

COCHIN SHIPYARD LIMITED



**Memorandum of Understanding
Between
Cochin Shipyard Ltd
And
Ministry of Shipping**

2018-19

Brief about Cochin Shipyard Ltd		Annex-I
1	Name of the CPSE	COCHIN SHIPYARD LTD
2	Status (Please tick): As per DPE guidelines	Sick/ Incipient Sick/ weak/ none : None
3	Schedule of the CPSE (Please tick)	A/B/C/D/none : B
4	Purpose for which CPSE has been setup and the main business now	Ship Building and Repairs
5	Any capital restructuring during 2016-17 & 2017-18, i.e., buy-back of shares, issue of bonus shares, issue of fresh shares, splitting of shares and percentage of PAT given as dividend.	During 2017-18, Company has gone for IPO. IPO consisted of 10% disinvestment by GoI and 20% fresh issue by the Company. % of Dividend on PAT 31.54% (2016-17)
6	Whether shares are listed (if yes, name of Stock Exchange and price of the share as on date)	Shares of CSL are listed on the following stock exchanges: 1. BSE Limited, Mumbai (BSE) 2. National Stock Exchange of India Limited, Mumbai (NSE) Closing price of CSL as on 28 March 2018 BSE - Rs 503.35 NSE -Rs 502.35
7	Any change in Capacity during the year or next year (MoU Year)	No change in capacity during 2017-18 Marginal change in ship repair capacity expected in 2018-19 in view of signing of MoU with Mumbai Port Trust for management and operation of the Ship repair Facilities at Mumbai Port .
8	Any business unit hived off or to be hived off or Added or to be added during the year or next year (MoU Year)	Signed MoU with Mumbai Port Trust for management and operation of the Ship repair Facilities at Mumbai Port in Jan 2018.
9	Brief about the Sector in which the CPSE is operating and national and international environment, regulatory environment/ benchmarks etc.	Cochin Shipyard Ltd is a Mini Ratna (i) CPSE under the administrative control of Ministry of Shipping and was incorporated in 1972 for Ship building and ship repairs. Cochin Shipyard Ltd has today emerged as the most reputed shipyard with as presence in ship building and ship repair of both defence and commercial ships. Out of the total revenue, 75% is from ship building and 25% from ship repair. Having exported 45 ships in the last decade to the quality conscious owners located in Western Europe, USA, Saudi Arabia and Abu Dhabi, the yard has earned a reputation for quality, construction and timely delivery.
10	Details of revival plan if approved	NA



11	Any adverse comment by statutory auditors and its impact on Revenue/ Profit/ Loss/ Assets/ Liabilities for latest year.			Nil
12	Whether C&AG Supplemented the comments of Statutory Auditor. If not, give details alongwith impact for latest year			Nil
13	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years			Separate sheet may be attached, if more than one subsidiary. Information may be seperately given in respect of each subsidiary and aggrerated (consolidated) also.
	Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
	2012-13	NA	NA	NA
	2013-14	NA	NA	NA
	2014-15	NA	NA	NA
	2015-16	NA	NA	NA
	2016-17	NA	NA	NA
14	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years			Separate sheet may be attached, if more than one Joint Venture. Information may be seperately given in respect of each subsidiary and aggrerated (consolidated) also.
	Year*	Name of Joint Venture	Amount invested (Rs.)	Share in its profit (Rs.)
	2012-13	NA	NA	NA
	2013-14	NA	NA	NA
	2014-15	NA	NA	NA
	2015-16	NA	NA	NA
	2016-17	NA	NA	NA



Annex II											
COCHIN SHIPYARD LTD											
MoU 2018-19											
Mandatory Parameters											
PART A											
Sl. No.	Financial Performance Criteria	Unit	Marks	Current Year (Estimate)	Best in 5 years	MoU Target for the year 2018-19					% Improvement
						Excellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
i	Revenue from Operations (Net)	Rs Crs	10	2400.00	2058.87	2700.00	2500.00	2300.00	2200.00	2100.00	4.17%
ii	Operating Profit as percentage of Revenue from operations (Net)	%	20	17.00%	16.05%	16.80%	16.50%	16.30%	16.20%	16.10%	-3.03%
iii	PAT as percentage of Average Net Worth	%	20	15.75%	17.12%	13.00%	12.00%	11.05%	10.71%	10.38%	-31.25%
Total (A)			50								



