



Contents

Chairman's Speech	-	6
Notice	-	10
Directors Report	-	12
Comments of C&AG	-	44
Report on Corporate Governance	-	59
Management Discussion and Analysis Report	-	75
Auditors Report	-	83
Annual Accounts	-	89
Vision/Mission/Objectives	-	130



Board of Directors

Cmde K Subramaniam	:	Chairman & Managing Director
Shri Paul Ranjan D	:	Director (Finance)
Shri Sunny Thomas	:	Director (Technical)
Shri Barun Mitra, IAS	:	Official Part Time Director, Joint Secretary (Shipping) Ministry of Shipping
Shri Elias George, IAS	:	Official Part Time Director Government of Kerala
Shri N Raghuram	:	Non Official Part Time Director
Dr. S Mohan	:	Non Official Part Time Director
Dr. G C Gopala Pillai	:	Non Official Part Time Director

Company Secretary

Smt V Kala

Registered Office

Cochin Shipyard Limited
XXXIX/ 6080, Administrative Building
Perumanoor
Kochi – 682015, Kerala, India

Bankers

State Bank of Travancore
State Bank of India
Syndicate Bank
Union Bank of India

Auditors

M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants, Ernakulam

Management Team

Shri Madhu S Nair	:	OSD to CMD
Shri N V Suresh Babu	:	Chief General Manager (Shiprepair)
Shri Bejoy Bhasker	:	Chief General Manager (Design & Defence Projects)
Shri K J Ramesh	:	General Manager (Human Resource & Training)
Shri T N Sudhakar	:	General Manager (Finance)
Shri M Murugaiah	:	General Manager (Shipbuilding, SBOC and S&C)
Shri M D Varghese	:	General Manager (Industrial Relations & Administration and Head CSR)
Shri A N Neelakandhan	:	General Manager (Technical)
Shri K N Sreejith	:	General Manager (IAC)
Shri A V Suresh Kumar	:	General Manager (Planning)
Shri S Varadarajan	:	General Manager (Materials)
Shri N J Joseph	:	General Manager (ISRF)

BOARD OF DIRECTORS



Cmde K Subramaniam
Chairman and Managing Director

Cmde Kartik Subramaniam joined Cochin Shipyard Limited (CSL) as Director (Operations) on 02 August 2007. He was appointed as the Chairman & Managing Director on 31 December 2010. A Marine Engineer by training, he served in the Indian Navy for close to three decades before joining CSL. During his tenure in the Indian Navy, he has served on various ships viz missile vessels, destroyers and tankers. He has also served in various afloat billets at Naval Headquarters, Command Headquarters and at Naval Dockyards at Visakhapatnam and Mumbai. He has been trained in shiprepair techniques at Riga, Latvia. He also holds a Masters Degree in Defence studies.



Shri Paul Ranjan D
Director (Finance)

Shri D Paul Ranjan, assumed charge as Director (Finance) of Cochin Shipyard Ltd w.e.f 01 May 2014. A chartered Accountant by profession Shri Paul Ranjan joined the Company as Executive trainee on 17 Dec 1984. Since then he rose up in the ranks of CSL through dedicated & committed service in various capacities in the last three decades. He is also D.I.S.A qualified and was heading the Information Systems Department.



Shri Sunny Thomas
Director (Technical)

Shri Sunny Thomas, assumed charge as Director (Technical) of Cochin Shipyard Ltd w.e.f 01 Jun 2014. Shri Sunny Thomas is B-Tech (Hons) in Naval Architecture and Shipbuilding from CUSAT and an MBA in Finance. Shri Sunny Thomas joined Cochin Shipyard on 03rd August 1981 as Management Trainee and has served in various critical operational areas like shipbuilding, Design, Shiprepair, Projects, Outsourcing etc. He has been trained in shipbuilding techniques in Japan for one year and has been instrumental in the introduction of modern high productive welding techniques in CSL. He rose up in the ranks of CSL through dedicated and committed service in the last three decades.



Shri Barun Mitra, IAS

Official Part Time Director
Joint Secretary (Shipping)



Shri. Elias George, IAS

Official Part Time Director
(Representative of Government of Kerala)



Dr G C Gopala Pillai

Non Official Part Time Director

Shri. Barun Mitra, IAS joined the CSL Board as a Nominee Director of Ministry of Shipping on 20th January 2015. Shri. Barun Mitra who joined IRS in 1985 and later the IAS in 1987 has had an illustrious academic & professional life. He is a Law Graduate from Delhi University and holds Post-Graduate Diploma in Patent Law, Trade Mark and Copy rights from NALSAR, Hyderabad in 2007. He has done his graduation and post-graduation in History from St. Stephen's College, Delhi University.

In his professional life, Shri. Barun Mitra has served in various critical areas and held important portfolios including that of Deputy Secretary in the Ministry of Human Resource Development; Joint Secretary to the President and Principal Secretary to the Chief Minister of Manipur and Principal Secretary in Finance Department & Planning Department of Govt of Manipur.

He is presently Joint Secretary (Shipping) and Govt. Director on the Boards of Shipping Corporation of India, Cochin Shipyards Limited & Dredging Corporation of India.

Shri Elias George IAS is an Official Part Time Director representing government of Kerala. He joined CSL w.e.f 18 August 2012. He is a senior IAS officer with vast experience across different sectors of administration. He started his career as Assistant Collector at Thalassery and worked in different departments like Irrigation, Forest, Civil Supplies, Labour, Industries and Tourism. He has held positions in several departments in the State as well as in Central Ministries and has served on the boards of Central Government PSUs like SAIL, RINL and MSTC. Presently he is the Managing Director of Kochi Metro Rail Limited.

Dr. G C Gopala Pillai is a Non Official Part Time Director in our Board w.e.f 27th November 2012. He was the former C&MD of FACT Ltd, & former Vice Chancellor (acting) of National University of Advanced Legal Studies (NUALS). He has a doctorate in management from University of Kerala. He is associated with various national level academic institutions and was also dean of management studies, University of Kerala. He is a Guide for Phd students under the Kerala University. He has a number of professional achievements to his credit like implementation of major Infrastructure projects while he was MD of KINFRA, turning around FACT from loss making to profit making company and achieving the record profit in 2005-2006 etc.



Dr. S Mohan

Non Official Part Time Director

Dr. Seetharaman Mohan is a Non Official Part Time Director on our Board w.e.f 27th November 2012. He graduated as a Mechanical Engineer from BITS, Pilani, and is an MBA from IIM Bangalore and PhD in Management from BITS, Pilani. He was trained as a 'Trainer' in United Kingdom and has attended Management Development Programs at Stanford, Kellogg and Smith's School, Washington. He started his career as an Engineer with Tata Motors in Pune and following his MBA joined Bharat Heavy Electricals limited (BHEL), Bhopal in Finance where he successfully implemented the Standard Costing System. He moved to Bharat Petroleum Corporation Limited (BPCL), Mumbai in 1983. During his 28 years in BPCL he executed large projects of several hundred crores, headed the Southern India operations, before he was selected to head the newly formed Strategic Business Unit for LPG Product in 1997. He successfully established the SBU before moving on to introduce a robust Talent Management system as Head Human Resource Development function. He was appointed to the Board of BPCL as Director (HR) in 2008, which position he held till he superannuated in 2011. He has addressed Technical and Management Conferences in India and abroad, served as a Chairman of Oil Industry Safety Directorate's prestigious Standards Committee for Auto LPG. He is a Life Member of Institution of Engineers and All India Management Association. He served as Executive Committee Member of HR-IR Committee of Bombay Chamber of Commerce and Industry (BCCI), Committee on Corporate Governance at Indian Merchants' Chamber (IMC) and was actively involved with Bombay Management Association (BMA) since 2004 as Executive Committee Member, Chairman of MDP Committee and



Shri N Raghuram

Non Official Part Time Director

Shri N Raghuram is a Non Official Part Time Director in our Board w.e.f 27th November 2012. He is a Practising Chartered Accountant with over 20 years of experience and partner of M/s Ponraj & Co. He has vast experience in Statutory Audits of Navratna PSUs, Banks, Listed Companies etc.



FINANCIAL HIGHLIGHTS

(₹ in crores)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover	1859.51	1652.66	1554.16	1404.85	1461.72	1248.50	1256.21	833.79	719.74	373.53
Total income	1952.97	1728.64	1642.33	1481.54	1589.17	1326.49	1383.26	857.17	845.64	452.89
Profit Before Tax (PBT)	367.56	290.96	275.55	252.97	344.23	331.25	247.63	149.40	85.77	25.45
Depreciation & write offs	38.33	26.43	19.22	18.07	17.06	15.24	9.80	9.69	7.89	10.62
Profit After Tax (PAT)	235.07	194.24	185.27	172.33	227.53	223.04	160.07	93.85	58.11	18.23
Equity Share Capital	113.28	113.28	113.28	113.28	113.28	113.28	113.28	113.28	113.28	113.28
Reserves & Surplus	1447.79	1239.25	1062.42	898.41	775.38	490.54	336.70	199.64	93.67	55.06
Net Worth	1561.07	1352.53	1175.70	1050.83	967.80	680.32	566.49	429.43	323.45	284.85
Gross Fixed Assets	636.84	602.38	444.35	376.73	362.10	349.68	270.39	233.46	217.18	206.92
Net Fixed Assets	377.44	383.41	247.30	192.61	190.67	189.75	121.64	92.16	81.91	76.33
Number of Employees	1786	1751	1656	1900	1818	1907	1962	2059	2084	2075
Key Indicators										
EPS (Rs. per share)	20.75	17.15	16.35	15.21	20.09	19.69	14.13	828.51	513	160.97
Face Value Per Share (Rs.)	10	10	10	10	10	10	10	1000	1000	1000
EBDIT/ Gross Turnover (%)	22.81	20.37	20.45	20.21	26.70	29.20	22	19.50	14.50	11.70
Net Profit Margin%	12.64	11.75	11.92	12.27	15.57	17.86	12.74	11.26	8.07	4.88
Return on Net Worth%	15.06	14.15	15.76	16.40	23.51	32.78	28.26	21.85	17.97	6.40
Return on Capital Employed %	14.61	13.97	19.08	18.76	27.44	38.57	29.09	23.28	11.70	3.65
Capital Employed	1608.46	1389.98	970.70	918.68	829.27	578.32	550.31	401.33	496.60	499.64

CHAIRMAN'S ADDRESS

It gives me immense pleasure to welcome you all to the 43rd Annual General Meeting of Cochin Shipyard.

Operating scenario

2. The Shipbuilding Industry is going through a very tough and challenging times world over. In India, apart from the Defence sector, there is little to cheer in so far as the shipbuilding industry is concerned. The industry continues to face challenging times with almost all private shipyards in the country being financially stressed. The new Govt is pursuing fresh initiatives to turn the tide. The Prime Minister's 'Make in India' campaign is a laudable initiative to boost the manufacturing sector of the economy. I am aware that the Ministry of Shipping is pursuing a broad range of initiatives to revive and promote the Indian shipbuilding industry. The Government is also in the process of formulating a comprehensive policy for the shipbuilding industry, which is keenly awaited.

3. Despite these odds, the company managed to bag two orders, an export order for a jacket launch barge and a domestic order. In ship repair, though there are capacity constraints in India, the immense competitive pressure from yards in neighboring countries continues to exert considerable pressure on the price and delivery schedules. The company stuck to its core values of quality, timely delivery and transparency to tide over the competitive pressure. In the ship repair area the company has performed creditably.

