

SY-13017/2/2024-SBR (e367820)
Government of India
Ministry of Ports, Shipping and Waterways
(SBR Section)

Transport Bhawan, 1, Parliament Street
New Delhi- 110001

Dated 26th December, 2025

To,

1. DG, Director General of Shipping
2. MD, Sagarmala Finance Corporation Limited (SMFCL)

Subject: Guidelines for Shipbuilding Financial Assistance Scheme (SBFAS) & National Shipbuilding Mission (NSbM) and Shipbuilding Development Scheme (SbDS) - reg.

Sir,

The undersigned is directed to say that, in accordance with the Maritime Amrit Kaal Vision 2047 (MAKV 2047) targets, India aims to be in the top 10 in ship ownership and shipbuilding by 2030 and in the top 5 by 2047. Thus, by 2047, India needs to increase its ship ownership 7-times to 100 million GT and shipbuilding output 40-times to 4.5 million GT by 2037.

2. Accordingly, Union Cabinet, in its meeting held on 24.09.2025, approved the following schemes of Ministry of Ports, Shipping and Waterways (MOPSW) to promote shipbuilding in India:-

- a. Shipbuilding Financial Assistance Scheme (SBFAS) and National Shipbuilding Mission Scheme (NSbM)'.
b. Scheme for Capacity & Capability to development and Credit Risk Coverage for Shipping in India – Shipbuilding Development Scheme (SbDS).

3. In order to implement above schemes the following guidelines have been formulated after carrying out extensive stakeholder consultations and with approval of Inter-Ministerial Governing Board under NSbM :-

- a. Guidelines for implementation of Shipbuilding Financial Assistance Scheme (SBFAS) – **Annexure-1**
- b. Guidelines for Shipbuilding Risk Coverage under Shipbuilding Development Scheme (SbDS) - **Annexure-2**
- c. Guidelines for Greenfield Shipbuilding Cluster development under Shipbuilding Development Scheme (SbDS) - **Annexure-3**
- d. Guidelines for Brownfield Capacity Expansion under Shipbuilding Development Scheme (SbDS) - **Annexure-4**

4. DG Shipping and SMFCL are requested to circulate these guidelines to all stakeholders.

5. The issues with approval of Hon'ble Minister for Ports, Shipping and Waterways.

Yours faithfully,

(Vipul Singhal)
Director
Tel No.: 23718390

Copy to:-

1. PPS to Minister (PSW)
2. PPS to Minister of State (PSW)
3. PPS to Secretary (PSW)
4. PPS to AS & FA
5. Secretary, Department of Expenditure, Ministry of Finance
6. Secretary, MoPNG
7. Secretary, Ministry of Defence
8. Secretary, Ministry of Earth Science
9. Secretary, Ministry of Tourism
10. Secretary, Ministry of Skill Development and Entrepreneurship
11. Secretary, Ministry of Micro Small and Medium Enterprises
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14. Secretary, Department of Fisheries
15. Secretary, Ministry of Coal
16. Secretary, Ministry of Steel
17. Secretary, Ministry of New and Renewable Energy
18. Secretary, Ministry of Heavy Industries
19. Secretary, Department of Fertilizers

Digitally signed by
Vipul Singhal
Date: 26-12-2025
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GUIDELINES FOR BROWNFIELD CAPACITY EXPANSION - SbDS

1. Introduction

- (a) **Title:** These guidelines pertain specifically to the Brownfield Capacity Expansion component under the Shipbuilding Development Scheme (SbDS) and shall be called **"Guidelines for Brownfield Capacity Expansion under Shipbuilding Development Scheme (SbDS)"**.
- (b) **Validity:** The SbDS and the guidelines shall come into effect from 24th September 2025 (the date of approval of the scheme by the Government of India) and remain valid for all applications which have been approved from 24th September 2025 to 31st March 2036, inclusive of the stated dates.

2. Definitions.

- (a) **"Applicant"** refers to a Shipyard that has applied to avail Capital Assistance or has received Capital Assistance under the scheme.
- (b) **"Approved Capital Assistance"** refers to the Capital Assistance calculated based on the Approved Project Cost.
- (c) **"Approved Project Cost"** refers to the project cost approved by the Implementing Agency (where Capital Assistance value as per Detailed Project Report (DPR) is up to INR 100 crore), or the project cost approved by NSbM (where Capital Assistance value as per DPR is more than INR 100 crore)
- (d) **"Brownfield Capacity Expansion"** refers to the capacity expansion project being carried out by Shipyard(s) for augmenting its shipbuilding and repair facilities, which may include Eligible Items.
- (e) **"Capital Assistance"** refers to financial grant provided by the Government of India under the SbDS towards Eligible Items for a Brownfield Capacity Expansion.
- (f) **"Detailed Project Report (DPR)"** refers to the principal project document prepared and submitted by the Shipyard (as per Annexure-I) under the scheme, outlining the proposed Brownfield Capacity Expansion by the Shipyard.
- (g) **"Eligible Items"** refers to the list of items to be supported via Capital Assistance as part of this scheme, as detailed in Schedule-I.
- (h) **"Final Approval"** refers to the approval provided by the NSbM to specific projects along with the respective financial sanction and terms of fund release.

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- (i) **"Fund Utilization Certificate (FUC)"** means a certificate (as per Annexure-VII) duly issued and certified by a Chartered Accountant (CA), confirming proper use of released funds.
- (j) **"Implementing Agency (IA)"** refers to Directorate General of Shipping (DGS) for the purposes of these guidelines
- (k) **"Independent Evaluation Agency (IEA)"** refers to an institute or organisation listed in the Annexure-IIA of these guidelines, responsible for the technical and financial evaluation of DPRs submitted by Shipyards.
- (l) **"Independent Project Monitoring Agency (IPMA)"** refers to an institute or organization listed in the Annexure-IIB of these guidelines which are responsible for monitoring and certifying the progress and completion of the project.
- (m) **"In-principle Approval"** refers to the initial approval given to the project by either the IA (where Capital Assistance value as per DPR is up to INR 100 crore) or by the Inter-Ministerial Governing Board (IMGB) of NSbM (where Capital Assistance value as per DPR is above INR 100 crore).
- (n) **"Institutional Mechanism (IM)"** The IM refers to a committee headed by the Addl. Secretary/ Joint Secretary level officer who oversees shipbuilding sector at Ministry of Ports, Shipping and Waterways (MoPSW) and will have representation from DGS, Indian Register of Shipping (IRS), Shipping Corporation of India Ltd (SCI), Sagarmala Finance Corporation Ltd (SMFCL) and, in cases where technical expertise is required, the same may be brought onboard on a case-to-case basis.
- (o) **"National Shipbuilding Mission (NSbM)"** refers to the nodal coordinating agency for the shipbuilding sector in India, constituted under the Shipbuilding Financial Assistance Scheme (SBFAS) by the Ministry of Ports, Shipping and Waterways (MoPSW), responsible for comprehensive policy oversight monitoring and sanctioning of Capital Assistance under this scheme.
- (p) **"Project Appraisal Committee (PAC)"** is a committee constituted by DGS with representatives from SMFCL, DGS, SCI and IRS.
- (q) **"Project Completion Certificate (PCC)"** means a formal certificate issued by IPMA listed in Annexure-IIB, as per the format in Annexure-VIII, upon achieving one hundred

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percent (100%) physical progress and completion of all approved works under the sanctioned Brownfield Capacity Expansion.

- (r) **"Security Instrument"** relates to specific financial Security Instruments for the purpose of this scheme which includes – bank guarantees, surety bonds and corporate guarantees (only for PSUs) which are valid up to a date as defined by the IA on a case-to-case basis.
- (s) **"Site Inspection Certificate"** refers to a certificate issued by the IPMA (as per Annexure-VI) verifying the physical progress of the project.
- (t) **"Shipyard"** means any floating or a land-based facility comprising of all or any amongst the following as features, namely - waterfront, turning basin, berthing and docking facility, slipways and ship lifts, located in India and undertaking construction, assembly, outfitting, servicing or repair of vessels.

3. Objective of the scheme

- (a) To achieve capacity creation and ecosystem development in India's shipbuilding sector through Shipyards' Brownfield Capacity Expansion, in line with the strategic roadmap set out under Maritime India Vision (MIV) 2030, and the Maritime Amrit Kaal Vision (MAKV) 2047.
- (b) To develop India's overall shipbuilding capacity and promote the growth of the associated ancillary industry, white collar and blue-collar skills, and become one of the top 5 shipbuilding nations globally by 2047.

4. Implementation of the projects through the NSbM

- (a) The NSbM as established vide order SY-13017/1/2025-SBR dated 15.10.2025, will be the nodal agency at the national level for the implementation of this scheme and for the sanctioning of the Capital Assistance under the SbDS scheme.
- (b) The IM will review and decide upon any grievance that arises from acts of commission or omission by the IA, as prescribed under these guidelines.

