the holder of the Equity Shares; or

(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the Bidders would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

**Withdrawal of the Issue**

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Issue after the Bid/ Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre- Issue advertisements were published, within two days of the Bid/ Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days from the Bid/ Issue Closing Date or such other period as may be prescribed, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholder withdraws the Issue after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

**Bid/ Issue Programme**

| | |
|---|---|
| **BID/ ISSUE OPENS ON** | [●] |
| **BID/ ISSUE CLOSES ON (FOR QIBs)** [(1)] | **[●]** |
| **BID/ ISSUE CLOSES ON (FOR OTHER BIDDERS)** | **[●]** |

*(1) Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations*

An indicative timetable in respect of the Issue is set out below:

| Event | Indicative Date |
|---|---|
| Bid/ Issue Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or about [●] |
| Unblocking of funds from the ASBA Account | On or about [●] |
| Credit of Equity Shares to demat accounts of Allottees | On or about [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about [●] |

**The above timetable, other than the Bid/ Issue Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLMs.**

Whilst our Company and the Selling Shareholder shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/ Issue Period by our Company, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company, the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/ Issue Closing Date.

**Submission of Bids:**

| Bid/ Issue Period (except the Bid/ Issue Closing Date) | |
|---|---|
| Submission and Revision in Bids | Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**") |
| **Bid/ Issue Closing Date** | |
| Submission and Revision in Bids | Only between 10.00 a.m. and 3.00 p.m. IST |

**On the Bid/ Issue Closing Date, the Bids shall be uploaded until:**

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/ Issue Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of applications received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

In case of any discrepancy in the data entered in the electronic book vis-a-vis data contained in physical Bid – cum- Application Form, for a particular Bidder the details of the Bid file received from Stock Exchanges may be taken as final data for purposes of Allotment.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is in IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Issue Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company, the Selling Shareholder, or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/ Issue Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Bid/ Issue Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members.**

**Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Issue equivalent to at least 10% post- Issue paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b)(iii) of the SCRR), including devolvement of Underwriters, if any, within 60 days from the date of Bid/ Issue Closing Date, our Company and the Selling Shareholder shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company and the Selling Shareholder shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law. The requirement for minimum subscription is not applicable to the Offer for Sale. In case of undersubscription of the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Any expense incurred by our Company on behalf of the Selling Shareholder with regard to refunds, interest for delays, etc. for the Equity Shares being offered in the Issue will be reimbursed by the Selling Shareholder to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholder in the Issue.

**Arrangements for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre- Issue capital of our Company, Promoters' minimum contribution as provided in "*Capital Structure*" on page 66 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association*" on page 347.

**Option to Receive Securities in Dematerialized Form**

Pursuant to section 29 of the Companies Act, 2013, the Equity Shares in the Issue shall be allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

## ISSUE STRUCTURE

Public Issue of 33,984,000 Equity Shares of face value of ₹ 10 each for cash at price of ₹ [●] (including a premium of ₹ [●]) aggregating to ₹ [●] comprising of Fresh Issue of 22,656,000 Equity Shares aggregating to ₹ [●] million by our Company, Offer for Sale of 11,328,000 Equity Shares aggregating to ₹ [●] by the Selling Shareholder. The Issue comprises a net Issue to the public of 33,160,000 Equity Shares ("Net Issue") and a reservation of up to 824,000 Equity Shares for subscription by Eligible Employees, being 2.42% of the Issue size. The Issue will constitute 25.00% of the post- Issue paid-up Equity Share capital of our Company and the Net Issue will constitute 24.39% of the post- Issue paid-up Equity Share capital of our Company.

The Issue is being made through the Book Building Process.

| Particulars | Eligible Employees | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| Number of Equity Shares available for Allotment/ allocation* (1) | Not more than 824,000 Equity Shares available for allocation | 16,580,000 Equity Shares or Net Issue less allocation to Non-Institutional Bidders and Retail Individual Bidders | Not less than 4,974,000 Equity Shares available for allocation or Net Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than 11,606,000 Equity Shares available for allocation or Net Issue less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Issue Size available for Allotment/ allocation | Approximately 2.42% of the Issue Size | 50% of the Net Issue size shall be available for allocation to QIBs. However, up to 5% of the QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund portion will be available for allocation to QIBs. | Not less than 15% of the Net Issue or Net Issue less allocation to QIBs and Retail Individual Bidders | Not less than 35% of the Net Issue or the Net Issue less allocation to QIBs and Non-Institutional Bidders |
| Basis of Allotment/ allocation if respective category is oversubscribed* | Proportionate# | Proportionate as follows: (a) 829,000 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) 15,751,000 Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above | Proportionate | Proportionate, subject to minimum Bid Lot. For details, see "*Issue Procedure – Part B – Allotment Procedure and Basis of Allotment – Allotment to RIBs*" on page 335 |
| Minimum Bid | [●] Equity Shares net of Employee Discount and in multiples of [●] | Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter | Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter | [●] Equity Shares net of Retail Discount and in multiples of [●] Equity Shares thereafter |
| Maximum Bid | Such number of Equity Shares, in | Such number of Equity Shares, in multiples of [●] | Such number of Equity Shares in multiples of | Such number of Equity Shares in |

| Particulars | Eligible Employees | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | multiples of [●] Equity Shares, so that the Bid Amount does not exceed ₹ 500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). | Equity Shares not exceeding the size of the Issue, subject to applicable limits to the Bidder | [●] Equity Shares not exceeding the size of the Issue, subject to applicable limits to the Bidder | multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000 |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | | | |
| Allotment Lot | [●] Equity Shares and in multiples of one Equity Share thereafter | | | |
| Trading Lot | One Equity Share | | | |
| Who can apply(2) | Eligible Employees | Public financial institutions as specified in section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals and Category III foreign portfolio investors | Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) |

| Particulars | Eligible Employees | QIBs | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, in accordance with applicable law, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India | | |
| Terms of Payment | Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form(3) | | | |

* *Assuming full subscription in the* Issue.

(1) *Subject to valid Bids being received at or above the Issue Price. This Issue is being made in accordance with Rule 19(2)(b)(iii) of the SCRR and under the SEBI ICDR Regulations.*

(2) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.*

(3) *Retail Discount of ₹[●] to the Issue Price may be offered to the Retail Individual Bidders and the Employee Discount of ₹[●] to the Issue Price may be offered to Eligible Employees bidding in the Retail Portion and Employee Reservation Portion, respectively.*

*#Eligible Employees Bidding in the Employee Reservation portion (if any) can Bid upto a Bid Amount of ₹ 500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion (if any) can also Bid under the Net Issue and such Bids will not be treated as multiple Bids.*

The Issue is being made through the Book Building Process, in reliance of regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"). 5% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue will be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Under subscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories (including the Employee Reservation Portion) at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

A total of up to 824,000 Equity Shares aggregating to ₹ [●] million shall be available for allocation on a proportionate basis to Eligible Employees, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue to public.

**Retail Discount**

The Retail Discount, if any, will be offered to Retail Individual Bidders at the time of making a bid. Retail Individual Bidders bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. Retail Individual Bidders bidding at the Cut-Off Price have to ensure payment at the Cap Price at the time of making a Bid. Retail Individual Bidders must ensure that the Bid Amount does not exceed ₹ 200,000. Retail Individual Bidders must mention the Bid Amount while filling the Bid cum Application Form.

**Employee Discount**

The Employee Discount, if any, will be offered to the Eligible Employees bidding in the Employee Reservation Portion, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion bidding at a price within the Price Band can make payment at the Bid Amount (which will be less Employee Discount) at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion bidding at the Cut-Off Price have to ensure payment at the Cap Price, less Employee Discount, at the time of making a Bid. Eligible Employees bidding in the Employee Reservation Portion are required to ensure that the Bid Amount (which will be less Employee Discount) does not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) on a net basis only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). Refer to "*Issue Procedure - Maximum and Minimum Bid Size*" on page 322.

**Period of operation of subscription list**

See "*Terms of the Issue – Bid/ Issue Programme*" on page 297.

# ISSUE PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated circular dated November 10, 2015 notified by SEBI (CIR/CFD/POLICYCELL/11/2015) and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 ("**General Information Document**") included below under "**Part B – General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue. All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

*Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, there have been certain changes in the issue procedure for initial public offerings including making ASBA process mandatory for all Bidders, allowing registrar, share transfer agents, collecting depository participants and stock brokers to accept application forms. Further, SEBI, by its circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, reduced the time taken for listing after the closure of an issue to six working days.*

*Our Company, the Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.*

## PART A

**Book Building Procedure**

The Issue is being made through the Book Building Process, in reliance of Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Net Issue shall be allotted to QIBs on a proportionate basis. Further 5% of the QIB Category shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. 824,000 Equity Shares aggregating to ₹ [●] million shall be made available for allocation on a proportionate basis to the Eligible Employees bidding in the Employee Reservation portion, subject to valid Bids being received at or above the Issue Price.

In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹ 200,000), shall be added to the Net Issue. In the event of under-subscription in the Net Issue, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(iii) of the SCRR, the Issue will constitute at least 10% of the post Issue paid-up Equity Share capital of our Company.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not**

**have the option of being Allotted Equity Shares in physical form.**

**Bid cum Application Form**

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/ Issue Opening Date.