Company Performance

4. I am extremely gratified that the company continued to perform well in 2014 -15. During the year CSL recorded growth in both turnover and profits. This year the company achieved a turnover of Rs 1859 crores as against the previous years turnover of Rs 1653 crores, an increase of 13.5%. The profit Before Tax (PBT) was Rs 367.56 Crores as against Rs 290.95 crores which translates into an increase of 26%. Similarly, Profit After Tax (PAT) grew from Rs 194 crores last year to Rs 235 crores this year, registering an increase of 21%. The company contributed Rs 190 crores to the National Exchequer by way of Value Added Tax, Income Tax, Excise Duty, Customs Duty,



Service Tax and Dividend Tax. The Board of directors has recommended a dividend of Rs 1.5 per share on the 11,32,80,000 fully paid up equity shares of Rs 10 each. The total outgo of dividend and dividend tax would be approx Rs 20 crores.

5. The work on the aircraft carrier is progressing satisfactorily. The phase II contract with the Ministry of Defence was signed on 16 Dec 2014. Needless to state this is the most prestigious project for the shipyard and am happy to report that the structural work on the ship is practically complete. The ship was undocked from the repair dock on completion of all underwater works including shafting signifying the achievement of a major milestone. The shipyard also delivered 07 Fast Patrol Vessels to the Indian Coast Guard and has started delivering these vessels ahead of the contracted schedule. The Buoy Tender Vessel was delivered on 09 April 2015, a good two months ahead of the scheduled delivery. The performance of the shipyard vis a vis the MoU signed with the GOI is assessed by the Company as "Excellent". However, the final ratings from the DPE are awaited. Overall, I am very pleased to say that your Company has performed very well indeed.

6. **Ship Repair Scenario.** The ship repair scenario in the country continued to be highly competitive. The imposition of service tax has impacted the competitiveness of Indian yards who continue to loose business to international yards in the neighborhood.



CHAIRMAN'S ADDRESS

The occupation of the repair dock by the Indigenous Aircraft Carrier (IAC) for the entire year has had an impact on the ship repair turnover which dropped from Rs 227.88 crores in 2013-14 to Rs 195.95 for the current year. The company has carried out repairs to over 100 ships during the year to achieve its turnover.

New Business Initiatives

7. **Building of LNG Carriers.** As part of the overall energy security plan of the country, M/s Gas Authority of India (GAIL), has signed contracts for picking up Liquefied Natural Gas (LNG) with suppliers in USA. In order to transport this gas large specialized ships termed as LNG carriers are required. As part of the 'Make in India' campaign, the Govt. of India has mandated that a third of the total number of ships are to be built in Indian shipyards. GAIL has now tendered out a requirement of nine ships out of which three are to be built in India. The shipyard is gearing up for participating in the GAIL tender for building of LNG carriers. CSL has concluded a Technical Service Agreement (TSA) with M/s Samsung Heavy Industries, Korea one of the leading yards in the business of constructing LNG carriers. The agreement with SHI would enable CSL to build these vessels in India. CSL and SHI are working together for participating in the tender. Cochin Shipyard is also moving forward for obtaining the license for "Mark III Flex" containment system from GTT, France. The GAIL tender provides an option for Indian entities, including the Indian shipyard to take up to 49% equity stake in the 3 ships that will be built in Indian yards. Considering that this would be an assured long term (20 years) charter, the shipyard is considering taking equity along with the other Indian entities viz. SCI and GAIL.

8. **Construction of Dredgers.** With a view to diversify its product portfolio, CSL is pursuing an initiative to construct dredgers. CSL has forged an MOU with one of the world leaders in dredger building, M/s IHC, Holland. As per the MOU, CSL and IHC will work jointly on exclusive basis towards Indian Government/ PSU requirements for (a) Cutter Suction Dredgers (CSD upto 500 MM suction/ discharge pipe diameter) and (b) Trailing Suction Hopper Dredgers upto 10000 m3 hopper capacity.

The requirements for dredgers are expected to go up substantially considering the emphasis Govt is placing on developing the water transportation facilities in the country. The Government of India plans to develop Coastal Shipping and Inland Waterway in a big way. The 'Sagarmala' project with its emphasis on port led development has the potential to revolutionize the water transport system in the country. Therefore, the yards move to diversify into this sector would give it the early movers advantage to tap emerging opportunities in the Indian market.

Major Expansion Plans

9. **International Ship Repair Facility (ISRF) at Cochin Port Trust.** Ship repair is an area, where there is immense potential of future growth in India. Considering the dearth of sufficient repair facilities for the growing fleet, the company has taken on lease about 42 acres of land at Cochin Port Trust for 30 years in order to set up a modern ship repair facility. The facilities envisaged include a 6000T shiplift, transfer system & allied facilities. The yard would be investing about Rs 970 crores in the facility which would enable CSL to retain its pre eminent status in the sector. The Detailed Project Report (DPR) is ready and the EIA clearance for the project is under process. The approval of the Government for the project is expected shortly. Once commissioned, this would be a dedicated facility for the repair of small and medium sized ship, whereas the main yard could continue to concentrate on larger vessel repairs.

10. **New Dry Dock.** CSL is proposing to set up a new dry dock of size 320x75x13 M at the northern end of CSL at an estimated project cost of Rs 1500 crs (Approx). Ministry of Shipping has accorded in – principle approval to proceed with the preparation of DPR for this project. The new dock would equip the yard to take up the construction of LNG vessels and also larger defence ships. The preparation of DPR for the project is underway.

Other Expansion projects

11. In order to sustain the momentum of growth, there is a need to add capacity. The shipyard is of robust financial health with reasonable reserves. This is an appropriate time for the yard to confidently look

CHAIRMAN'S ADDRESS

well into the future. In order to do so, the yard is also exploring the feasibility of setting up of a shipyard at Kandla Port Trust premises, Gujarat. A Techno Economic Feasibility Study has been commissioned to take this forward. Closer home, the feasibility of obtaining additional land on lease from Cochin Port Trust for utilization in Offshore fabrication and construction activities is being examined.

Corporate Governance

12. The company continued to comply with good corporate governance practices as stipulated by various statutes and the guidelines issued by the Department of Public Enterprises (DPE). The total strength of the Board of Directors as on date is 8 out of which three are independent directors. The yard has constituted Audit Committee consisting of three independent directors to review financial results, internal control measures, audit recommendations etc. A Remuneration Committee chaired by an Independent director makes recommendations on the performance related pay policy of the company and perquisites and allowances of the executives and new scheme of compensation to all employees. A Corporate Social Responsibility and Sustainable Development (CSR &SD) Committee has been constituted to provide fillip to the CSR Sustainable development initiatives of the company. A contracts and CAPEX committee has been constituted chaired by an independent director to review and recommend high value contracts and capital expenditure proposals.

13. Capt R S Sundar, Director (Operations) has resigned from the company. He demitted office on 31 August 2015. Three independent directors demitted office in the last financial year. Shri L N Vijayaraghavan, IAS (Retd) demitted office as Non Official Part Time Director with effect from 16 Sep 2014. VAdm S K K Krishnan and Shri M Raman have demitted office as Non Official Part Time Director with effect from 24th January 2015. I would like to place on record our appreciation for the contributions made by them during their tenures on the Board. Shri Barun Mitra, IAS, JS (Shipping) has been appointed as the nominee director of Government of India on our Board. On your behalf, I would like to extend a very warm welcome to him and I am confident that the

company would benefit by his contributions.

Industrial Relations

14. The company continued to have harmonious industrial relations with the permanent work force. The company continued to maintain, the legacy of not losing a single man day on account of labour unrest by the regular employees of CSL. During the year the company conducted a referendum, as a result of which four unions have now been recognized. The shipyard continues to have a participative style of management with the employees. Apart from the meetings with the recognized unions, a structured mechanism to interact with the employees through shop committees and joint shop councils has been very effective. Regular meetings are held wherein the employees are encouraged to give their perspective on various issues and voice their concerns.

Research and Development

15. The shipyard continues to place very high importance on the R&D initiatives. The two major initiatives taken up during the year include development of welding procedure for activated TIG (A TIG) welding process for pipe welding of Carbon steel and stainless steel pipes and distortion prediction and measurement of ship blocks and their mitigation. The R&D initiatives have had an impact on improving the quality of welds & consequently the productivity.

Skill Development

16. The yards initiatives in the field of skill development include training of Apprentices, Diploma and Degree holders as well as Vocational trainees. 468 youngsters were trained under these schemes during the year. Apart from improving the skills of young adults from financially troubled backgrounds, these schemes also provided CSL with a steady stream of skilled hands. The yard is also operating a Marine Engineering Training Institute. During the year 109 mechanical engineers were trained to become marine engineers. The company is setting up a 'state of art' international campus for skill development on its own land at Girinagar. It is expected that the campus will provide immense opportunities to the youth of India for developing various skills suited for the ship building industry. The



CHAIRMAN'S ADDRESS

campus is likely to be completed during the year 2016-17

Integrated Management System

17. The yard continues to be compliant with the Integrated Management System (IMS) consisting of ISO 9001 Quality Management System, ISO 14001 Environment Standards and OHSAS 18001 Occupational health and Safety Standards.

Corporate Social Responsibility

18. The company continued to fulfill its obligation as a corporate citizen through its CSR initiatives. In accordance with the guidelines on CSR and Sustainability Development as per the Companies Act, 2013 the company had identified 33 projects for implementation during the year. The total amount spent on the CSR projects during the year was Rs 5.32 crores as against the mandated amount of Rs 5.46 crores as per the provisions of the Companies Act, 2013.

Conclusion

19. The company's objective is to emerge competitive in the challenging industry scenario by moving up the value chain through cutting edge technology. Towards this, the yard is investing in technology, skill development, research and development and most importantly on developing its valuable human resource. The various initiatives pursued during the year are expected to make Cochin Shipyard 'future ready' to meet the emerging challenges.

20. In conclusion, I am very confident that the company would continue to grow and maintain its impressive performance with the support of the Government of India, Government of Kerala and the Board of Directors. Their invaluable advise, guidance, support and encouragement has helped the company to face the various challenges and move ahead in all its endeavors and reach the present level of performance. Last but not the least I would like to express my heartfelt gratitude to each and every employee of the company for their faith, dedication and commitment to Cochin Shipyard.

21. Finally, as I prepare to lay down office at the end of

this calendar year, I would like to wish Cochin Shipyard a great future. I am sure my successor would continue to get the complete support of the share holders, the Board of Directors and the Govt of India in taking company to even greater heights. It has been a great privilege and an amazing experience to have been part of this great organization amongst such wonderful people. Thank you all so very much.

Jai Hind!

Cmde K Subramaniam



NOTICE

Notice is hereby given that the 43rd Annual General Meeting of the Members of Cochin Shipyard Limited will be held at 10:00 hrs on Friday, 25th September 2015 at the Registered Office of the Company viz. the Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi- 682015, to transact the following businesses:

Ordinary Business

1. To consider and adopt the audited financial statements as on 31st March 2015, and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended 31st March 2015.

Special Business

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. K A Felix & Co., Cost Accountants, appointed as Cost Auditors by the Board of Directors of the Company to audit the cost records of the Company for the financial year 2015-16, be paid a remuneration of Rs.1,10,000 per annum plus applicable service tax.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution:

RESOLVED THAT pursuant to the provisions of Section 14 of the Companies Act, 2013, and other applicable provisions if any, the consent of the members be and is hereby given to amend article 29(i) of the Articles of Association of the Company as per the details below:

Article No	Existing clause	Amendment required
29(i)	Appointment of any person who has attained the age of 58 years in the Company with pay (including pension and pensionary equivalent of retirement benefits) proposed to be fixed for such person exceeds Rs. 5700 per mensem or where the minimum of the pay scales proposed to be given to such person is Rs. 5700 or more.	To delete the clause

RESOLVED FURTHER THAT Chairman & Managing Director and the Company Secretary of the Company be and is hereby authorised to do all such acts, deeds and things as may be required in order to give effect to above resolution on behalf of the Company.