5. Detailed workflow of application, In-principle Approval and Final Approval for Capital Assistance for Brownfield Capacity Expansion under SbDS (flowchart given in Annexure-XII)

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5.1. Step 1: Eligibility Criteria

All applications shall be submitted online through the designated online portal, along with the requisite documents, certificates, and declarations specified in this section. The detailed procedure for application submission, appraisal, In-principle Approval and Final Approval of Capital Assistance is outlined below:

- (a) Brownfield Capacity Expansions undertaken by Shipyards anywhere within India would be eligible for Capital Assistance under this scheme.
- (b) The extent of Capital Assistance shall be limited to INR 1500 crore per Shipyard.
- (c) The applicability would include the subsidiaries and joint venture arrangements (where the applying Shipyard owns minimum 50% equity) provided that the same is maintained up to five (5) years post the commissioning of the asset.
- (d) In the case there are more than two partners in a joint venture arrangement, the minimum equity threshold requirement for the Applicant would be reduced to 33.4% (one-third).
- (e) In the case wherein the Shipyard does not own the land on which Brownfield Capacity Expansion is to take place, there must be a land-lease agreement signed between the owner of the land and the Shipyard for a minimum duration of the next fifteen (15) years (from the date of application for In-principle Approval for grant under this scheme), for the Shipyard to be eligible to avail financial assistance.
- (f) Only works commenced after receipt of In-principle Approval shall be considered eligible. Projects already initiated (under construction/ under execution/ components ordered) prior to In-principle Approval shall not be eligible for Capital Assistance.
- (g) Capital Assistance for Eligible Items may be availed by all existing Shipyards in India that have been incorporated at least 3 years prior to 24th September 2025.
- (h) The Shipyards should also have been operational for at least 3 years before 24th September 2025, since its operation.
- (i) The minimum period of operation of three (3) years would include the period of operation under any previous ownership.

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- (j) The Shipyard must also hold at least three of the five categories of qualifying asset prior to submission of application:
 - I. Waterfront
 - II. Dry berthing facilities - Dry docks, slipways, floating dock, shiplift
 - III. Wet berthing – Jetties, pier, wharf
 - IV. Basic facility – for metal fabrication / erection / repair of hull structures.
 - V. Material handling facilities – cranes etc.
- (k) Only projects which are completed within a period of six (6) years from the date of Final Approval will be eligible for Capital Assistance under this scheme, unless an extension is specifically approved by the NSbM for the same.
- (l) Force Majeure: In the event of Force Majeure circumstances beyond the reasonable control of the Shipyard—such as natural disasters, government actions, war, strikes, pandemics, or other unforeseen events impacting project timelines—the delivery schedule may be extended for the duration of such disruption. The Shipyard must notify the IA in writing with supporting evidence. Each case shall be examined individually and finalized by the IM.

5.2. Step 2: Application Preparation by Shipyard.

- (a) The Shipyard shall prepare a DPR, either in-house or through a reputed external consultant, in accordance with the format and requirements prescribed in Annexure–I.
- (b) The Shipyard shall compile the following supporting documents.
 - I. Proof of incorporation and valid registration as a Shipyard.
 - II. Audited financial statements and tax compliance certificates for the last three (3) financial years.
 - III. The DPR document prepared by Shipyard or by an external consultant hired by the Shipyard.
 - IV. A comprehensive business plan as per the format given in Annexure - X

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- V. Copies of statutory and environmental clearances including Coastal Regulation Zone (CRZ), safety, and building approvals, as may be necessary.
 - VI. Board resolution or equivalent authorization approving the investment proposal.
 - VII. Self-declaration confirming commitment to operate the upgraded facility for a minimum of five (5) years, post-commissioning. Additionally, for a period of five (5) years post commissioning, in case of a JV with two partners, the equity share of the applying Shipyard should not drop below fifty percent (50%) and thirty-three-point-four percent (33.4%) (one-third) with more than two (2) partners.
- (c) In case the IA upon scrutiny, identifies deficiencies in the applications or supporting documents submitted, the Applicants shall be provided with an opportunity to rectify the same within thirty (30) days. The decision regarding In-principle Approval or the Final Approval thereafter shall be based on the Shipyard's response and compliance with prescribed requirements. Any denial or benefits under the scheme shall be communicated to the Applicant in writing, with reasons for such denial duly recorded. All communication shall take place on the online portal.

5.3. Step 3: Submission via online portal

- (a) **Registration of Shipyard in the online portal:** The Applicant shall create its profile on the online portal by submitting the following documents of proof of incorporation and valid Shipyard registration, audited financial statements and Income Tax Returns for the last three (3) financial years. Upon successful verification of Shipyard registration, the Shipyard may log in to the portal using its authorized credentials to proceed with the application submission.
- (b) **Form Filling and Document Upload:** The Applicant shall complete the online application form on the online portal for each Brownfield Capacity Expansion, providing all requisite information and uploading supporting documents as

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prescribed. The application shall include details relevant to each tranche of payment, wherever applicable, in accordance with the milestone-based disbursement schedule.

- I. Enter Applicant and project details, including Shipyard name, registered address, project title, and contact information. Provide bank account details of the Shipyard for fund transfer and verification purposes.
 - II. Upload the Affidavit, duly signed by an authorized signatory, in the prescribed format at Annexure–III.
 - III. Upload DPR and all supporting documents prepared as per Annexure–I.
 - IV. A comprehensive business plan with details as per Annexure - X
 - V. Upload the indemnity bond, duly signed by an authorized signatory, as per the format provided in Annexure–IV.
 - VI. Indicate the planned start date and expected completion date of the proposed project.
- (c) Upon successful submission of the application for the first time, the portal shall generate a unique Application ID and digital acknowledgement confirming receipt of the application by IA.

5.4.Step 4A: In-principle Approval by IA for applications where Capital Assistance sought is up to INR 100 crore

- (a) Upon receipt of application, the IA will carry out an initial vetting and review the application for completeness.
- (b) The IA would assess the fulfillment of the eligibility criteria by the Applicant and the components for which the financial assistance has been sought.
- (c) The assessment as above would be based on the documents submitted by the Applicant along with the DPR for the project.
- (d) The above assessment will be carried out within a thirty (30) day period and if the project clears the necessary requirements, the Applicant would be provided with an In-principle Approval.
- (e) The quantum of financial assistance at this stage will be subject to further assessment and the Final Approval given by the IA.

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5.5. Step 4B: In-principle Approval by IA for applications where Capital Assistance sought is above INR 100 crore

- (a) Upon receipt of application, the IA will carry out an initial vetting and review the application for completeness.
- (b) The IA would assess the fulfillment of the eligibility criteria by the Applicant and the components for which the Capital Assistance has been sought.
- (c) The assessment as above would be based on the documents submitted by the Applicant along with the DPR for the project.
- (d) The above assessment will be carried out within a thirty (30) day period and the proposal for In-principle Approval would be submitted by the IA, along with its recommendation, to the NSbM.
- (e) The quantum of financial assistance at this stage will be subject to further assessment and the Final Approval given by the NSbM.

5.6. Step 5: Technical and Financial Evaluation by IEA

- (a) Upon receipt of the application, the IA will then select any of the IEA to conduct a detailed technical and financial evaluation of the proposed Brownfield Capacity Expansion.
- (b) The IEA shall undertake a physical site visit to the Shipyard to assess the existing facilities, verify the proposed area of expansion, and evaluate the infrastructure and machinery to be procured as per the DPR.
- (c) The evaluation shall cover the following parameters:
 - I. Technical Feasibility: Adequacy and appropriateness of the proposed design, layout, and engineering specifications of the Eligible Items. The role of the IEA shall be limited to providing technical assessment and advisory inputs only.
 - II. Regulatory Compliance: Conformity with shipbuilding standards, port engineering codes, classification norms, and environmental/safety regulations.
 - III. Project Alignment: Consistency with the objectives and strategic roadmap of the NSbM and policy priorities of the SbDS.

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- IV. Financial Viability and Reasonableness: Assessment of cost estimates, reasonableness of supplier quotations, funding structure, and long-term financial sustainability of the project. The cost reasonableness shall include the price comparison of the various components of the DPR with the appropriate industry benchmarks to ascertain the cost justification.
- V. Long-term Strategy Alignment: Alignment of project timelines and goals as detailed in the comprehensive business plan submitted by the Shipyard.

(d) IEA shall prepare a comprehensive Technical and Financial Appraisal Report (TFAR) in the prescribed format, with the DPR Evaluation Certificate (Annexure–V). These documents shall be uploaded through the online portal and submitted to the IA within thirty (30) days from the date of application.

5.7. Step 6A: Applications where Capital Assistance being sought is below INR 100 crore – Scrutiny and Final Approval by IA

- (a) In cases where the estimated Capital Assistance is within the financial powers of the IA, the IA shall review the complete proposal — including the IEA evaluation reports, the TFAR, and the recommendations of the Project Appraisal Committee (PAC) — within thirty (30) days from the date of upload of the IEA evaluation report.
- (b) The IA shall conduct a scrutiny of the application submitted through the online portal to ensure completeness, accuracy, and conformity with the requirements prescribed under these guidelines.
- (c) The scrutiny process shall include the following actions:
 - I. Verification that all mandatory fields in the application form have been duly completed, and review of the legibility, completeness, and authenticity of uploaded documents, including verification of digital signatures and file formats.
 - II. Confirmation that all prescribed annexures, certificates, and supporting documents corresponding to each tranche of payment or project milestone have been correctly uploaded, including:
 - a. The DPR is prepared broadly in accordance with Annexure–I.

