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

3rd Floor, PTI building,
4, Parliament Street,
New Delhi- 110001.
Dated 28th October, 2026

To,

1. DG, Directorate General of Maritime Administration (DGMA)
2. MD, Sagarmala Finance Corporation Limited (SMFCL)

Subject: Addendum to Guidelines for Implementation of Shipbuilding Financial Assistance Scheme (SBFAS) - reg.

Sir,

The undersigned is directed to refer to letter of even No. dated 07.01.2026 forwarding modified Guidelines for Implementation of Shipbuilding Financial Assistance Scheme (SBFAS).

2. In view of recommendations of DGMA, certain additions/modifications have been made in Guidelines for Implementation of SBFAS. The details of the changes are provided in Annexure-I. The other contents of Guidelines for Implementation of SBFAS dated 07.01.2026 remains unaltered. The modified guidelines for Implementation of SBFAS as on 28.10.2026 are attached herewith.

3. This issues with the approval of Hon'ble Minister for Ports, Shipping and Waterways.

Yours faithfully,

(Rajnish Yadav)
Under Secretary to the Government of India
Email id: usshipping2-psw@gov.in

Annexure-1

S.No.	Existing Provision as per SBFAS guidelines dated 07.01.2026	New Provision
1.	**Para 2(K)** Fair Scrap Value in reference to the shipbreaking credit note will be the product of the price per Light Displacement Tonnage (LDT) of ship scrapping for the quarter (as published by the Competent Authority on a quarterly basis) in which Certificate of Recycling Completion was issued and the LDT value of the Vessel as determined in Certificate of Recycling Completion.	The Fair Scrap Value for the purpose of the Ship Recycling Credit Note shall be the lower of the following: (i) The contract price specified in the Memorandum of Agreement (MoA) executed between the shipowner and the ship recycling yard; and (ii) The product of (a) the price per Light Displacement Tonnage (LDT) for ship scrapping for the quarter in which the Certificate of Recycling Completion was issued, as published by the Competent Authority on a quarterly basis, and (b) the LDT of the vessel, as specified in the Certificate of Recycling Completion.
2.	**Para 9 (a) i** When an Eligible Vessel is scrapped in an Indian ship breaking/ recycling yard, a Shipbreaking Credit Note equivalent to 40% of the Fair Scrap Value is issued to the Vessel owner, with a validity of 3 years from the date of completion of scrapping the Vessel.	When an Eligible Vessel is scrapped in an Indian ship recycling yard, a Ship Recycling Credit Note equivalent to 40% of the Fair Scrap Value is issued to the Vessel owner, with a validity of 3 years from the date of issuance of Ship recycling Credit Note.
3.	**Para 9 (c) iii** The Shipbreaking Credit Note may be redeemed against any Vessel under an active contract or for which final tranche of Financial Assistance under these guidelines remains outstanding.	The Ship Recycling Credit Note may be redeemed against any vessel under an active contract or for which final tranche of financial assistance under these guidelines remains outstanding. The shipyard should apply to competent authority within the validity period of Ship Recycling Credit Note for mapping it with a vessel approved for financial assistance under these guidelines.

4.	**Para 9 (e) i** **Step 1 – Application for Shipbreaking Credit Note on Scrapping:** When a Ship Owner completes the scrapping of an Eligible Vessel in India, they may apply to the Competent Authority for issuance of a Shipbreaking Credit Note through a designated web-portal. The application must be submitted within three months from the last date of completion of scrapping as mentioned in Certificate of Recycling/ Demolition Completion, issued by the respective State Maritime Board or State Government authority. The prescribed application format is provided at Annexure-VI. The application should include the following details: a. **Owner's Information:** Name of the owner/company, address and contact details. b. **Details of the Scrapped Vessel:** Name of Vessel, type, IMO number (if applicable), flag year of build, Gross Tonnage (GT), LDT – crucial for scrap, name and address of the recycling yard, date of commencement and completion of recycling. c. **Contract Details:** Copy of the contract between the Ship Recycler and the Ship Owner. d. **Permission for Ship Recycling**. Proof of permission for ship recycling granted by the respective State Maritime Board/ State Government on or after 24th September 2025. e. **Proof of Scrapping:** Certificate of Recycling/Demolition Completion issued by the respective State	**Step 1 – Application for Shipbreaking Credit Note on Scrapping:** When a ship owner completes the scrapping of an Eligible Vessel in India, they may apply to the Competent Authority for issuance of a Shipbreaking Credit Note through a designated web-portal. The application must be submitted within three months from the last date of completion of scrapping as mentioned in Certificate of Recycling/ Demolition Completion, issued by the respective State Maritime Board or State Government authority. The prescribed application format is provided at Annexure-VI. Provided that, as a one-time relaxation, in respect of eligible vessels for which the Certificate of Recycling/ Demolition Completion has been issued on or after 24th September 2025 and up to the date of release of this amendment of the SBFAS guidelines (28th October 2026), the Ship Owner may submit the application within three months from the date of release of these amended guidelines. **In-Principle acknowledgement:** The Competent Authority may Suo-moto generate an in-principle acknowledgement in the name of the registered owner of the Vessel post vessel beached at Indian recycling yard. The in-principle acknowledgement shall be provisional in nature and shall not, by itself, entitle the applicant to

	Maritime Board/ State Government.	issue the Ship Recycling Credit Note. It shall be subject to the following: a) The in-principle acknowledgement issued shall stand automatically void if • The applicant is not the last registered owner as per the vessel's registration certificate as issued by the flag administration. • The registry is found to be incorrect, forged, or fraudulently obtained or not genuine. b) The final credit note shall be issued only after the recycling completion certificate along with documents required under this guidelines are submitted by the applicant and subject to verification by Competent Authority. c) The in-principle acknowledgement is non-binding, non-transferable and has no financial implications. Further, it cannot be assigned, traded, or acted upon by any party other than the verified registered owner. The application should include the following details: a. **Owner's Information:** Name of the owner/company, address and contact details. b. **Details of the Scrapped Vessel:** Name of Vessel, type, IMO number (if applicable), flag year of build, Gross Tonnage (GT), LDT – crucial for scrap, name and address of the recycling yard, date of commencement and completion of recycling.

		c. **Contract Details:** Copy of the contract between the Ship Recycler and the Ship Owner. d. **Permission for Ship Recycling:** Proof of permission for ship recycling granted by the respective State Maritime Board/ State Government on or after 24th September 2025. e. **Proof of Scrapping:** Certificate of Recycling/ Demolition Completion issued by the respective State Maritime Board/ State Government. f. **Exchange rate certificate:** The applicant shall additionally attach exchange rate certificate from SBI (TT buy category) as on the date of contract between the ship owner and the ship recycling yard.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

1. Introduction

(a) **Title**: The scheme for grant of Financial Assistance to Shipyards shall be called "Shipbuilding Financial Assistance Scheme (SBFAS)" and the guidelines formulated to implement the scheme shall be called "Guidelines for Implementation of Shipbuilding Financial Assistance Scheme".

(b) **Validity:** The SBFAS and the guidelines shall come into force with effect from 24th September 2025 (date of Approval of scheme by Government of India) and shall be applicable for Shipbuilding Contracts signed from the date of 24th September 2025 and those for which the Approval has been received under these guidelines by 31st March 2036, including the said dates.

(c) **Applicability**: The said scheme as well as the guidelines shall be applicable to all Shipyards located in India.

2. Definition

(a) **Approval** means the approval granted by the Competent Authority to establish the eligibility of a Vessel under construction/ contracted to a Shipyard to avail Financial Assistance under the scheme including the financial sanction, subject to fulfilment of conditions prescribed in the scheme guidelines which is based on the scrutiny of documents as submitted by the Shipyard in the designated web portal.

(b) **Actual Payment** means the total quantum of payment received by the Shipyard pertaining to a Shipbuilding Contract, including such payment received subsequent to the delivery of the Vessel as is duly certified by a Chartered Accountant. This includes any payment received by the Shipyard through ship recycling credit notes.

(c) **Certificate of Recycling Completion** means the document issued by the respective State Maritime Board/ State Government after the recycling of the Ship/Vessel.

(d) **Competent Authority** refers to Directorate General of Shipping (DGS) for the purposes of these guidelines.

(e) **Contract Price** means the price at which the initial or the first Shipbuilding Contract has been signed for the Vessels required to be constructed by the Shipyard.

(f) **Date of Contract** means the date of signing of the initial or the first contract for construction of underlying Vessel or Vessels, as the case may be.

(g) **Domestic Content** means the value of goods, components, and services (including labour) of Indian origin expressed as a percentage of the Fair Price of the Vessel (excluding taxes/duties).

(h) **Eligible Vessel** for scrapping means any Vessel owned by an Indian / foreign owner and flagged under any flag administration, which is scrapped in an Indian Ship Recycling Yard which is certified as Hong Kong Convention (HKC) compliant by recognised organisations notified by Directorate General of Shipping (DGS) for this purpose/ respective State Maritime Boards/ State Governments.

(i) **Export Orders for Defence Forces** refers to Vessels constructed and exported to armed forces including paramilitary or internal security forces of foreign countries.

(j) **Fair Price** means-

i. Procurement by government/ government agencies/ government PSUs from shipyards in India:
   a. Through Open Tender: Price discovered through tender will be the Fair Price.
   b. Through nomination/ negotiation/ open-book method: Price determined by Valuation Process.
   c. In the case of repeat orders, the price determined as per clause (a) or (b) above would be considered as the Fair Price for awarding the repeat order. This would be subject to the initial contract clearly mentioning about the repeat order.

ii. Procurement by non-government entities: Price determined by the Valuation Process.

iii. Procurement for Export Orders for Defence Forces: In the case of Export Orders for Defence Forces, Shipyards seeking assistance under this

scheme shall submit the Directorate of Defence Production of Ministry of Defence (MoD-DDP) verified cost, excluding the cost of weapons, weapon systems and weapon sensors fitted onboard and their spares, based on the export contract along with the claim as per details provided in Annexure-IX.

(k) **Fair Scrap Value** in reference to the ship recycling credit note will be the minimum of :

i) contract price as indicated in the memorandum of agreement between the ship owner and the ship recycling yard and

ii) product of the price per Light Displacement Tonnage (LDT) of ship scrapping for the quarter (as published by the Competent Authority on a quarterly basis) in which Certificate of Recycling Completion was issued and the LDT value of the Vessel as determined in Certificate of Recycling Completion.

(l) **Financial Assistance** means the monetary incentive granted by the Government to the Shipyards for construction of Vessels underlying a Shipbuilding Contract under the scheme, subject to fulfilment of conditions prescribed in scheme guidelines.

(m) **Institutional Mechanism (IM)** will be 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 Indian Register of Shipping (IRS), Shipping Corporation of India (SCI), Sagarmala Finance Corporation limited (SMFCL) and in cases where legal expertise is required, the same may be brought on board on a case-to-case basis.

(n) **Large Normal Vessel** refers to Vessels whose Fair Price or the Contract Price; whichever is less, is more than INR 100 crore.

(o) **Major Portion of the Hull** means, the main hull of the ship/ Vessel, that is made of Shipbuilding Grade Steel, Aluminium or any such materials as approved for the purpose of construction of ships/ Vessels by Recognized Maritime Authorities, and does not include, Superstructure, Equipment & Machineries,

Mast, Equipment foundations, Shaft Support Brackets, Stern Tube, Bow Thruster Tunnels, Rudder etc.

(p) **Rate of Financial Assistance** means the rate at which the Financial Assistance shall be granted to the Shipyard and is determined as per the rate indicated in Schedule-IV corresponding to the Vessel category and the contract price.

(q) **Recognized Organization** means an organization recognized by the Government of India as per the Gazette Notification No. S.O. 3316(E) dated December 26, 2014, as amended from time to time.

(r) **Security Instrument** relates to specific financial Security Instruments for the purpose of this scheme which includes – Bank Guarantees, Surety insurance bonds/ contracts (issued by entities authorised by Insurance Regulatory and Development Authority of India (IRDAI)), or corporate guarantees from Public Sector Undertakings (PSUs) which are valid up to a date as defined by the Competent Authority on a case-to-case basis. If a Surety Bond is provided in lieu of a Bank Guarantee, the bond shall be issued as an unconditional, irrevocable, on-demand bond, expressly payable within 7 days of receipt of a written demand from the Competent Authority / Ministry. The wording shall explicitly exclude any dispute-based refusal or requirement for prior adjudication. The bond shall be issued by insurance companies authorised by IRDAI.