All Bidders shall mandatorily participate in the Issue only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category | Colour of Bid cum Application Form* |
|---|---|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White |
| Non-Residents including Eligible NRIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB Category), FPI or FVCIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis | Blue |
| Eligible Employees bidding in the Employee Reservation Portion | Pink |

* *Excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) in the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") pursuant to Rule 144A or another available exemption from the registration requirements of the Securities Act, and (ii) outside the United States only in offshore transactions in reliance on Regulation S under the Securities Act and pursuant to the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

**Participation by our Promoter, Promoter Group, the BRLMs, the Syndicate Members and persons related to the Promoter/Promoter Group/ BRLMs**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

**Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

**Bids by FPIs (including FIIs)**

On January 07, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely 'foreign institutional investors' and 'qualified foreign investors' will be subsumed under a new category namely 'foreign portfolio investors' or 'FPIs'. On March 13, 2014, the RBI amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. Accordingly, such FIIs can participate in this Issue in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post- Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

The existing individual and aggregate investment limits for an FII or sub account in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall apply to subscribers of offshore derivative instruments ("**ODIs**"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments in our Company.

**Bids by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up. Our Company or the BRLMs shall not be responsible for the loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders (except Eligible Employees Bidding in the Employee Reservation Portion (if any)) will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

**Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company in consultation with the Selling Shareholder, reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

**Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs.

Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

**Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

(a) equity shares of a company: the lower of 10% of the investee company's outstanding equity shares or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

^*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

**Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder reserve the right to reject any Bid, without assigning any reason thereof.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), AIIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholder, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

**Bids by Eligible Employees under the Employee Reservation Portion**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount). The Allotment in the Employee Reservation Portion will be on a proportionate basis. Eligible Employees under the Employee Reservation Portion may Bid at Cut-off Price.

Bids under Employee Reservation Portion by Eligible Employees shall be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form (*i.e.* pink colour form).

(b) The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 500,000. The maximum Bid in this category by an Eligible Employee cannot exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(c) Eligible Employees should mention their employee number at the relevant place in the Bid cum Application Form.

(d) The Bidder should be an Eligible Employee as defined above. In case of joint bids, the first Bidder shall be an Eligible Employee.

(e) Only Eligible Employees would be eligible to apply in this Issue under the Employee Reservation Portion.

(f) Bids by Eligible Employees will have to Bid like any other Bidder. Only those Bids, which are received at or above the Issue Price, would be considered for Allotment under this category.

(g) Eligible Employees can apply at Cut-off Price. The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum Bid Amount of ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹ 200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹ 500,000 (which will be less Employee Discount).

(h) Bid by Eligible Employees can be made also in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

(i) If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

(j) Under-subscription, if any, in the Employee Reservation Portion will be added back to the Net Issue. In case of under-subscription in the Net Issue, spill over to the extent of under subscription shall be permitted from the Employee Reservation Portion.

(k) If the aggregate demand in this category is greater than 824,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see "*Issue Procedure – Allotment Procedure and Basis of Allotment*" on page 334.

**The above information is given for the benefit of the Bidders. Our Company the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

**In accordance with existing regulations, OCBs cannot participate in the Issue.**

**General Instructions**

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
13. Ensure that the Demographic Details are updated, true and correct in all respects;
14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust, etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
18. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;
19. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
20. Ensure that you tick the correct investor category, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the online IPO system of the Stock Exchanges;
21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
22. Ensure while bidding through a Designated Intermediary that the Bid cum Application Form is submitted to a Designated Intermediary only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries);

23. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;

24. Ensure that you have correctly signed the authorization/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form; and

25. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs, FPIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;

2. Do not submit revised Bid at a price less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Designated Intermediary;

4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;

5. The payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted under the ASBA process;

6. Do not send Bid cum Application Forms by post; instead submit the same to a Designated Intermediary only;

7. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not a SCSB), our Company, the Selling Shareholder or the Registrar to the Issue (assuming that the Registrar to the Issue is not one of the RTAs);

8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);

9. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

11. Do not instruct your respective banks to release the funds blocked in your ASBA Account;

12. Do not submit the General Index Register number instead of the PAN;

13. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;

14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

16. Do not submit your Bid after 3.00 pm on the Issue Closing Date;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per demographic details provided by the Depository);

18. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;

19. Do not submit Bids to a Designated Intermediary at a location other than specified locations;

20. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection & Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 332, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

5. Bids submitted without the signature of the First Bidder or sole Bidder;

6. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

7. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

8. GIR number furnished instead of PAN;

9. Bids by Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion (if any) with Bid Amount for a value of more than ₹ 200,000 or ₹ 500,000, respectively;

10. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

11. Bids accompanied by stockinvest, money order, postal order or cash; and

12. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Issue Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Issue Closing Date, and Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion (if any) uploaded after 5.00 p.m. on the Bid/ Issue Closing Date, unless extended by the Stock Exchanges.

**Pre- Issue Advertisement**

Subject to section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre- Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of English national daily newspaper Business Standard; (ii) all editions of Hindi national daily newspaper Business Standard; and (iii) Kochi edition of Malayalam daily newspaper Mathrubhumi, each with wide circulation.

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company, the Selling Shareholder and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size and underwriting arrangements and will be complete in all material respects.

**Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013, which is reproduced below:**

"***Any person who:***

***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447.***"

The liability prescribed under section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

**Undertakings by our Company**

Our Company undertakes the following:

- if our Company or the Selling Shareholder do not proceed with the Issue after the Issue Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers in which the pre-Issue advertisement was published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- if our Company and the Selling Shareholder withdraw the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC / SEBI, in the event our Company and / or any Selling Shareholder subsequently decides to proceed with the Issue;
- the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- all steps shall be taken to ensure that listing and commencement of trading of the Equity Shares at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of Issue Closing Date or such time as prescribed;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- except as disclosed in this Draft Red Herring Prospectus, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/ unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.

**Undertakings by the Selling Shareholder**

The Selling Shareholder undertakes the following that:

- The Equity Shares are free and clear of all liens or encumbrances and shall be transferred to the successful Bidders within the specified time;
- None of the Equity Shares of our Company held by it are pledged with any bank or financial institution as collateral security for loans granted by such banks or financial institutions or with any other creditor;
- There shall be no recourse to the proceeds of the Issue until the final listing and trading approvals have been obtained from all the Stock Exchanges where listing is proposed.

- If the permission to deal in and for quotation of Equity Shares of our Company held by the President of India, acting through Ministry of Shipping, Government of India as part of the offer for sale portion in the Issue ("**Offer for Sale Shares**"), is not granted by any of the Stock Exchanges, the Selling Shareholder shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within 15 days after the Selling Shareholder becomes liable to repay it, then Selling Shareholder shall, on and from expiry of 15 days, be liable to repay the money, with interest in accordance with the applicable law;
- In relation to the Offer for Sale Shares, the funds required for making refunds to unsuccessful applicants or dispatch of allotment advice by registered post or speed post as per the modes described in the Red Herring Prospectus and the Prospectus shall be made available to the Registrar to the Issue;
- Where the refunds are made through electronic transfer of funds, suitable communication shall be sent to the applicant(s) within six working days of Bid/Issue Closing Date, or such other time period as may be prescribed by SEBI, giving details of the bank(s) where refunds shall be credited along with the amount and expected date of electronic refund;
- The certificates of the securities/refund orders or allotment advice to the Bidders, including those to non-residents Indians shall be dispatched within the specified time;
- It will take all such steps as may be required to ensure that the Equity Shares are available for transfer in the Offer for Sale;
- It will not sell, transfer, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares available in the Offer for Sale;
- It shall not sell or transfer, charge, pledge or otherwise encumber any locked-in Equity Shares proposed to form part of minimum promoter's contribution during the period starting from the date of filing the draft red herring prospectus with Securities and Exchange Board of India till the date of commencement of lock-in period, as stated in the Draft Red Herring Prospectus and thereafter, till such time that the lock-in remains effective, save and except as may be permitted under the SEBI ICDR Regulations, including *inter-se* transfer under regulation 40 of the SEBI ICDR Regulations; and
- It has authorized the Compliance Officer of our Company and the Registrar to the Issue to redress any complaints received from Bidders in respect of the Offer for Sale.

**Utilisation of Issue Proceeds**

The Board of Directors certify that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilisation of monies received under the Promoters' contribution, if any, shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under the Promoters' contribution, if any, shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

## PART B

## General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.*

### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issue. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the SEBI ICDR Regulations.

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Issue and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "*Glossary and Abbreviations*".

### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an offer for sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either regulation 26(1) or regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include offer for sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of regulation 26/ regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 ("**SCRR**"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

## 2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the draft prospectus (in case of a Fixed Price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/ Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

## 2.5 ISSUE PERIOD

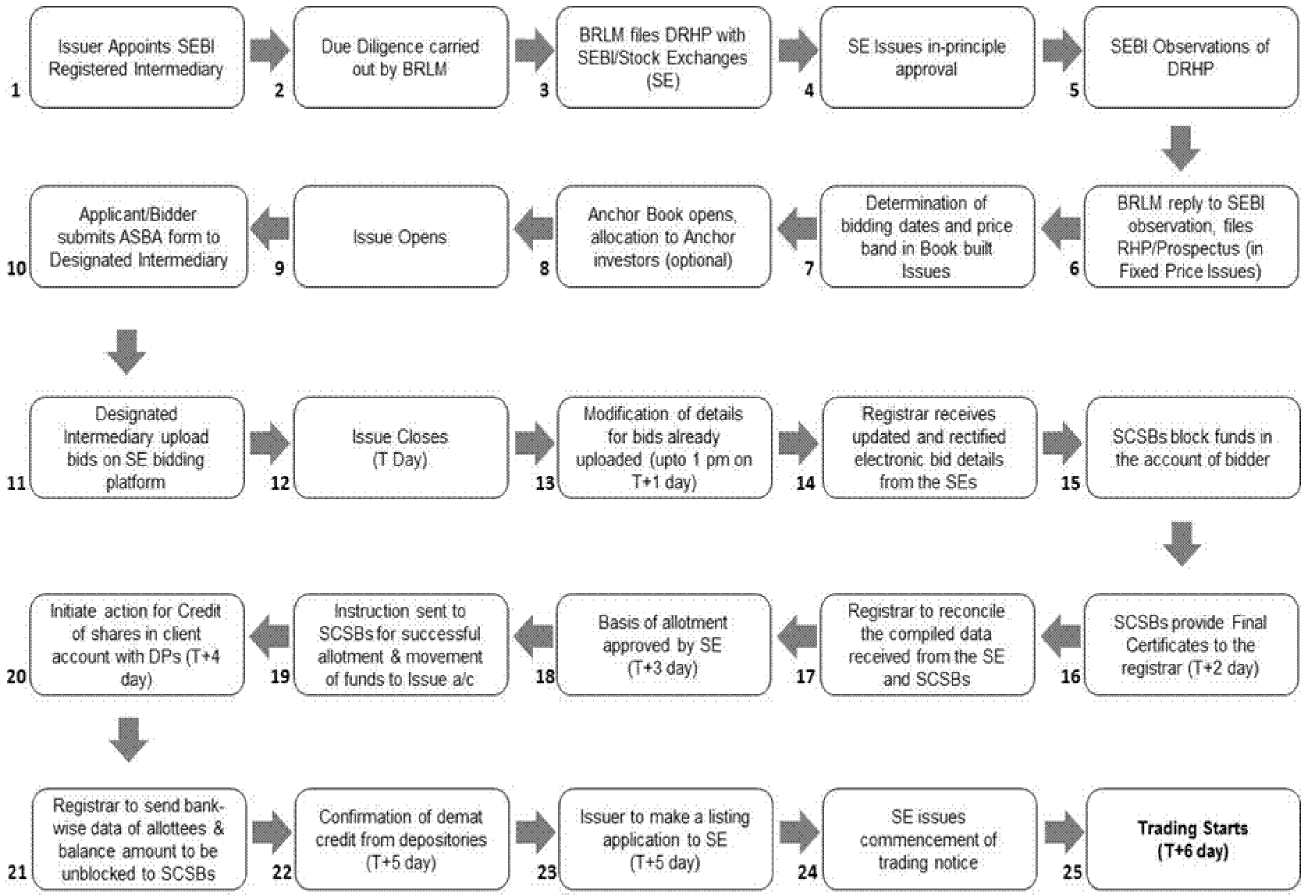
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than 10 Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/ Issue Period. Details of Bid/ Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues, the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

## 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (a) Step 7: Determination of Issue Date and Price
  - (b) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries




## SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN THE ISSUE

***Each Bidder/Applicant should check whether it is eligible to apply under applicable law.*** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Bidder ("**NIBs**") category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in the Issue.

## SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

| Category | Colour of the Bid cum Application Form |
|---|---|
| Resident Indian, Eligible NRIs applying on a non repatriation basis | White |
| NRIs, FVCIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis | Blue |
| Anchor Investors (where applicable) and Bidders Bidding/applying in the reserved category | As specified by the Issuer |

Securities issued in an IPO can only be in dematerialized form in compliance with section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

**COMMON BID CUM APPLICATION FORM**

**XYZ LIMITED - INITIAL PUBLIC ISSUE - R**

Address : .................. Contact Details: .................. CIN No ..................

**FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS**

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ..................

Bid cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE |
|---|---|
| | |
| **SUB-BROKER'S / SUB-AGENT'S STAMP & CODE** | **ESCROW BANK/SCSB BRANCH STAMP & CODE** |
| | |
| **BANK BRANCH SERIAL NO.** | **SCSB SERIAL NO.** |
| | |

**1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER**

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

**2. PAN OF SOLE / FIRST BIDDER**

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

**4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")**

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price | Retail Discount | Net Price | "Cut-off" (Please ✓ tick) |
|---|---|---|---|---|---|
| | 8 \| 7 \| 6 \| 5 \| 4 \| 3 \| 2 \| 1 | 3 \| 2 \| 1 | 3 \| 2 \| 1 | 3 \| 2 \| 1 | |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

**5. CATEGORY**

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

**6. INVESTOR STATUS**

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individuals)

**7. PAYMENT DETAILS** | **PAYMENT OPTION : FULL PAYMENT** ☐ **PART PAYMENT** ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 8A. SIGNATURE OF SOLE/ FIRST BIDDER | 8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) | BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| | I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue | |
| | 1) | |
| | 2) | |
| Date : | 3) | |

TEAR HERE

LOGO

**XYZ LIMITED**
**INITIAL PUBLIC ISSUE - R**

**Acknowledgement Slip for Broker/SCSB/ DP/RTA**

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

| Amount paid (₹ in figures) | Bank & Branch | Stamp & Signature of SCSB Branch |
|---|---|---|
| ASBA Bank A/c No. | | |
| Received from Mr/Ms. | | |
| Telephone / Mobile | Email | |

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Paid (₹) | | | |

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

**Acknowledgement Slip for Bidder**

ASBA Bank A/c No.
Bank & Branch

Bid cum Application Form No.

TEAR HERE

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

| COMMON BID CUM APPLICATION FORM | XYZ LIMITED - INITIAL PUBLIC ISSUE - NR<br>Address : .................... Contact Details: .................... CIN No .................... | FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS |
|---|---|---|

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ..........................

Bid cum Application Form No.

| SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE |
|---|---|
| | |
| **SUB-BROKER'S / SUB-AGENT'S STAMP & CODE** | **ESCROW BANK/SCSB BRANCH STAMP & CODE** |
| | |
| **BANK BRANCH SERIAL NO.** | **SCSB SERIAL NO.** |
| | |

**1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER**

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

**2. PAN OF SOLE / FIRST BIDDER**

**3. BIDDER'S DEPOSITORY ACCOUNT DETAILS** ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

**4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")**

| Bid Options | No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) | | | |
|---|---|---|---|---|---|
| | 8 \| 7 \| 6 \| 5 \| 4 \| 3 \| 2 \| 1 | Bid Price<br>3 \| 2 \| 1 | Retail Discount<br>3 \| 2 \| 1 | Net Price<br>3 \| 2 \| 1 | "Cut-off" (Please ✓ tick) |
| Option 1 | | | | | ☐ |
| (OR) Option 2 | | | | | ☐ |
| (OR) Option 3 | | | | | ☐ |

**5. CATEGORY**

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

**6. INVESTOR STATUS**

| | |
|---|---|
| NRI | Non-Resident Indian(s) (Repatriation basis) |
| FII | FII or Sub-account not a Corporate/Foreign Individual |
| FIISA | FII Sub-account Corporate/Individual |
| FVCI | Foreign Venture Capital Investor |
| FPI | Foreign Portfolio Investors |
| OTH | Others (Please Specify)_______ |

**7. PAYMENT DETAILS** PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

| 8A. SIGNATURE OF SOLE/ FIRST BIDDER | 8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) | BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system) |
|---|---|---|
| | I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue | |
| | 1) | |
| | 2) | |
| Date : ________ | 3) | |

TEAR HERE

LOGO

| XYZ LIMITED | Acknowledgement Slip for Broker/SCSB/ DP/RTA |
|---|---|
| INITIAL PUBLIC ISSUE - NR | |

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) | Bank & Branch

ASBA Bank A/c No.

Stamp & Signature of SCSB Branch

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Amount Paid (₹) | | | |

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

4.1.1 **FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT**

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to the Issue and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 which is reproduced below:

**"*Any person who:***

***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***

***shall be liable for action under section 447.*"**

The liability prescribed under section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("**PAN Exempted Bidders/Applicants**"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to the Issue.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to section 5.6 (e)).

(c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

(b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.

(e) RIB may revise or withdraw their Bids until Bid/Issue Closing Date. QIBs and NIB's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.

(a) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(b) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

(c) A Bid cannot be submitted for more than the Issue size.

(d) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(e) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (section 5.6 (e))

4.1.4.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:

(i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

(ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(c) The following Bids may not be treated as multiple Bids:

(i) Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Issue portion in public category.

(ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

(iii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

(iv) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, NIBs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Issue, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid

Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids with a Book Running Lead Manager.

(b) Payments should be made either by direct credit, RTGS or NEFT.

(c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 **Payment instructions for ASBA Bidders**

(a) Bidders may submit the ASBA Form either

(i) in electronic mode through the internet banking facility offered by a SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

(ii) in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with a SCSB, will not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

(g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

(l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Issue Closing Date.

4.1.7.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than ₹ 200,000, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Issue may be addressed as under:

(i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, refund intimations, the Bidders should contact the Registrar to the Issue.

(ii) In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated SCSB Branch.

(iii) In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.

(iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker.

(v) In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.

(vi) In case of Bids submitted to the CDP, the Bidders should contact the relevant DP.

(vii) Bidder may contact our Company Secretary and Compliance Officer or the BRLM(s) in case of any other complaints in relation to the Issue.