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- b. The TFAR issued by the IEA for the project.
- (d) In case any deficiencies or discrepancies are identified during scrutiny, the IA shall issue a digital deficiency notice through the online portal, clearly specifying the missing, incomplete, or non-compliant information or documents.
- (e) The Applicant shall be granted a period of minimum of fifteen (15) days and maximum of sixty (60) days from the date of notification to rectify the deficiencies and resubmit the corrected application.
- (f) Upon satisfactory rectification and verification, the response submitted by the Shipyard shall be reviewed by the IA. If all deficiencies are found to be resolved and documents are in order, the complete application shall be placed before the PAC by the IA for review and recommendation.
- (g) Basis the recommendations of the PAC, the IA will decide upon the In-principle Approval of the projects and communicate the same to the Applicant.

5.8. Step 6B: Applications where Capital Assistance being sought is above INR 100 crore - Scrutiny by IA

- (a) In cases where the estimated Capital Assistance is greater than the financial power of the IA, the IA shall ensure that the complete proposal — including the IEA evaluation reports, the TFAR, and the recommendations of the PAC — is duly consolidated and forwarded to the NSbM for consideration and Final Approval within thirty (30) days from the date of upload of the IEA evaluation report.
- (b) The IA shall conduct a scrutiny of the application submitted through the online portal to ensure completeness, accuracy, and conformity with the requirements prescribed under these guidelines.
- (c) The scrutiny process shall include the following actions:
 - I. Verification that all mandatory fields in the application form have been duly completed, and review of the legibility, completeness, and authenticity of uploaded documents, including verification of digital signatures and file formats.

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- II. Confirmation that all prescribed annexures, certificates, and supporting documents corresponding to each tranche of payment or project milestone have been correctly uploaded, including:
 - a. The DPR is prepared broadly in accordance with Annexure–I.
 - b. The TFAR issued by the IEA for the project.
- (d) In case any deficiencies or discrepancies are identified during scrutiny, the IA shall issue a digital deficiency notice through the online portal, clearly specifying the missing, incomplete, or non-compliant information or documents.
- (e) The Applicant shall be granted a period of minimum of fifteen (15) days and maximum of sixty (60) days from the date of notification to rectify the deficiencies and resubmit the corrected application.
- (f) Upon satisfactory rectification and verification, the response submitted by the Shipyard shall be reviewed by the IA. If all deficiencies are found to be resolved and documents are in order, the complete application shall be placed before the PAC by the IA for review and recommendation, prior to forwarding the proposal to the NSbM for consideration and Final Approval.

5.9. Step 7: Applications where Capital Assistance being sought is above INR 100 crore - Sanction and Communication of Final Approval

- (a) The project proposal recommended by the IA will be placed before IMGB of NSbM for consideration and Final Approval.
- (b) The IMGB of NSbM shall consider the project proposal, IEA appraisal report and recommendations of IA and then decide upon the Final Approval of the project.
- (c) Upon Final Approval by IMGB of NSbM, a sanction letter shall be issued to the Applicant by IA.
- (d) The sanction letter shall specify:
 - I. The Approved Project Cost
 - II. The Approved Capital Assistance
 - III. The approved Eligible Items, defining release of assistance in four tranches
 - IV. The compliance requirements, including statutory, environmental, and safety norms.

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V. The obligations for progress reporting, third-party monitoring, and submission of completion certificates.

(e) The NSbM reserves the right to reject any project on merit/ any other reasons.

5.10. Step 8: Computation and extent of Capital Assistance

(a) The Approved Capital Assistance shall be provided in the form of a grant.

(b) The Approved Capital Assistance for a Shipyard's Brownfield Capacity Expansion would be the product of the Approved Project Cost and the eligible rate of Capital Assistance, i.e., twenty-five per cent (25%).

(c) Capital Assistance shall be estimated on a case-to-case basis by the IA, depending upon the specific nature, scale, and scope of investments proposed by the Shipyard for Brownfield Capacity Expansion. Any subsequent phase or expansion shall require a fresh application and appraisal.

(d) **Financial closure:** The first instalment of 15% of the Capital Assistance shall be released by the IA only upon demonstration of complete financial closure for the entire Brownfield Capacity Expansion. Financial closure shall be evidenced by submission of the following verifiable documents to IA:

- **Equity Commitment:** Board resolution confirming internal equity allocation from the Shipyard's own resources or promoter contributions, supported by latest audited financial statements and a term sheet from equity investors (if applicable), representing the total Approved Project Cost excluding the Capital Assistance grant.
- **Debt Commitment:** Sanction letters or term loan agreements from scheduled commercial banks, Non-Banking Financial Companies (NBFCs), or financial institutions approved by the Reserve Bank of India (RBI)/other regulators, detailing the quantum, interest rate, repayment tenure, security cover, and covenants for debt financing of the total Approved Project Cost.
- **Overall Funding Plan:** A comprehensive funding mix table (as per Annexure-IX) reconciling equity, debt, and balance resources against the Approved Project Cost, certified by a Chartered Accountant, confirming no

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funding gaps exist. Alternative financing such as PPP contributions, internal accruals, or subordinated debt must be explicitly detailed with binding commitments.

5.11. Step 9: Fund Release Mechanism

- (a) Capital Assistance shall be disbursed in four tranches of 15%, 30%, 35%, and 20%, linked to milestone-based physical and financial progress.
- (b) The IA would be the entity responsible for the release of the funds to the Shipyard. To this end, the IA may set up a technically competent Project Monitoring Unit (PMU) to assist it in the review and evaluation of the project DPR.
- (c) On being approved by NSbM, the Applicant shall submit a refundable Security Instrument for the first tranche, valid for a period deemed suitable by the IA. The project would also have to demonstrate financial closure before the first tranche is released.
- (d) The first tranche, equivalent to fifteen percent (15%) of the Capital Assistance, shall be released by the IA upon issue of work orders for 50% of the Approved Project Cost (verified by IPMA as per Annexure – XI), and after all statutory clearances are secured, subject to financial closure and submission of requisite documentation (as per Annexure – IX).
- (e) The second tranche, equivalent to thirty percent (30%) of the Capital Assistance, shall be released by the IA only after achieving a minimum physical progress of fifteen percent (15%) of the approved project verified through a Site Inspection Certificate and submission of a Fund Utilization Certificate (FUC), duly verified by Independent Project Monitoring Agency (IPMA), confirming that at least seventy-five percent (75%) of the funds released under the first tranche have been duly utilised . At this stage the Shipyard is required to provide a Security Instrument, equivalent to the amount of second tranche, valid for a period deemed suitable by the IA.
- (f) The third tranche, equivalent to thirty-five percent (35%) of the Capital Assistance, shall be released by the IA only after achieving a minimum physical project progress of forty percent (40%) verified through a Site Inspection Certificate and upon submission of a FUC, duly verified by IPMA, confirming that at least seventy-

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five percent (75%) of the cumulative funds released under the first and second tranche have been duly utilised. At this stage the Shipyard is required to provide a Security Instrument, equivalent to amount of third tranche, valid up to a period deemed suitable by the IA

- (g) The fourth and final tranche, equivalent to twenty percent (20%) of the Capital Assistance, shall be released by the IA only after achieving one hundred percent (100%) physical progress of the approved project, certified through a Project Completion Certificate (PCC) by IPMA. Furthermore, a FUC, duly verified by IPMA, confirming hundred percent (100%) of the cumulative funds released under the first, second, and third tranches have been duly utilised would also need to be submitted.
- (h) During the release of the fourth tranche, if the actual project cost incurred (verified by CA) is lower than the Approved Project Cost, the lower value shall be used for the revised calculation of the Approved Capital Assistance. The fourth tranche of assistance will be adjusted accordingly.
- (i) In exceptional cases, Applicant may request the early release of the fourth and final tranche prior to the full completion of the approved project, provided that physical project progress of at least seventy percent (70%) has been achieved, verified through a Site Inspection Certificate, and upon submission of a FUC, duly verified by IPMA, confirming that at least seventy-five percent (75%) of the previous funds released have been duly utilised. In such cases, IA may release the final tranche after deducting five percent (5%). At this stage the Shipyard is required to provide a Security Instrument, equivalent to amount of third tranche, valid up to a period deemed suitable by the IA
- (j) Upon commissioning of the asset, all the Security Instruments held by the IA will be released back to the Shipyard.
- (k) For release of each tranche, a progress report on the Shipyard's business plan shall be submitted to the IA along with other requisite documents.