(s) **Series Order** – A Series Order refers to a group of two or more Vessels that are identical in design and specifications, intended for the same owner at the time of contract execution, and constructed under one or more Shipbuilding Contracts. Furthermore, even if separate contracts are signed for the Vessels, they shall be treated as a single Series Order, with following considerations:

i. An umbrella MoU signed between the parent ship procuring company (in case multiple contracts are signed by Special Purpose Vehicles (SPVs)/ Joint Ventures (JVs)/ subsidiaries of the parent company) and the Shipyard.

ii. The date of the contract for the first Vessel of the series will be considered as the deemed Date of Contract for all the Vessels of the Series Order.

(t) **Shipbuilding Contract**, unless otherwise stated, means a Shipbuilding Contract corresponding to construction of underlying Vessel or Vessels, as the case may be, and shall include the following:

i. The initial or the first contract signed for such construction
ii. Any subsequent contracts amending the initial contract
iii. Any contracts executed that replace the initial contract

Provided that, the contract continues to pertain to the said underlying Vessel or Vessels of the initial contract.

In case of novation, the contract would refer to the latest version of the Shipbuilding Contract signed with the new buyer as submitted by the applicant in the portal; however, the Date of Contract for the scheme shall remain the same as the date of initial or first contract signed with the first owner.

(u) **Ship Owner** means a company or entity which owns a ship or a Vessel or has placed an order for construction of the same at an Indian Shipyard under a valid contract.

(v) **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, and located within the territories of India and undertaking construction, assembly, outfitting, servicing or repair of Vessels in India.

(w) **Ship Recycler** refers to a company or an entity which owns or has the permission to operate the Ship Recycling Yard.

(x) **Ship Recycling Yard** refers to a demarcated area for the purpose of ship recycling.

(y) **Small Normal Vessel** refers to those Vessels whose Fair Price or the Contract Price; whichever is less is equal to or less than INR 100 crore.

(z) **Specialized Vessel**, for the purpose of grant of Financial Assistance under these guidelines, means a type or class of Vessel listed in Schedule-II.

(aa) **Valuer** means the agencies approved by the Competent Authority to execute the Valuation Process, provided in Schedule-III.

(ab) **Valuation Process** refers to the process in which the Competent Authority conducts one independent Vessel valuation along with one valuation by the Shipyard. Both valuations are to be conducted by separate Valuers as per Schedule-III. The lower of the two values shall be considered for the purposes of these guidelines.

(ac) **Vessel** for the purpose of grant of Financial Assistance under these guidelines, means all types of floating or offshore structures built under the classification of one of the Recognized Organizations but shall exclude the Vessel or structures specified in Schedule-I.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

Chapter I – Shipbuilding Financial Assistance Scheme

3. Eligibility of Vessel for availing the Financial Assistance.

(a) All agreements signed from 24.09.2025 and those for which the Approval has been received under these guidelines by 31.03.2036, shall be eligible to avail Financial Assistance under this scheme. It is further clarified that the following categories of agreements would also be eligible:

i. Vessels ordered on nomination/ tender basis by Central or State Government or their agencies or Central/State PSUs.

ii. Export Orders for Defence Forces, after excluding the cost of weapons, weapon control systems and weapon sensors.

(b) All agreements signed by Shipyards between 24.09.2025 and 31.03.2026 (end of Shipbuilding Financial Assistance Policy (SBFAP)), shall have the option to avail Financial Assistance under either one of the schemes, namely the SBFAP or the SBFAS. This option to choose between the schemes may be exercised on each individual contract and provisions of respective guidelines shall apply. However, in case the Approval for an application under SBFAP is accorded after 31.03.2026, such case shall be automatically deemed to have been applied under SBFAS only and the provisions of these guidelines would apply.

(c) All Vessels except those which are excluded under Schedule-I of these guidelines are eligible for the purpose of availing Financial Assistance.

(d) Proposed Financial Assistance under SBFAS would be provided for Vessels which meet certain Domestic Content requirements, as detailed in Schedule V and value ascertained and certified by the chartered accountant as enumerated in Annexure-V.

(e) If any supplementary contract/ addendum is entered after 31st March 2036, the same will not be considered for the purpose of computation of Financial Assistance.

(f) The Major portion of the Hull of the Vessel for which Financial Assistance is claimed shall be constructed and assembled in India, and the assembly, installation and commissioning of the major machinery and equipment, as well as the tests and trials of the Vessel, shall also be carried out in India.

4. Timelines for availing the Financial Assistance

(a) Vessels eligible as per the section above will be able to seek the benefits of this scheme under the following conditions:

i. **Small Normal Vessels or Large Normal Vessels: one or two Vessels as part of contract** - provided that, only those Vessels, which are constructed and delivered within a period of four years from the Date of Contract**,** shall be eligible for availing Financial Assistance under the scheme.

ii. **Small Normal or Large Normal Vessels: three or four Vessels as part of contract -** Provided that, those Vessels are constructed and delivered within a period of six years from the Date of Contract, shall be eligible for availing Financial Assistance.

iii. **Small Normal or Large Normal Vessels: five or more Vessels as part of contract** - Provided that, those Vessels which are constructed and delivered beyond the overall six-year timeline shall be eligible for Financial Assistance, if each subsequent Vessel is delivered within a period of one year from the date of delivery of the immediately preceding Vessel.

iv. **Specialized Vessels: up to two Vessels as part of contract -** Provided that, those Vessels are constructed and delivered within a period of six years from the Date of Contract, shall be eligible for availing Financial Assistance.

v. **Specialized Vessels: three or more Vessels as part of contract –** Provided that, those Vessels which are constructed and delivered beyond the overall six-year timeline shall be eligible for Financial Assistance, if each subsequent Vessel is delivered within a period of one year from the date of delivery of the immediately preceding Vessel.

(b) **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 shall be extended for the duration of such disruption. The Shipyard must notify the Competent Authority in writing with supporting evidence. Each case shall be examined individually and finalized by the IM.

(c) In cases where the Shipyard has signed a contract between 24th September 2025 and the date of promulgation of guidelines, they may submit their application within 45 days of the date of promulgation of guidelines.

(d) For contracts signed post-promulgation, the Shipyard must submit their application within 45 days from the date of signing of contract.

5. Application for Financial Assistance.

(a) The application for grant of Financial Assistance for a Vessel shall be made as per the procedure prescribed in Annexure-I of these guidelines.

(b) The application for release of Financial Assistance for a Vessel shall be made as per the procedure prescribed in (Annexure-II-1, Annexure-II-2, Annexure-II-3, Annexure-II-4) of these guidelines and the Competent Authority shall, after due scrutiny of the application, permit release of the Financial Assistance to the applicant Shipyard.

(c) In case the Competent Authority upon scrutiny, identifies deficiencies in the application made in pursuance of sub-clauses mentioned above, the applicant shall be provided with an opportunity to rectify the same as per the procedure prescribed in Annexure-I.

(d) The decision regarding the Approval or release of Financial Assistance thereafter shall be taken by the Competent Authority based on the Shipyard's response and compliance with prescribed requirements. Any denial of benefit sought under the applications made in pursuance of sub-clauses mentioned above, shall be communicated to the applicant Shipyard in writing with reasons for such denial.

(e) For cases in which the amount of Financial Assistance is more than the delegated power of the Competent Authority under Delegated of Financial Powers Rules (DFPR), the Competent Authority would obtain the Approval of NSbM before the Approval of Financial Assistance for such Vessels.

6. Computation of Financial Assistance.

(a) The quantum of Financial Assistance for a Vessel shall be calculated as per Schedule-IV of the guidelines, as per the lowest of the Contract Price or the Fair Price in Indian Rupees.

(b) At the time of release of final tranche of Financial Assistance, if the Actual Payment received for a Vessel is lower than the Contract Price or the Fair Price, the assistance shall be released after re-evaluation as per Schedule-IV for computation of the Financial Assistance and adjusting for additional Financial Assistance being given based on Contract Price or Fair Price.

(c) In case a Ship Recycling Credit Note(s) is being redeemed for the Vessel (as per procedure laid down in Annexure-VII), the Actual Payment received shall be the sum of value of the credit note(s) redeemed and the payment made by the Ship Owner.

(d) For the purpose of computation of Financial Assistance, the Fair Price or Contract Price or Actual Payment, if received in foreign currency, shall be converted into Indian Rupees as per the exchange rate published by the State Bank of India (SBI) under the category of TT Buying Rates on the Date of Contract.

(e) In case the exchange rate is not among the currencies published by SBI, the applicant Shipyard shall obtain a certificate from the SBI about the exchange rate in Indian Rupees for the currency prevailing on the Date of Contract.

7. Benefits under other central / state schemes

(a) The Shipyards will be free to claim additional benefits from other Central and State Government schemes, over and above the benefits under this scheme.

8. Release of Financial Assistance

(a) Wherever, Approval for a Vessel has been granted by the Competent Authority, such Financial Assistance shall be released for the Vessel subject to compliance of conditions of this scheme.

(b) Provided further that, in case the budget is not available for release of Financial Assistance for Vessel(s) under an eligible contract in a particular year, the same will be released on priority in the subsequent financial year on availability of budget.

(c) The requisite Financial Assistance shall only be released in Indian Rupees.

(d) **Stage Payments** – Payments are to be structured and released as per the milestones defined below -

i. Keel laying – 30% (against equivalent Security Instrument) as mentioned in Annexure-II-1

ii. On Launching – 40% (against equivalent Security Instrument) as mentioned in Annexure-II-2

iii. On delivery – 30% as mentioned in Annexure-II-3

iv. Post delivery – Security Instrument released upon final payment by Ship Owner as mentioned in Annexure-II-4

(e) In case of Vessels not being delivered as per the eligible timelines, the Shipyard would need to reimburse the overall subsidy received by them with interest at 9% p.a. from the date of disbursement of Financial Assistance.

Chapter II – Ship Recycling Credit Note

9. Ship Recycling Credit Note Scheme (Incentive for Vessel Recycling and Replacement)

(a) **Outline of Ship Recycling Credit Note**

i. When an Eligible Vessel is **scrapped in an Indian ship recycling yard,** a **Ship Recycling Credit Note** equivalent to 40% of the Fair Scrap Value is issued to the Vessel owner, with a validity of 3 years from the date of issuance of Ship recycling Credit Note**.**

ii. The above Ship Recycling Credit Note(s) can be redeemed by the Vessel owner towards payment for the Vessel being ordered/ under construction at an Indian Shipyard, which is registered in the SBFAS web portal. The Competent Authority shall be paying the eligible value of the "Ship Recycling Credit Note" to the Shipyard as per these guidelines.

iii. The maximum amount that can be redeemed by the Shipyard would be lower of the following two values:

   a. The value of the Ship Recycling Credit Note(s)

   b. 5% of the Fair Price of the new Vessel.

iv. The Competent Authority may redeem the Ship Recycling Credit Note upon its presentation by the Shipyard against construction of a Vessel which has:

   a. Been given Approval by the Competent Authority under these guidelines
   b. The Vessel has been launched
   c. The final tranche of assistance under these guidelines has not been released for the Vessel

subject to the provision of security against the redeemed amount in the form of a Security Instrument. This security may be released post-delivery of Vessel.

(b) **Eligibility of Vessels being scrapped for Ship Recycling Credit Note Issuance**

i. Any Indian or foreign flagged Vessel which is scrapped in India would be eligible for issuance of the Ship Recycling Credit Note.

ii. The Vessel scrapped at a Ship Recycling Yard in India, which is certified as Hong Kong Convention (HKC) compliant by recognised organisations notified by DGS for this purpose/ respective State Maritime Boards/ State Governments.

iii. All those Vessels where the permission for ship recycling has been granted by the State Maritime Board/ State Government on or after 24th September 2025.

iv. A Certificate of Recycling/ Demolition Completion issued by the respective State Maritime Board/ State Government shall be obtained and submitted.