(c) The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

**4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

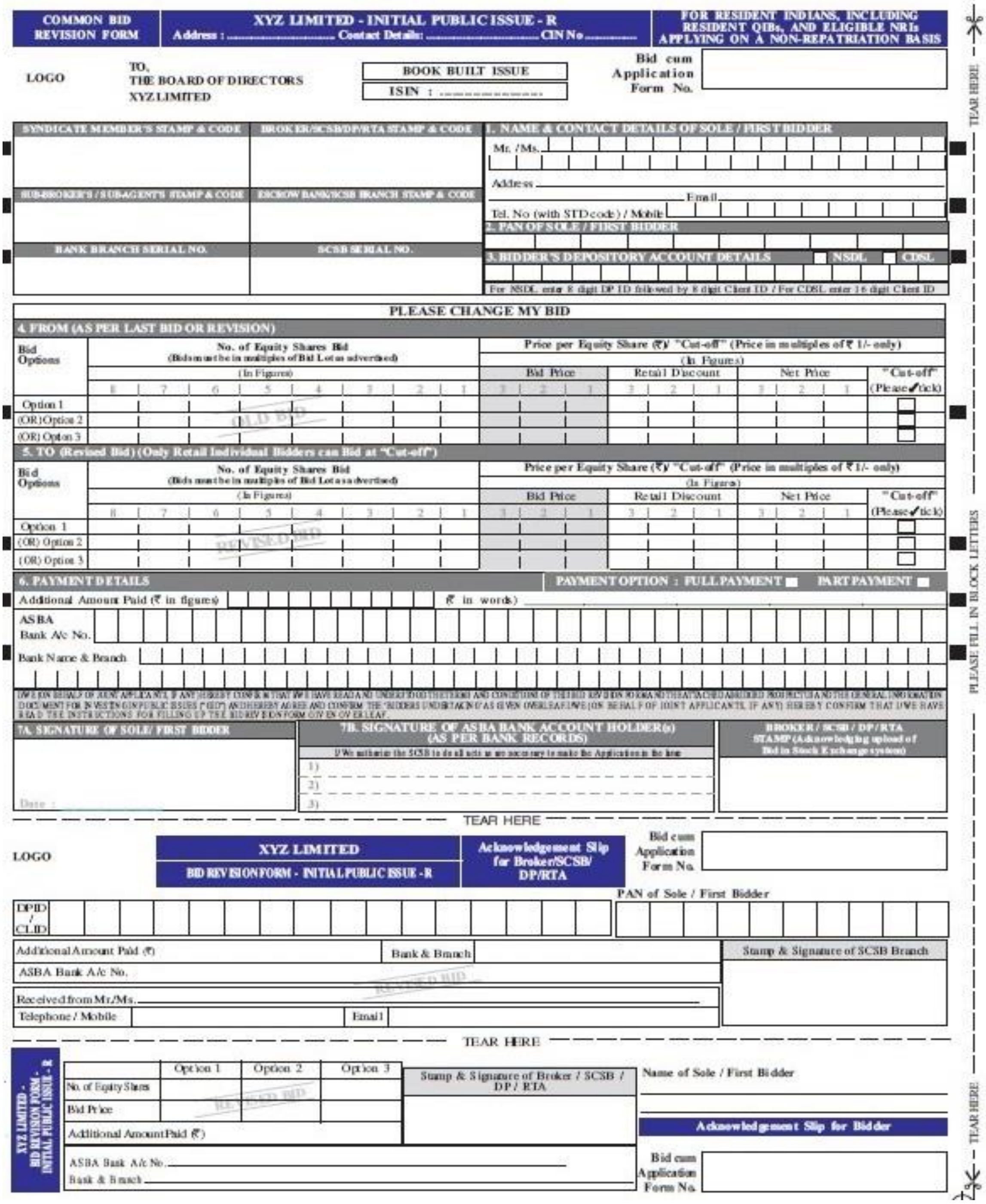
(a) During the Bid/ Issue Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIB may revise their bids or withdraw their Bids till the Bid/ Issue Closing Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:



COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .................. Contact Details: .................. CIN No..........

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ..................

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

| Bid Options | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price | Retail Discount | Net Price | "Cut-off" (Please ✓ tick) |
|---|---|---|---|---|---|
| | 8 7 6 5 4 3 2 1 | 3 2 1 | 3 2 1 | 3 2 1 | |
| Option 1 | | | | | |
| (OR) Option 2 | OLD BID | | | | |
| (OR) Option 3 | | | | | |

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

| Bid Options | No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) | Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price | Retail Discount | Net Price | "Cut-off" (Please ✓ tick) |
|---|---|---|---|---|---|
| | 8 7 6 5 4 3 2 1 | 3 2 1 | 3 2 1 | 3 2 1 | |
| Option 1 | | | | | |
| (OR) Option 2 | REVISED BID | | | | |
| (OR) Option 3 | | | | | |

6. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch

Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

| | Option 1 | Option 2 | Option 3 |
|---|---|---|---|
| No. of Equity Shares | | | |
| Bid Price | | | |
| Additional Amount Paid (₹) | | | |

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/ APPLICANTS, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible. shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

4.2.3 **FIELD 6: PAYMENT DETAILS**

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

**4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Issue Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.

(d) Applications by the Eligible Employees under the Employee Reservation Portion, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Portion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

(e) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(f) An application cannot be submitted for more than the Issue size.

(g) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(h) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(i) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:

(i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

(ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(j) The following applications may not be treated as multiple Bids:

(i) Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.

(ii) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

(iii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Issue

(b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

**4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM**

4.4.1 **Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

| Mode of Application | Submission of Bid cum Application Form |
|---|---|
| Anchor Investors Application Form | 1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form |
| ASBA Form | (a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location<br>(b) To the Designated Branches of the SCSBs |

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

## SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### 5.1 SUBMISSION OF BIDS

(a) During the Bid/ Issue Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### 5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till one p.m. on the next Working Day following the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

### 5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Issue Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/ Issue Period.

### 5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/ Issue Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

**5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

(i) the Bids accepted by the Designated Intermediary,

(ii) the Bids uploaded by the Designated Intermediary, and

(iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediary.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

5.5.1 **GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs;

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(k) Bids/Applications at Cut-off Price by NIBs and QIBs;

(l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(n) Bids/Applications for shares more than the prescribed limit by each Stock Exchanges for each category;

(o) Submission of more than five ASBA Forms/Application Forms per ASBA Account;

(p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares as specified in the RHP;

(q) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(r) Bids not uploaded in the Stock Exchanges bidding system.

(s) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

(t) Where no confirmation is received from SCSB for blocking of funds;

(u) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(v) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Issue;

(w) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(x) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

**5.6 BASIS OF ALLOCATION**

(a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

| Bid Quantity | Bid Price (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.70% |

| Bid Quantity | Bid Price (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.70% |
| 2,500 | 20 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, *i.e.*, ₹22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, *i.e.*, at or below ₹22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("**ASBA Account**"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date.

In a fixed price Issue, allocation in the net Issue to the public category is made as follows: minimum 50% to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### 7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**"). The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### 7.2 ALLOTMENT TO NIBS

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### 7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

### 7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer in consultation with the Selling Shareholder and the BRLMs, subject to compliance with the following requirements:

   (i) not more than 60% of the QIB Category will be allocated to Anchor Investors;

   (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

(iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:

- a maximum number of two Anchor Investors for allocation up to ₹100 million;
- a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
- a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Issue.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Issue Price is higher than the Anchor Investor Issue Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

### 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for

Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

### 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories within six Working Days of the Bid/ Issue Closing Date.

### 8.2 GROUNDS FOR REFUND

### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

### 8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Issue, including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

**8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

**8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under regulation 26(1) of the SEBI ICDR Regulations comes for an Issue under regulation 26(2) of SEBI ICDR Regulations but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

**8.3 MODE OF REFUND**

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

**8.3.1 Electronic mode of making refunds for Anchor Investors**

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **RTGS**—Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

(d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/ Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

| Term | Description |
|---|---|
| Allotment/Allot/Allotted | The allotment of Equity Shares pursuant to the Issue to successful Bidders/Applicants |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges |
| Allottee | An Bidder/Applicant to whom the Equity Shares are Allotted |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and the Red Herring Prospectus. |
| Anchor Investor Application Form | The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus |
| Anchor Investor Portion | Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors |
| Application Supported by Blocked Amount/ASBA | An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising a SCSB to block the Bid Amount in the specified bank account maintained with such SCSB |
| Application Supported by Blocked Amount Form/ASBA Form | An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| ASBA Account | Account maintained with a SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder |
| ASBA Bidder | All Bidders/Applicants except Anchor Investors |
| Banker(s) to the Issue /Escrow Collection Bank(s)/Collecting Banker | The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer |
| Basis of Allotment | The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Issue |

| Term | Description |
|---|---|
| Bid | An indication to make an offer during the Bid/ Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/ Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount |
| Bid cum Application Form | The Anchor Investor Application Form or the ASBA Form, as the context requires |
| Bid/ Issue Closing Date | Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/ Issue Closing Date |
| Bid/ Issue Opening Date | The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/ Issue Opening Date |
| Bid/ Issue Period | Except in the case of Anchor Investors (if applicable), the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/ Issue Period |
| Bidder/Applicant | Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to an Applicants should be construed to mean an Bidder/Applicants |
| Book Built Process/Book Building Process/Book Building Method | The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made |
| Broker Centres | Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges. |
| BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM | The Book Running Lead Manager to the Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM |
| Business Day | Monday to Saturday (except 2$^{nd}$ and 4$^{th}$ Saturday of a month and public holidays) |
| CAN/Confirmation of Allocation Note | Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/ Issue Period |
| Cap Price | The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted |

| Term | Description |
|---|---|
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account |
| Collecting Depository Participant or CDPs | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Cut-off Price | Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price |
| DP | Depository Participant |
| DP ID | Depository Participant's Identification Number |
| Depositories | National Securities Depository Limited and Central Depository Services (India) Limited |
| Demographic Details | Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details |
| Designated Branches | Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Designated CDP Locations | Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants.<br>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Issue |
| Designated Intermediaries | Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Issue |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.<br>The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Stock Exchange | The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer |
| Discount | Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009. |
| Draft Prospectus | The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band |
| Employees | Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter. For further details, Bidder/Applicant may refer to the RHP/Prospectus |
| Equity Shares | Equity Shares of the Issuer |

| Term | Description |
|---|---|
| Escrow Account | Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof |
| Escrow Collection Bank(s) | Refer to definition of Banker(s) to the Issue |
| FCNR Account | Foreign Currency Non-Resident Account |
| First Bidder/Applicant | The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form |
| FII(s) | Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India |
| Fixed Price Issue /Fixed Price Process/Fixed Price Method | The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made |
| Floor Price | The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto |
| FPIs | Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 |
| FPO | Further public offering |
| Fresh Issue | The public issue of 22,656,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating to ₹ [●] million |
| Foreign Venture Capital Investors or FVCIs | Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000 |
| IPO | Initial public offering |
| Issuer/Company | The Issuer proposing the initial public offering/further public offering as applicable |
| Maximum RIB Allottees | The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot. |
| MICR | Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf |
| Mutual Fund | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 |
| Mutual Funds Portion | 5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NRE Account | Non-Resident External Account |
| NRI | NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares |
| NRO Account | Non-Resident Ordinary Account |
| Net Issue | The Issue less reservation portion |

| Term | Description |
|---|---|
| Non Institutional Bidders or NIBs | All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Category | The portion of the Issue being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form |
| Non-Resident | A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI |
| OCB/Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| Issue | The public issue of 33,984,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating to ₹ [●] million comprising the Fresh Issue and the Offer for Sale. |
| Offer for Sale | Offer for sale of 11,328,000 Equity Shares by the Selling Shareholder at the Issue Price aggregating to [●]. |
| Issue Price | The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Selling Shareholder and the Book Running Lead Manager(s) |
| Other Investors | Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| Price Band | Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation |
| Pricing Date | The date on which the Issuer in consultation with the Selling Shareholder and the Book Running Lead Manager(s), finalise the Issue Price |
| Prospectus | The prospectus to be filed with the RoC in accordance with section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information |
| Public Issue Account | A Bank account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date |
| QIB Category | The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis |
| Qualified Institutional Buyers or QIBs | As defined under SEBI ICDR Regulations, 2009 |
| RTGS | Real Time Gross Settlement |

| Term | Description |
|---|---|
| Red Herring Prospectus/RHP | The red herring prospectus issued in accordance with section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/ Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus |
| Refund Account(s) | The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made |
| Refund Bank(s) | Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Registered Broker | Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate |
| Registrar to the Issue /RTO | The Registrar to the Issue as disclosed in the RHP/Prospectus and Bid cum Application Form |
| Reserved Category/Categories | Categories of persons eligible for making application/Bidding under reservation portion |
| Reservation Portion | The portion of the Issue reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009 |
| Retail Individual Bidders/ RIBs | Investors who applies or bids for a value of not more than ₹ 200,000. |
| Retail Individual Shareholders | Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000. |
| Retail Category | The portion of the Issue being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis. |
| Revision Form | The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s) |
| RoC | The Registrar of Companies |
| SEBI | The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations, 2009 | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| Self Certified Syndicate Bank(s) or SCSB(s) | A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Specified Locations | Refer to definition of Broker Centers |
| Stock Exchanges/SE | The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed |
| Syndicate | The Book Running Lead Manager(s) and the Syndicate Member |
| Syndicate Agreement | The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members |
| Syndicate Member(s)/SM | The Syndicate Member(s) as disclosed in the RHP/Prospectus |
| Underwriters | The Book Running Lead Manager(s) and the Syndicate Member(s) |

| Term | Description |
| --- | --- |
| Underwriting Agreement | The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date |
| Working Day | “Working Day”, with reference to (a) announcement of Price Band; and (b) Bid/ Issue Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/ Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 |

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA and the circulars and notifications issued thereunder. Unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to June 7, 2016. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route for companies engaged in the manufacturing sector.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the Takeovers Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per existing regulations, OCBs cannot participate in the Issue.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as “QIBs”) pursuant to Rule 144A or another available exemption from the registration requirements of the Securities Act, and (ii) outside the United States only in offshore transactions in reliance on Regulation S under the Securities Act and pursuant to the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

**Definitions and Interpretation**

1. In these Articles, unless repugnant to the subject or context:-

   (a) "**The President**" means President of India

   (b) "**The Company**" means Cochin Shipyard Limited.

   (c) "**The Act**" means the Companies Act, 2013 as amended or re-enacted from time to time and the Rules made thereunder[*1].

   (d) "**The seal**" means the common seal of the Company.

   (e) "**Month**" and "**Year**" mean calendar month and financial year as defined under section 2(41) of the Companies Act, 2013 respectively[*2].

   (f) "**Auditors**" means those persons appointed as such under the Provisions of the Act.

   (g) "**Board**" means a meeting of the Directors duly called and constituted, or as the case may be, the Directors assembled at a Board or the Directors of the Company collectively.

   (h) "**Capital"** means the share capital for the time being raised or authorized to be raised for the purposes of the Company.

   (i) "**Directors**" means the Directors for the time being of the Company, or as the case may be, the Directors assembled at a Board.

   (j) "**Members**" means the subscribers to the memorandum of the Company and the duly registered holders from time to time of the shares of the Company.

   (k) "**Meeting or General meeting**" means the meeting of the members.

   (l) "**Office**" means the Registered Office for the time being of the Company.

   (m) "**Register of Members**" means the register of members to be kept in pursuance of the Act.

   (n) "**Registrar**" means the Registrar of Companies.

   (o) "**Share**" means share in the capital of the Company.

   (p) The words or expressions contained in these articles shall bear the same meaning as in the Act or any statutory modifications thereof.

   (q) Words importing singular number only shall include plural number and vice versa and words importing masculine gender shall include feminine gender and words importing persons shall include bodies corporate.

   (r) The expression "President of India" shall include "The Government of India" and vice versa.

   (s) Expressions referring to writing shall be construed as including reference to printing, lithograph, photography and other modes of representing or reproducing words in a visible form.

   (t) "**Dividend**" includes bonus.

   (u) "**Paid up**" includes credited as paid up.

   (v) "**Marginal notes**" and "**Catch Lines**" hereto shall not affect the construction thereof.

2. **Table F of the first schedule to apply.** Subject as hereinunder provided the regulations contained in Table F of the first schedule to the Act shall apply to the Company. Being a Government Company, the provisions of the Companies Act, 2013 shall not apply or shall apply with such exceptions, modifications and

[*1] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*2] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

adaptations as directed / notified by Central Government from time to time by virtue of powers conferred under section 462 of the Companies Act.[*3]

3. **Public Company:** The Company is a public company within the meaning of section 2 (71) of the Companies Act, 2013.[*4]

4. **Government Company:** The company is a Government Company as defined under section 2(45) of the Act.[*5]

5. **Division of Capital:[*6]**

(a) The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with such rights, privileges and conditions attached thereto as are provided by the Company and with powers to the Company as permitted by the Act and applicable laws to increase, reduce or modify the said capital and to divide the shares of the company in to several classes and attach thereto preferential, qualified or special rights, privileges or conditions as may be determined by the Company subject to provisions of the Act and other applicable laws, and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and allowed by law.

(b) Subject to the provisions of section 61 of the Act, the clauses relating to alteration of capital as provided in Table F of the Act will be applicable to the Company.

6. **Control and Allotment of Shares:** The President shall authorize the amount of share capital to be raised and the terms and conditions under which it should be raised. The shares shall be under the control of the Board of Directors who may allot or otherwise dispose of them on such terms and conditions as they consider fit, subject to such directions as the President may issue from time to time and subject to the provisions of the Act, and SEBI Rules and regulation where applicable and these articles.[*7]

7. **Increase of Capital:[*8]**

(a) The Company, in general meeting may, from time to time increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as resolutions shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the resolution shall prescribe and in particular such share may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with right of voting at the general meeting of the Company in conformity with section 47 of the Act. Whenever Capital of the Company has been increased under the provisions of this Article, the Board shall comply with the provision of section 64 of the Act. Except so far as otherwise provided, any new capital raised and the share issued in that regard shall be subject to all conditions to which the existing capital and the shares are subject to.

(b) The Company may issue shares and debentures in accordance with the provisions of section 42, 55, 62, 63 and 71 of the Act and Rules made thereunder subject to Article 29.