5.12. Step 10: Project Commencement and Implementation

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- (a) Upon submission of the application, the Shipyard may commence procurement, construction, and implementation activities strictly in accordance with the approved DPR and the scope envisaged under the SbDS.
- (b) Any change in the scope of the project for which Final Approval has been given, any deviation in the project timelines exceeding six (6) months from the project milestone schedule, or budgetary escalation beyond the assessed project cost shall be promptly communicated to the IA for information and record. However, the approved quantum of Capital Assistance shall remain fixed and shall not be revised once Final Approval has been accorded for the respective Brownfield Capacity Expansion.
- (c) The Shipyard shall ensure that all works are executed in accordance with the approved design, technical specifications, and milestones outlined in the sanction letter, and completion within the prescribed timelines.
- (d) The PCC, required for claiming the final tranche of Capital Assistance, shall be submitted within six (6) years from the date of Final Approval of the original application, unless an extension is specifically approved based on justified reasons.
- (e) The PCC shall be issued by an IPMA following physical verification of project completion prior to the release of the final installment of assistance by IA.

6. Oversight of fund release for Brownfield Capacity Expansion

- (a) Once a project is sanctioned and funded under the scheme, following due appraisal and Final Approval by the NSbM, the release of funds shall be undertaken by the IA in accordance with the other terms prescribed under these guidelines.
- (b) Disbursement shall be made only after all statutory and regulatory clearances are in place and the work order for the approved project components has been formally awarded by the Shipyard.
- (c) The Government's financial obligation shall be limited strictly to the approved quantum of Capital Assistance sanctioned under the scheme, subject to the Shipyard's full compliance with these Guidelines and all applicable terms and conditions of sanction.

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- (d) The IA shall mandatorily engage an IPMA for periodic monitoring, physical verification, cost reasonableness and milestone certification of the project. The cost reasonableness shall include the price comparison of the actual work undertaken with the appropriate industry benchmarks to ascertain the cost justification.
- (e) The PCC issued by the designated IPMA, confirming 100% physical and financial completion and also the actual cost incurred for the project, certified by Chartered Accountant, shall be a precondition for the release of the final tranche of Capital Assistance.
- (f) A summary status of all applications shall be maintained on the online portal for transparency and public record.

7. Monitoring and evaluation of Projects funded under SbDS

- (a) IA shall maintain an online dashboard for real-time progress tracking. The Applicant will submit quarterly progress report (physical and financial) of projects as per the electronic format / MIS prescribed by IA by the 5th of the next month after the end of each quarter. IA through the IPMA will monitor the progress of projects based on the same. Further, IPMA as a part of the monitoring process must examine invoices for various components to see that it is in line with the industry benchmarks and ascertain the actual expenditure incurred is reflective of the actual work done/ infrastructure created.
- (b) The Applicant will submit the FUC certified by Chartered Accountant and verified by IPMA for the fund released in the previous tranche for claiming release of subsequent installments / tranches. The Applicant will maintain financial records, supporting documents, statistical records and all other records, to support performance of the project.
- (c) During the execution of the project, IA officials may inspect the projects funded under SbDS Scheme through designated team.
- (d) The Applicant must update project data on designated MIS portals on a quarterly basis and integrate with the online portal as prescribed by the Government.

GUIDELINES FOR BROWNFIELD CAPACITY EXPANSION - SbDS

- (e) The funds will be released to the Applicant by IA in terms of procedure for flow of funds under Central Sector Scheme or guidelines issued by Ministry of Finance, Government of India from time to time.
- (f) If any doubt / clarification arises in the implementation of these guidelines, the decision of NSbM shall be final and binding.
- (g) The Capital Assistance given under the scheme is subject to audit by CAG of India.
- (h) Committed liabilities, if any, shall be honoured beyond the duration of the scheme, up to six (6) years post 31st March 2036.

8. Roles and Responsibilities of the IA

8.1. Application Scrutiny & Processing

- (a) Verify completeness and authenticity of applications submitted through the online portal.
- (b) Issue deficiency notices and allow Applicants to rectify gaps within thirty (30) days
- (c) Place complete applications before the PAC for review.

8.2. Technical and Financial Appraisal Coordination

- (a) Engage IEA and PMU for DPR evaluation and technical and financial appraisal.
- (b) Consolidate IEA reports and PAC recommendations and forward them to NSbM for sanction.

8.3. Fund Disbursement

- (a) Release Capital Assistance in tranches linked to milestone-based progress.
- (b) Ensure statutory clearances and financial closure before releasing the first tranche.
- (c) Verify FUCs ensuring that the amount of fund utilized is as per the object declared while making the application and IPMA milestone inspection reports before subsequent tranches.

8.4. Monitoring & Compliance

- (a) Maintain an online dashboard for real-time progress tracking.
- (b) Engage IPMA for site inspections and milestone verification.

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- (c) Conduct periodic inspections and audits; ensure compliance with environmental and safety norms.

8.5. Governance & Coordination

- (a) Operate under NSbM oversight and follow decisions of the IM for grievance redressal.
- (b) Empanel additional IEAs/IPMAs as required.
- (c) Publish summary of approved projects on the portal for transparency.

8.6. Risk Management & Audit

- (a) Ensure adherence to scheme guidelines, financial norms, and NDMA standards for disaster resilience.
- (b) Facilitate audits by CAG and maintain records for accountability.

9. Additional points

- (a) Any delays that may take place in any of the timelines mentioned in these guidelines owing to the time taken to promulgation of these guidelines or the setting up of necessary IT/ administrative infrastructure by the IA shall be duly accounted for and suitable relaxations would be provided to the Applicants for the same.
- (b) MoPSW/NSbM shall periodically review these guidelines and make amendments as deemed necessary.

10. Fund release agency

- (a) The disbursement of funds would be done through DGS or through Sagarmala Finance Corporation limited (SMFCL), which would be finalized in consultation with the MoPSW so as to ensure efficiency in the mechanism of fund releases.
- (b) Additional Secretary or Joint Secretary in-charge of the Shipbuilding Wing in the MoPSW would be the authorized to approve the release of funds under the scheme in case of fund release through SMFCL.
- (c) DGS or Sagarmala Finance Corporation Ltd. may incur expenditures for discharging their responsibilities under these guidelines and for the NSbM secretariat respectively. Such expenses may be provided from the NSbM head of the SbDS scheme.

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11. Grievance redressal and conflict resolution

- (a) If any grievance arises from acts of commission or omission of the Directorate General of Shipping (DGS) under these guidelines, the Shipyard shall refer the matter directly to the IM notified by the NSbM. IM may, where considered necessary, seek comments or views from DGS for examination of the matter.
- (b) The IM shall examine and resolve such grievances within ninety (90) days from the date of receipt of the application.
- (c) Such grievances shall be routed to IM through the portal. The decision of the IM in all such cases shall be final.

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Schedule—I

List of Eligible Items for Brownfield Capacity Expansion

1. **Channel and basin development** shall include permanent improvement works within existing water areas of the Shipyard, such as access channels, turning basins and docking zones, through structural interventions like quay wall strengthening, basin reshaping, and widening of maneuvering zones to accommodate larger vessels safely.
2. **Dry dock** shall include the construction, modernization, or upgradation of permanent graving docks, designed to admit a vessel, seal through dock gates, and drain water to expose the hull for construction, maintenance, repair, or inspection. Eligible works include dock gates, pumping systems, and associated structural or mechanical systems, as regulated under applicable port and shipbuilding standards.
3. **Slipway** shall include the construction or strengthening of reinforced concrete or steel slipways, extending from the shore into the water and used for launching newly built vessels or retrieving vessels for repair and maintenance. Eligible works include rails, winch systems, vessel and transfer cradles, and associated structural elements required to support and guide vessels during launching or hauling operations.
4. **Shiplift** shall include the installation, modernization, or upgradation of mechanical lift dock systems comprising a structural platform operated by synchronized hoists, used for lifting vessels out of the water or launching them. Eligible works include platform structures, hoisting mechanisms, transfer systems, and associated electrical and control systems necessary for safe and efficient vessel handling.
5. **Floating dock** shall include the acquisition, construction, or modernization of floating dry docks, whether self-propelled or non-propelled, designed to be submerged to receive a vessel and refloated to lift it above the waterline for construction, maintenance, or repair activities. Eligible works include ballast systems, pumps, control mechanisms, and associated structural or safety systems in accordance with applicable maritime standards

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6. **Pier/Jetty** shall include the construction, modernization, or strengthening of berthing structures projecting from the shore into the water, used for mooring, loading, and unloading of vessels. Eligible works include fenders, mooring equipment, bollards, walkways, and loading/unloading arrangements, designed and executed in accordance with relevant port engineering standards and safety regulations.
7. **Cranes** shall include the procurement, installation, or upgradation of mechanical lifting equipment, such as Goliath, Gantry, Tower, Wharf (Jetty), Portal, Jib, Bridge, and Wall Travelling Cranes, which are fixed or operate on permanent rails/tracks embedded in concrete and not mounted on rubber wheels or mobile carriers. These cranes are primarily used for lifting, moving, and positioning ship blocks, heavy components, or entire vessels within designated areas of the Shipyard such as the building dock, slipway, block assembly zones, and outfitting berths.
8. **Block/ Modular Fabrication facility** shall include the establishment, modernization, or upgradation of dedicated fabrication facilities or bays, equipped for the cutting, forming, welding, and assembly of three-dimensional ship sections (blocks or modules) using advanced prefabrication techniques to enhance productivity and modular construction capability.