Annex II											
COCHIN SHIPYARD LTD											
MoU 2018-19											
Other Parameters											
PART B											
Sl.No.	Financial Performance Criteria	Unit	Marks	Current Year 2017-18 (Estimate)	Best in 5 years	MoU Target for the year 2018-19					% Improve ment
						Excellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
iv	Capacity Utilisation										
a	Dry dock utilisation(Dock No.1+Dock No.2)	%	5	99	99	99	98	97	96	95	-1.01%
v	New orders received during the year										
a	Ship Repair segment	Rs Crs	5	350.00	650.00	500.00	475.00	450.00	425.00	400.00	35.71%
vi	Completion of milestone of clients order/ agreements without time overrun										
a	Completion of milestone of clients order/ agreements without time overrun for all orders above Rs 20 Crs	%	10	100	100	100	95	90	85	80	-5.00%
vii	R&D, Innovation, technological up gradations										
a	Development of new products or product with new features and securing new orders-Deep sea fishing vessels / inland vessels	Rs Crs	7	NA	NA	100	90	80	70	60	
viii	CAPEX										
a	CAPEX	Rs Crs	5	351.20	115.28	495.00	400.00	350.00	325.00	300.00	13.90%
ix	Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year										
a	Percentages of value of CAPEX contracts/ projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running/ completed during the year	%	3	90	100	100	90	80	70	60	
x	Trade Receivables (net) as number days of Revenue from operations (gross)										
a	Trade Receivables (net) as Revenue from operations (gross) (No. of days)	No. of days	5	90	54	54	70	90	100	105	28.57%



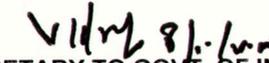
Sl.No.	Financial Performance Criteria	Unit	Marks	Current Year 2017-18 (Estimate)	Best in 5 years	MoU Target for the year 2018-19					% Improvement
						Excellent 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
xi	Human Resource Management										
a	Assessment of level in line with People Capability Maturity Model (PCMM) or equivalent in the CPSE and placing the matter before the Board for taking a decision whether to go for upgradation in level and if yes, getting the approval for the timelines from the Board.	Date	4			15-Dec-18	15-Jan-19	31-Jan-19	15-Feb-19	28-Feb-19	
b	HR Audit and decision of the Board on recommendations of audit	Date	4			15-Dec-18	15-Jan-19	31-Jan-19	15-Feb-19	28-Feb-19	
c	Implementation of phase I action plan as approved by the Board for competency upgradation of executives in E3 to E7 cadre evolved after competency assessment centre study	Date	2			15-Dec-18	15-Jan-19	31-Jan-19	15-Feb-19	28-Feb-19	
	Total (B)		50								
	GRAND TOTAL (A+B)		100								

1. The targets finalized by the IMC are based on provisional/ estimated figures submitted by the CPSE for the year 2017-18. In case of better performance of the CPSE as per actual results, the difference may be added to the target for the year 2018-19 by the IMC. In case figures for the year 2017-18 are recasted/ restated in audited accounts, comparison of actual results shall be made based on recasted/ restated figures.

2. In working out achievements for the year 2018-19, quantified qualifications of CAG/Statutory auditors would be adjusted in case of overstatement of revenue/profit/surplus or understatement of Loss/Deficit in addition to the negative marks prescribed in MoU Guidelines.

3. Targets decided in MoU are unconditional and no offset will be allowed. Further evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.


CHAIRMAN & MANAGING DIRECTOR
COCHIN SHIPYARD LTD
COCHIN SHIPYARD LTD 682015


SECRETARY TO GOVT. OF INDIA
MINISTRY OF SHIPPING
NEW DELHI 110001