7A. **[*9]Capitalisation of profits :** The Company in general meeting may, upon the recommendation of the Board, resolve— (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(A) Paying up any amounts for the time being unpaid on any shares held by such members respectively;

[*3] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*4] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*5] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*6] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*7] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*8] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*9] Inserted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

(B) Paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(C) Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(E) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

7B. **Buy Back of Shares:** Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 of the Companies Act, 2013 or any other law for the time being in force, the Company may purchase its own shares or other specified securities.[*10]

8. **Reduction of Capital:** The Company may subject to the provision of section 66, of the Act, from time to time, by special resolution reduce its capital in any authorized manner and in particular pay off any part of the Capital on the footing that it may be called up again or otherwise.[*11]

9. **Lien:** Fully paid shares will be free from all lien, while in the case of partly paid shares, the Company's lien, if any, will be restricted to moneys called or payable at a fixed time in respect of such shares.[*12]

10. **Calls on and forfeiture of shares:[*13]**

(a) All the provisions contained in Schedule I, Table F of the Act in respect of calls of shares and forfeiture thereof shall apply to the Company, except the proviso to regulation13 (i) thereof. Provided that option or right to call on shares shall not be given to any person or persons without the sanction of the Company in general meeting.

(b) Any amount paid-up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof, in a dividend subsequently declared;

(c) There will be no forfeiture of unclaimed dividends before the claim becomes barred by law.

11. **Restriction on Transfer of Shares:** Subject to the provisions of section 58 of the Act, the Board may, at its own absolute discretion and without assigning any reasons, decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that a proposed transferee be already a member), but in such cases it shall, within 30 days from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor, notice of the refusal to register such transfer, provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the shares.[*14]

12. **Death of one or more Joint Holders of Shares.** In the case of death of any one or more of the persons named in the Register as the joint holders of any share, the survivor or the survivors shall be the only persons recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any person.

13. [*15]** Deleted **

13A. **Holding/transfer/transmission of shares in electronic form.** Notwithstanding any provisions contained in these articles regarding issuance/deal-in/holding/ transfer/transmission of shares, the provisions of the Depositories Act, 1996 as amended from time to time and the rules and regulations framed thereunder shall apply for holding /transfer/transmission of shares in electronic form.[*16]

13B. The Company shall keep a register and index of beneficial owners in accordance with all applicable provisions of the Act, and the Depositories Act, 1996 with details of shares held in dematerialised forms

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[*10] Inserted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*11] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*12] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*13] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*14] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*15] Deleted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

[*16] Inserted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any Country outside India a branch Register of beneficial owners residing outside India.[*17]

13C. The Company shall use a common form of transfer.[*18]

14. [*19]** Deleted **

15. **General Meeting.** At every Annual General Meeting of the Company there will be laid on the table the Directors Report, Audited Statement of Accounts, Auditor's Report and the comments of the Comptroller and Auditor General of India thereon. The ordinary business of the Annual General Meeting shall be the consideration of these documents and declaration of a dividend. All meetings of the Company other than the Annual General Meeting shall be called Extraordinary General Meetings. The Directors may, whenever they think fit, convene an Extraordinary General Meeting.

16. **Quorum:** No business shall be transacted at any General Meeting unless a quorum of members is present as per the provisions of the Act, at the time when the meeting proceeds to business.[*20]

17. **Chairman of the Meeting:**

(a) The Chairman of the Board shall preside as Chairman at every General Meeting of the Company.

(b) If there is no such Chairman, or if he is unwilling to act as Chairman or if he is unable to be present owing to unavoidable circumstances, the relevant provisions of Schedule I, Table F of the Act shall apply.[*21]

18. **Representatives of the President at Meeting of the Company.**

(a) The President may, so long as he is a member of the Company within the meaning of the Act, authorize from time to time such persons, whether a member of the Company or not as he thinks fit to act as his representative at any General Meeting of the Company or at any meeting of any class of members of the Company.

(b) The President may, if he is a creditor including a holder of debentures of the Company within the meaning of the Act, authorize from time to time, such person as he thinks fit to act as his representative at any meeting of any creditors of the Company held in pursuance of the Act or of any rules made therein or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.

(c) The President may, from time to time, revoke or cancel any authorization made in sub-clause (a) or sub-clause (b) of this Articles and make any fresh authorization or authorizations.

(d) The production at the meeting of the Company or at the meeting of any Creditors of the Company of an order made and executed in the name of the President authenticated as provided by the Constitution of India in respect of such authorization, revocation or cancellation as aforesaid shall be accepted by the Company as sufficient and conclusive evidence thereof.

(e) Any person authorized by the President to represent him as aforesaid may, if so authorised by the order of the President, appoint another person whether a member or not, as a proxy or substituted authority, whether special or general, to represent the President as aforesaid.

(f) Any person authorized or appointed as aforesaid shall be entitled to exercise the same rights or powers including the right to vote by proxy, on behalf of the President whom he represents, as the President could exercise as member, creditor or holder of debenture of the Company.

**Vote of Members[*22]**

19. Upon a show of hands, every member present in person shall have one vote and upon poll, the voting rights of members shall be laid down as in section 47 of the Act. Votes on behalf of the President shall be given as provided in Article 18. Members can also exercise E-Voting/Voting by Electronic means as per section 108 of the Act.

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[*17] Inserted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*18] Inserted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*19] Deleted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*20] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*21] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*22] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

## Board of Directors

20. (a) **Number of Directors.** The number of Directors of the Company shall not be less than three.[*23]

(b) **Only Individuals to be Appointed as Directors.** Only an individual and not a body corporate or association or firm shall be appointed as the Director of the Company.

(c) [*24]** Deleted **

21. (a) **President to Appoint Directors and Determine their Remuneration.** The Chairman of the Board of Directors and the Government representatives on the Board of Directors shall be appointed by the President of India. Other members of the Board of Directors shall be appointed or reappointed by the President of India in consultation with the Chairman of the Board of Directors. The Directors shall be paid such remuneration as the President of India may, from time to time, determine.

(b) **Chairman and Managing Director.** The President of India at his discretion may appoint the same persons or two different persons as the Chairman of the Board of Directors and the Managing Director of the Company for such period and on such terms and conditions as he may think fit and may revoke such appointment. The Chairman and the Managing Directors so appointed shall be entitled to hold office till the expiry of his tenure unless removed earlier by the President of India and any vacancy arising either by death, removal, resignation or otherwise may be filled by fresh appointment by the President of India.

(c) **Determination of period of appointment by the president**. The Directors appointed shall be entitled to hold office for such period as the President of India may determine.

(d) **Vacancy of Directors**. The vacancy in the office of a Director caused by retirement, removal, resignation, death or otherwise, shall be filled by reappointment or fresh appointment by the President of India.

22. **Alternate Director**

In place of a Director who is out of India the President of India may, in accordance with Article 21, appoint any person to be an Alternate Director during the absence out of India, of the Director concerned and such appointment shall have effect, and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Directors and to attend and to vote there-at accordingly and he shall *ipso facto* vacate office if and when the original Director returns to India or vacates office as Director.[*25]

23. [*26]**Deleted**

24. **Directors may act Notwithstanding any Vacancy[*27]**

The continuing Directors may act notwithstanding any vacancy in the Board, but if the number falls below three, the Directors shall not act so long as the number of Directors is below the minimum.

25. **Appointment of Committees.** The Board may, subject to provisions of sections 179 of the Act, delegate any of its powers to a Committee consisting of such member or members of the Board of Directors as they think fit. Any Committee so formed shall, in the exercise of the power so delegated, conform to any regulation imposed on it by the Board. The proceedings of such a committee shall be placed before the Board at their next meeting.[*28]

26. [*29]**Deleted**

27. **Bye-laws.** The Board may as and when it thinks fit make any bye-laws not inconsistent with the provisions of the Memorandum and Articles of Association of the Company in regard to conduct of business of the Company or of the Board thereof and may in like manner vary and amend such bye-laws.

28. **General Powers of Board.**

(a) Subject to the provisions of the Act and to such directive and or instructions as the President may issue from time to time under these Articles, the business of the Company shall be managed by the Board of Directors who may exercise all such powers and do all such acts and things as the Company is authorized

[*23] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*24] Deleted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*25] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*26] Deleted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*27] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*28] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*29] Deleted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

to exercise and do and who may, from time to time delegate such powers to the Chairman and/or Managing Director as may be necessary for the proper conduct of the business of the Company.

(b) Provided that the Board of Directors shall not exercise any powers or do any act or thing which is directed or required, whether by this or any other Act or by the Memorandum or Articles of the Company or otherwise to be exercised or done by the Company in the Annual General Meeting.

28A. [*30]Notwithstanding anything contained elsewhere in these articles, and subject to the provisions of the Act, the Board of Directors shall have the following powers:

(i) To establish joint ventures and subsidiaries in India, with the stipulation that the Equity investment of the Company should be limited to 15% of the networth of the Company in one project limited to ₹ 500 crores. The overall ceiling on such investment in all projects put together shall be 30% of the networth of the Company.

(ii) To establish subsidiaries and opening of offices abroad with the concurrence of Administrative Ministry.

(iii) To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government of India guidelines as may be issued from time to time.

(iv) To enter into mergers and acquisitions, subject to the conditions that (a) it is as per the growth plan and in the core area of functioning of the Company (b) conditions/ limits would be as in the case of establishing joint ventures/ subsidiaries as specified in sub clause (ii) above and (c) the Cabinet Committee on Economic Affairs (CCEA) shall be kept informed in case of investments abroad.

(v) To sub delegate the powers relating to Human Resource Management (appointments, transfer, posting etc) of below Board level executives to sub-committees of the Board or to executives of the Company, as may be decided by the Board of the Company.