By the Order of the Board of Directors

Place : Kochi
Date: 17th August 2015

V Kala
Company Secretary



ANNEXURE TO THE NOTICE

Notes:

1. The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No.3

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee at its 37th meeting held on 12th May 2015, the Board at its 219th meeting held on 13th May 2015 has considered and approved the appointment of M/s. K A Felix & Co., Cost Accountants as the cost auditor for the financial year 2015-16 and recommended remuneration of ₹1,10,000 per annum plus applicable service tax. As per section 148(3) of the Companies Act, 2013, the remuneration of Cost Auditor is required to be determined by the shareholders.

The Board recommends this resolution for approval of the Members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution.

Item No.4

The Ministry of Shipping vide letter F.No.SY-16017/1/2014-CSL dated 14th October 2014 accorded the approval of the President of India for deletion of Clause 29(i) of the Articles of Association of the Company as brought out in resolution mentioned in item no.4 of the notice.

The existing Articles of Association of the Company along with the Articles of Association incorporating therein proposed alternations are available for inspection to all the members of the Company at the Registered Office of the Company during business hours till the completion of voting period.

The Board recommends this resolution for approval of the Members by way of special resolution.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution.

By the Order of the Board of Directors

Place : Kochi
Date: 17th August 2015

V Kala
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

- Your Directors have pleasure in presenting the 43rd Annual Report of your Company along with the audited accounts for the year ended 31st March 2015.

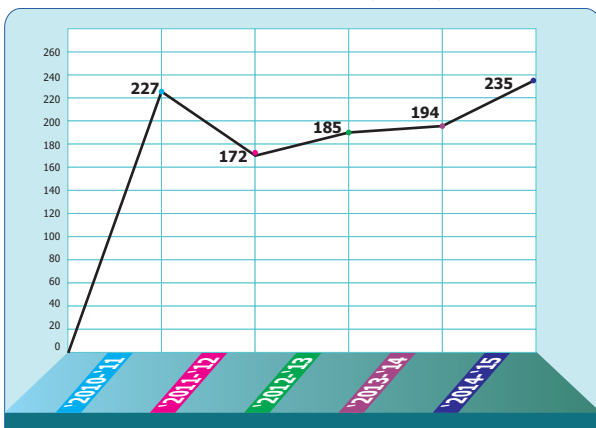
Financial Performance

- The Performance of Cochin Shipyard Limited continued to be good during the year 2014-15. The turnover for the year was at ₹1859.51 crores as compared to ₹1652.66 crores in the year 2013-14. The Profit Before Tax was Rs.367.56 as against Rs.290.96 in the previous year. The net profit was ₹235.07 crores as compared to ₹194.24 crores for the previous year. This performance is creditable considering the continuing recessionary conditions in the shipping and ship building sector.

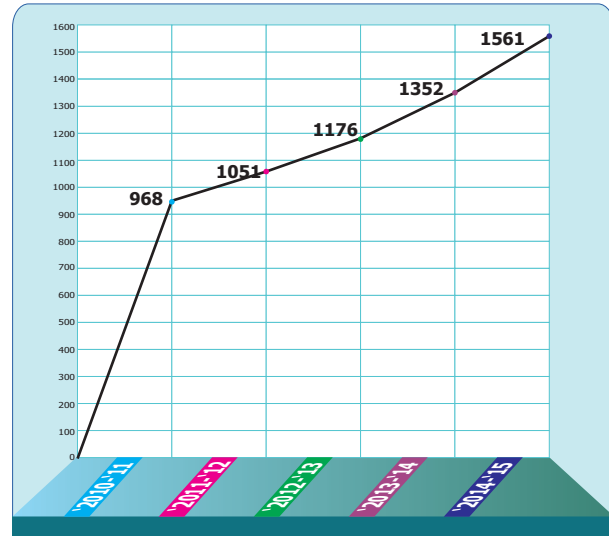
Dividend

- Your Directors are pleased to recommend a dividend of ₹1.5 per share on the 11,32,80,000 fully paid Equity shares of ₹10 each. The total outgo for dividend and dividend tax would be approximately ₹20 crores.

Profit After Tax (₹ Crs)



Increasing Networkth (₹ Crs)



Transfer to Reserves

- During the year an amount of ₹2.88 Crores was transferred to Debenture Redemption Reserves in terms of Section 71(13) of the Companies Act, 2013. As on 31st March 2015, the Company has Reserves and Surplus amounting to ₹1447.78 crores which reflects the inherent financial strength of the Company.

Contribution to Exchequer

- The total contribution made during the year by way of Value Added Tax, Income Tax, Excise Duty, Customs Duty, Service Tax and Dividend Tax was approximately ₹190 Crores.

Financial Highlights (₹ Crs)

Sl No	Particulars	2014-15	2013-14
(i)	Gross Income	1945.62	1727.96
(ii)	Profit Before Finance cost, Depreciation & Tax	424.20	336.65
(iii)	Finance Costs	18.32	19.26
(iv)	Depreciation & Write off	38.32	26.43
(v)	Profit Before Tax (Net)	367.56	290.96
(vi)	Provision for tax (Net)	132.49	96.72
(vii)	Net Profit	235.07	194.24



COCHIN SHIPYARD LTD.



DIRECTORS' REPORT

Shipbuilding

6. The Company achieved a total shipbuilding income of Rs 1643 crores during 2014-15 as against Rs 1409.56 crores in 2013-14. During the year 2014-15, the yard delivered six ships i.e five Fast Patrol Vessels (FPV) for the Indian Coast Guard and one Platform Supply Vessels for an international owner. The Fast Patrol Vessel Project is progressing at a very fast pace. As on March 2015 eleven ships were delivered in 17 months making it one delivery in almost 1.5 months as against the contractual requirement of one delivery in three months. The last few of the 20 Fast Patrol Vessels are expected to be delivered significantly ahead of the scheduled delivery date.

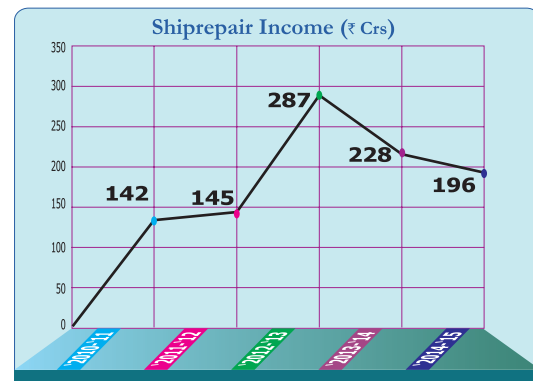
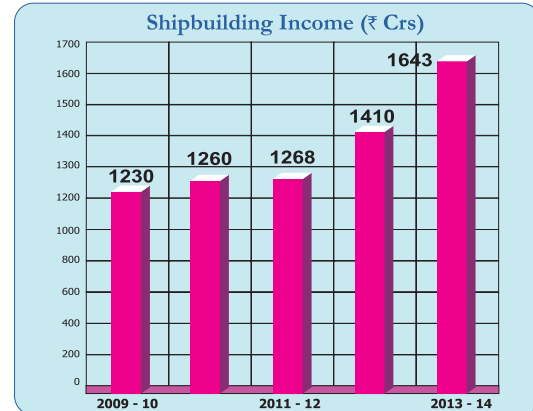
Shiprepair

7. During the year, the Company achieved a total shiprepair income of ₹195.95 Crores as compared to ₹ 227.88 Crores during the financial year 2013-14. The fall in the ship repair income was due to the occupancy of the repair dock by the IAC and hence the docking of ship repairs had to be undertaken in the building dock. The key repair projects undertaken during the year include INS Guldar, INS Cheetah, ICGS Sanmar, DSV Samudra Prabha and MV Bharat Seema.

Shipbuilding Order Book Position

8. The Order book position as on 31st March 2015 was as follows:-

Vessel Type	Nos
Indigenous Aircraft Carrier for the Indian Navy, P 71	01
Fast Patrol Vessel for the Indian Coast Guard 512-520	09
Buoy Tender Vessel for Director General of Lighthouses and Lightships	01
Total	11



International Shiprepair Facility (ISRF) at Cochin Port Trust

9. CSL has taken over about 42 acres of land including the existing ship repair facility of Cochin Port Trust for a lease period of 30 years in order to set up an International Ship Repair Facility (ISRF). This would comprise of shiplift, transfer system & allied facilities. Lease deed for the land and water area (Phase-1) was executed on 12th April 2013. Since then, the dry dock & existing facilities in the leased area has been made operational. Repair activities of seven vessels has been completed during the financial year 2014-15. Project Management Consultant (PMC) appointed by CSL viz consortium of M/s Inros Lackner SE, Germany & M/s Tata Consulting Engineers Ltd, Mumbai have prepared the Detailed Project Report of the ISRF project. Parallely, CSL is in the process of obtaining environmental clearance for the ISRF project



DIRECTORS' REPORT

from the Ministry of Environment, Forests & Climate Change (MoEFCC). M/s Consulting Engineering Services, New Delhi, the Environment Impact Assessment (EIA) consultant appointed by CSL have prepared draft EIA report and the same was submitted to Kerala State Pollution Control Board (KSPCB) for arranging Public Hearing on 16th Feb 2015. Subsequently, Public Hearing of the ISRF project was successfully completed at Collectorate Conference Hall, Kakkanad, Kochi on 24th March 2015. Presently, EIA clearance of the project is under examination of the Kerala Coastal Zone Management Authority (KCZMA) and the final clearance from MoEFCC is expected by end Sept 2015.

New Dry Dock Project

- CSL is in the preliminary stage of adding one more dry dock of tentative size 320 x 75 x 13 M to enable the yard to build large ships viz. LNG vessels, large container vessels new generation aircraft carrier, VLCC ships, etc. Further, this large dry dock would enable CSL to undertake repairs of vessels like LNG carriers, semi-submersibles, drill ships, etc within CSL premises. The Ministry of Shipping has accorded in-principle approval to proceed with the preparation of Detailed Project Report (DPR) for the new dry dock on 19th Sept 2014. CSL had invited Expression of Interest from internationally reputed consulting firms having experience in dry dock projects on 11th Feb 2015 and the offers received are being evaluated. Simultaneously, CSL had appointed M/s SGS India Pvt Ltd., Gurgaon as Environment Impact Assessment (EIA) consultant for assisting CSL for taking approval for the Terms of Reference (ToR) for conducting EIA study. Application for getting ToR approval was submitted to Expert Appraisal Committee (EAC) of Ministry of Environment, Forests & Climate Change

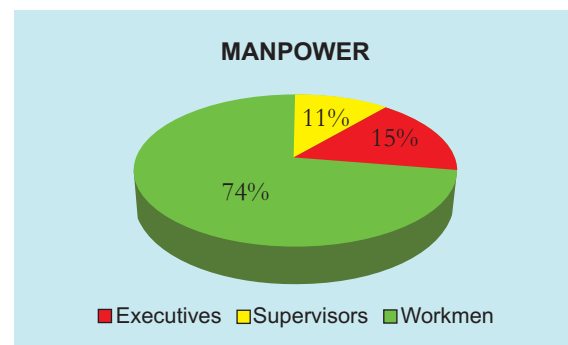
New Initiatives

- M/s Gas Authority of India (GAIL), a Maharatna Public Sector Undertaking requires 09 ships for transportation of LNG. The GoI has mandated

that 03 of these ships are to be built in India under the Make in India campaign of the Prime Minister. Cochin Shipyard has entered into technical service agreement with M/s Samsung Heavy Industries, Korea to collaborate on building these LNG vessels. Further CSL has also entered into an evaluation agreement with M/s GTT France to obtain licence for Membrane technology for the containment system of these ships. Cochin Shipyard has also entered into an MOU with IHC Holland BV for working jointly on an exclusive basis towards Indian Government/ PSU requirements of Cutter Suction Dredger's upto 500 mm suction/ discharge pipe diameter and Trailer Suction Hopper Dredgers upto 10,000 m³ hopper capacity.