All equipment and installations under this item shall constitute Eligible Items integral to the block fabrication process and shall conform to recognized shipbuilding, safety, and environmental standards, supporting modular, high-productivity, and energy-efficient shipbuilding operations.
9. **Automation and digitalization** – shall include all machinery, associated infrastructure, components, sensors, actuators, electricity/ other utilities, computational hardware, software costs associated with the implementation of automation or digitization of processes of the Shipyard.
10. Any other facility not specifically mentioned above shall be reviewed by the IA and submitted to the NSbM for approval, on a case-to-case basis for eligibility under the scheme.

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11. All assets created under Schedule-I shall remain non-transferable and exclusively used for shipbuilding operations for a minimum period of five (5) years from the date of commissioning.
12. Maintenance and repair of existing facilities and cost of land are not covered under this scheme.

GUIDELINES FOR BROWNFIELD CAPACITY EXPANSION - SbDS

ANNEXURE – I

Guidance notes for preparation of DPR for Applicant's Brownfield capacity

Expansion

The sections given below are indicative in nature, and the prepared DPR may make any necessary changes to the contents of the DPR as may be deemed appropriate.

1. Project Overview

- Context: Global & Indian shipbuilding outlook, relevance to Maritime India Vision 2030 & Amrit Kaal Vision 2047.
- Project description: Location, land/waterfront interface, proposed facilities.
- History of Shipyard– Types and number of ships produced so far, need for expansion, etc.
- Alignment with national objectives: Indigenous shipbuilding, green practices, employment generation.

2. Problem Statement & Objectives

- Key challenges: Capacity gaps, import dependence, lack of modern infrastructure.
- Objectives:
 - Establish world-class shipbuilding facilities.
 - Improve overall productivity of Shipyard
 - Develop capacity and capability to manufacture larger more complex vessels

3. Strategy & Implementation Approach

- Capacity expansion goals (e.g., Present capacity, utilization, order book, need for expansion, number of vessels per year).
- Technology adoption (automation, green shipbuilding, digital twins).
- Diversification into new segments (offshore wind, LNG carriers, defence vessels).

4. Stakeholder & Regulatory Framework

- Legal compliance: Environment Act, CRZ, Port Land Policy, Labour Laws.
- Clearance timelines & risk mitigation.

5. Environmental & Social Impact

- ESIA summary: Land acquisition, biodiversity, pollution control.

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- Mitigation plans: Dredging control, CSR/community development.

6. Technical assessment

- Overall expansion plans
- Layout and details of expansion plans
- Designs of all major components with breakdown of subcomponents

7. Financial Analysis & Funding Plan

- Cost estimates & component-wise breakup.
- Financing mix with closure: Equity, debt, grants, PPP.
- Viability analysis: NPV, IRR, DS
- O&M strategy & cost recovery.

8. Implementation Schedule & Risk Management

- Timeline with milestones (PERT/CPM chart optional).
- Key risks: Environmental, financial, regulatory, technical.
- Mitigation measures & contingency plans.

9. Outcomes & Impact Evaluation

- KPIs: Capacity utilization, green-vessel share, job creation.
- Economic & social benefits.
- Monitoring & evaluation mechanism.

Relevant Annexures (Supporting Documents)

Attach the following supporting documents:

1. Statutory and environmental clearance copies.
2. Audited financial statements (last 3 years).
3. Applicant's board resolution / approval for the project.
4. Detailed cost breakup and supplier quotations.
5. Gantt chart or PERT/CPM schedule.
6. Drawings, layout plans, and photographs.
7. Environmental and social management plan.
8. Affidavit (Annexure-III), Indemnity Bond (Annexure-IV), Fund Utilisation Certificate (Annexure-VII)

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Certification

I/We hereby certify that the information and data furnished in this Detailed Project Report are true, correct, and complete to the best of our knowledge and belief.

Signature: _____

Name: _____

Designation: _____

Consultant Organization: _____

Shipyard Name:

Date:

Seal:

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ANNEXURE - IIA

(Indicative) List of Independent Evaluation Agencies (IEA) for TFAR and DPR Evaluation Certificate

1. First Marine International
2. KOMAC
3. Jacobs
4. Atkins Realis
5. Lloyds Register (Maritime Consulting)
6. AECOM
7. Any other agency empaneled by the IA for this purpose.

Notes:

- The above agencies must possess demonstrable domain expertise in maritime infrastructure development, marine engineering, project finance, and industrial planning, and shall undertake evaluations on parameters including infrastructure adequacy, cost reasonableness, implementation timelines, compliance with environmental and safety standards, and anticipated economic and operational outcomes.
- The IA may, as deemed necessary, empanel or authorize additional institutions or organizations with equivalent expertise and capability to undertake such evaluations.
- The cost of appointing and operating Independent Evaluation Agencies by IA shall be borne by NSbM budget; no evaluation fee shall be charged to Shipyards.

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ANNEXURE - IIB

(Indicative) List of Independent Project Monitoring Agencies for Site Inspection Certificate, Fund Utilisation Certificate and Project Completion Certificate

1. IIT Kharagpur – Department of Ocean Engineering and Naval Architecture (OENA)
2. IIT Mumbai – Ocean Engineering, Department of Civil Engineering
3. IIT Madras – Department of Ocean Engineering (DOE)
4. IPRCL
5. Any other agency empaneled by the IA for this purpose.

Notes:

- The above agencies should possess demonstrable domain expertise in maritime infrastructure development, marine engineering, project finance, and industrial planning, and shall undertake evaluations on parameters including infrastructure adequacy, cost reasonableness, implementation timelines, compliance with environmental and safety standards, and anticipated economic and operational outcomes.
- The NSbM may, as deemed necessary, empanel or authorize additional institutions or organizations with equivalent expertise and capability to undertake such evaluations.
- The cost of appointing and operating Independent Project Monitoring Agency (IPMA) shall be borne by NSbM from the administrative budget; no evaluation fee shall be charged to Shipyards.

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ANNEXURE - III

Affidavit format (SbDS)

I, _____ (insert name), son/daughter of _____ (insert Father's name), being the authorized signatory of _____ (insert name of the Shipyard) (hereinafter referred to as the "Shipyard") do hereby solemnly affirm and state as under:

1. That I am the _____ (position / rank) of _____ (insert name of Shipyard) and am competent to swear this affidavit.
2. I state that _____ (insert name of the Shipyard) is a company/partnership firm/proprietorship firm registered under the applicable laws of the country and situated in _____ (insert name of the State) and the activities are carried out/operated within the territories of India.
3. I state that the Shipyard has prepared and submitted a Detailed Project Report (DPR) dated _____ (insert date of DPR submission) for the proposed Brownfield Capacity Expansion under the Shipbuilding Development Scheme (SbDS) of the Government of India.
4. I state that the DPR includes details of the infrastructure and machinery to be procured or constructed, projected capacity enhancement, capital cost estimates, project timelines, and anticipated benefits including employment generation and environmental improvements.
5. I state that the Shipyard shall use the following Bank Accounts for all financial transactions related to the project under SbDS, namely:
 - (i) Bank Account No. _____ (insert bank account number) opened in _____ (insert name and address of the Branch of the Bank) in the name of _____ (insert name of the Shipyard).
 - (ii) Bank Account No. _____ (insert bank account number) opened in _____ (insert name and address of the Branch of the Bank) in the name of _____ (insert name of the Shipyard).

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(insert name of the Shipyard)

5.1 I further state that any change in the Bank Account number shall be intimated by me or the authorized signatory of the Shipyard to the Government of India within seven (7) days of such change.

6. I state that the execution of the proposed project has not commenced prior to the submission of the DPR dated _____ (insert DPR date).

7. I state that the following documents have been furnished by the Shipyard in support of its application for Capital Assistance under SbDS, namely:

- ☐ Proof of incorporation and Shipyard registration.
- ☐ Audited financial statements for the last three (3) financial years and tax compliance certificates if applicable.
- ☐ Statutory clearances including environmental, coastal regulation, and safety approvals.
- ☐ Board resolution or equivalent authorization approving the proposed investment.
- ☐ Self-declaration committing to operate the upgraded facility for a minimum period of five (5) years.
- ☐ Detailed Project Report outlining the scope, cost estimates, timelines, and expected outcomes of the proposed project as per Annexure-I.
- ☐ Indemnity Bond as per Annexure-IV.

I state that all the above documents are true copies of their originals and are genuine.

I undertake to furnish any other/further/additional documents that may be asked by the Government of India for processing the application under SbDS.

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VERIFICATION

Verified at _____ (insert place) on this the _____ day of _____ 20__, that the contents of the foregoing affidavit are true and correct to the best of my knowledge and no part of it is false and nothing material has been concealed therefrom.

DEPONENT

Note: The affidavit shall be executed after discharging the Stamp Duty Liability on the affidavit at the rate prescribed in the applicable State Stamp Act or the Indian Stamp Act, whichever is applicable.

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ANNEXURE - IV

Indemnity bond format (SbDS)

This Indemnity Bond is executed at _____ on this _____ day of _____, 20, by _____ (insert name of the Shipyard), through its _____ (insert name and designation of the authorized signatory), son/daughter of _____ (insert father's name), having its registered office at _____ (insert full address of the Shipyard) (hereinafter referred to as the "Shipyard").