Notwithstanding the above, further amendments from time to time in the Miniratna Guidelines of Government of India on the above powers shall have an overriding effect.

Provided that the exercise of powers under (i) to (v) above shall be subject to the following:

(a) No financial support or contingent liability on the part of the government should be involved. The Company shall not depend upon budgetary support or Government guarantees. However, where Government guarantee is required under the standard stipulations of external donor agencies, the same may be obtained from the Ministry of Finance through the administrative Ministry. Such Government guarantee shall not affect the exercise of above powers.

(b) Before taking decisions involving long-term or major financial commitments, including and especially for new projects and joint ventures, the internal and extra-budgetary resource position and projections should be assessed realistically.

(c) The Government Directors, the Finance Director and the concerned Functional Director(s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organizational/Capital restructuring.

(d) The decisions on such proposals should preferably be unanimous.

(e) In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two-thirds of the Directors should be present, including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.

(f) The Company will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors.

29. **Matters Reserved for the consideration of the President**. Notwithstanding anything contained in these Articles, the Chairman shall reserve for the consideration of the President the following matters relating to the working of the Company, namely:-

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[*30] Inserted *vide* Special Resolution passed at the 36th Annual General Meeting of CSL held on 5th September 2008.

(a) Calling up unpaid capital or increase in the authorized capital of the Company, or issuing of the unissued shares forming part of the original authorized capital and fixing the terms and conditions on which the capital is to be raised.

(b) Any proposal of investment in a particular type of security or shares, if such investment exceeds ₹ 10 lakhs except as provided in clause 28A.[*31]

(c) Appointment of any foreign national.

(d) Disposal of any property having an original book value of ₹ one crore and above.[*32]

(e) Formation of subsidiary companies, except as provided in clause 28A.[*33]

(f) Any proposal for action relating to reduction of capital.

(g) Implementation of the Company's five year plans and annual plans of development and capital budget financed from the consolidated fund of India.

(h) Agreements involving any foreign collaboration or consultancy proposed to be entered into by the Company, except as provided in clause 28A.[*34]

(i) [*35]**Deleted**

(j) Issue of debentures.

(k) Voluntary winding up of the Company

(l) Any important matter relating to the Company's establishment.

(m) Any other matter which in his opinion involves an important issue of general policy.

No action shall be taken by the Company, in respect of any matter reserved for consideration of the President as aforesaid until his approval to the same has been obtained.

30. **Works of a Capital Nature.** Notwithstanding anything contained in the other Articles, the Board of Directors shall be competent to:-

(a) Authorize, without reference to government, the undertaking of works of a capital nature where Detailed Project Reports have been approved by the Government and to invite and accept tenders relating to works included in the approved Detailed Project Report, including variations, if any, in the approved estimates provided such variations are not more than 10% for any particular component part and do not substantially change the scope of the project.

(b) Incur capital expenditure on new projects, modernization, purchase of equipment etc without government approval up to ₹ 500 crores or equal to the networth of the Company, whichever is lower.[*36]

(c) Provided that further amendments from time to time in the Miniratna Guidelines of Government of India on Capital Expenditure powers shall have an overriding effect.

(d) Authorize the undertaking of projects which are included in Plan budget approved by the ministry up to a limit of ₹ 5 crores provided that:

(i) These are intended to cover expenditure on capital items including projects and schemes and these items/ schemes/ project have either figured individually or provided collectively in lump under the head “Miscellaneous Capital Expenditure” or other capital items in the approved Annual Plan and Capital Budget approved by the Government.

(ii) These shall not be used in enhancing the township assets and other items involving policy matters where specific Government approval is needed.

(iii) This is not dependent on the capacity for generation of internal resources by the Company, and

[*31] Inserted *vide* Special Resolution passed at the 36th Annual General Meeting of CSL held on 5th September 2008.
[*32] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*33] Inserted *vide* Special Resolution passed at the 36th Annual General Meeting of CSL held on 5th September 2008.
[*34] Inserted *vide* Special Resolution passed at the 36th Annual General Meeting of CSL held on 5th September 2008.
[*35] Deleted *vide* Special Resolution passed at the 43rd Annual General Meeting of CSL held on 25th September 2015.
[*36] Replaced *vide* Special Resolution passed at the 36th Annual General Meeting of CSL held on 5th September 2008.

(iv) The funds required for financing these expenditure during a financial year shall have to be found out of the budget allocation for that year and spill-over expenditure in subsequent years.

31. **President's Rights to Issue Directives:** Notwithstanding anything contained in these Articles, the President may, from time to time, issue such directives or instructions as may be considered necessary in regard to the finances, conduct of business and affairs of the Company. The Company shall give immediate effect to the directions or instructions so issued. In particular, the President shall have the power:-

(i) To give directions to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest.

(ii) To call for such reports, accounts and other information with respect to property and activities of the Company, as may be required from time to time.

Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall except where the President considers that the interest of the National Security requires otherwise, incorporate the contents of directives issued by the President in the Annual Report of the Company and also indicate its impact on the financial position of the Company.

32. The Company shall, whenever it's Revenue Budget for any financial year shows an element of deficit which is proposed to be met by obtaining funds from the Government, submit the same to the President for approval.

33. **Common Seal**

(a) The Board shall provide a common seal for the Company and for the safe custody of the seal and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof.

(b) The common seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf. Subject to the provision of Law, at least one Director shall be present during the affixing of the seal and sign every instrument to which the seal is affixed and every such instrument shall be countersigned by the Secretary and in his absence by some other person appointed by the Board.

34. **Audit:** The Auditor or Auditors of the Company shall be appointed or reappointed by the Central Government on the advice of the Comptroller and Auditor General of India and their appointment, remuneration, powers and duties shall be regulated by sections 139 to 147 of the Act.[*37]

35. **Indemnity[*38]**

(a) Subject to the provisions of the Act, every Director, Managing Director, Key Managerial Personnel, Manager and other Officer or servant of the Company shall be indemnified by the Company against and it shall be the duty of the Board to pay out of the funds of the Company, all costs, losses, damages and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such Director, Managing Director, Key Managerial Personnel, Manager or other Officer or servant or in any way in the discharge of his duties including travelling expenses and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Managing Director, Key Managerial Personnel, Manager or other Officer or servant in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under the Act in which relief is granted by the Court.

(b) Subject to the provisions of the Act no Director of the Company, Managing Director, Key Managerial Personnel, Manager or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director, Key Managerial Personnel, or Officer or for joining in any receipt or other act of conformity or for any loss or expenses, happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from bankruptcy, insolvency or tortuous act of any person, company or Corporation with whom any moneys, securities of effects shall be entrusted or deposited or any loss caused by an error of judgment or oversight on his or their part or for any other loss or damage or misfortune, whatever, which shall happen in the

[*37] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*38] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

execution of duties of his or their office or any relation thereto, unless the same happens through his own dishonesty, negligence, default, breach of duty or breach of trust.

36. **Secrecy**[*39]

(a) Every Director, Key Managerial Personnel, Manager, Auditor, Members of the Committee, Officer, Servant Agent, Accountant or other persons employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy, respecting all transactions of the Company with its customers and state of account with individuals and any matter relating thereto and shall by such declaration pledge himself not to reveal any of the matters which might come to his knowledge in the discharge of his duties, except when required to do so by the Directors at any meeting or by a Court of Law and to persons to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these articles.

(b) No member or other persons, unless he is a Director, Key Managerial Personnel or other person in management of the affairs of the Company, can inspect or examine the Company's premises or other property of the Company without permission of the Directors of the Company, Key Managerial Personnel or Officers authorized by the Directors for the time being to require discovery of or any information respecting any detail of the Company's trading or any matter which is or which may be in the nature of trade secret or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, Key Managerial Personnel or of Officers authorised by the Directors, it will be inexpedient in the interest of the members of the Company to communicate.

37. **General Authority :** Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its articles, then and in that case by virtue of this Article, the Company is hereby specifically authorised, empowered and entitled to have such right, privilege or authority to carry out such transactions as have been permitted by the Act without there being any separate/specific article in that behalf herein provided.[*40]

| Sl No. | Name, Address, Description and occupation of subscriber | Signature of the subscribers | Name, address and description of witness | Signature of witness |
|---|---|---|---|---|
| 1. | The President of India through<br>Shri G. C. Baveja<br>Joint Secretary to the<br>Govt. of India<br>Ministry of Shipping and<br>Transport; New Delhi<br>Son of Shri Ram Labyaya Baveja | (Sd) | Shri. N. P. Rustagi<br>Section Officer<br>Ministry of Shipping<br>and Transport<br>New Delhi<br>Son of Shri. S. P. Rustagi | (Sd) |
| 2. | Shri. P. N. Jain<br>Joint Secretary to<br>the Government of India<br>Ministry of Finance<br>(Department of Expenditure)<br>New Delhi<br>Son of Shri Jagan Nath Jain | (Sd) | Shri. R. L. Jain<br>Deputy Finance Officer<br>Ministry of Finance<br>(Department of Expenditure)<br>New Delhi<br>Son of Shri Omkar Nath Jain | (Sd) |
| 3. | Shri. B. P. Srivastava<br>Director (Projects)<br>Ministry of Shipping and Transport<br>(Transport Wing)<br>New Delhi<br>Son of Shri. Udairaj Singh | (Sd) | Shri N. P. Rustagi<br>Section Officer<br>Ministry of Shipping and Transport<br>New Delhi<br>Son of Shri. S. P. Rustagi | (Sd) |
| 4. | Shri. S. Kasthuri<br>Chief Projects Officer<br>Cochin Shipyard Project<br>Cochin-15<br>Son of Shri K. Santanam | (Sd) | Shri N. Sreedharan<br>Financial Adviser and Chief Accounts Officer<br>Cochin-15<br>Son of late Shri K. Madhava | (Sd) |