(c) **Conditions for Ship Recycling Credit Note redemption**

Ship Recycling Credit Note redemption is permitted under the following conditions:

i. The Vessel against which redemption is sought is not amongst the list of Vessels excluded as listed in Schedule-I**.**

ii. Vessel against which redemption is sought is delivered within the approved timeline of construction as per these guidelines.

iii. The Ship Recycling Credit Note may be redeemed against any Vessel under an active contract or for which final tranche of Financial Assistance under these guidelines remains outstanding. The Shipyard should apply to competent authority within the validity period of Ship Recycling Credit Note for mapping it with a vessel approved for financial assistance under these guidelines.

iv. Redemption of Ship Recycling Credit Note is allowed any time after the launching of the Vessel and until the final tranche of Financial Assistance under these guidelines remains outstanding.

(d) **Methodology for issuance of Ship Recycling Credit Note**

i. The Competent Authority will hire a credible third party to carry out a study every quarter for determining the price per LDT for ship scrapping.

ii. A committee comprising of representatives from DGS, Gujarat Maritime Board, National Institute of Secondary Steel (NISST) and Shipping Corporation of India (SCI) shall be formed. This committee will review the above-mentioned study and recommend the price per LDT to be notified by the Competent Authority.

iii. The Competent Authority will, on the basis the recommendations of the committee, publish a price per LDT for ship scrapping on a quarterly basis.

iv. Based on the above, "Ship Recycling Credit Note" for the Vessel being scrapped will be issued to the Ship Owner with a value of 40% of the Fair Scrap Value.

(e) **Process for Issuance of Ship Recycling Credit Note**

i. **Step 1 – Application for Ship Recycling Credit Note on Scrapping:**

When a Ship Owner completes the scrapping of an Eligible Vessel in India, they may apply to the Competent Authority for issuance of a Ship Recycling Credit Note through a designated web-portal. The application must be submitted within three months from the last date of completion of scrapping as mentioned in Certificate of Recycling/ Demolition Completion, issued by the respective State Maritime Board or State Government authority. The prescribed application format is provided at Annexure-VI.

Provided that, as a one-time relaxation, in respect of eligible vessels for which the Certificate of Recycling/ Demolition Completion has been issued on or after 24th September 2025 and up to the date of release of this amendment of the SBFAS guidelines (28th October 2026), the Ship Owner may submit the application within three months from the date of release of these amended guidelines.

In-Principle acknowledgement:

The Competent Authority may Suo-moto generate an in-principle acknowledgement in the name of the registered owner of the Vessel post vessel beached at Indian recycling yard.

The in-principle acknowledgement shall be provisional in nature and shall not, by itself, entitle the applicant to issue the Ship Recycling Credit Note. It shall be subject to the following:

a) The in-principle acknowledgement issued shall stand automatically void if

- The applicant is not the last registered owner as per the vessel's registration certificate as issued by the flag administration.
- The registry is found to be incorrect, forged, or fraudulently obtained, or not genuine.

b) The final credit note shall be issued only after the recycling completion certificate along with documents required under this guidelines are submitted by the applicant and subject to verification by Competent Authority.

c) The in-principle acknowledgement is non binding, non-transferable and has no financial implications. Further, it cannot be assigned, traded, or acted upon by any party other than the verified registered owner.

The application should include the following details:

a. **Owner's Information:** Name of the owner/company, address and contact details.
b. **Details of the Scrapped Vessel:** Name of Vessel, type, IMO number (if applicable), flag year of build, Gross Tonnage (GT), LDT – crucial for scrap, name and address of the recycling yard, date of commencement and completion of recycling.
c. **Contract Details:** Copy of the contract between the Ship Recycler and the Ship Owner.
d. **Permission for Ship Recycling**. Proof of permission for ship recycling granted by the respective State Maritime Board/ State Government on or after 24th September 2025.

e. **Proof of Scrapping:** Certificate of Recycling/Demolition Completion issued by the respective State Maritime Board/ State Government.

f. **Exchange rate certificate:** The applicant shall additionally attach exchange rate certificate from SBI (TT buy category) as on the date of contract between the ship owner and the ship recycling yard.

ii. **Step 2 – Verification and Issuance:**

The Competent Authority shall issue a Ship Recycling Credit Note Certificate digitally, to the legal owner of the Vessel, as recorded in the Vessel's registration certificate issued by the Vessel's flag administration (whether Indian or foreign). The certificate shall bear a unique serial number and shall specify the particulars of the Vessel, and the credits granted thereunder.

- Owner name (entity to whom note is issued)
- Reference of scrapped ship (IMO number etc.)
- Date of completion of scrapping the Vessel
- The Credit Value (INR) which the owner is entitled to use, equal to 40% of determined Fair Scrap Value.
- The validity of Ship Recycling Credit Note
- Authorisation by Competent Authority

Other conditions pertaining to the Ship Recycling Credit Notes

iii. Only one Ship Recycling Credit Note will be issued against scrapping of one Vessel.

iv. This Ship Recycling Credit Note will reflect the value which shall be used to redeem part of the payment for a ship ordered at an Indian Shipyard.

v. Partial utilization of the Credit Note – In case of partial utilization of the credit note, the remaining value of the credit note would be returned to the owner with validity of the original credit note.

vi. Application to Series Orders - In the case of a Series Order involving multiple Vessels under a single contract, one or more Ship Recycling Credit Notes may be applied across multiple Vessels.

vii. Impact of partial cancellation: If a Series Order is partially cancelled, any Ship Recycling Credit Note that has been partially utilized shall be released back to the Shipyard or owner with the remainder value.

viii. If the owner fails to redeem the Ship Recycling Credit Note within the 3-years validity period, the note expires– absolving the Government of any obligation for payout. For the purposes of these Guidelines, a Ship Recycling Credit Note shall be deemed to have been utilised only upon its successful mapping to an eligible newbuild vessel within the prescribed three-year validity period.

ix. In the event of cancellation of the shipbuilding order by the Ship Owner, the Shipyard shall refund the funds paid for Credit Note to the Government along with interest at the rate of 9% per annum, calculated from the date of release of the funds. All such payment shall be released within thirty (30) days from the date of issuance of Refund Notice.

x. **Stacking of Ship Recycling Credit Notes:**

Any Ship Recycling Credit Note owner can stack Ship Recycling Credit Notes obtained from different ship recycling contracts. Ship Recycling Credit Notes thus stacked can be clubbed to claim credit in a new shipbuilding order with an Indian Shipyard, subject to a maximum ceiling of 5% of the Fair Price of the new Vessel to be built in Indian Shipyards.

xi. **Transferability, Holding and Trading of Ship Recycling Credit Notes**

A Ship Recycling Credit Note can be transferred or sold to any other entity who wishes to use it towards building a new Vessel in India. Transfer is effected/ executed via the online portal. For the transfer of a Ship Recycling Credit Note to another buyer, following documents are required to be submitted as evidence to clearly demonstrate authenticity, consent, and traceability:

a. Ship Recycling Credit Note Transfer Agreement
    - A sale/ transfer agreement between the original holder and the new buyer, clearly stating: Ship Recycling Credit Note number, value of transfer, date of transfer, terms and conditions of transfer, signatures of both parties

- This agreement shall be uploaded by the original holder on the online portal.
- Online ledger will update the Ship Recycling Credit Note Ledger with the new owner's name.

b. The price of such sale is mutually decided in open market

c. Government of India is not involved in pricing the trade.

d. Verification of the Ship Recycling Credit Note's authenticity, including its value and validity, shall be carried out by the buyer through the online portal.

Chapter III – General points on guidelines

10. Grievance Redressal, Amendments, Review and Interpretation and Fund release.

(a) If any grievance arises from acts of commission or omission of the DGS under these guidelines, the Shipyard shall refer the matter directly to the IM. IM may, where considered necessary, seek comments or views from DGS for examination of the matter.

Any other grievance of the Shipyard arising due to reasons not within the control of the Shipyard may also be referred by the Shipyard to IM. Such grievances may be placed before the IM, constituted under these guidelines, for consideration.

The IM shall examine and resolve such grievances within ninety (90) days from the date of receipt of the application. Such grievances shall be routed to IM through the portal. The decision of the IM in all such cases shall be final.

(b) MoPSW/ NSbM shall periodically review these guidelines and make amendments as deemed necessary.

(c) Any amendment to the SBFAS guidelines could be made with a retrospective effect provided such an amendment is beneficial/ favourable to the Vessels given Approval under these guidelines. However, the retrospective effect should be applicable to only those Vessels which:

I. Have not been delivered
II. Have not received the final Financial Assistance tranche.
III. Are within the stipulated timelines, prior to such amendment in the guidelines.

(d) 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.

(e) Additional Secretary or Joint Secretary in-charge of the Shipbuilding Wing in the MoPSW would be authorized to approve the release of funds under the scheme in case of fund release through SMFCL.

(f) DGS or SMFCL 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 SBFAS scheme.

(g) In the case of Export Orders for Defence Forces, capping of Financial Assistance shall be subject to the following limits:

I. A maximum of INR 200 crore per vessel; and

II. An overall cap of INR 2,000 crore for all such vessels combined under this scheme.

(h) For further clarity, a flowchart for the fund approval procedure is provided in Annexure-X.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

SCHEDULE-I

List of vessels excluded from financial assistance scheme

1. Vessels built for Indian buyer or Ship Owner, which are less than 24 meters in length, except the following: -
   (a) Dredgers of length of 10 m and above (registered length/ rule length as shown in the registry certificate / tonnage certificate).
   (b) Vessels, where main propulsion is by means of green fuels such as Methanol/ Ammonia / Hydrogen fuel cells, no length restriction is applicable.
   (c) Vessels of 12 m or above fitted with hybrid propulsion system.

   However, the minimum length restriction is not applicable to either of the following category of Vessels:
   (a) Export orders
   (b) Vessels with Fair Price greater than INR 100 crore.
2. Vessels made of wood irrespective of their lengths.
3. Vessels built for defence purposes or for use by Indian armed forces or paramilitary or internal security forces. However, Export Orders for Defence forces as defined under these guidelines, excluding the cost of weapons, weapon systems and weapon sensors fitted onboard and their spares shall be eligible for availing Financial Assistance.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

SCHEDULE-II

List of specialized vessels

	Category	Vessel Types
1	Gas & Oil & Chemical Carriers	• LNG Carrying Vessels • LPG Carrying Vessels • Ammonia carrying Vessels • Very Large Crude Carriers (VLCC) • Very Large Gas Carriers (VLGC) • Suezmax • Aframax • [Chemical Tankers][1]
2	Offshore Exploration & Production	• Floating or Submersible Drilling or Production Platforms • Floating Production Storage and Offloading (FPSO) units • Floating Storage and Offloading (FSO) units • Floating Storage and Regasification Unit (FSRU) • Mobile Offshore Drilling Unit (MODU) Rigs • Mobile Offshore Production Units • Polar class exploration Vessels
3	Specialized Service & Support	• Self-Propelled Dredgers • Wind Turbine Installation Vessel • Windfarm Service and Maintenance Vessel • Self-Propelled Semi-Submersible Heavy Lift and Heavy Transport Vessel • Cable laying Vessel • Diving support Vessels with a moonpool • Ocean research Vessels
4	Passenger & Container Vessels	• All Passenger Vessels under MS Act/SOLAS (≥500 passengers) • Container Vessels with a capacity of 8000 TEUs or more
5	Green & Alternative Fuel Vessels	• Green Vessels: Vessels operated through eco-friendly fuels like electric batteries, methanol, hydrogen fuel cells, or ammonia. • Hybrid Vessels: Vessels using conventional fuels (gas, LPG, oil) combined with rechargeable electric sources like batteries. • Vessels powered by dual-fuel main engine (methanol, ammonia, LNG, LPG etc.)