IN FAVOUR OF

Government of India, represented through the Ministry of Ports, Shipping and Waterways, Transport Bhavan, 1, Parliament Street, New Delhi – 110001 (hereinafter referred to as the "Government").

WHEREAS, the Shipyard has submitted a Detailed Project Report (DPR) dated _____ for a Brownfield Capacity Expansion under the Shipbuilding Development Scheme (SbDS) of the Government of India.

AND WHEREAS, based on the documents furnished and appraisal reports submitted, the Shipyard is eligible for Capital Assistance of 25 % of the Approved Project Cost, subject to milestone-based disbursement and compliance with the terms and conditions of the scheme.

NOW THIS BOND WITNESSETH AS UNDER:

- 1) The Shipyard affirms that all documents submitted in support of its application — including the Detailed Project Report (DPR), statutory and environmental clearances, financial statements, and declarations — are genuine, complete, and true copies of their originals.
- 2) The Shipyard confirms that the Eligible Items for which Capital Assistance is being claimed have not commenced prior to the grant of In-principle Approval, and that implementation shall strictly follow the approved scope, specifications, and timelines as sanctioned under the Scheme.
- 3) The Shipyard undertakes that the infrastructure and machinery proposed in the DPR shall be procured, installed, and commissioned in India, and that the physical

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progress shall be reported accurately at each milestone stage by the Independent Project Monitoring Agency designated under the Scheme.

- 4) The Shipyard agrees to furnish any additional documents, reports, or clarifications as may be required by the Government, the IA, or its designated agencies for the purpose of processing, verification, and release of Capital Assistance.
- 5) The Shipyard accepts that each tranche of Capital Assistance shall be released only upon verification of physical progress, compliance with approved milestones, and satisfactory utilization of previously disbursed funds, in accordance with the Scheme Guidelines.
- 6) The Shipyard agrees that the Capital Assistance released shall be treated as provisional and subject to final settlement upon completion of the project and submission of a Project Completion Certificate, duly countersigned by the Independent Project Monitoring Agency.
- 7) The Shipyard hereby undertakes to furnish a Bank Guarantee/ Insurance surety bond/ Corporate guarantee (if Shipyard is a PSU) against each tranche of payment released by the Directorate General of Shipping. Such financial securities, issued in favor of the Directorate General of Shipping, shall remain valid until project completion and shall be liable for encashment, at the sole discretion of the Directorate, in the event of any default, non-compliance, or breach of the Shipbuilding Development Scheme (SbDS) Guidelines. The Shipyard shall not contest such invocation.
- 8) The Shipyard agrees to indemnify and keep harmless the Government of India, the Ministry of Ports, Shipping and Waterways (MoPSW), and the Directorate General of Shipping against any loss, damage, claim, or liability arising out of misrepresentation, omission, or submission of false or misleading information in connection with the Capital Assistance application.
- 9) The Shipyard hereby affirms that its equity share in the JV shall not drop below 50% up to a period of five (5) years from the date of commissioning. However, in case of a JV with more than two (2) partners, the equity share of the Shipyard shall not drop below 33.4% (one-third).

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- 10) The Shipyard hereby affirms that all infrastructure assets and equipment created, acquired, or funded under the SbDS shall be operated, maintained, and utilized exclusively for shipbuilding and allied purposes for a minimum period of five (5) years from the date of commissioning, and shall not be diverted, leased, transferred, or disposed of during this period without the prior written approval of the IA.
- 11) The Shipyard further undertakes that all the eligibility criteria that are defined within these guidelines will be complied to in totality until the completion of the project, including equity in project, ownership etc.
- 12) The Shipyard further undertakes that, in the event any information or document submitted is found to be false, incorrect, or misleading, the Capital Assistance received shall be refunded to the Government along with interest at 18% per annum, calculated from the date of disbursement until the date of repayment.

IN WITNESS WHEREOF, the Shipyard has executed this Indemnity Bond on the date and year first above written.

(Signature of Proprietor / Partner / Chairman / CMD / MD / CEO of the shipyard, or an authorized signatory)

For and on behalf of _____ **(Name of Shipyard)**

Witnesses:

1. _____ (Name and Signature)

2. _____ (Name and Signature)

Note: This Indemnity Bond shall be executed on non-judicial stamp paper of appropriate value as per the applicable State Stamp Act or the Indian Stamp Act.

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ANNEXURE – V

(To be issued on the letterhead of Independent Evaluation Agency)

Independent evaluation agency DPR evaluation certificate format

This is to certify that **M/s.** _____ (**Name of Shipyard**), having its registered office at _____ (**Full Address**), has submitted a Detailed Project Report (DPR) dated _____ (**Insert Date**) for consideration under the **Shipbuilding Development Scheme (SbDS)** of the Government of India.

The DPR has been evaluated by _____ (Name of IEA) as per Annexure-IIA of these Guidelines for Shipyard's Brownfield Capacity Expansion in accordance with the technical and financial parameters prescribed under the scheme guidelines.

Based on the evaluation, we certify the following:

1. The DPR submitted by the Shipyard is complete in all respects and includes detailed scope of work, infrastructure and machinery procurement plan, capacity enhancement projections, timelines, and cost estimates.
2. The **technical appraisal** confirms the feasibility of the proposed expansion, compliance with shipbuilding standards, and alignment with strategic objectives of SbDS.
3. The **financial appraisal** includes independent financial modelling conducted by our agency, estimating the final project cost at INR _____ (in Indian Rupees), which is considered reasonable and viable.

This certificate is issued to facilitate the sanction of Capital Assistance under SbDS, based on the lowest of the DPR-estimated cost and the cost determined by the evaluation agency.

Signature: _____

Name & Designation: _____

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Agency Name: _____

Seal of Evaluation Agency

Date: _____

Place: _____

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ANNEXURE – VI

(To be issued on the letterhead of the Independent Project Monitoring Agency listed in Annexure-IIB)

Site Inspection Certificate Format - SbDS

To:

[The IA]

Subject: Inspection Certificate for Project under SbDS – Milestone Verification

This is to certify that:

(a) A physical inspection of the project site of **M/s.** _____
(Name of Shipyard) located at _____ **(Full Address)** was
conducted on _____ **(Date)** by our team, recognized by the IA
under the Shipbuilding Development Scheme (SbDS).

(b) The inspection was carried out to verify the physical progress of the project as per the approved Detailed Project Report (DPR) and the sanctioned milestone schedule.

(c) As on the date of inspection, the Shipyard has achieved physical progress of _____%, and the infrastructure/machinery installed is in accordance with the specifications outlined in the DPR.

(d) The Shipyard has submitted a Fund Utilization Certificate confirming that _____% of previously released funds have been utilised.

(e) The inspection confirms that the milestone criteria for release of the next tranche of Capital Assistance under SbDS have been met.

(f) Deviations from the approved DPR specifications, if any, are listed below:

(i) _____

(ii) _____

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This certificate is issued to support the release of the next tranche of Capital Assistance under the Shipbuilding Development Scheme.

Yours sincerely,

(Name of Authorized Signatory)

Designation

Agency Name

Seal of Evaluation Agency

Enclosures: Site photographs, progress report, Utilization Certificate

Copy to: M/s. (Name of Shipyard)

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ANNEXURE – VII

(To be issued by a Chartered Accountant registered with the Institute of Chartered Accountants of India on the firm's letterhead)

Format for Fund Utilization Certificate (FUC)

To
The Director General of Shipping
Ministry of Ports, Shipping and Waterways
Government of India

Subject: *Fund Utilization Certificate for Capital Assistance Released under the Shipbuilding Development Scheme (SbDS) –Shipyard's Brownfield Capacity Expansion*

1. Name of Shipyard: _____
2. Registered Address: _____
3. Project Title: _____
4. Sanction Letter No. & Date: _____
5. Total Approved Capital Assistance (INR): _____
6. Total Approved Project Cost (INR): _____
7. Tranche No.: ☐ 1st ☐ 2nd ☐ 3rd ☐ 4th

A. DETAILS OF FUND RELEASE AND UTILIZATION

Sl. No.	Particulars	Amount (INR)	Remarks
1	Amount Released under this Tranche		
2	Cumulative Amount Released till Date		
3	Cumulative Utilization of Released Funds		
4	Unutilized Balance (if any)		

B. DETAILS OF EXPENDITURE INCURRED TOWARDS ELIGIBLE ITEMS

Sl. No.	Eligible Items (as per Schedule-I)	Vendor / Contractor	Invoice No. & Date	Amount Paid (INR)	Mode of Payment / Transaction Reference	Remarks
1	Items...					

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C. SUMMARY OF PHYSICAL PROGRESS (as certified by Independent Project Monitoring Agency)

List of Eligible Items	Targeted Physical Progress (%)	Achieved (%)	Verified by (IPMA)	Date of Verification	Remarks
Total for all Eligible Items					

D. DECLARATION BY CHARTERED ACCOUNTANT

I/We have examined the books of accounts, vouchers, bank statements, and relevant records of M/s. _____ (Name of Shipyard) for the utilization of funds released under the Shipbuilding Development Scheme (SbDS) towards the approved Shipyard's Brownfield Capacity Expansion.