[*39] Amended *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.
[*40] Inserted *vide* special resolution passed at the 44th Annual General Meeting of CSL held on 20th September 2016.

| Sl No. | Name, Address, Description and occupation of subscriber | Signature of the subscribers | Name, address and description of witness | Signature of witness |
|---|---|---|---|---|
| | | | Menon | |
| 5. | Shri R. C. Gupta<br>Under Secretary to the Govt. of India<br>Ministry of Shipping and Transport<br>(Transport Wing)<br>New Delhi<br>Son of late Shri Prabhu Dayal | (Sd) | Shri. N. P. Rustagi<br>Section Officer<br>Ministry of Shipping and Transport<br>New Delhi<br>Son of Shri S. P. Rustagi | (Sd) |

Date: 13 March 1972

## SECTION IX: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been attached to the copy of the Red Herring Prospectus which will be delivered to RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. and 5.00 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

**A. Material Contracts for the Issue**

1. Issue Agreement dated March 23, 2017 amongst our Company, the Selling Shareholder and the BRLMs.
2. Registrar Agreement dated March 23, 2017 amongst our Company, the Selling Shareholder and the Registrar to the Issue.
3. Escrow Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs, the Escrow Collection Bank and the Registrar to the Issue.
4. Syndicate Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs, the Syndicate Members and the Registrar to the Issue.
5. Underwriting Agreement dated [●] amongst our Company, the Selling Shareholder, the Underwriters and the Registrar to the Issue.
6. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

**B. Material Documents in relation to the Issue**

1. Certified copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Certificate of incorporation dated March 29, 1972 and a fresh certificate of incorporation dated November 8, 2016 consequent upon conversion of our Company to a public limited company.
3. Resolutions of the Board of Directors dated December 22, 2015 in relation to this Issue and other related matters.
4. Shareholders' resolution dated September 20, 2016 in relation to this Issue and other related matters.
5. Sanction letter for renewal of credit facilities and term loan for Dry Dock and ISRF numbered ADV/SL/CSL/7/16-17 dated September 19, 2016 issued by the State Bank of India.
6. Ministry of Shipping, Government of India, *vide* their letter bearing file number SY-12021/1/2007-CSL Vol. IV dated November 23, 2015 has directed our Company to take necessary steps in relation to the Issue.
7. The Selling Shareholder has, through letter bearing file number SY-12021/1/2007-CSL Vol. V dated December 6, 2016, conveyed the consent for inclusion of up to 1,13,28,000 Equity Shares of our Company held by the President of India, acting through the Ministry of Shipping, Government of India as part of the Offer for Sale portion of the Issue.
8. The President of India, acting through the Ministry of Shipping, Government of India has consented to include its shareholding of upto 27,187,200 Equity Shares representing 20% of the post Issue paid-up Equity Share capital as minimum promoter's contribution to the Issue, which shall be considered for lock-in for a period of three years from the date of allotment of Equity Shares in the Issue *vide* its authorisation certificate numbered File No. SY-12021/1/2007-CSL Vol. V dated December 6, 2016.
9. Letter issued by the Securities and Exchange Board of India numbered CFD/DIL-II/NR/AEA/OW/2016/z6015 dated September 16, 2016 for relaxation from the strict enforcement of compliance with corporate governance norms at the time of filing this Draft Red Herring Prospectus.
10. Letter issued by the Securities and Exchange Board of India numbered CFD/DIL-1/BNS/SD/329/1/2016 dated December 6, 2016 for relaxation from the strict enforcement of schedule VIII, clause VII (E), (F) and H of SEBI ICDR Regulations and clause 1.2(iv) of the SEBI (Framework for Rejection of Draft Offer Documents) Order, 2012 at the time of filing this Draft Red Herring Prospectus.
11. The examination reports of the Statutory Auditor, on our Company's Restated Financial Statements, included

in this Draft Red Herring Prospectus.

12. Copies of the annual reports of our Company for the Fiscals 2012, 2013, 2014, 2015 and 2016.
13. Statement of Tax Benefits dated March 23, 2017 from our Statutory Auditor.
14. Consent of Directors, Statutory Auditors, BRLMs, Syndicate Members, Indian Legal Counsel to our Company and the Selling Shareholder, Indian Legal Counsel to the BRLMs, International Legal Counsel to our Company and the Selling Shareholder, Registrar to the Issue, Escrow Collection Bank, Refund Bank(s), Monitoring Agency, Appraisal Agency, Bankers to our Company, Company Secretary and Compliance Officer and Chief Financial Officer as referred to in their specific capacities.
15. Consent of our Statutory Auditors, dated March 23, 2017, to include their name as experts in relation to their reports on the Restated Financial Statements dated January 24, 2017 and the statement of tax benefits dated March 23, 2017 included in this Draft Red Herring Prospectus.
16. Ministry of Shipping Order SY-11011/1/2009 -CSL dated December 11, 2015 for the appointment of Mr. Madhu S. Nair as Chairman and Managing Director and Ministry of Shipping Order No. SY-11011/1/2009-CSL dated January 8, 2016 prescribing the terms and conditions of his employment.
17. Ministry of Shipping Order SY-11012/1/2009 -CSL Vol-II dated April 4, 2014 for the appointment of Mr. D. Paul Ranjan as Director (Finance) and Ministry of Shipping Order No. SY-11-12/1/2009-CSL Vol. II dated December 19, 2014 prescribing the terms and conditions of his employment.
18. Ministry of Shipping Order SY-11012/3/2010 -CSL dated May 12, 2014 for the appointment of Mr. Sunny Thomas as Director (Technical) and Ministry of Shipping Order No. SY-11012/3/2010-CSL dated December 19, 2014 prescribing the terms and conditions of his employment.
19. Ministry of Shipping Order SY-11012/2/2010 -CSL dated April 26, 2016 for the appointment of Mr. Suresh Babu N.V as Director (Operations) and Ministry of Shipping Order No. SY-11012/2/2010-CSL dated May 26, 2016 prescribing the terms and conditions of his employment.
20. Ministry of Shipping Order SY-11012/5/95 -CSL dated January 20, 2015 for the appointment of Mr. Barun Mitra as Part Time Official (Nominee) Director.
21. Ministry of Shipping Order SY-11012/5/95 -CSL dated November 27, 2012 for the appointment of Mr. Elias George as Part Time Official (Nominee) Director.
22. Ministry of Shipping Order SS-11012/05/2014 -SY II dated March 21, 2016 for the appointment of Mr. Krishna Das E as Non Official Part Time (Independent) Director.
23. Ministry of Shipping Order SS-11012/05/2014 -SY II dated March 21, 2016 for the appointment of Mr. Radhakrishna Menon as Non Official Part Time (Independent) Director.
24. Ministry of Shipping Order SS-11012/05/2014 -SY II dated March 21, 2016 for the appointment of Ms. Roopa Shekhar Rai as Non Official Part Time (Independent) Director.
25. Memorandum of Understanding signed with Ministry of Shipping for the financial year 2016-2017.
26. Tripartite Agreement dated November 24, 2016 amongst our Company, NSDL and Registrar to the Issue.
27. Tripartite Agreement dated November 6, 2013 amongst our Company, CDSL and Registrar to the Issue.
28. Due Diligence Certificate dated March 23, 2017 addressed to SEBI from the BRLMs.
29. In principle listing approvals dated [●] and [●] issued by the BSE and the NSE respectively.
30. SEBI observation letter dated [●].
31. Consent for inclusion of Industry Report dated March 22, 2017.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules/ regulations and guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI, established under section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTORS OF OUR COMPANY**

| | |
|---|---|
| | **Mr. Madhu S. Nair** |
| __________________________ | Chairman and Managing Director |
| | **Mr. D. Paul Ranjan** |
| __________________________ | Director (Finance) and Chief Financial Officer |
| | **Mr. Sunny Thomas** |
| __________________________ | Director (Technical) |
| | **Mr. Suresh Babu N.V** |
| __________________________ | Director (Operations) |
| | **Mr. Barun Mitra** |
| __________________________ | Part Time Official (Nominee) Director |
| | **Mr. Elias George** |
| __________________________ | Part Time Official (Nominee) Director |
| | **Mr. Krishna Das E** |
| __________________________ | Non Official Part Time (Independent) Director |
| | **Mr. Radhakrishna Menon** |
| __________________________ | Non Official Part Time (Independent) Director |
| | **Ms. Roopa Shekhar Rai** |
| __________________________ | Non Official Part Time (Independent) Director |

Date: March 23, 2017

Place: New Delhi

## DECLARATION

On behalf of the Selling Shareholder, I certify that the statements and undertakings made in this Draft Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares offered pursuant to the Offer for Sale are true and correct.

**Signed on behalf of the Selling Shareholder**

Authorised Signatory of the President of India, acting through the Ministry of Shipping

Name: Mr. Pradeep Kumar Roy

Designation: Deputy Secretary (Shipping)

Date: March 23, 2017

Place: New Delhi