1. Inserted vide Addendum No. SY-13017/2/2024-SBR (e367820) dated 7.1.2026

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

SCHEDULE-III

List of approved valuers

Sl. No.	Name of International Valuers
1.	M/s. Barry Rogliano Salles, 11, Boulevard Jean Mermoz, 92200 Neuilly-sur-Seine, France.
2.	M/s. Galbraiths Limited Shipbrokers, Bridge gate House 124-126 Borough High Street, London - SE1 1BL.
3.	M/s. Gibson Shipbrokers, P.O. Box 278, Audrey House, 16-20 Ely Place, London - EC1N 6SN.
4.	M/s. M3 Marine Group Pte. Ltd., 1 Commonwealth Lane, #09-19 ONE Commonwealth, Singapore –149544.
5.	M/s. Arctic Offshore AS, Haakon VIIs gate 5 NO-0161 Oslo Norway, Email: osv@arctic.com
6.	M/s. Affinity (Shipping) LLC, 44th Floor, The Leadenhall Building, 122, Leadenhall Street, London, EC3A 8EE.
7.	M/s. Maersk Broker, Midtermolen, 1 DK-2100 Copenhagen, Denmark.
8.	M/s. Clarkson Platou, Commodity Quay, St. Katharine Docks, London E1W 1BF
9.	M/s. RBSA Advisors, 21-23, T.V. Industrial Estate, 248-A, S. K. Ahire Marg, Worli, Mumbai 400 030 INDIA
10.	M/s. Keellock C.W & Co. Ltd, Fifth Floor, 2 London Wall Buildings, London Wall, London, United Kingdom, ECM 5PP. Phone No. 44(0) 3031234500.
11	J.B Boda Insurance Surveyors & Loss Assessors Pvt. Ltd., Maker Bhavan No. 1, Sir, Thackersey Marg, Mumbai-400021 (India), Tel No. (22) 66314949/66314917. Email id: jbbmbi@jbbodamail.com
12	Maritime Strategies International Ltd. 6 Baden Place, Crosby Row. London. SE1 1YW UK, Phone No. 44 20 79400070.

13	Simpson Spence Young Ltd., 50 Raffles Place #14-01/02, Singapore Land Tower. Singapore, Singapore 048623. Ph No. +65 68 547120.
14	Offshore Shipbrokers Limited. 17 Blossom Street, London E1 6PL UK. 44 207 3779774, 44 207 377 9775. Email id:chartering@offshore-shipbrokers.coms&p@offshore-shipbrokers.com
15	English White Shipping Ltd., London, Tel: +44 (0) 20 8879 7966 Mobile: +44 (0) 7788 457 395. Email: sandp@ewshipping.com Web: www.ewshipping.com. Address:2, Pointgarry Road, North Berwick, East Lothian, EH39 4ET
16	Ravindra K Reshamwala, 7/A PIL Court, 111 Maharshi Karve Road, Mumbai 400 020. Tel: 022 6131 7000. Email id: chartering@reshamwalashipbrokors.com

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MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

SCHEDULE-IV

Rates for financial assistance

A. Base Rates of Financial Assistance:

Vessel Category	**Contract Price Range**	**Assistance Rate on Contract/Fair Price (INR)**
"Small Normal Vessel"	Up to INR 100 crore	**15%** of the value
"Large Normal Vessel"	Value above INR 100 crore	**20%** on the value above INR 100 crore (15% on first INR 100 crore + 20% on remainder)
"Specialized Vessel"	Any value	**25%** on the value above INR 100 crore (15% on the first INR 100 crore + 25% on remainder)

Notes:

- "Specialized" Vessels are those defined in Schedule II

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

SCHEDULE V:

Domestic Content requirement in order to get SBFAS support

The proposed Financial Assistance under SBFAS will be applicable for Vessels which meet certain Domestic Content requirements as follows:

Domestic Content percentage	**SBFAS support**
Less than 30%	Nil
30% to below 40%	Pro rata basis e.g. (39/40) *100 = 97.5% rounded up to 98% (30/40) *100 = 75% The decimal point will be rounded up to the nearest whole number.
40% and greater	Full

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-I

Procedure for obtaining approval

1. Within forty-five (45) days from the date of signing the contract, the Shipyard shall apply under the scheme on the SBFAS web portal and obtain a unique application number, which will be used for all future references.
2. After the unique application number has been generated, in case of contracts for construction of standard Vessels, the applicant Shipyard shall submit the application for Approval along with the following documents, within forty-five (45) days from the date on which the unique application number is generated:
    (a) Notarized copy of the contract signed between the Shipyard and the Ship Owner or buyer for construction of the Vessel.
    (b) Technical specifications of the Vessel to be constructed.
    (c) Bank Account details of the Shipyard agreed under the contract.
    (d) Affidavit signed by the authorised representative of the Shipyard, duly authorized in this regard, as per the format attached at Annexure-IA.
    (e) Ship Recycling Credit Note (if available)
3. In case of applicable cases, along with generation of the unique application number the applicant shall simultaneously obtain details of three Valuers, randomly selected by the portal from the list of Valuers indicated in Schedule-III of these guidelines, for assessment of Fair Price of the Vessels.
4. The applicant Shipyard shall submit the application for Approval, along with one valuation report within forty-five (45) days from the date on which details of Valuers are generated by the portal.
5. In case out of the three Valuers provided by the portal, none of the Valuers either do not respond or are not willing to assess the value, the Shipyard shall indicate the same on the portal and request for fresh set of three Valuers within forty-five (45) days from the date on which details of previous set of Valuers are generated by the portal. The portal shall reselect another set of three Valuers to assess the values upon such submission by the Shipyard. The applicant Shipyard shall submit the application for Approval, along with the valuation reports (from amongst the three Valuers provided by the portal) within forty-five (45) days from the date on which details of the fresh set of three Valuers are generated by the portal.

6. Provided that, if in spite of having exhausted the entire list of Valuers provided in Schedule-III of the guidelines, by repeatedly following the procedure indicated in these guidelines, the valuation cannot be obtained from the approved Valuers by a Shipyard, then the Competent Authority shall after satisfying itself about the inability of the applicant Shipyard to obtain valuations, shall constitute an Expert Committee to determine the Fair Price for the Vessel.
7. Post submission of the valuation by the Shipyard, the Competent Authority may also carry out an independent valuation of the Vessel from the empanelled list of Valuers (other than the Valuer used by the Shipyard).
8. Framework for Approval of various agencies as Valuers is enumerated in Annexure-VIII.
9. Within thirty (30) days of final submission of application for obtaining Approval, along with the valuation reports, the Competent Authority shall scrutinize the application and either grant or decline Approval to the applicant Shipyard.
10. Provided that in case the Competent Authority notices any deficiency in the requisite documents, it may indicate the same to the Shipyard within thirty (30) days from the date of final submission of the application and seek clarification through web portal only.
11. In cases where such clarifications are sought, the applicant Shipyard shall make rectify the deficiency and/ or provide clarification within thirty (30) days of receipt of such communication from the Competent Authority through web portal only.
12. On receipt of such clarification, the Competent Authority shall make a decision for grant or denial of Approval on the said application within thirty (15) days of receipt of such clarification.

In case of denial either under any aforementioned points, the reasons for such denial shall be communicated by the Competent Authority to the applicant Shipyard, along with the final decision, within thirty (30) days, of final submission of application for obtaining Approval.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IA

Affidavit Format

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 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 executed a contract dated _____(insert Date of Contract) with M/s._____ (insert name and address of the Ship Owner) for construction of _____ (insert details of the Vessel like Hull No, DWT and type/category of the Vessel) (hereinafter referred to as the "Vessel").I state that the order is an export/domestic order (and has been obtained on competitive bidding/negotiated/nomination basis).

4. I state that as per the contract the following Vessel (s) have to be delivered to the Ship Owner M/s. _____ (insert name of the buyer) on the following dates, namely: -

(i) (Identification Details of Vessel 1) on _____ (contractual delivery date).

(ii) (Identification Details of Vessel 2) on _____ (contractual delivery date).

5. I state that the Shipyard shall use the following bank accounts for all financial transactions with the Ship Owner, 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).

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 construction of the subject Vessel (s) has/have not commenced prior to signing of contract dated _____ (Date of Contract as mentioned in Para 3).

7. I state that the following documents have been furnished by the Shipyard in support of its application for release of Financial Assistance under Financial Assistance Scheme of the Government of India, namely: -

☐ Notarized copy of the contract signed between the Shipyard and the Ship Owner or buyer for construction of the Vessel.
☐ Technical specifications of the Vessel to be constructed.
☐ Bank Account details of the Shipyard agreed under the contract.

8. 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 conveying Approval to the Shipyard.

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

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MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-II-1

Procedure for release of financial assistance

Stage-1 Keel laying

1.1 Within thirty (30) days from the date of keel laying of the Vessel, the Shipyard, using its unique application number, shall apply for release of first stage of Financial Assistance under the scheme on the web portal and submit electronic copies of the following documents, namely: -

- Security Instrument issued in favour of Directorate General of Shipping for an amount equal to the Financial Assistance claimed at this stage.
- Affidavit as per the format in Annexure-IIA-1.
- Certification from the Recognized Organization in the format attached at Annexure-IIB-1.
- Indemnity Bond as per the format prescribed in Annexure-IIC-1 signed by a signatory duly authorized in this regard, inter-alia stating that in case any of the documents/information furnished in the claim for Financial Assistance for the Vessel is/are found to be incorrect/false at a later stage, the Shipyard shall return the Financial Assistance obtained along with interest @ 18% per annum computed from the date of grant of such Financial Assistance till the date of repayment. Beyond Ninety (90) days, however, 18% interest compounded quarterly would be payable by the Shipyard.

2.1. Within thirty (30) days of final submission of application for Financial Assistance, the Competent Authority shall scrutinize the application and either permit or deny release of Financial Assistance to the applicant Shipyard.

2.2. Provided that in case the Competent Authority notices any deficiency in the requisite documents, it may indicate the same to the Shipyard within fifteen (15) days from the date of final submission of the application and seek clarification.

2.2.1 If any document required to be submitted along with the application within requisite timeline under the guidelines, is not submitted along with the application, then

a deficiency letter may be issued, and the applicant may be given 15 days to submit that document.

2.3. In cases where such clarifications are sought, the applicant Shipyard shall make good the deficiency and/ or provide clarification within fifteen (15) days of receipt of such communication from the Competent Authority.

2.4. On receipt of such clarification, the Competent Authority shall make a decision to either permit or decline release of Financial Assistance on the said application within thirty (30) days of receipt of such clarification.

2.5. In case the Competent Authority proposes to deny release of Financial Assistance to the applicant Shipyard, the Competent Authority shall hear the applicant Shipyard in person and after such hearing, decide to either permit or deny release of Financial Assistance to the applicant Shipyard. In case of denial, the Competent Authority shall also record reasons for such denial and communicate the same to the Shipyard.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-II-2

Procedure for release of financial assistance

Stage-2 On launching

1.1 Within thirty (30) days from the date of launching the Vessel, the Shipyard, using its unique application number, shall apply for release of second stage of Financial Assistance under the scheme on the web portal and submit electronic copies of the following documents, namely -

- Security Instrument issued in favour of Directorate General of Shipping for an amount equal to the Financial Assistance claimed at this stage.
- Affidavit as per the format in Annexure-IIA-2.
- Certification from the Recognized Organization in the format attached at Annexure-IIB-2.
- Indemnity Bond as per the format prescribed in Annexure-IIC-2 signed by a signatory duly authorized in this regard inter alia stating that in case any of the documents/information furnished in the claim for Financial Assistance for the Vessel is/are found to be incorrect/false at a later stage, the Shipyard shall return the Financial Assistance obtained along with interest @ 18% per annum computed from the date of grant of such Financial Assistance till the date of repayment. Beyond Ninety (90) days, however, 18% interest compounded quarterly would be payable by the Shipyard.

2.1. Within thirty (30) days of final submission of application for Financial Assistance, the Competent Authority shall scrutinize the application and either permit or deny release of Financial Assistance to the applicant Shipyard.

2.2. Provided that in case the Competent Authority notices any deficiency in the requisite documents, it may indicate the same to the Shipyard within fifteen (15) days from the date of final submission of the application and seek clarification.

2.2.1 If any document required to be submitted along with the application within requisite timeline under the guidelines, is not submitted along with the application, then

a deficiency letter may be issued, and the applicant may be given 15 days to submit that document.

2.3. In cases where such clarifications are sought, the applicant Shipyard shall make good the deficiency and/ or provide clarification within fifteen (15) days of receipt of such communication from the Competent Authority.

2.4. On receipt of such clarification, the Competent Authority shall make a decision to either permit or decline release of Financial Assistance on the said application within thirty (30) days of receipt of such clarification.