Manpower Status

- The manpower strength of the Company as on 31st March 2015, was 1786 consisting of 275 Executives, 199 Supervisors and 1312 Workmen



Human Relations Management

- The Cochin Shipyard Ltd thrust and focus of nurturing a participative culture and communication continued during the year. The participative forums viz. Shop Councils and Joint Council were active. The focus of discussions in these fora are centered on improvement of the overall performance of the Company. The Industrial relations scenario like in the previous years remained harmonious and no man days were lost on account of labour unrest.

DIRECTORS' REPORT

Human Resource Development

14. Short term need based training programmes for all categories of Human Resource were organized to help employees hone their potential. Some of the important in-house training programmes conducted include “Certificate Programme on Project Management”, “Contract Management”, “Legal Compliance –Contract Labour (Regulation & Abolition) Act 1970”, “Skill Development Programme in Outfitting for workmen”, “Skill Development Programme on Rigging for workmen”, Familiarization Programme on LNG Ships” and “Reservation Policy for SC/ST/OBC/PWD”
15. Company has also trained 307 ITI trade Apprentices, 65 Engineering Graduates, 67 Diploma holders and 11 Vocational Trainees under the Apprentices Act. The Marine Engineering Training Institute approved by the Director General of Shipping, Govt. of India provided training to 119 Engineering cadets to enable them qualify for Marine Engineering jobs onboard vessels.

Status on affirmative action to implement Presidential Directives

16. The Company has been strictly complying with the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation for SC/ST/OBC and PWD. Reservation percentage are ensured through the maintenance of Post Based Roster System as prescribed by the Government of India.

Representation of SC/ST employees

17. The representation of SC and ST employees in various groups of posts as on 31st March 2015 is given under:

Category	Strength	SC	ST
Group A	221	32	10
Group B	99	19	5
Group C	874	93	21
Group D	592	89	8
Total	1786	233	44

Representation of Minority employees

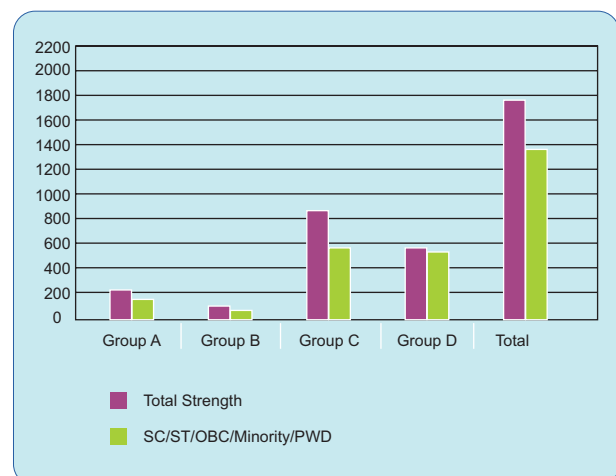
18. The representation of Minority employees in various groups of posts as on 31st March 2015 is given under:

Category	Strength	Minority
Group A	221	74
Group B	99	26
Group C	874	287
Group D	592	161
Total	1786	548

Representation of Persons with Disabilities

19. The representation of Persons with Disabilities in various groups of posts as on 31st March 2015 is given under:

Category	Strength	PWD
Group A	221	2
Group B	99	5
Group C	874	32
Group D	592	9
Total	1786	48





DIRECTORS' REPORT

Provision for safeguard of Women

20. The prevention of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013 and Rules framed thereunder are strictly complied with. An Internal Complaints Committee has been constituted in accordance with the Act. The Committee has not received any complaints during the year 2014-15.

Integrated Management System (IMS)

21. Cochin Shipyard continued to be an IMS compliant company encompassing ISO 9001: 2008 (Quality Management System), ISO 14001: 2004 Environmental Management System and OHSAS 18001: 2007 (Occupational Health and Safety Management System).

Facility Upgrade and Capital Expenditure

22. The total capital expenditure incurred in 2014-15 amounted to ₹47.2 crores. An amount of ₹ 37.29 crores has been incurred for Renewals & Replacements and Modernization & Expansion. A sum of ₹3.45 crores has been incurred for infrastructure facilities for the Indigenous Aircraft Carrier, ₹5.49 crores in connection with the setting up of International Ship repair facility at Cochin Port Trust premises and ₹ 0.97 crores for Research & Development projects.

Integrated ERP system

23. CSL has implemented a 'State of Art' integrated ERP solution covering all business functions in the organization at a cost of ₹23 crores. The Company had gone live with effect from 01st July 2014 in the new SAP ERP system. Disaster recovery site has also been set up.

Implementation of Official Language Policy

24. In pursuance of sub rule (4) of rule 10 of the Official Language (use for the official purposes of the Union) Rule, 1976, Govt. of India have notified CSL, in the Gazette of India. This recognizes that 80% of ministerial staff of the Company as having acquired working knowledge / proficiency in Hindi.

25. During the year Cochin Shipyard received the Rajbhasha Rolling Trophy (First prize) and certificate instituted by Kochi TOLIC (PSUs) for the best implementation of Official Language for the year 2013-14 among the companies having less than 200 employees.

26. Late Shankar Dayal Singh Memorial Award Scheme was introduced in CSL during 2013 as per directions from Ministry of Heavy Industries and Public Enterprises. This year the award was given to Smt. Geetha K N, Junior Commercial Assistant of P&A Department. Incentive scheme for doing original work in Hindi has been made more attractive with a view to encourage employees to do more work in Hindi.

27. As per the instructions from Hindi Salahakar Samiti of Ministry of Shipping, a quiz competition in Hindi was organized in connection with Hindi Fortnight celebrations in which the students of schools in and around Cochin Corporation participated.

28. Various competitions in Hindi were organized in connection with Hindi Fortnight Celebrations 2014. As part of implementation of Official Language Policy of Govt. of India, CSL observes first Wednesday of every month as Hindi Day. In order to enable easy understanding by employees, transliteration of 'Aaj ka shabd' in Regional Language is being displayed on the intranet and also on the notice board. Four Hindi workshops were organised in the year 2014-15 in which a total of 72 employees participated. Sixth issue of Hindi house journal, 'Sagar Ratna' was released in the month of December 2014.

Particulars of Employees and Related Disclosures

29. In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee was drawing remuneration in excess of the limits set out in the said rules.

DIRECTORS' REPORT

30. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure-1.

Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo is placed at Annexure-2

Risk Management

31. CSL has adopted a comprehensive Risk Management Policy at the 214th meeting of Board of Directors held on 16th September 2014. The Board at the helm will review the Risk Management system within the CSL. The Board shall discharge its responsibility of risk oversight by ensuring the review at periodical intervals. The Board may also delegate to any other person or committee the task of independently assessing and evaluating the effectiveness of the risk management system. The CSL management comprising of CSL Board Level and Below Board level executives has been entrusted with the implementation of the risk management process. In this respect Risk Management Committees (RMCs) and Risk Management Steering Committees (RMSCs) have been constituted to implement the policy in CSL. The Audit Committee and the Board of Directors periodically review the Risk Management process and policy. The last review of the Corporate risk was carried out by the 37th Audit Committee Meeting held on 12th May 2015 and by the 219th Board Meeting held on 13th May 2015.

Research and Development Activities

32. The various Research and Development activities undertaken by the yard in year 2014-15 include the following:-
- a) Development of welding procedure for Activated TIG (A-TIG) welding process for pipe welding of Carbon Steel and stainless steel pipes. The Welding procedure developed for A-TIG process has increased efficiency of welding. By employing

this process, the bevel preparation requirements for pipe welding has decreased and the number of weld passes required has also been reduced compared to conventional Tungsten Inert Gas (TIG) welding process. This has resulted in shortening of welding time. This process is being introduced in Shop floor for pipe welding.

- b) Distortion prediction and Measurement of Ship blocks and their Mitigation. This research project has been undertaken in collaboration with Ocean Engineering and Naval Architecture Department, IIT Kharagpur. In this research an extensive investigation on buckling phenomenon in fabrication of stiffened panels of Ships was carried out. A method of distortion mitigation by counteracting the compressive forces developed due to welding of stiffeners was developed and investigated in detail. By this research, appropriate distortion control methods and procedures to mitigate buckling distortion during fabrication of stiffened panels has been developed.

Safety

33. CSL shares the growing concern on issues related to Health, Safety & Environment and (OHS), and is committed to protecting environment in and around its own establishment, and to providing safe and healthy working environment to all its employees. The Company constantly strives to create and maintain HSE awareness of our employees and subcontractors' workmen through various in-house and onsite training programmes. Shipyard also strives to inculcate the importance of safety to the family members of the CSL community through various workshops, training programmes and competitions. The concerted efforts made towards increased safety awareness has enhanced overall safety in the yard and brought down the incidence of accidents. The proactive initiatives on HSE has resulted in achieving the longest accident free period of 168 days in the calendar year 2014. This is a significant step in safety, considering that Ship building and Ship Repair are highly labour intensive and accident prone industry.



DIRECTORS' REPORT

34. HSE performance for the last 3 years are tabulated below.

	2012	2013	2014
Fatal	0	0	0
Reportable accidents	20	12	6
Non Reportable Accidents	58	72	86
Number of Permanent Total Disability	0	0	0
Frequency Rate (Reportable accidents in one million man hours)	1.99	1.19	0.62

Industrial Security

35. Industrial Security of the Company continued to be normal and without any security breach or incident. Company continues to be an International Ships and Port facility Security (ISPS) code compliant shipyard and follows all standard security requirements. As per the security arrangements, 24 hrs waterfront patrolling with armed personnel and wireless surveillance (CCTV) system covering all critical locations and installation are in place. Company also has Bio Metric Access Control System for all categories of persons entering the yard. A full fledged visitors facilitation center is in operation for scrutiny and verification of the credentials of the visitors to the Company. Apart from this, special systems and measures are being positioned towards total security of the Indigenous Aircraft Carrier (IAC), viz. exclusive entry pass and special surveillance system for IAC, Special waterside security net around IAC etc. A robust cyber security policy has also been adopted by the Company.
36. The physical security of the Company has been entrusted to the Central Industrial Security Force (CISF) contingent headed by an officer of the rank of Assistant Commandant. Based on a resurvey conducted, the strength of the CISF personnel was raised to 145, including the force required for the International Ship Repair Facility at CoPT.

Awards and Recognitions

37. CSL won the “Best CSR Practices Award” for the PSU Category at the CSR Conclave & Awards organized by Cochin Chamber of Commerce and Industry. The award in the form of a trophy along with a citation was handed over by Hon. Minister Ramesh Chennithala to Mr. Varghese M. D, General Manager (IR & Admin), CSL and Chairman (CSL CSR Executive Committee) during the function organized at Marriott Hotel, Edapally, Ernakulam on 28th March 2015

Board of Directors & Key Managerial Personnel

38. The Board of CSL comprises of nine directors consisting of four Whole Time Directors, three Non Official Part Time Directors and two Official Part Time Directors. Shri Ravikumar Roddam, Director (Finance) has retired from the services of the Company with effect from 30th April 2014 on completion of his term of appointment. Shri Vinayakumar P, Director (Technical) has retired from the services of the Company with effect from 31st May 2014 on completion of his term of appointment. Shri LN Vijayaraghavan, IAS (Retd) has demitted office as Non Official Part Time Director with effect from 16th September 2014 on expiry of his term of appointment. Further VAdm (Retd) SKK Krishnan & Shri M Raman, IAS (Retd) have demitted office as Non Official Part Time Director with effect from 24th January 2015 on expiry of their term of appointment.
39. Shri Paul Ranjan D has been appointed as Director (Finance) with effect from 01st May 2014 vide Ministry of Shipping letter No.SY-11012/1/2009-CSL Vol-II dated 04th April 2014. Shri Sunny Thomas has been appointed as Director (Technical) with effect from 01st June 2014 vide Ministry of Shipping letter No.SY-11012/3/2010-CSL dated 12th May 2014.
40. Ministry of Shipping vide letter No.SY-11012/5/95-CSL dated 20th January 2015 has appointed Shri Barun Mitra, IAS as Official Part Time Director representing Government of India with effect from 20th January 2015 in place of Shri MC Jauhari, IAS.