I/We hereby certify that:

1. The Capital Assistance so far amounting to INR _____ has been utilized **solely for the creation of Eligible Items** of the Scheme Guidelines.
2. The expenditure incurred is duly supported by **invoices, payment vouchers, and proof of electronic transfer** from the Shipyard's registered project bank account.
3. The physical progress achieved corresponds to the utilization reported and is consistent with the independent verification report submitted by the designated **Independent Project Monitoring Agency (IPMA)**.
4. No part of the Capital Assistance has been diverted for non-project purposes or for ineligible components.
5. The unutilized balance, if any, shall be adjusted or refunded as per the directions of the DGS.

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E. CERTIFICATION

Particular	Value / Reference
Total Funds Released (INR)	
Total Funds Utilized (INR)	
% Utilization of Cumulative Release	
Date of Physical Verification by IEA	
Certified Physical Progress (%)	
Verified by (Name & Membership No.)	

For and on behalf of

(Name of Chartered Accountant / Firm)

Signature: _____

Name: _____

Membership No.: _____

Firm Registration No.: _____

Address: _____

Date: _____

Place: _____

(Seal of Chartered Accountant)

Countersigned by:

(Authorized Signatory of Shipyard)

Signature: _____

Name: _____

Designation: _____

Seal of Shipyard

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Enclosures:

1. Copies of invoices and payment proofs for expenditure items listed in Section B.
2. Copy of latest Independent Project Monitoring Agency (IPMA) Site Inspection Certificate (Annexure–VI).
3. Summary statement of bank transactions linked to project account.
4. Photographic evidence of milestone progress.

Notes:

- This certificate must be submitted for each tranche of Capital Assistance released under the Scheme.
- The final Fund Utilization Certificate shall accompany the **Project Completion Certificate** (Annexure–VIII) for release of the final tranche.
- Any false or misleading declaration shall render the Shipyard liable for recovery of the entire grant amount with **18% interest per annum** as per the indemnity bond signed by the Shipyard.

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ANNEXURE – VIII

(To be issued on the letterhead of the Independent Project Monitoring Agency as listed under Annexure–IIB of the SbDS Guidelines)

Format for Project Completion Certificate (PCC)

To
The Director General of Shipping
Ministry of Ports, Shipping and Waterways
Government of India

Subject: Project Completion Certificate for Brownfield Capacity Expansion under the Shipbuilding Development Scheme (SbDS)

1. Name of Shipyard: _____
2. Registered Address: _____
3. Project Title: _____
4. NSbM Sanction Letter No. & Date: _____
5. Approved Project Cost (INR): _____
6. Total Approved Capital Assistance (INR): _____
7. Project Location: _____
8. Period of Execution: From _____ to _____

A. PROJECT OVERVIEW

Particular	Details
Date of In-principle Approval	
Date of Work Commencement	
Scheduled Completion Date	
Actual Completion Date	
Total Duration (Months)	
Implementing Shipyard	
Independent Project Monitoring Agency (IPMA)	

GUIDELINES FOR BROWNFIELD CAPACITY EXPANSION - SbDS

B. SUMMARY OF PROJECT COMPONENTS & STATUS

Sl. No.	List of Eligible Items (as per approved DPR)	Approved Cost (INR)	Actual Cost (INR)	% Physical Progress	% Financial Progress	Remarks
1	Items ...					

C. FINANCIAL SUMMARY

Particular	Amount (INR)
Total Approved Capital Assistance	
Total Actual Expenditure (Certified by CA)	
Cumulative Capital Assistance Released till date	
% Utilization of Cumulative Capital Assistance Released	
Balance Amount (if any)	

D. PHYSICAL & FINANCIAL PROGRESS

Milestone	Targeted Physical Progress (%)	Actual Physical Progress (%)	Verified By	Date of Verification	Remarks
Cumulative Progress	100%				

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E. CERTIFICATION BY INDEPENDENT PROJECT MONITORING AGENCY (IPMA)

This is to certify that a physical inspection and detailed evaluation of the project undertaken by M/s _____ (Name of Shipyard) was conducted on (Date) at the project site located at (Full Address).

Based on examination of relevant records, physical verification, Fund Utilization Certificates, and supporting documents, we hereby certify that:

1. The project has achieved 100% physical completion and is operational as per the approved scope in the Detailed Project Report (DPR) sanctioned under the Shipbuilding Development Scheme (SbDS).
2. The total Capital Assistance released under SbDS has been utilized in full towards the approved project components, as verified through Fund Utilization Certificates (Annexure—VII).
3. The project complies with all relevant statutory, environmental, and safety clearances applicable to its operation.
4. No major deviations from the approved DPR or cost estimates have been observed except those listed below (if any).

List of Deviations / Observations (If any):

(i) _____

(ii) _____

If none, indicate 'Nil'.

F. RECOMMENDATION

The Independent Project Monitoring Agency (IPMA) recommends that the final tranche (20%) of Capital Assistance under the Shipbuilding Development Scheme (SbDS) may be released to the Shipyard, as all milestones and utilization conditions prescribed in the Guidelines have been fulfilled.

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Authorized Signatory

(Name & Designation): _____

Independent Project Monitoring Agency (IPMA): _____

Seal of Agency

Date: _____

Place: _____

Countersigned by:

For M/s. _____ (Name of Shipyard)

Signature: _____

Name: _____

Designation: _____

Seal of Shipyard

Date: _____

Enclosures:

1. Copy of latest Fund Utilization Certificate (Annexure–VII).
2. Site photographs showing completed infrastructure.
3. Summary of financial audit report certified by Chartered Accountant.
4. Copies of statutory and environmental clearance compliance certificates.

Notes:

- This certificate must be issued by the same Independent Project Management Agency (IPMA) that conducted the final inspection.
- The certificate forms the basis for the release of the final tranche of Capital Assistance (20%) under the Shipbuilding Development Scheme (SbDS).
- Any false certification or concealment of information shall attract recovery of funds with 18% interest per annum as per the indemnity bond signed by the Shipyard.

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ANNEXURE – IX

Financial Closure & Funding Mix Certificate for Brownfield Capacity Expansion

Format for Submission along with First Tranche Application

Part A: Project Identification

Field	Details
Shipyard Name	
Registered Address	
Application ID	
Project Title	
Date of Application	
Approved Project Cost	INR_____
Total Capital Assistance (25% of Approved Project Cost)	INR_____
Balance Project Cost (75% of Approved Project Cost)	INR_____

Part B: Funding Mix Composition

Table B.1: Detailed Funding Structure

Source of Funding	Amount (INR)	% of Approved Project Cost	Status	Remarks

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A. Government Support				
Capital Assistance (Grant)		25%	Approved	As per Approved Capital Assistance
B. Debt Financing (If Applicable)				
Bank Loan – Institution 1				
Bank Loan – Institution 2				
NBFC Financing				
Other Financial Institutions				
Subordinated Debt / Mezzanine Finance				
Total Debt				
C. Equity Financing (If Applicable)				
Promoter/Internal Equity				
Institutional Investor Equity				
Strategic Partner Equity				
Total Equity				

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D. Other Sources (If Applicable)				
PPP Contributions				
Internal Accruals / Retained Earnings				
Deferred Payment Terms				
Supplier Credit / Vendor Financing				
Others				
Total Other Sources				
Total Project Funding				
Grand Total		100%		

PART C: DEBT FINANCING DETAILS

Table C.1: Term Loan Commitments

Financial Institution	Loan Amount (INR)	Interest Rate (%)	Tenure (Years)	Repayment Start	Security Cover

Mandatory Attachments for Debt Financing:

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- Sanction letters from each financial institution
 - Term sheets detailing disbursement schedule, covenants, and security requirements
 - Board resolutions of lending institutions approving the project
-

PART D: EQUITY FINANCING DETAILS

Table D.1: Equity Contributions

Equity Source	Contributor	Amount (INR)	% of Total Equity	Mode of Contribution
Promoter Equity				
Institutional Investor				
Strategic Partner / JV				
TOTAL EQUITY			100%	

Mandatory Attachments for Equity Financing:

- Board resolution of the Shipyard approving equity contribution and commitment to operations for minimum five (5) years post-commissioning
- Proof of funds availability (bank statements, fixed deposit certificates, or commitment letters from equity investors)
- Shareholding pattern and corporate governance structure of the Shipyard
- In case of institutional equity, investment committee approvals and term sheets with lock-in periods and exit clauses

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- No-encumbrance certificates for equity sources

PART E: ALTERNATIVE FINANCING & SPECIAL STRUCTURES

Table E.1: Non-Traditional Funding Sources (if applicable)

Source Type	Amount (INR)	% of Approved Project Cost	Details & Commitments
Public-Private Partnership (PPP)			Government/Port Trust contribution, if any
Internal Accruals / Retained Earnings			Last 3 years audited accounts evidence
Deferred Payment Terms			Equipment suppliers' deferred payment agreements
Vendor/Supplier Credit			LOIs from equipment/material suppliers
State Government Incentives			Subsidy/grant from State MSME boards or port authorities
Subordinated Debt			Promoter lending with subordination clause