2.5. In case the Competent Authority proposes to deny release of Financial Assistance to the applicant Shipyard, the Competent Authority shall hear the applicant Shipyard in person and after such hearing, decide to either permit or deny release of Financial Assistance to the applicant Shipyard. In case of denial, the Competent Authority shall also record reasons for such denial and communicate the same to the Shipyard.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-II-3

Procedure for release of financial assistance

Stage-3 On delivery

1.1 Within sixty (60) days from the date of delivery of the Vessel, the Shipyard, using its unique application number, shall apply for release of Financial Assistance under the scheme on the web portal and submit electronic copies of the following documents, namely: -

- Protocol of Delivery and Acceptance of the Vessel.
- Certificate of Actual Payment received for a Vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India as per format provided in Annexure-III.
- Certificate of Actual Payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure-IIIB, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.
- Builder's Certificate.
- In case of export, proof of export of the Vessel in the form of:
  - ☐ Export Clearance Certificate issued by Customs authorities.
  - ☐ Shipping Bill
- Provisional/Final Registration Certificate for the Vessel, as the case may be.
- Affidavit as per the format in Annexure-IIA-3.
- Certification from the Recognized Organization in the format attached at Annexure-IIB-3.
- Indemnity Bond as per the format prescribed in Annexure-IIC-3 signed by a signatory duly authorized in this regard, inter alia stating that in case any of the documents/information furnished in the claim for Financial Assistance for the Vessel is/are found to be incorrect/false at a later stage, the Shipyard shall return the Financial Assistance obtained along with interest @ 18% per annum computed from the date of grant of such Financial Assistance till the date of repayment.

Beyond ninety (90) days, however, 18% interest compounded quarterly would be payable by the Shipyard.

2.1. Within twenty-one (21) days of final submission of application for Financial Assistance, the Competent Authority shall scrutinize the application and either permit or deny release of Financial Assistance to the applicant Shipyard.

2.2. Provided that in case the Competent Authority notices any deficiency in the requisite documents, it may indicate the same to the Shipyard within twenty-one (21) days from the date of final submission of the application and seek clarification.

2.2.1 If any document required to be submitted along with the application within requisite timeline under the guidelines, is not submitted along with the application, then a deficiency letter may be issued, and the applicant may be given 15 days to submit that document.

2.3. In cases where such clarifications are sought, the applicant Shipyard shall make good the deficiency and/ or provide clarification within thirty (15) days of receipt of such communication from the Competent Authority.

2.4. On receipt of such clarification, the Competent Authority shall make a decision to either permit or decline release of Financial Assistance on the said application within thirty (15) days of receipt of such clarification.

2.5. In case the Competent Authority proposes to deny release of Financial Assistance to the applicant Shipyard, the Competent Authority shall hear the applicant Shipyard in person and after such hearing, decide to either permit or deny release of Financial Assistance to the applicant Shipyard. In case of denial, the Competent Authority shall also record reasons for such denial and communicate the same to the Shipyard.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-II-4

Procedure for release of security instrument

Stage - 4 Post Delivery

1.1 Any security instruments held by DGS will be released at this stage post verification of delivery documents within thirty (30) days of delivery.

1.2 This stage will also cater to cases of contracts, wherein any payment is deferred by the buyer, or any payment is withheld as performance guarantee as per the terms stated in the Shipbuilding Contract initially submitted to Directorate General of Shipping, the Shipyard shall apply for release of any remaining Financial Assistance as well as the release of the security instruments.

1.3 In these cases DGS will recalculate the Actual Payment received by the shipyard and the Financial Assistance will also be recalculated accordingly.

1.4 In such cases, the DGS will release for the release of the remaining part of Financial Assistance, if the same is deemed eligible, to cater for the deferred payment or the performance guarantee money, which is withheld by the buyer. The financial assistance will be released subject to the following documents:

a. Certificate of Payments received for the Vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India, as per Annexure-III (copy submitted at delivery) and Annexure-IIIA.
b. Certificate of Actual Payment received by the recipient bank. The certificate should be provided as per the format provided in Annexure-IIIB, on the bank's official letterhead, and must be duly signed and stamped by an authorized official of the bank.
c. Audited balance sheet of the Shipyard for the completed financial years between the first application and the final application for the release of Financial Assistance.
d. Affidavit as per Annexure-IV.

1.5 In no case final Application for the fund release shall be made exceeding three (3) years from the end of the financial year in which the delivery of the Vessel

was made.

1.6 Timelines for processing of final application for fund release shall adhere to the same steps as described in preceding sections of these guidelines.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIA-1

Affidavit Format

(after Keel laying)

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 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 executed a contract dated _____(insert Date of Contract) with M/s._____ (insert name and address of the Ship Owner/ buyer) for construction of _____ (insert details of the Vessel like Hull No, DWT and type/category of the Vessel) (hereinafter referred to as the "Vessel").I state that the order is an export/domestic order and has been obtained on competitive bidding/negotiated/nomination basis.

4. I state that as per the contract the following Vessel (s) have been

a. keel laid on the following dates namely: -

(i) (Identification Details of Vessel 1) on _____ (keel laying date).

(ii) (Identification Details of Vessel 2) on _____ (keel laying date)

5. I state that the construction of the Vessel (s) mentioned in Para 4 above has commenced after the signing of the said contract on _____ (Date of Contract as mentioned in Para 3 above.

6. I state that the following documents have been furnished by the Shipyard in support of its application for release of Financial Assistance, namely: -

- Security Instrument issued in the favour of Directorate General of Shipping, for an amount equal to the Financial Assistance claimed at this stage.
- Affidavit as per the format in Annexure-IIA1.
- Certification from the Recognized Organization in the format attached at Annexure-IIB1.
- Indemnity Bond as per the format prescribed in Annexure-IIC signed by the Authorised signatory of the Shipyard, duly authorized in this regard, as per the format attached at Annexure-IIC1

7. The Shipyard hereby affirms and undertakes that the Security Instrument submitted in favour of the Directorate General of Shipping shall be liable for encashment, at the sole discretion of the Directorate General of Shipping, in the event of any default, non-compliance, or breach of the Shipbuilding Financial Assistance Scheme (SBFAS) guidelines by the Shipyard, and the Directorate General of Shipping shall have full authority to invoke and encash the said instrument without any demur, protest, or contest from the Shipyard.

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 release of Financial Assistance to the Shipyard.

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIA-2

Affidavit Format

(after launching)

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 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 executed a contract dated _____(insert Date of Contract) with M/s._____ (insert name and address of the Ship Owner/buyer) for construction of _____ (insert details of the Vessel like Hull No, DWT and type/category of the Vessel) (hereinafter referred to as the "Vessel").I state that the order is an export/domestic order and has been obtained on competitive bidding/negotiated/nomination basis.

4. I state that as per the contract the following Vessel (s) have been launched on the following dates namely: -

(i) (Identification Details of Vessel 1) on _____ (launching date).

(ii) (Identification Details of Vessel 2) on _____ (launching date)

5. I state that:

(a) The Major Portion of the Hull of the Vessel has been constructed and assembled in India.

(b) The assembly of the hull, installation and commissioning of the major machinery and equipment, if any, has been done in India.

(c) The construction of the Vessel (s) mentioned in Para 4 above has commenced after the signing of the said contract on _____ (Date of Contract as mentioned in Para 3 above.

6. I state that the following documents have been furnished by the Shipyard in support of its application for release of Financial Assistance, namely: -

- Security Instrument issued in the favor of Directorate General of Shipping by a financial institution, for an amount equal to the Financial Assistance claimed at this stage.
- Affidavit as per the format in Annexure-IIA1.
- Certification from the Recognized Organization in the format attached at Annexure-IIB1.
- Indemnity Bond as per the format prescribed in Annexure-IIC signed by the authorised signatory of the Shipyard, duly authorized in this regard, as per the format attached at Annexure-IIC1

7. The Shipyard hereby affirms and undertakes that the Security Instrument submitted in favour of the Directorate General of Shipping shall be liable for encashment, at the sole discretion of the Directorate General of Shipping, in the event of any default, non-compliance, or breach of the Shipbuilding Financial Assistance Scheme (SBFAS) guidelines by the Shipyard, and the Directorate General of Shipping shall have full authority to invoke and encash the said Security Instrument without any demur, protest, or contest from the Shipyard.

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 release of Financial Assistance to the Shipyard.

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIA-3

Affidavit Format

(on delivery)

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 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 executed a contract dated _____(insert Date of Contract) with M/s._____ (insert name and address of the Ship Owner/buyer) for construction of _____ (insert details of the Vessel like Hull No, DWT and type/category of the Vessel) (hereinafter referred to as the "Vessel").I state that the order is an export/domestic order and has been obtained on competitive bidding/negotiated/nomination basis.

4. I state that as per the contract the following Vessel (s) have been delivered to the Ship Owner M/s. _____ (insert name of the buyer) on the following dates, namely: -

(i) (Identification Details of Vessel 1) on _____ (actual delivery date).

(ii) (Identification Details of Vessel 2) on _____ (actual delivery date).

5. I state that the Shipyard has obtained the foreign currency in the following Bank Accounts for all financial transactions with the buyer/Ship Owner, 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).

6. I state that:

(a) The Major Portion of the Hull of the Vessel has been constructed and assembled in India.

(b) The assembly of the hull, installation and commissioning of the major machinery and equipment has been done in India. The tests/trials of the complete Vessel have been done at _____ based on the owner's requirements/Contract.

(c) The construction of the Vessel (s) mentioned in Para 4 above has commenced after the signing of the said contract on _____ (Date of Contract as mentioned in Para 3 above.

7. I state that the following documents have been furnished by the Shipyard in support of its application for release of Financial Assistance, namely: -

- ☐ Protocol of Delivery and Acceptance of the Vessel.
- ☐ Certificate of Actual Payment received for a Vessel duly certified by a Chartered Account registered with Institute of Chartered Accountants of India.
- ☐ Builder's Certificate.
- ☐ In case of export, Proof of export of the Vessel in the form of:
  - ☐ Export Clearance Certificate issued by Customs authorities.
  - ☐ Shipping Bill
- ☐ Provisional/Final Registration Certificate of the Vessel, as the case may be.
- ☐ Affidavit as per the format in Annexure-IIA.
- ☐ Certification from the Recognized Organization in the format attached at Annexure-IIB.
- ☐ Indemnity Bond signed by the Authorised signatory, duly authorized in this regard, as per the format attached at Annexure-IIC.

8. 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 release of Financial Assistance to the Shipyard.

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIB-1

Inspection certificate after keel laying

(Letter Head of the Recognized Organization)

To,

[The Competent Authority]

Subject: Inspection Certificate for Vessel no. _____ after keel laying

This is to certify that:

(a) The above Vessel has been inspected by the surveyors of the Recognized Organization to verify that the said Vessel has been built in accordance with technical specification as per the initial contract dated _____ and found to be conforming to the contractual specification as on the date of launching, as mentioned below.

(b) It is also certified that the construction of the Vessel has commenced on _____.

(c) It is also certified that the Vessel has been keel laid on _____.

(d) Deviations from the contract specifications are as listed below

(i)_____

(ii) _____

Yours sincerely,

(Name of the authorized signatory)

Enclosures: As above.

Copy to: _____ (insert name of the Shipyard)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIB-2

Inspection certificate after launching

(Letter Head of the Recognized Organization)

To,

[The Competent Authority]

Subject: Inspection Certificate for Vessel no. _____ after launching

This is to certify that:

(a) The above Vessel has been inspected by the surveyors of the recognized organization to verify that the said Vessel has been built in accordance with technical specification as per the initial contract dated _____ and found to be conforming to the contractual specification as on the date of launching, as mentioned below.

(b) It is also certified that the construction of the Vessel has commenced on _____.

(c) It is also certified that the Vessel has been launched on _____.

(d) It is further certified that the Major Portion of the Hull of the Vessel at the date of launching has been constructed and assembled in India.

(e) Deviations from the contract specifications are as listed below

(i)_____

(ii) _____

Yours sincerely,

(Name of the authorized signatory)

Enclosures: As above.

Copy to: _____ (insert name of the Shipyard)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE–IIB-3

Inspection certificate after delivery

(Letter Head of the Recognized Organization)

To,

[The Competent Authority]

Subject: Inspection Certificate for Vessel no. _____, on delivery

This is to certify that:

(a) The above Vessel has been inspected by the surveyors of the recognized organization to verify that the said Vessel has been built in accordance with technical specification as per the initial contract dated _____ and found to be conforming to the contractual specification.