DIRECTORS' REPORT

41. The Board of Directors at their 213th meeting held on 23rd July 2014 has taken note of the appointment of following Key Managerial Personnel of the Company:

Sl No	Name	Designation	Date of Appointment
1	Cmde K Subramaniam	Chief Executive Officer	31 st December 2010
2	Capt R S Sundar	Director (Operations)	21 st November 2011
3	Shri Paul Ranjan D	Director (Finance) & Chief Financial Officer	01 st May 2014
4	Shri Sunny Thomas	Director (Technical)	01 st June 2014
5	Smt Kala V	Company Secretary	02 nd May 1998

Declaration from Independent Directors

42. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013.

Details of Board Meetings held during 2014-15

43. Seven Board Meetings were held during the year 2014-15 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

Sl. No	Date	Board Strength	No. of Directors present
1	23 rd April 2014	12	10
2	13 th May 2014	12	09
3	23 rd July 2014	12	10
4	16 th September 2014	12	09
5	29 th September 2014	11	08
6	15 th November 2014	11	08
7	22 nd January 2015	11	08

Evaluation of Board's Performance

44. Cochin Shipyard is a 100% Government of India owned Public Sector Enterprise. Presently the Directors of the company are presidential appointees and their remuneration is fixed in accordance with the DPE guidelines. Accordingly

Article 21(a) of the articles of association of CSL states that president will appoint Directors and determine their remuneration. Since the Board level appointments are made by President of India, the evaluation of performance of such appointees is also made by the GOI. The Ministry of Corporate Affairs vide notification GSR 463(E) dated 05th June 2015 have exempted Government Companies from applicability of Section 178 (2), (3) and (4) of the Companies Act, 2013.

Report of the Nomination & Remuneration Committee on Company's Policy on Directors Remuneration

45. As brought out in para (44), presently the remuneration of Board level appointees are determined in accordance with DPE guidelines. The Ministry of Corporate Affairs vide notification GSR 463(E) dated 05th June 2015 have exempted Government Companies from applicability of Section 178 (2), (3) and (4) of the Companies Act, 2013.

Directors Responsibility Statement

46. Your Directors state that:

a) in the preparation of the annual accounts for the year ended 31st March 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;



DIRECTORS' REPORT

b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2015 and of the profit of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a 'going concern' basis;

e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

47. During the year, the Company had not entered into any contract/ arrangement / transaction with related parties which could be considered material. Your Directors draw attention of the members to Note 44 to the financial statements which sets out related party disclosures.

Corporate Social Responsibility & Sustainable Development Committee (CSR & SD Committee)

48. The CSR & SD Committee of CSL comprises of Dr. G C Gopala Pillai, Non Official Part Time Director as Chairman of the Committee, Dr. S Mohan, Non Official Part Time Director, Shri Paul Ranjan D, Director (Finance), Shri Sunny Thomas, Director (Technical), as members of the Committee. The Corporate Social Responsibility and Sustainability

Development Committee (CSR&SD) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: http://www.cochinshipyard.com/CSL_CSR.html.

49. Cochin Shipyard started CSR activities in the year 2010-11 based on the guidelines issued by the Department of Public Sector Enterprises (DPE) applicable to Government Companies. The Annual Report on CSR activities is annexed herewith marked as **Annexure-3**.

Audit Committee

50. The present Audit Committee of CSL constituted with Shri N Raghuram, Non Official Part Time Director as Chairman, Shri Elias George IAS, Official Part Time Director, Dr. S Mohan, Non Official Part Time Director and Dr. G C Gopala Pillai, Non Official Part Time Director as members. During the year, there were no recommendations of the Audit Committee which was not accepted by the Board of Directors.

Corporate Governance

51. The Company is committed to maintaining the highest standards of Corporate Governance and has put in place an effective corporate governance system. The Company complies with the guidelines on Corporate Governance issued by the Department of Public Enterprises and various other guidelines in this regard. The Company submits its quarterly progress reports on Corporate Governance within 15 days from the close of each quarter to the Ministry of Shipping as recommended by the DPE in this regard. The report on Corporate Governance forms part of the annual report.

Internal Financial Controls

52. The Company has in place adequate internal financial controls with reference to financial

DIRECTORS' REPORT

statements. During the year, such controls were tested and no reportable material weakness in the design or operation were observed. In order to provide for functional autonomy, the Company has a system wherein financial powers of the Board of Directors is delegated to the CMD. These powers are further sub delegated to officers at various levels for smooth and efficient day to day functioning. An independent internal audit mechanism is in place for conducting extensive audit of various operational and financial matters. C&AG conducts proprietary audit. An independent Audit Committee of the Board of Directors has been constituted which examines internal/ statutory and C&AG audit observations and provides guidance based on the same. The Audit Committee also looks into the internal control system, Company procedures and internal audit performance and reports to the Board of Directors.

Statutory Auditors

53. M/s Krishnamoorthy & Krishnamoorthy, Chartered Accountants, Ernakulam were appointed as the Statutory Auditors of the Company for the year 2014-15.

Auditors Report

54. The comments of the Statutory Auditors and the Company's reply are placed at **Annexure-4**.

Comments of C&AG

55. The comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 are placed at **Annexure-5**.

Cost Auditors

56. The Board has appointed M/s Felix & Co as the cost auditors for conducting the audit of cost records of the Company for the financial year 2014-15.

Secretarial Auditor

57. The Board has appointed Shri P Sivakumar, Practising Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended 31st March 2015 is annexed herewith marked as **Annexure-6** to this Report. The Company's reply to the qualification/adverse remark in Secretarial Audit Report is placed at **Annexure-7**.

Extract of Annual Return

58. The extract of annual return as per Rule 11 of the Companies (Management & Administration) Rules, 2014 is placed at **Annexure-8**.

Investor Services

59. CSL is a fully owned Government of India enterprise and the shares of the Company are not listed in any of the recognized stock exchanges in India. The tax free Bonds issued by the Company are fully dematerialised with both the depositories, NSDL and CDSL. These bonds are listed on Wholesale Debt Market ("WDM") segment of BSE Limited ("BSE"). M/s. Linkintime India Private Limited, Mumbai are the Registrar & Transfer Agents of the Company in respect of these Bonds.

Vigilance

60. Vigilance activities continued to enhance the level of managerial efficiency in the organization. The existing system and procedures are streamlined constantly and measures for improvement suggested to increase transparency, equity and accountability in all official transactions. Preventive vigilance and vigilance sensitization is given utmost importance and one vigilance sensitization programme is conducted every month for the Executives/Supervisors in the Company. These programmes will continue till all Executives/Supervisors attend at least one programme. Vigilance Department is providing assistance to formulate a new works manual for



DIRECTORS' REPORT

Civil Engineering Department and to update the existing vendor list in Materials Department. Works/contracts awarded in which the Integrity Pact is signed is regularly reviewed by the External Independent Monitor once in three months.

Vigil Mechanism

61. The Whistle Blower Policy of CSL adopted by the Board of Directors at 198th Meeting held on 22nd February 2012 functions as Vigil Mechanism of CSL. The Whistle Blower Policy of CSL is available at the following link: http://www.cochinshipyard.com/Whislte_Blower%20policy_CSL.pdf

Acknowledgment

62. The Board of Directors are extremely thankful for the continued patronage and support extended by the Hon'ble Minister of Shipping and all officers of the Ministry of Shipping. The Board would also like to express their grateful appreciation for the support and cooperation from various offices of the Government of India, Government of Kerala, various local bodies, the Comptroller & Auditor General of India, Statutory Auditors, Internal Auditors, Suppliers, Sub contractors, Company's Bankers and our valued customers. The Board also places on record its appreciation for the contribution and support extended by all employees of Cochin Shipyard.

Kochi
29th July 2015

Sd/-
Cmde K Subramaniam
Chairman and Managing Director
DIN : 01957227

ANNEXURE TO DIRECTORS' REPORT

Annexure 1

Statement of particulars of employees pursuant to provisions of Section 197(12) of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

-Nil-

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2014-15, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2014-15 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as

Sl No	Name of Director/KMP & Designation	Remuneration of Director/KMP for financial year 2014-15 (Rs.)	% increase in Remuneration in the FY-2014-15	Ratio of Remuneration of each Director /to median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company	Remarks
i	Cmdr K Subramaniam, Chairman & Managing Director	45,70,885	30.51	9.54	Profit Before Tax increased by 26% and Profit After Tax increased by 21% during the financial year 2014-15	
ii	Shri Ravikumar Roddam, Director (Finance) upto 30th April 2014	12,39,471	*	2.59		
iii	Shri Vinayakumar P, Director (Technical) upto 31st May 2014	13,94,211	**	2.91		
iv	Capt R S Sundar, Director (Operations)	38,15,454	39.75	7.97		
v	Shri Paul Ranjan D, Director (Finance) & CFO	26,12,683	#	5.45		



ANNEXURE TO DIRECTORS' REPORT (Contd)

vi	Shri Sunny Thomas, Director (Technical)	26,25,607	##	5.48		
vii	Shri MC Jauhari, IAS, Official Part Time Director, upto 20th January 2015	Nil	Nil	Not Applicable		
viii	Shri Barun Mitra, IAS, Official Part Time Director, from 20th January 2015	Nil	Nil	Not Applicable		
ix	Shri Elias George, IAS Official Part Time Director	Nil	Nil	Not Applicable		
x	Shri LN Vijayaraghavan, IAS(Retd), Non Official Part Time Director upto 16th September 2014	1,30,000	44.44	0.27		The remuneration consists of only sitting fees. Number of Board/Committee Meeting attended last year was 9 and the current year was 13.
xi	VAdm (Retd) SKK Krishnan, Non Official Part Time Director upto 24th January 2015	1,10,000	0.00	0.23		The remuneration consists of only sitting fees. Number of Board/Committee Meeting attended last year was 11 and the current year was 11.
xii	Shri M Raman IAS(Retd), Non Official Part Time Director upto 24th January 2015	80,000	(11.11)	0.17		The remuneration consists of only sitting fees. Number of Board/Committee Meeting attended last year was 9 and the current year was 8.
xiii	Shri N Raghuram, Non Official Part Time Director	1,80,000	38.46	0.38		The remuneration consists of only sitting fees. Number of Board/Committee Meeting attended last year was 13 and the current year was 18.