PART F: FINANCIAL CLOSURE COMPLIANCE CHECKLIST

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Mandatory Conditions for First Tranche Release (15% of Approved Project Cost)

- **Debt Commitment:** Formal sanction letters from financial institutions covering minimum [_____] % of balance 75% Approved Project Cost, received within 90 days of application submission. All debt covenants must be acceptable to DGS.
 - **Equity Commitment:** Board resolution and proof of available equity funds amounting to at least [_____] % of total Approved Project Cost, excluding Capital Assistance grant. Funds must be in designated accounts or irrevocably committed by shareholders.
 - **Funding Mix Certification:** Chartered Accountant certification confirming no funding gaps, full financial closure, and compliance with all eligibility norms.
-

PART G: DECLARATION & CERTIFICATION

Certified by: Chartered Accountant (Registration No.: _____)

Date: _____

Firm Name & Stamp:

I / We hereby certify that:

1. The financial closure and funding structure detailed in this Annexure–IX is accurate, complete, and verified against supporting documents (sanction letters, board resolutions, audited financial statements, and commitment letters).
2. All debt and equity commitments are **irrevocable, binding, and without conditionality** (except standard project performance conditions).
3. No material funding gap exists; the total of debt, equity, and other sources fully covers 75% of the Approved Project Cost (balance project cost) plus all contingencies as per DPR.
4. The Shipyard and its promoters are **not in default** with any bank, financial institution, or statutory authority in the past 5 financial years.

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5. The funding sources are **legally compliant**, sourced from recognized financial institutions approved by RBI or Other Regulators.
6. All collateral and security offerings are free from encumbrance and do not conflict with existing liabilities or lender agreements.

Signature: _____

Name (Print): _____

CA Registration No.: _____

Firm Details & Stamp: _____

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ANNEXURE – X

Comprehensive Business Plan Format (indicative)

1. Executive Summary

- Brief overview of the Shipyard's current position, vision, and growth objectives.
- High-level summary of strategies and expected outcomes.

2. Market Analysis

- Global and domestic shipbuilding trends.
- Demand projections for vessel types (cargo, tankers, defense, offshore).
- Competitive landscape and benchmarking against leading Shipyards.
- Regulatory environment and compliance requirements.

3. Strategic Objectives

- Capacity expansion goals (e.g., Present capacity, utilization, order book, number of vessels per year).
- Technology adoption (automation, green shipbuilding, digital twins).
- Diversification into new segments (offshore wind, LNG carriers, defense vessels).

4. Infrastructure & Capacity Development

- Plans for greenfield or brownfield expansion.
- Modernization of dry docks, fabrication shops, and assembly lines.
- Investment in advanced equipment and robotics.

5. Financial Plan

- Capital expenditure (CAPEX) and operational expenditure (OPEX).
- Funding sources (government schemes like SbDS, private equity, loans).
- Revenue projections and profitability analysis.
- Risk mitigation strategies (insurance, hedging).

6. Human Resource & Skill Development

- Workforce expansion and training programs.
- Partnerships with technical institutes for skill development.

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- Safety and compliance training.

7. Technology & Innovation

- Adoption of Industry 4.0 practices.
- R&D for fuel-efficient and eco-friendly vessels.
- Digital platforms for design, procurement, and project management.

8. Marketing & Sales Strategy

- Customer acquisition and retention plans.
- Strategic partnerships with shipping companies and defense agencies.
- Branding and global outreach.

9. Risk Management

- Identification of operational, financial, and market risks.
- Insurance coverage (Pre-shipment, Post-shipment, Vendor Default).
- Contingency planning for supply chain disruptions.

10. Implementation Roadmap

- Timeline with milestones for expansion and modernization.
- Key performance indicators (KPIs) for monitoring progress.
- Governance structure for execution and oversight.

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ANNEXURE – XI

(To be issued on the letterhead of the Independent Project Monitoring Agency listed in Annexure-IIB)

Certificate to verify award of work order format - SbDS

To:

[The IA]

Subject: Certificate to verify award of work order for release of first tranche (15%)

This is to certify that:

(a) The Shipyard has submitted an undertaking duly certified by a Chartered Accountant confirming that work orders amounting to INR _____, which is _____% of the Approved Project Cost, thereby fulfilling the requirement of work orders amounting to at least 50% of the Approved Project Cost for the release of first tranche (15%).

(b) Deviations from the approved DPR specifications, if any, are listed below:

(i) _____

(ii) _____

This certificate is issued to support the release of the first tranche of Capital Assistance under the Shipbuilding Development Scheme.

Yours sincerely,

(Name of Authorized Signatory)

Designation

Agency Name

Seal of Evaluation Agency

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Enclosures: Undertaking by the Applicant, duly enclosing the Chartered Accountant certificate for verification of work orders amounting to at least 50% of the Approved Project Cost for the release of first tranche (15%) of Capital Assistance. Copy of work orders.

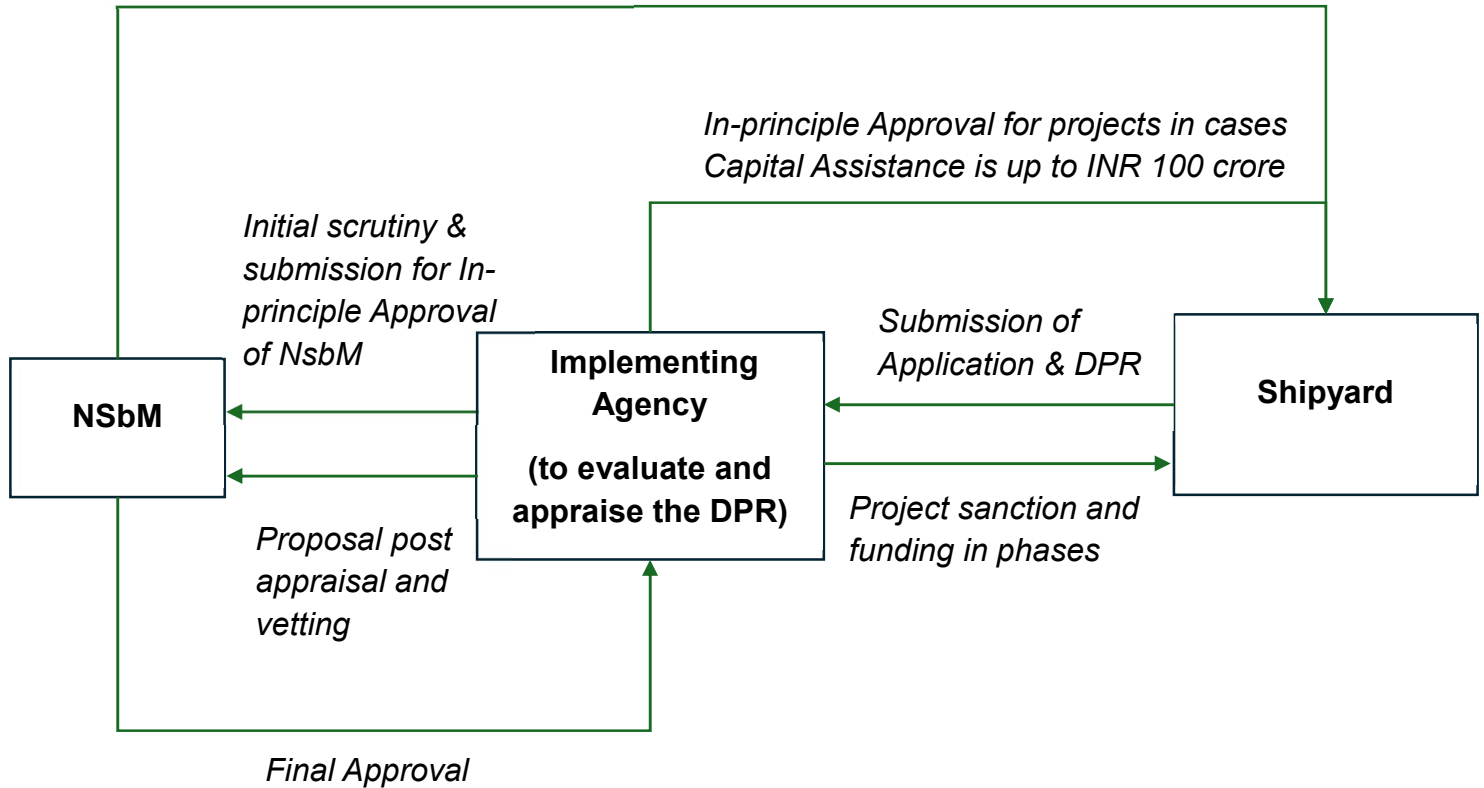
Copy to: M/s. (Name of Applicant)

GUIDELINES FOR BROWNFIELD CAPACITY EXPANSION - SbDS

ANNEXURE – XII

Flowchart for the fund approval procedure – SbDS: Brownfield Capacity Expansion

In-principle Approval for projects in cases Capital Assistance is more than INR 100 crore



Assessment by Implementing agency

Independent Evaluation agency (IEA) – Appraisal and evaluation of DPR

Independent Project Monitoring agency (IPMA) - Progress and quality monitoring