(b) It is also certified that the construction of the Vessel has commenced on _____.

(c) It is further certified that the Major Portion of the Hull of the Vessel has been constructed and assembled in India. The assembly of the hull, installation and commissioning of the major machinery and equipment has been done in India. The tests/trials of the complete Vessel have been done at _____ based on the owner's requirements/ contract.

(d) It is certified that the Vessel has been delivered on _____.

(d) Main particulars of the ship, report of survey (Annexure-IIB-4), deviations from the specifications (Annexure-IIB-5) and survey findings for previous stages are placed at Annexure-IIB-1 and Annexure-IIB-2.

Yours sincerely,

(Name of the authorized signatory)

Enclosures: As above.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

Copy to: _____ (insert name of the Shipyard)

MAIN PARTICULARS

Owner : _____

IMO No. : _____

Name of Shipyard : _____

Yard No. : _____

Contract Ref. : _____

Gross Tonnage : _____

Type of Vessel : _____

Main Dimensions: -

Length over all : _____ m

Breadth moulded : _____ m

Depth : _____ m

Class Notation: _____

Descriptive Note: _____

Issued on: _____

Issued at: _____

Yours sincerely,

(Name of the authorized signatory)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIB-4

Report of survey

Upon the request from shipbuilder M/s._____, India, the undersigned surveyor carried out survey of their_____ Vessel _____(Yard No. _____) to verify that the Vessel, as built, conforms to the contract specification, during the period _____ date_____, at the Shipyard's premises at (_____ location_____).

The following have been observed/ verified as part of the above survey:

(a)_____

(b)_____

(c)_____

(d)_____

(e)_____

(f)_____

(g)_____

Sd/-

(Name of the authorized signatory)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIB-5

Deviations from the contract specification

_____

_____

_____

_____

Sd/-

(Name of the authorized signatory)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIC-1

Format of the indemnity bond

INDEMNITY BOND (AFTER KEEL LAYING)

1. THIS INDEMNITY BOND executed at _____ on this _____ day of _____year, by _____. (insert name of the Shipyard), through its, _____ (insert name of Authorized signatory), son/daughter of _____ (insert father's name) of_____(insert name and address of the Shipyard) (hereinafter called "the Shipyard")

IN FAVOUR OF

Government of India represented through Ministry of Ports, Shipping and Waterways, Transport Bhavan, New Delhi- 110 001 (hereinafter called the "Government").

WHEREAS_____(insert name of Shipyard)("Shipyard") had executed a Contract with M/s. _____ (insert full name and address of the buyer) vide agreement dated _____ for construction of _____(insert details of the Vessel like Hull No, DWT and type/category of the Vessel).The order had been obtained on competitive bidding/negotiation/nomination basis.

AND WHEREAS the Shipyard has applied to the Ministry for release of Financial Assistance in respect of the Vessel and obtained the Approval on _____.

AND WHEREAS on the basis of the documents furnished, the Shipyard is eligible for _____% Financial Assistance in respect of the Vessel on the following terms and conditions:

(a) The documents furnished by the Shipyard are true copies of their originals and are genuine.

(b) The Vessel for which Financial Assistance is being claimed by the Shipyard has been built in accordance with the technical specification reflected in the initial contract document and there has been no major variation in the same.

(c) The construction of the said Vessel (s) has commenced after the date of signing of contract.

(d) The Shipyard shall furnish any other further/additional documents that may be required by the Government for release of Financial Assistance to the Shipyard.

(e) The amount of Financial Assistance that may be received by the Shipyard is not full and final settlement at the keel laying stage. Shipyard shall submit separate application for full and final settlement after the delivery of the Vessel in accordance with these (SBFAS) guidelines.

(f) The Shipyard hereby affirms and undertakes that the Security Instrument submitted in favour of the Directorate General of Shipping shall be liable for encashment, at the sole discretion of the Directorate General of Shipping, in the event of any default, non-compliance, or breach of the Shipbuilding Financial Assistance Scheme (SBFAS) guidelines by the Shipyard, and the Directorate General of Shipping shall have full authority to invoke and encash the said Security Instrument without any demur, protest, or contest from the Shipyard.

NOW, THEREFORE, THESE PRESENT WITNESSETH:

That in pursuance of conditions hereinbefore mentioned, which the Shipyard has accepted without any condition or reservation, the Shipyard hereby agrees to indemnify and keep harmless the Government against all damages, losses, claims, costs, etc. which the Government may have to suffer, undergo, incur as a result of any misrepresentation of any information to the Government for release of Financial Assistance to the Shipyard for the Vessel.

Further, the Financial Assistance received by the Shipyard would be returned with interest @18 percent per annum, from the date of grant of Financial Assistance, if

any information/document furnished by the Shipyard for claiming such assistance is found to be incorrect.

(Name of the authorized signatory)

Witnesses:

1. …….(Name and sign)
2. …….(Name and sign)

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIC2

Format of the indemnity bond

INDEMNITY BOND (AFTER LAUNCHING)

1. THIS INDEMNITY BOND executed at _____ on this _____ day of _____year, by _____. (insert name of the Shipyard), through its, _____ (insert name of Authorized signatory), son/daughter of _____ (insert father's name) of_____(insert name and address of the Shipyard) (hereinafter called "the Shipyard")

IN FAVOUR OF

Government of India represented through Ministry of Ports, Shipping and Waterways, Transport Bhavan, New Delhi- 110 001 (hereinafter called the "Government").

WHEREAS_____(insert name of Shipyard)("Shipyard") had executed a Contract with M/s. _____ (insert full name and address of the buyer) vide agreement dated _____ for construction of _____(insert details of the Vessel like Hull No, DWT and type/category of the Vessel).The order had been obtained on competitive bidding/negotiation/nomination basis.

AND WHEREAS the Shipyard has applied to the Ministry for release of Financial Assistance in respect of the Vessel and obtained the Approval on _____.

AND WHEREAS on the basis of the documents furnished, the Shipyard is eligible for _____%Financial Assistance in respect of the Vessel on the following terms and conditions:

(g) The documents furnished by the Shipyard are true copies of their originals and are genuine.

(h) The Vessel for which Financial Assistance is being claimed by the Shipyard has been built in accordance with the technical specification reflected in the initial contract document and there has been no major variation in the same.

(i) The Major Portion of the Hull of the Vessel at launching stage for which Financial Assistance is claimed has been constructed and assembled in India. The assembly of the hull, and the installation and commissioning of the major machinery and equipment, if any of the Vessel has been done in India.

(j) The construction of the said Vessel (s) has commenced after the date of signing of contract.

(k) The Shipyard shall furnish any other further/additional documents that may be required by the Government for release of Financial Assistance to the Shipyard.

(l) The amount of Financial Assistance that may be received by the Shipyard is not full and final settlement at the launching stage. Shipyard shall submit separate application for full and final settlement after the delivery of the Vessel in accordance with these SBFAS guidelines.

(m) The Shipyard hereby affirms and undertakes that the Security Instrument submitted in favor of the Directorate General of Shipping shall be liable for encashment, at the sole discretion of the Directorate General of Shipping, in the event of any default, non-compliance, or breach of the Shipbuilding Financial Assistance Scheme (SBFAS) guidelines by the Shipyard, and the Directorate General of Shipping shall have full authority to invoke and encash the said Security Instrument without any demur, protest, or contest from the Shipyard.

NOW, THEREFORE, THESE PRESENTWITNESSETH:

That in pursuance of conditions hereinbefore mentioned, which the Shipyard has accepted without any condition or reservation, the Shipyard hereby agrees to indemnify and keep harmless the Government against all damages, losses, claims, costs, etc. which the Government may have to suffer, undergo, incur as a result of any misrepresentation of any information to the Government for release of Financial Assistance to the Shipyard for the Vessel.

Further, the Financial Assistance received by the Shipyard would be returned with interest@18 percent per annum, from the date of grant of Financial Assistance, if any information/document furnished by the Shipyard for claiming such assistance is found to be incorrect.

(Name of the authorized signatory)

Witnesses:

1. ……..(Name and sign)
2. ……..(Name and sign)

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.

ANNEXURE-IIC3

Format of the indemnity bond (on delivery)

INDEMNITY BOND

1. THIS INDEMNITY BOND executed at _____ on this _____ day of _____year, by _____. (insert name of the Shipyard), through its, _____ (insert name of Authorized signatory), son/daughter of _____ (insert father's name) of_____(insert name and address of the Shipyard) (hereinafter called "the Shipyard")

IN FAVOUR OF the Government of India represented through Ministry of Ports, Shipping and Waterways, Transport Bhavan, New Delhi- 110 001 (hereinafter called the "Government").

WHEREAS_____(insert name of Shipyard)("Shipyard") had executed a Contract with M/s. _____ (insert full name and address of the buyer) vide agreement dated _____ for construction of _____(insert details of the Vessel like Hull No, DWT and type/category of the Vessel).The order had been obtained on competitive bidding/negotiation/nomination basis.

AND WHEREAS the Vessel was due for delivery on _____ as per paragraph_____ of the contract and has been delivered to the Ship Owner i.e. M/s. _____ (insert name of the Buyer) on _____vide Protocol of Delivery and Acceptance dated _____.

AND WHEREAS the Shipyard has applied to the Ministry for release of Financial Assistance in respect of the Vessel and obtained the Approval on _____.

AND WHEREAS on the basis of the documents furnished, the Shipyard is eligible for _____%Financial Assistance in respect of the Vessel on the following terms and conditions:

a. The documents furnished by the Shipyard are true copies of their originals and are genuine.
b. The Vessel for which Financial Assistance is being claimed by the Shipyard has been built in accordance with the technical specification reflected in the initial contract document and there has been no major variation in the same.
c. The Major Portion of the Hull of the Vessel for which Financial Assistance is claimed has been constructed and assembled in India. The assembly of the hull, installation and commissioning of the major machinery and equipment of the Vessel has been done in India. The test/trials have been done in India/outside India, in terms of the Contract/owner requirements.
d. The construction of the said Vessel (s) has commenced after the date of signing of contract.
e. The Shipyard shall furnish any other further/additional documents that may be required by the Government for release of Financial Assistance to the Shipyard.
f. The amount of Financial Assistance that may be received by the Shipyard shall be the full and final settlement of the claim of the Shipyard towards Financial Assistance and the Shipyard shall have no further claim from the Government in this regard.
g. The Shipyard shall accept the Financial Assistance as assessed by the Government as full and final settlement of their claim.

NOW, THEREFORE, THESE PRESENT WITNESSETH:

That in pursuance of conditions hereinbefore mentioned, which the Shipyard has accepted without any condition or reservation, the Shipyard hereby agrees to indemnify and keep harmless the Government against all damages, losses, claims, costs, etc. which the Government may have to suffer, undergo, incur as a result of

any misrepresentation of any information to the Government for release of Financial Assistance to the Shipyard for the Vessel.

Further, the Financial Assistance received by the Shipyard would be returned with interest@18 percent per annum, from the date of grant of Financial Assistance, if any information/document furnished by the Shipyard for claiming such assistance is found to be incorrect.

(Name of the authorized signatory)

Witnesses:

1. ……(Name and sign)
2. ……(Name and sign)

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIC-4

Format of the Indemnity Bond [for credit note redemption]

INDEMNITY BOND

1. THIS INDEMNITY BOND executed at _____ on this _____ day of _____year, by _____. (insert name of the Shipyard), through its, _____ (insert name of Authorized signatory), son/daughter of _____ (insert father's name) of_____(insert name and address of the Shipyard) (hereinafter called "the Shipyard")

IN FAVOUR OF

Government of India represented through Ministry of Ports, Shipping and Waterways, Transport Bhavan, 1, Transport Bhavan, New Delhi- 110 001 (hereinafter called the "Government").

WHEREAS_____(insert name of Shipyard)("Shipyard") had executed a Contract with M/s. _____ (insert full name and address of the buyer) vide agreement dated_____for construction of _____(insert details of the Vessel like Hull No, DWT and type/category of the Vessel).The order had been obtained on competitive bidding/negotiation/nomination basis.

AND WHEREAS the Vessel was due for delivery on _____ as per paragraph_____ of the contract and has been launched on _____.