ANNEXURE TO DIRECTORS' REPORT (Contd)

xiv	Dr. S Mohan, Non Official Part Time Director	1,50,000	50.00	0.31	The remuneration consists of only sitting fees. Number of Board/Committee Meeting attended last year was 10 and the current year was 15.
xv	Dr. G C Gopala Pillai, Non Official Part Time Director	1,90,000	46.15	0.40	The remuneration consists of only sitting fees. Number of Board/Committee Meeting attended last year was 13 and the current year was 19.
xvi	Smt. Kala V, Company Secretary	18,53,285	16.10	3.87	Profit Before Tax increased by 26% and Profit After Tax increased by 21% during the financial year 2014-15
* Details not given as Shri Ravikumar Roddam was a Director only for a part of the year 2014-15 i.e, upto 30 th April 2014.					
** Details not given as Shri Vinayakumar P was a Director only for a part of the year 2014-15 i.e, upto 31 st May 2014.					
# Details not given as Shri Paul Ranjan D was not a Director during the year 2013-14					
## Details not given as Shri Sunny Thomas was not a Director during the year 2013-14					
(ii)	The median remuneration of employees of the Company during the financial year 2014-15				4,78,973
(iii)	% increase in the median remuneration of employees in the financial year 2014-15				(33.80) (Reduction)
(iv)	Total number of permanent employees on the rolls of Company as on 31 st March 2015				1,786



ANNEXURE TO DIRECTORS' REPORT (Contd)

(v) Relationship between average increase in remuneration and Companies performance	Profit Before Tax increased by 26% and Profit After Tax increased by 21% during the financial year 2014-15 whereas the average remuneration during the year 2014-15 was reduced by 16.86% owing to superannuation of senior employees and induction at lower grades.
(vi) Comparison of Remuneration of the Key Managerial Personnel(s) against the performance of the Company:	Profit Before Tax increased by 26% and Profit After Tax increased by 21% during the financial year 2014-15 whereas the remuneration paid to Key Managerial Personnel(s) were increased by 33.10%
(vii) a) Variations in the market capitalisation of the Company b) Price Earnings ratio of the Company c) Percent increase over/ decrease in the market quotations of the shares of the Company as compared to the rate at which the Company came out with the last public offer in the year	Not Applicable Not Applicable Not Applicable
(viii) Average percentage decrease in the salaries of employees other than the managerial personnel in the last financial year i.e. 2014-15 was 15.57% owing to the superannuation of senior employees and induction at lower grades. The increase in the managerial remuneration for the same financial year was 33.10%.	
(ix) The key parameters for the variable component of remuneration availed by the Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee as per the pay Guidelines issued by the Government of India	
(x) The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Not Applicable
(xi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.	



ANNEXURE TO DIRECTORS' REPORT (Contd)

Annexure 2

A. Conservation of Energy

- a. Steps taken / impact on conservation of energy during the year 2014 -15.

STEPS TAKEN

- Installed 60 KW Solar Power System.
- Provided Variable Frequency Drive (VFD) for LT Motor of 15T LLTT Crane at Quay 1.
- Electrification of new Buildings are carried out with LED lights instead of conventional discharge lamps.
- Replaced 1000 W Sodium Vapour Lamp/Mercury Vapour Lamp with 400 W Metal Halide Lamp (having high Lumen output)
- Replaced conventional discharge lamp street lights with LED lights.
- Replacement of Air conditioning units with energy efficient inverter type Acs.
- Leakages in the compressed air distribution system and other industrial gas lines are regularly monitored and rectified.
- Switching off Main Air Compressor during lunch break.
- Switching off Main power supply to shops, Quays & Docks momentarily at 12:15 Hrs. This trips man coolers, roof extractors (controlled through starters) etc. which are not required during the lunch break.
- Displayed energy saving stickers & posters, conducted seminar and quiz competition for inculcating awareness among employees for energy conservation aimed at optimum use of electric power.
- Power factor is continuously monitored and maintained near unity.
- Promotion of the use of energy efficient inverter type welding sets instead of conventional welding sets.
- Constituted energy cell by including members from various departments for strengthening the energy conservation activities.



ANNEXURE TO DIRECTORS' REPORT (Contd)

- b. Steps taken for utilizing alternate sources of energy
 - Installation of self propelled wind turbine exhaust system in workshop buildings in lieu of forced exhaust system.
 - Usage of transparent roof sheets in new construction sites for increasing daylight utilization.
- c. Capital investment on energy conservation equipments

IMPACT

Energy consumption has been reduced by approx. 1.5 Lakhs units with the implementation of measures specified above

- Installed 60 KWp grid connected Solar Power plant at roof top of Main Administrative building.
- An amount of approximately Rs. 100 Lakhs has been invested for conservation of energy

B. Technology Absorption, Adaptation and Innovation

1. Efforts in brief towards technology absorption, adaptation and innovation.
 - i. Development of weld procedures for Aluminium fabrication for Fast Patrol Vessels (FPVs).
 - ii. Development and implementation of weight controls and balancing for weight sensitive ship like Fast Patrol Vessels (FPVs)
 - iii. Developed digitally, the hull and outfit/design models for Platform Supply Vessels (PSVs) and Fast Patrol Vessels (FPVs).
 - iv. In-house development of complete production engineering design of FPVs and PSVs in 3D hull and entire outfit modeling in Tribon.
 - v. In-house 3D hull modeling, machinery and outfit modeling of piping systems, ventilation, air-conditioning, cabling and structural items and development of structural drawing of Indigenous Aircraft Carrier are in progress, based on the inputs provided by the Indian Navy.
 - vi. Propulsion System Integration for the Indigenous Aircraft Carrier Project being carried out in collaboration with M/s Fincantieri, Italy.

ANNEXURE TO DIRECTORS' REPORT (Contd)

- vii. In-house 3D modeling of Aviation Facilities like Arresting gear, Restraining gear, Hydraulic station, aviation ammunition complex, maintenance facilities inside Hangar, Ilmen, Luna and MTK for integration of these equipments onboard Indigenous Aircraft Carrier based on the details received from M/s Rosoboronexport Russia.
- viii. In-house 3D modeling of fire curtain used for separating the Hangar into two compartments and preparation of production drawings as per the details received from M/s Darchem, USA
- ix. In-house 3D modeling of various Aviation Facility equipments like SAC lift, Ammunition lift, Turn table and hangar doors and preparation of production drawings based on the details received for these equipments from their respective foreign OEMs.
- x. Design of fire fighting system for Aviation Ammunition Magazine compartments and design of power supply system for Aviation Facility complex equipments with the help of M/s Rosoboronexport Russia.
- xi. Production design of 'state of the art' 'CLEAN DESIGN, DP II, Electric Propelled' Platform Support Vessels.
- xii. Implementation of comfort class accommodation systems on offshore vessels by the adoption of floating floors and resilient supports for noise and vibration suppression.
- xiii. Technology assimilation and introduction of 690V Diesel electric propulsion systems on offshore vessels.
- xiv. Conversion of the existing semi automatic (MIG/ MAG) weld process to a completely automated weld process using welding oscillator with Rack and Pinion drive as well as magnetic base drive for welding in different weld position. This has resulted in significant increase in productivity and consistent better quality of welds.
- xv. Development of new weld procedures for DMR 249 Grade B Plate using Manual Metal Arc Welding (MMAW) process. Semi Automatic Gas



ANNEXURE TO DIRECTORS' REPORT (Contd)

Disclosure of particulars in respect of Absorption

- i. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitutions etc.
- xvii. In case imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished
- a) Technology imported
- Metal Arc Welding (GMAW) process and completely mechanised Submerged Arc Welding (SAW) process for welding butt, fillet joints, T sections and aluminum structures.
- xvi. New weld procedures were developed in-house for fabrication of methanol tank made of 316 L grade stainless steel using semi automatic Flux Cored Arc Welding (FCAW) process.
- i. Improved self reliance, better control and focus on productivity improvement.
- ii. Access to high end clientele and enhanced credibility on account of high quality accommodation solutions and fuel efficient and 'green technology' diesel electric propulsion systems.
- iii. Reduction of cost due to minimized rework, as interface of the systems can be viewed and corrected in 3D modelling on computer.
- iv. Considerable improvement in time and cost saving for production of vessels being built at Shipyard.
- v. Yard has developed expertise and skill to produce production-engineering drawings by extracting relevant data from Tribon model.
- vi. Carried out modelling of the entire hull, facilitating very short cycle time for drawing issue.
- vii. Capability achieved in undertaking multiple projects concurrently
- viii. Drastically improved the weld Arc on time.
- i. Tribon M3 shipbuilding software.
- ii. Propulsion System Integration Analysis for Indigenous Aircraft Carrier Project.
- iii. Aviation Facilities Complex for Aircraft Carrier Project.
- iv. Basic design of Platform Support Vessel of different categories like 755UT, 755LN, CD-09, CD-05, 755CD.
- v. Basic design, material and equipments for accommodation and electrical systems.

ANNEXURE TO DIRECTORS' REPORT (Contd)

- b. Year of import (2007-2012)
- c. Has the technology been fully absorbed
- Use of Tribon M3 software (functional) has been fully absorbed (100%).
 - Detailed engineering from 'Basic design of Platform Support Vessel of different categories like 755UT, 755LN, CD-09, CD- 05, 755CD has been fully absorbed (100%)
 - 100% for the PSI analysis for Indigenous Aircraft Carrier Project has been absorbed.
 - 80% for Aviation Facilities Complex (AFC) for Aircraft Carrier Project.
 - Technology for comfort class accommodation and diesel electric propulsion fully absorbed.
- d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action
- The deliverables for AFC are also being received in phases.

C. Foreign Exchange Earnings & Outgo

(₹ in lakh)

Income from Foreign Exchange	2014-15	2013-14
From Shiprepair	48.56	15.29
From Shipbuilding	72.89	7364.85
Expenditure in Foreign Exchange		
Materials (CIF Value)	35914.15	37678.91
Design & Documentation	3201.60	17152.55
Service Charges & Others	3060.05	3721.32



ANNEXURE TO DIRECTORS' REPORT (Contd)

Annexure-3

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programs.
 - a. Cochin Shipyard Limited Corporate Responsibility Policy (CSL CSR Policy) :
 - i) CSL CSR Policy approved and adopted by the Board of CSL in its 213th Meeting held on 16th September, 2014 is founded on the basic principles of shared and inclusive growth of the community and environment and is a manifestation of Company's commitment to the people and planet without sacrificing its economic sustainability. More than a mandatory practice, CSR for CSL is its way conducting the business. The Policy encompasses the basic tenets of CSR and domain of CSR activities as enshrined in the Companies Act 2013 and the CSR Rules framed there under with particular reference to the Schedule VII of the Act.
 - ii) Accordingly, CSL CSR Policy contains:
 - CSR Vision and Mission
 - Thrust areas of CSR interventions
 - CSR activities
 - CSR Management structure in CSL
 - CSR implementation process or modus operandi
 - CSR budgeting
 - Documentation and reporting
 - iii) Web-link to the CSR Policy and projects or programs : <http://www.cochinshipyard.com/CSR@CSL>
 - b. Overview of projects or programs proposed to be undertaken (As shown under 5 below)
2. The Composition of the CSR Committee (Board Level) as on 31st March 2015 :
 - i) Dr. G C Gopala Pillai, Independent Director and Chairman of the Committee
 - ii) Dr. S Mohan, Independent Director
 - iii) Shri Paul Ranjan D, Director (Finance)
 - iv) Shri Sunny Thomas, Director (Technical)
3. Average net profit of the Company for the last three financial years : ₹ 27315.86 Lakhs
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) : ₹ 546.32 Lakhs
5. **Details of CSR spent during the financial year**
 - (a) Total amount to be spent for the financial year : ₹ 546.32 Lakhs
 - (b) Amount unspent, if any: ₹13.98 Lakhs*

* ₹13.98 Lakhs is payable and will be paid as and when bills for the same are presented.

ANNEXURE TO DIRECTORS' REPORT (Contd)

(c) Manner in which the amount spent during the financial year is detailed below.

Sl No	CSR Project or activity identified	Sector in which the Project is covered (Clause No. Of Schedule VII to Companies Act, 2013, as amended)	Projects or Programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program (Rs. Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or programs (2) Overheads (Rs Lakhs)*	Cumulative Expenditure up to the reporting period (Rs. Lakhs)	Amount Spent : Direct or throughwise implementing agency (Rs. Lakhs)
1)	Construction of Operation Theatre and Mother & Child Ward at Swami Vivekananda Medical Mission Hospital, Attappadi	Cl. (i) promoting health care including preventive health care	In Attappady, Palakkad District, Kerala State	43	41.33	41.33	Implementing Agency- Swami Vivekananda Medical Mission, Attappady
2)	Livelihood Development of Small Farmers by Providing Value Addition Facilities and Equipments at Sangamaithri Farm Products Producers Co-operative Society at Pallichal, Thiruvananthapuram District	Cl. (ii) livelihood enhancement project Cl. (x) rural development project	In Pallichkal, Thiruvananthapuram District, Kerala State	47.60	47.60	47.60	Implementing Agency – Sangamaithri Farmers Producer Company Ltd.
3)	Construction of a 100 bed capacity boys' hostel at Vivekananda Residential Tribal School, Wayanad	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	In Wayanad District, Kerala State	95.10	47.97	83.13	Implementing Agency – Wayanad Girijana Seva Trust

(Contd.)