AND WHEREAS on the basis of the documents furnished, the Shipyard is eligible for ship Recycling Credit Note in respect of the Vessel on the following terms and conditions:

(a) The documents furnished by the Shipyard are true copies of their originals and are genuine.

(b) The Vessel for which Ship Recycling Credit Note is being claimed by the Shipyard has been built in accordance with the technical specification reflected in the initial contract document and there has been no major variation in the same.

(c) The Major Portion of the Hull of the Vessel for which Financial Assistance is claimed has been constructed and assembled in India. The assembly of the hull, installation and commissioning of the major machinery and equipment of the Vessel has been done in India. The test/trials have been done in India/outside India, in terms of the Contract/owner requirements.

(d) The construction of the said Vessel (s) has commenced after the date of signing of contract.

(e) The Shipyard shall furnish any other further/additional documents that may be required by the Government for release of value of Ship Recycling Credit Note to the Shipyard.

(f) The Shipyard shall accept the value of Ship Recycling Credit Note as assessed by the Government as full and final settlement of their claim.

NOW, THEREFORE, THESE PRESENT WITNESSETH:

That in pursuance of conditions hereinbefore mentioned, which the Shipyard has accepted without any condition or reservation, the Shipyard hereby agrees to indemnify and keep harmless the Government against all damages, losses, claims, costs, etc. which the Government may have to suffer, undergo, incur as a result of any misrepresentation of any information to the Government for release of Financial Assistance to the Shipyard for the Vessel. Further, the Financial Assistance received by the Shipyard would be returned with interest@18 percent per annum, from the date of grant of Financial Assistance, if any information/document furnished by the Shipyard for claiming such assistance is found to be incorrect.

(Name of the authorized signatory)

Witnesses:

1. …….(Name and sign)
2. …….(Name and sign)

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.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-III

[Format for letter of chartered account on the letter head of the practising chartered accountant] (Delivery)

This is to certify that _____ (Name of Shipyard) (hereinafter referred to as the "awardee") was awarded a Contract for construction of _____ for the owner, M/s. _____ (Name and address of the Ship Owner/broker/charterer). This Certificate is issued to _____ (Name of the Shipyard) for them to claim the Financial Assistance from the Government of India under the Shipbuilding Financial Assistance Scheme of the Government of India, which is promulgated as per GOI order no. _____ dated _____.

Signature

Name

Address

Dated…… Member In Practice

Place…….. SEAL

The breakup details of the balance payment received by the Shipyard, subsequent to the date of issuance of initial certificate by the Chartered accountant, is as follows.

S.No.	Invoice No.& date	Date of receipt of payment	Total Amount Received (INR)	Break-up of amount received (INR)	
				Principal component	Tax component

1					
2					
3					
4					
…					
Total					

Signature

Name

Address

Dated……

Place……..

Member In Practice

SEAL

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IIIA

[Format for letter of chartered account on the letter head of the practising chartered accountant] (Post-delivery)

This is to certify that_____(Name of Shipyard) (hereinafter referred to as the "awardee") was awarded a Contract for construction of_____for the owner, M/s. _____(Name and address of the Ship Owner/broker/charterer).

With regard to the request for the release of Financial Assistance under the scheme, the Shipyard has earlier submitted an affidavit vide _____ dated_____ towards the first claim, a copy of which is attached with this certificate

The undersigned has carried out a financial audit on …….in order to ascertain the subsequent payments received by the Shipyard from the buyer as stated in the contract. It is noted that the owner has deducted an amount of Rs_____ (amount in INR calculated based on the exchange rate prevailing on the date of effecting payment by the Ship Owner/broker /charterer) as Liquidated Damage towards the non-performance of Vessel/ non fulfilment of performance guarantee as per the term of the original contract. The balance net price received by the yard against the deferred payment /performance guarantee money is INR _____ (In Indian Rupees) against the balance receivable amount of_____ (amount in INR).

This Certificate is issued to (Name of the Shipyard), in order to make the final claim of the Financial Assistance from the Government of India, under the Shipbuilding Financial Assistance Scheme of the Government of India.

Signature Name

Address

Dated…… Member In Practice

Place…….. SEAL

The breakup details of the balance payment received by the Shipyard, subsequent to the date of issuance of initial certificate by the Chartered accountant (copy submitted at time of delivery), is as follows.

S.No.	Invoice No.& date	Date of receipt of payment	Total Amount Received (INR)	Break-up of amount received (INR)	
				Principal component	Tax component
1					
2					
3					
4					
…					
Total					

Signature

Name

Address

Dated……

Member In Practice

Place…….. SEAL

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE–IIIB

Certificate of actual payment received

Letter head of the Bank

We, (name of the bank, branch) certify that an amount of INR/Currency (As applicable) (_____) is credited into the (name of the bank, branch) in account bearing no. _____ of M/s _ (name of the Shipyard) having their registered office at (_____). This amount has been received towards payment as per contract number _____ dated _____ for the construction of _____ Vessel (yard no. __) between M/s. _____ and M/s _____

The details of payment are shown below.

S. No.	Date of Payment Received	Amount Received	Payer Details		Transaction ID / Reference Number
			Account Name	Account Number	

Dated……

Place……..

Signature

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ANNEXURE-IV

Affidavit Format (Post Delivery)

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 asunder:

1. That I am the _____ (Rank / Position) of _____ (insert name of Shipyard) and am competent to swear this affidavit.

2. I state that as per the contract the following Vessel (s) has / have been delivered to the Ship Owner M/s. ____ (insert name of the buyer) on the following dates, namely: _____

(i) (Identification Details of Vessel1) on _____ (actual delivery date).

(ii) (Identification Details of Vessel2) on _____ (actual delivery date).

3. I state that the Shipyard has obtained the foreign currency in the following Bank Accounts for all financial transactions with the buyer/Ship Owner, 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).

I state that:

(a) The Vessel/s was delivered on (*dd/mm/yyyy*) at (*place*).

(b) The Shipyard has already received / applied for (strike out which is not applicable) Financial Assistance (*amount in INR*) under "Shipbuilding Financial Assistance Policy" upon processing of the first application for the release of Financial Assistance on (dd/mm/yyyy, Date of sanction of release of Financial Assistance under first application).

(c) The Shipyard has received the "retention money/performance guarantee money/deferred payment" for the remaining amount (……*in INR*) on date (*dd/mm/yyyy*) from owner/buyer, after deduction of amount (……../ *or 'nil' as the case may be*) from the contract price.

(d) The cost for any additional work other than the term of the contract is not included in the above amount.

1. I state that the following documents have been furnished by the Shipyard in support of its application for release of Financial Assistance, namely: -

- Certificate of Payments received for the Vessel, duly certified by a Chartered Accountant registered with Institute of Chartered Accountants of India". (Annexure-IIIA)

- "Audited Balance Sheet" of the Shipyard for the complete financial year between the first application for part release of Financial Assistance and the final application for the remaining amount of Financial Assistance.

2. 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 release of Financial Assistance to the Shipyard.

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 there from.

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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(Modified as on 28.10.2026)

ANNEXURE-V

Format for Chartered Accountant's Certificate

(CA certificate verifying Actual Payments and Domestic Content Value)

[On CA's Letterhead with Membership Number & Firm Registration Number]

Date: _____

To whomsoever it may concern,

Subject: Certificate of Domestic Content – Vessel "<Vessel Name, Yard Number >" built by <Shipyard Company>

I/We, the statutory auditor/chartered accountant of **<Shipyard Company Name>**, with ICAI Membership No. _____, do hereby certify that:

Domestic Content Value Calculation:

I have reviewed the cost records/books of account of the Company for the subject Vessel project.

- Domestic Content Value: Cost of materials, manpower, services, overheads, Machineries /equipment's etc. **manufactured or sourced in India** (excluding taxes and duties)

The above is based on the project cost sheet/books of accounts provided by the Company, listing major expenditures and origin.

1. **True and Fair View:**

I certify that the above information is true and correct as per the books and records of the Company and that I have exercised due diligence in verifying the same. This certificate is issued for submission to the Ministry of Ports, Shipping and Waterways

for the purpose of claiming Financial Assistance under SBFAS and should not be used for any other purpose or by any other entity.

Place: _____

Date: _____

(Signature and Seal of Chartered Accountant)

Name: _____

Membership No.: _____

Firm Name: _____ & FRN: _____

Enclosures: Project cost indigeneity statement, valuation summary (if any), exchange rate proof.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

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ANNEXURE-VI

Application for ship Recycling credit note

Application for Ship Recycling Credit Note under SBFAS

To,

Directorate General of Shipping

Mumbai

Subject: Issue of Ship Recycling Credit Note for scrapping of Vessel "<IMO No> < Last name of the Vessel >"

Dear Sir/Madam,

I/We, **<Owner Name/Company>**, hereby apply for issuance of a Ship Recycling Credit Note as per the provisions of the Shipbuilding Financial Assistance Scheme. The necessary details are as under:

1. **Details of Applicant as per Registration certificate while ship recycling (Ship Owner):**
    - Name of Vessel Owner/Company: _____
    - IMO No. Of the Vessel: _____
    - Full Address of Registered Office: _____
    - Contact Person: _____ Designation: _____
    - Contact Number: _____ Email: _____
    - Company PAN / GSTIN: _____
2. **Details of Scrapped Vessel:**
    - Name of Vessel (at time of scrapping): _____

- Type of Vessel: _____ (e.g., Bulk Carrier/Tanker/Offshore Supply Vessel/etc.)
- IMO Number (if applicable): _____
- Date of new built: _____
- Reason for scrapping: _____
- Flag at time of scrapping: _____
- Gross Tonnage: _____
- Lightweight (LDT) of Vessel: _____ tonnes

3. **Details of Ship Recycling Yard:**
    - Name of Yard/Facility: _____
    - Yard Address & Location (State): _____
    - Contact Person: _____ Designation: _____
    - Contact Number: _____ Email: _____
    - Yard's HKC Compliance: ☐ Yes – Class NK/RINA/etc Cert No.___ (Copy to attach)

(Attach copy of yard's accreditation or permission if available.)

4. **Scrapping Timeline:**
    - Date of Beaching/Arrival at yard: _____
    - Date of Completion of Scrapping: _____
    - Certificate of Destruction/Recycle Completion No. _____ & Date: _____ (attach copy)
5. **Scrap Sale Details:**
    - Name of Buyer (Recycler who purchased the ship for scrap): _____
    - Total Sale Price for Vessel Scrap: _____ (in INR)
    - Method of Sale: ☐ Direct Sale ☐ Auction ☐ Brokered sale

- Date of Sale Agreement: _____
- Breakup (if any): e.g., INR ____ per LDT * ____ LDT = INR ____
- (Attach copy of Sale Agreement/Bill of Sale and proof of payment received)

Fair Scrap Value: Based on the above, the Fair Scrap Value of the ship is INR _____. (This figure will be used for Ship Recycling Credit Note value calculation at 40%.)

6. **Ship Recycling Credit Note Requested:**
    - 40% of Fair Scrap Value = INR _____ (Rupees _____).

      We request issuance of a Ship Recycling Credit Note for this amount.
7. **Intended Use of Ship Recycling Credit Note (Newbuild Order):**
    - We intend to utilize this Ship Recycling Credit Note towards the construction of a new Vessel in India.
    - Tentative details (if planned): Type of new Vessel: _____; approximate size: _____; expected year of order: ____ (if already decided or under negotiation, mention Shipyard name and project if possible).
    - We have not yet decided on the newbuilding project but commit to doing so within the validity period of the Ship Recycling Credit Note.
8. **Declarations:**
    - The Vessel was owned/operated by us (☐ Indian company / ☐ foreign company) and we chose to recycle her in India in furtherance of Govt's Recycling policy.
    - We confirm that the Vessel's scrapping complied with all required regulations under the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 (HKC).

- We understand that the Ship Recycling Credit Note is not a cash entitlement but can be redeemed against a future new ship order in India within the stipulated time. We further understand it will lapse if not used within validity.
- We agree to abide by the terms for redemption of the Ship ecycling Credit Note.
- We indemnify the Government against any misuse of the Ship Recycling Credit Note. If we fail to utilize it in time, we will not claim any compensation. If any conditions are attached to its use, we will comply.

9. **Supporting Documents:**

   a) Proof of permission for ship recycling granted by the respective State Maritime Board/ State Government on or after 24th September 2025.

   b) Copy of Vessel Recycling Completion Certificate issued by respective State Maritime Board/ State Government.

Thank you.

Yours faithfully,

(Signature)
Name: _____
Designation: _____
For <Owner Company> (with seal)

Place: _____
Date: _____

Enclosures: Copy of all documents mentioned in this annexure

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-VII

Request for redemption of ship Recycling credit note (assignment to newbuild contract)

Application for Redemption/Assignment of Ship Recycling Credit Note

To,

The Directorate General of Shipping

<Address>

Subject: Redemption of Ship Recycling Credit Note No. ____ against new ship order at <Shipyard Name>

Dear Sir/Madam,

I/We, **< Shipyard name>**, the holder of Ship Recycling Credit Note No. ___ dated __, issued for INR_____, hereby apply to redeem/assign the said Ship Recycling Credit Note towards a new Shipbuilding Contract as per details below:

1. **Ship Recycling Credit Note Details:**
    - Ship Recycling Credit Note Number: _____
    - Date of Issue: _____
    - Ship Recycling Credit Note Value: INR _____
    - Issued initially in favour of : _____
    - Validity (for order signing) until: _____ (as per note)
2. **Scrapped Vessel Reference:** (for verification)
    - Name of scrapped Vessel credit pertains to: _____
    - Recycling completion date: _____ (as per earlier application)
3. **New Shipbuilding Contract Details:**
    - Shipyard with whom contract signed: **<Shipyard Company Name>**
    - Shipyard Address: _____

- Vessel to be constructed: **<Description of new Vessel>**
- New Vessel Contract Price:
- New vessel Fair Price:
- Date of Signing of Shipbuilding Contract: _____
- Contract Delivery Date (scheduled): _____
- We request to redeem an amount of INR _____ on account of redemption of ship Recycling credit note for the New Vessel.

4. **Assignment/Consent by Owner:**

   We attach herewith a letter from **<Owner Name>** (or co-signature below) confirming that INR _____ will be paid by the Government of India under the Ship Recycling Credit Note upon Vessel delivery. The Shipyard will claim this INR _____ from MoPSW at the time of delivery.

5. **Undertakings:**

   - We undertake not to transfer or use the Ship Recycling Credit Note for any other contract now that it is assigned to this Vessel. If this newbuilding contract is cancelled or fails, we will immediately inform the competent authority; we understand the Ship Recycling Credit Note may thereafter lapse if not assigned to another New Vessel within its validity period.
   - We also undertake to abide by the procedure for claiming the Ship Recycling Credit Note amount at Vessel launch or later and to furnish necessary documents (delivery proof etc.) to Competent authority.

6. **Request:**

   In view of the above, we request the competent authority to officially acknowledge the tagging of Ship Recycling Credit Note No.___ (INR***) to the newbuilding contract with us. We seek confirmation that upon successful launching of the Vessel (expected <month, year>) or later, an amount of INR*** will be paid by the Government to us against this Ship Recycling Credit Note. This will enable the Shipyard to proceed accordingly.

a) **Enclosures:**

a) Copy of Shipbuilding Contract (or key excerpts showing price and payment terms).

b) Letter from owner consenting to Ship Recycling Credit Note arrangement (if not co-signed).

c) Copy of Ship Recycling Credit Note Certificate issued.

d) Security Instrument of equal value of credit note (to be released at time of Vessel delivery)

e) Indemnity bond: As per the format provided in Annexure-IIC-4

Thank you for your consideration. We look forward to your confirmation of this Ship Recycling Credit Note redemption arrangement.

Sincerely,

For **<Shipyard Company>**: For **<Owner company>**

(Signature & Seal) (Signature & Seal)

Name: _____ Name: _____

Designation: _____ Designation: _____

Date: _____ Date: _____

Place: _____

(If the Owner sends a separate letter, their co-signature here is optional but recommended for clear tripartite understanding.)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-VIII

Framework for Approval of agencies as Valuers

1. Purpose

To lay down the policy, eligibility norms, evaluation process, and monitoring mechanism for granting Government Approval to private agencies for carrying out valuation of newbuilding ships, in order to ensure fair, transparent, and technically sound cost assessments.

2. Scope

This framework shall apply to all cases where a private agency is proposed to be approved for valuing the cost of ships under construction, for any category of Vessel including but not limited to tankers, bulk carriers, container ships, passenger Vessels, offshore units, and specialized Vessels.

3. Eligibility Criteria

3.1 Legal & Organisational

- Registered legal entity (Company/LLP/Proprietorship) with valid Certificate of Incorporation.

- Possession of statutory registrations (PAN, GST, etc.).

- Positive net worth for the last three financial years.

- Not blacklisted or debarred by any Government or public body.

3.2 Technical & Professional

- Minimum 5 years of demonstrable experience in ship cost estimation or valuation.

- Successfully completed valuations for at least 50 Vessels of different types and tonnages in the last 5 years; but at least 10 Vessels in last year.

- Employment of qualified Naval Architects, Marine Engineers, and cost estimation professionals.

- Access to recognised ship design and cost modelling tools.

- Membership in recognised maritime professional bodies (e.g., RINA, IMarEST, NI).

3.3 Integrity & Compliance

- Declaration of absence of conflict of interest with Shipyards under evaluation.

- Documented Quality Assurance and Confidentiality policies.

- Compliance with International Valuation Standards and maritime industry norms.

3.4 Infrastructure & Capacity

- Adequate office and communication infrastructure in India (or a liaison office).

- Ability to conduct physical inspections at Shipyards.

- Sufficient manpower for parallel project handling.

4. Evaluation Process

1. Document Verification – Initial scrutiny of submitted documents.

2. Technical Presentation – Agency to demonstrate methodology, case studies, and capabilities.

3. Reference Checks – Validation from past clients and industry sources.

4. Trial Valuation (if required) – Assign a sample valuation for quality assessment.

5. Committee Recommendation – Evaluation Committee to submit findings for Approval.

6. Approval Order – Empanelment for a fixed 3-years term, subject to periodic review.

5. Post-Approval Monitoring

- Annual review of performance.

- Random audits of valuation reports.

- Renewal based on continued compliance and satisfactory performance.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

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Checklist for Evaluation Committee

Sl. No.	Criteria	Supporting Document	Yes/No	Remarks
A. Legal & Organisational				
1	Certificate of Incorporation / Registration	Copy of certificate		
2	Statutory registrations (PAN, GST)	Copies of documents		
3	Audited financial statements (last 3 years)	Audit reports		
4	Declaration of no blacklisting	Self-certified declaration		
B. Technical & Professional				
5	Years of experience in ship valuation	Company profile		
6	Track record – list of ships valued (type, size, year)	Project list		
7	Qualifications of key personnel	CVs, certificates		

8	Use of approved design/costing software	Tool list & licences		
9	Professional memberships	Membership proof		
C. Integrity & Compliance				
10	Conflict of interest declaration	Self-declaration		
11	Quality Assurance & Confidentiality policy	Policy documents		
12	Compliance with international valuation standards	Methodology note		
D. Infrastructure & Capacity				
13	Office premises in India	Address proof		
14	Inspection/survey capability	List of surveyors/equipment		
15	Manpower strength	HR list		

E. Evaluation Process				
16	Technical presentation given	Minutes of presentation		
17	Reference checks completed	Feedback records		
18	Trial valuation report (if applicable)	Report copy		
19	Committee recommendation	Evaluation note		

If the above is satisfactory, the firm may be recommended for inclusion in the approved list of evaluators for ships new-building and recycling activities.

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-IX

Format for Certification by Ministry of Defence – Directorate of Defence Production (MoD-DDP) of the Project under SBFAS

Ministry of Defence/ Govt of India

It is certified that the Fair Price/ contract price whichever is lesser for consideration under SBFAS for the ___(Project No) and project details) _____being executed by ____(Shipyard Name)_____ as per contract no _____ (Relevant Extracts Enclosed) is INR _____.

1. The value recommended above does not include any cost of Weapons, Weapon systems and Weapon Sensors fitted onboard and their spares.

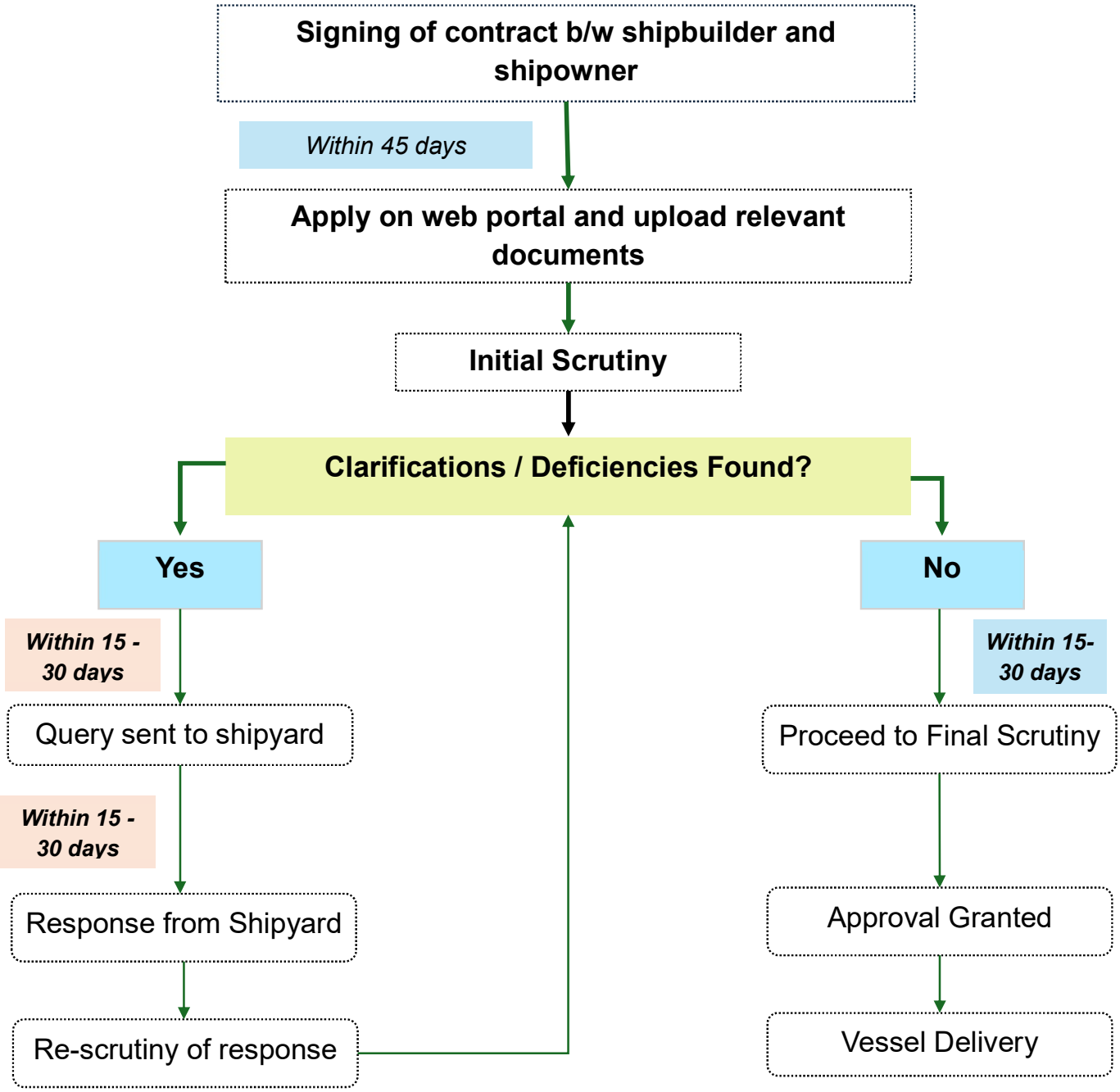
2. The Project has the Approval of MoD-DDP.

Date:

DETAILS OF EXPORTED WARSHIPS (Authorized Signatory)

MODIFIED GUIDELINES FOR IMPLEMENTATION OF SHIPBUILDING FINANCIAL ASSISTANCE SCHEME (SBFAS)

(Modified as on 28.10.2026)

ANNEXURE-X

Flowchart for the Fund Approval Procedure – SBFAS