ANNEXURE TO DIRECTORS' REPORT (Contd)

4)	Drinking Water Supply Scheme at Chottanikkara Gramma Panchayath	Cl. (i) making available safe drinking water	In Chottanikkara, Ernakulam District, Kerala State	56.25	26.25	26.25	26.25	Implementing Agency- Chottanikkara Grama Panchayath
5)	Construction of a new building for Saraswathy Vidyanikethan High School	Cl. (ii) promoting education	In Chengamanad, Ernakulam District, Kerala State	22.00	12.00	12.00	22.00	Implementing Saraswathy Vidhyanikethan High School, Chengamanad
6)	Construction of new Out Patient Block at Shri Ramakrishna Ashramam Hospital, Thiruvananthapuram	Cl. (i) promoting health care including preventive health care	In Thiruvananthapuram District, Kerala State	100.00	34.11	34.11	34.11	Implementing Agency- Ramakrishna Ashrama Charitable Hospital, Trivandrum
7)	Construction of a Permanent Stage for "Chavittunatakam" performing art for Sports and Arts Club, Gothuruth	Cl. (v) promotion and development of traditional arts & Cl. (ii) livelihood enhancement project	In Gothuruth Island, Ernakulam District, Kerala State	25.00	19.05	19.05	19.05	Implementing Agency- Muziris Maritime Art Centre by Sports & Arts club, Gothuruth Island, Ernakulam
8)	Providing a School Bus for Daya Sadan, school for special children	Cl. (ii) promoting special education and employment enhancing vocational skills especially among differently abled children	In Udayamperror, Ernakulam District, Kerala State	18.34	18.34	18.34	18.34	Implementing Agency- Daya Sadan – School for the Mentally Challenged at Udayamperror

(Contd.)

ANNEXURE TO DIRECTORS' REPORT (Contd)

9)	Providing, Installation and Commissioning of a Patient Elevator at Holy Cross Hospice, a Palliative Care Hospital for the Poor and Destitute	Cl. (i) promoting health care including preventive health care	In Perumpadappu, Ernakulam District, Kerala State	25.00	16.28	16.28	Implementing Agency- Holy Cross Hospice, Perumpadappu, Ernakulam
10)	Construction of a training cum community centre for Ohm Sivananda Pulaya Seva Samajam (SC Community)	Cl. (ii) promoting education, employment enhancing vocational skills especially among women and livelihood enhancement project & Cl. (iii) empowering women and measures for reducing inequalities faced by socially and economically backward groups	In Ayyampilly, Ernakulam District, Kerala State	30.00	16.50	30.00	Implementing Agency- Ohm Sivananda Pulaya Seva Samajam
11)	Financial support for Providing Generator at Primary Health Centre at Erattupettah	Cl. (i) promoting health care including preventive health care	In Erattupettah, Kottayam District, Kerala State	3.00	3.00	3.00	Implementing Agency- Primary Health Centre, Erattupettah
12)	Providing High Mast lights at 5 Rural Traffic Junctions in Ernakulam District	Cl. (x) rural development project	In Ernakulam District, Kerala State	20.36	20.36	20.36	Implementing Agency- Kerala State Electronics Development Corporation Ltd.

(Contd.)



ANNEXURE TO DIRECTORS' REPORT (Contd)

13)	Sponsoring 4000 dialysis procedures at Regional Dialysis Centre at District Hospital, Aluva	Cl. (i) promoting health care including preventive health care	In Aluva, Ernakulam District, Kerala State	20.00	20.00	20.00	20.00	Implementing Agency- Regional Dialysis Centre at District Hospital, Aluva
14)	Support to Palliative Care Department of General Hospital, Ernakulam	Cl. (i) promoting health care	In Ernakulam District, Kerala State	10.00	10.00	10.00	10.00	Implementing Agency- Dept. of Palliative Care, General Hospital, Ernakulam
15)	Construction of a Multi-Purpose Community Centre at Cheranellur Gramma Panchayath	Cl. (x) rural development project & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	In Cheranellur, Ernakulam District, Kerala State	35.00	35.00	35.00	35.00	Implementing Agency- Cheranellur Gramma Panchayath & Habitat Technology Group, Thiruvananthapuram
16)	Boat Ambulance for the Scattered Islanders of West Cochin area	Cl. (i) promoting health care including preventive health care	In 35 islands of the west Cochin costal belt, Ernakulam District, Kerala State	30.00	30.00	30.00	30.00	Implementing Agency- Fatima Hospital, Perumpadappu, Ernakulam
17)	Super speciality Medical Camp	Cl. (i) promoting health care including preventive health care	In Ernakulam District, Kerala State	5.00	5.00	5.00	5.00	Implementing Agency- Hospital Development Committee, General Hospital, Ernakulam

(Contd.)

ANNEXURE TO DIRECTORS' REPORT (Contd)

18)	Setting up of a National Dementia Helpline	Cl. (i) promoting health care including preventive health care	In Ernakulam District, Kerala State	2.78	2.03	2.78	Implementing Agency- Alzheimer's and Related Disorders Society of India
19)	Study Kits for the SC/ ST Students	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	In Kadayiruppu, Ernakulam District, Kerala State	2.01	2.01	2.01	Federation of Central Govt. SC/ ST Employees (Kerala), CSL Unit, Ernakulam
20)	Study Kits for the poor Students of visually challenged parents	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	In Ernakulam and Alleppey District, Kerala State	4.10	4.10	4.10	Implementing Agency- Kerala Federation of Blind, Ernakulam
21)	Promotion of Cultural and Artistic Talents among the school children through All Kerala Children's Fest	Cl. (v) promotion and development of traditional arts	In Ernakulam District, Kerala State	5.00	5.00	5.00	Implementing Agency- Cochin Shipyard Recreation Club, Ernakulam
22)	Sponsoring of Surya Festival	Cl. (v) promotion and development of traditional arts	In Ernakulam District, Kerala State	2.00	2.00	2.00	Implementing Agency- Kerala Fine Arts Society

(Contd.)



ANNEXURE TO DIRECTORS' REPORT (Contd)

23)	Renovation of a Rural Public Library	In Palluruthy, Ernakulam District, Kerala State	3.00	2.75	2.75	Implementing Agency- Palluruthy Public Library, Ernakulam
24)	Sponsoring the 56th World Day of the Disabled conducted by the Ernakulam District Administration	In Ernakulam District, Kerala State	2.00	2.00	2.00	Implementing Agency- The Social Justice Department, Ernakulam District
25)	Providing basic amenities at the Destitute Home managed by Theruvoram Murugan	In Ernakulam District, Kerala State	3.76	3.76	3.76	Implementing Agency- Theruvora Pravarthaka Association, Ernakulam
26)	Construction of Recourse Centre at Govt. East H S Muvattupuzha	In Ernakulam District, Kerala State	3.00	3.00	3.00	Implementing Agency- Govt. East H S Muvattupuzha
27)	New Building for Adarsh Charitable Trust for housing training and rehabilitation centre for the differently abled persons, Thripunithura	In Kurekkad, Ernakulam District, Kerala State	3.00	3.00	3.00	Implementing Agency - Adarsh Charitable Trust
28)	Responsible Kerala Police Pavilion at Bharateeyam' exhibition at Marine Drive, Ernakulam	In Marine Drive, Ernakulam District, Kerala State	0.75	0.75	0.75	Implementing Agency - Cochin City Police

(Contd.)

ANNEXURE TO DIRECTORS' REPORT (Contd)

29)	Special Line Camp for Differently abled Children in Ernakulam	Cl. (ii) promoting special education and employment enhancing vocational skills especially among differently abled children	In Ernakulam District, Kerala State	0.68	0.68	0.68	Implementing Agency – Centre for Empowerment and Enrichment (CEFEE), Ernakulam
30)	Swachh Bharat Campaign	Cl. Swachh Bharat Abhiyan of GoI	In Ernakulam District, Kerala State	1.04	1.04	1.04	Implementing Agency – Cochin Shipyard Ltd.
31)	Monsignor Alexander Memorial Scholarship for professional education for economically weaker students	Cl.(ii) promoting education	In Ernakulam District, Kerala State	25.00	25.00	25.00	Implementing Agency – CSL Employees Mutual and Public Welfare Trust
32)	Sponsorship for Professional Courses Coaching to Economically Backward Students under JYOTI	Cl.(ii) promoting education	In Ernakulam District, Kerala State	20.00	20.00	20.00	Dist. Collector, Ernakulam
33)	Vehicle for Indian Red Cross Society, Red Cross Bhawan, Kakkanadu	Cl. (i) promoting health care including preventive health	In Ernakulam District, Kerala State	4.33	4.33	4.33	Implementing agency- Indian Red Cross Society, District Branch, Ernakulam

(Contd.)



ANNEXURE TO DIRECTORS' REPORT (Contd)

34)	2014 IEEE International Conference on Advances in Green Energy organized by Mar Baselios College, Trivandrum and Swinburne University, Melbourne, Australia –	Cl. (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air	In Thiruvananthapuram District, Kerala State	1.00	1.00	1.00	Implementing agency- Mar Baselios College of Engineering and Technology, Thiruvananthapuram.
35)	Toilet construction at Cardinal Higher Sec. School Kalamassery	Cl. (i) promoting sanitation & Swachh Bharat Abhiyan of GoI	In Ernakulam District, Kerala State	2.50	2.50	2.50	Implementing agency- Cardinal Higher Secondary School, Thrikkakara, Kakkanaad and Rotary Club of Kalamassery

(Contd.)

ANNEXURE TO DIRECTORS' REPORT (Contd)

36)	Assistance to State Level Special School Kalolsavam - 2015 (Chilamboli)	Cl. (ii) promoting education, including special education among children and the	In Ernakulam District, Kerala State	2.00	2.00	2.00	Implementing agency- Association for the Intellectually Disabled (AID), Kanjirapally, Kottayam
37)	Financial support for providing Ambulance at Chottanikkara Grama Panchayath.	Cl. (i) promoting health care including preventive health care.	In Chottanikkara, Ernakulam District, Kerala State	9.84	9.84	9.84	Implementing Agency- Chottanikkara Grama Panchayath
38)	Overhead/ Administrative Expenses		In Ernakulam District, Kerala State	5.76	5.76	5.76	Direct
Total				716.20	532.34	591.75	

* Note :- Includes amount spent on projects sanctioned in earlier years.

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objective and policy of the Company.

Sd/-
Cmde K Subramaniam (DIN : 01957227)
Chairman & Managing Director & CEO

Sd/-
Dr. G C Gopala Pillai (DIN : 00083936)
Chairman of CSR & SD Committee



ANNEXURE TO DIRECTORS' REPORT (Contd)

Annexure - 4

Company's Reply to the comments of the Statutory Auditors

Para in Auditors Report	Statutory Auditor's Comments	Company's Reply
(i)	Note no.18 to the Financial Statements regarding the basis on which the company has recognized the revenue Ship Building/ Ship Repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income;	The company has been recognizing the revenue from ship building operations as per AS 7 which requires that revenue from long term construction contracts shall be recognized on percentage of completion. As per the Company's accounting policy followed consistently, for recognizing revenue, the percentage of physical completion or financial completion which ever is lower is adopted. In the case of physical completion the percentage progress is evaluated by the Company's technical experts in charge of the planning/ production department, who are considered as most suitable and competent to assess the physical progress achieved. This has been followed consistently over the years.
(ii)	Note No.32 to the Financial Statements regarding accounting of liabilities towards subcontract works, at the end of the year, based on Company's estimate. ; The ultimate impact, if any, of the above estimate on the Financial Statements is not ascertainable at this stage.	Major part of the liability towards subcontract works has been provided on the basis of actuals worked out on subsequent settlement of the work orders. The balance liability has been provided on the basis of technical assessment of progress of work by the concerned executing officer as per the relevant work orders. This practice is followed by the company consistently.

 ANNEXURE TO DIRECTORS' REPORT (Contd)**Annexure - 5****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS COHIN SHIPYARD LIMITED, KOCHI FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of Cochin Shipyard Limited, Kochi for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 06.08.2015

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Cochin Shipyard Limited, Kochi for the year ended 31st March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

**For and on the behalf of the
Comptroller & Auditor General of India**

(G. SUDHARMINI)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD

Place: Chennai

Date: 21st November 2015



ANNEXURE TO DIRECTORS' REPORT (Contd)

Annexure-6

Form No. MR-3

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2015**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members
Cochin Shipyard Limited
Administrative Bldg 39/6080
Cochin Shipyard Premises
Perumanoor, M.G. Road
Ernakulam - 682015
Kerala

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Cochin Shipyard Limited [CIN: U63032KL1972GOI002414] (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2015 according to the provisions of:

(i) The Companies Act, 2013 and the Companies Act, 1956 (to the extent applicable) (the Act) and the Rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder;

(iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-

(a) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

(iv) As informed to us, the following other laws are specifically applicable to the Company:

1. Environment (Protection) Act, 1986
2. Water (Prevention and Control of Pollution) Act, 1974
3. Air (Prevention and Control of Pollution) Act, 1981
4. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
5. The Central Vigilance Commission Act, 2003

(Contd.)

 ANNEXURE TO DIRECTORS' REPORT (Contd)

6. Right to Information Act, 2005
7. Public premises (Eviction of Unauthorized Occupants) Act, 1971
8. Indian Electricity Act, 2003 and Central Electricity Regulations 2010
9. Department of Public Enterprises' Guidelines on Corporate Social Responsibility and Guidelines on Corporate Governance
10. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We have also examined compliance with respect to the following:

- The Debt Listing Agreement entered into by the Company with Bombay Stock Exchange Limited.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, etc. mentioned above.

In respect of other laws specifically applicable to the Company we have relied on information/records produced by the Company during the course of our audit and the reporting is limited to that extent.

We further report that:

The Board of Directors of the Company is duly constituted except that the Company has no Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and in compliance with orders issued by the Central Government.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were no public/right/preferential issue of shares/debentures/sweat equity, buy back of securities, merger / amalgamation / reconstruction, etc. or foreign technical collaborations.

Kochi



ANNEXURE TO DIRECTORS' REPORT (Contd)

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Members
Cochin Shipyard Limited
Administrative Bldg 39/6080
Cochin Shipyard Premises
Perumanoor, M.G. Road
Ernakulam - 682015
Kerala

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the process and practices we followed provide a reasonable basis for our report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
4. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination was limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2015 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations, especially since the financial year ended 31st March 2015 was the first full financial year in which the Companies Act, 2013 has become operational.

Kochi
27.07.2015


 ANNEXURE TO DIRECTORS' REPORT (Contd)

Annexure 7

Company response to qualifications in the Secetarial Audit Report

Qualification	Response
<p>The Board of directors is duly constituted except that the company has no woman director.</p>	<p>Cochin Shipyard Ltd (CSL) is a 100% Government of India Company and as per article 21(a) of the Articles of Association of CSL, Directors of the Company are appointed by the President of India. Extracts of Article 21(a) of the articles of association is as follows</p> <p>“21 (a) President to Appoint Directors and Determine their Remuneration.: The Chairman of the Board of Directors and the Government representatives on the Board of Directors shall be appointed by the President of India. Other members of the Board of Directors shall be appointed or reappointed by the President of India in consultation with the Chairman of the Board of Directors. The Directors shall be paid such remuneration as the president of India may, from time to time, determine.”</p> <p>2. The matter has been taken up with Ministry of Shipping, the administrative ministry of CSL for appointment of a Women Director on the CSL Board.</p>



ANNEXURE TO DIRECTORS' REPORT (Contd)

Annexure 8

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2014

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U63032KL1972GOI002414
2.	Registration Date	29 th March 1972
3.	Name of the Company	Cochin Shipyard Ltd
4.	Category/Sub-category of the Company	Private Company/ Limited by Shares
5.	Address of the Registered office & contact details	Administrative Bldg 39/6080, Cochin Shipyard Premises, Perumanoor M G Road, Ernakulam, 682015
6.	Whether listed company	Yes, Debentures listed in WDM segment of BSE
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Building of Ships & Floating Structures	3011	88
2	Specialised Repair and maintenance of ships and floating structures	3315	10

III. Particulars of holding, Subsidiary and Associate Companies

Sl No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Nil	Nil	Nil	Nil	Nil

ANNEXURE TO DIRECTORS' REPORT (Contd)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
A. Promoters									
(1)Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A)	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-

Contd.



ANNEXURE TO DIRECTORS' REPORT (Contd)

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
l) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-

ANNEXURE TO DIRECTORS' REPORT (Contd)

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	De mat	Physical	Total	% of Total Shares	De mat	Physical	Total	% of Total Shares	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total									



ANNEXURE TO DIRECTORS' REPORT (Contd)

(ii) Shareholding of Promoter-

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	The President of India	11,32,79,700	99.99%	-	11,32,79,700	99.99%	-	Nil
2								
3								
4								
5								
6								
7								
8								
9								

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	11,32,79,700	99.99%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g allotment /transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	11,32,79,700	99.99%	11,32,79,700	99.99%

ANNEXURE TO DIRECTORS' REPORT (Contd)

(iv) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year Cmde K Subramaniam Shri Ravikumar Roddam, Director Finance (upto 30 th April 2014) Shri M.C Jauhari, IAS	100 100 100	- - -	100 100 100	- - -
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	Date	Name	Reason		
	22/08/14	Shri Ravikumar Roddam	Transfer	100	-
	22/08/14	Shri Paul Ranjan D	Transfer	0	-
	21/04/15	Shri M C Jauhari, IAS	Transfer	100	-
	21/04/15	Shri Barun Mitra, IAS	Transfer	0	-
	At the end of the year Cmde K Subramaniam Shri Paul Ranjan D Shri Barun Mitra	- - -	- - -	100 100 100	- - -



ANNEXURE TO DIRECTORS' REPORT (Contd)

(V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	123	-	-	123
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	123	-	-	123
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	123	-	-	123
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	123	-	-	123

ANNEXURE TO DIRECTORS' REPORT (Contd)

(VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SL No	Particulars of Remuneration	Name of MD/WTD/ Manager						Total Amount
		K Subramaniam	Ravikumar Roddam	P Vinayakumar	R S Sundar	Paul Ranjan	Sunny Thomas	
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4310707	1239471	1394211	3815454	2612683	2625607	15998133
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	260,178	-	-	-	-	-	260,178
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-	-
5	Others, please specify	-	-	-	-	-	-	-
	Total (A)	4570885	1239471	1394211	3815454	2612683	2625607	16258311
	Ceiling as per the Act	Rs.36.7 crores being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013						



ANNEXURE TO DIRECTORS' REPORT (Contd)

B. Remuneration to other directors

Sl No	Particulars of Remuneration	Name of Directors						Total Amount	
		LN Vijayaraghavan	SKK Krishnan	M Raman	N Raghuram	S Mohan	G.C Gopala Pillai		
1	Independent Directors								
	Fee for attending board committee meetings	1,30,000	1,10,000	80,000	1,80,000	1,50,000	1,90,000	8,40,000	
	Commission	-	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	-	
	Total (1)								
2	Other Non-Executive Directors								
	Fee for attending Board Committee meetings	-	-	-	-	-	-	-	
	Commission	-	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	-	
	Total (2)								
	Total (B) = (1+2)	1,30,000	1,10,000	80,000	1,80,000	1,50,000	1,90,000	8,40,000	
	Total Managerial Remuneration							1,70,98,311	
	Overall Ceiling as per the Act	Rs.3.67 crores being 1% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013							

ANNEXURE TO DIRECTORS' REPORT (Contd)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SlNo	Particulars of Remuneration	Key Managerial Personnel			
		CEO (CMD)	CS	CFO D(F)	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4310707	1853285	2612683	8776675
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	260,178	-	-	260,178
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	others, specify...	-	-	-	
5	Others, please specify	-	-	-	
	Total	4570885	1,853,285	2612683	9036853

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

1. Cochin Shipyard recognizes the importance of Corporate Governance to emerge as a model corporate. The Company has adopted policies and procedures which are aimed at effectively discharging its responsibilities to various stakeholders viz shareholders, creditors, customers, employees and society at large. CSL strongly believes that the Company can emerge as a strong global leader only by following good & sound Corporate Governance principles.

The Company has been rated excellent in Corporate Governance practices as per the evaluation criteria prescribed by the Department of Public Enterprises.

Board of Directors

2. The Board of Directors of Cochin Shipyard Limited plays a pivotal role in ensuring good Corporate Governance. The composition of the Board as on 31st March 2015 was as follows:-
3. **Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and Number of other Directorships and Chairmanships/ Memberships of Committees of each Director in various Companies are as below:**

No	Name of Directors	Category of Directorship
1	Cmde K Subramaniam (Retd.), Chairman & Managing Director	Executive
2	Capt R S Sundar, Director (Operations)	Executive
3	Shri Paul Ranjan D Director (Finance)	Executive
4	Shri Sunny Thomas Director (Technical)	Executive
5	Shri Barun Mitra, IAS, Joint Secretary (Shipping), Ministry of Shipping, Govt. of India	Nominee of Government of India*
6	Shri Elias George, IAS	Nominee of Government of Kerala
7	Dr S Mohan	Non Official Part Time Director
8	Dr G C Gopala Pillai	Non Official Part Time Director
9	Shri N Raghuram	Non Official Part Time Director

* Ministry of Shipping vide letter No.SY-11012/5/95-CSL dated 20th January 2015 has appointed Shri Barun Mitra, IAS as Official Part Time Director representing Government of India with effect from 20th January 2015 in place of Shri MC Jauhari, IAS.

Name of Director	Attendance of meeting during 2014-15		No. of other Directorship(s)		Other Board Committees	
	Board Meetings	Last AGM	Chairman	Member	Chairman	Member
Cmde K Subramaniam	7	Yes	-	-	-	-
✦ Shri M C Jauhari, IAS	-	No	-	02	-	-
✦ Shri Barun Mitra, IAS	-	N.A	-	-	-	-
Shri Elias George, IAS	2	No	-	02	-	-
✦ Shri Ravikumar Roddam	1	N.A	-	-	-	-
Shri P Vinayakumar	2	N.A	-	-	-	-
Capt. R S Sundar	7	Yes	-	-	-	-
✦ Shri Paul Ranjan D	6	Yes	-	-	-	-
✦ Shri Sunny Thomas	4	Yes	-	-	-	-
✦ Shri L N Vijayaraghavan, IAS (Retd.)	4	N.A	-	-	-	-
✦ VAdm (Retd.) S K K Krishnan	6	Yes	-	-	-	-
✦ Shri M Raman, IAS (Retd.)	2	No	-	03	-	-
Dr S Mohan	7	Yes	-	-	-	-
Dr G C Gopala Pillai	7	Yes	01	05	-	-
Shri N Raghuram	7	Yes	-	-	-	-

REPORT ON CORPORATE GOVERNANCE

- The Directorships held by Directors as mentioned above does not include Alternate Directorships and Directorships of Foreign Companies, Sec 25 Companies and Private Limited Companies which are not Government Companies.

Memberships/ Chairmanships of only the Audit Committees and Share Holders/ Investors Grievances Committees of all Public Limited Companies and Government Companies have been considered.

- ✦ Shri Ravikumar Roddam, Director (Finance) demitted office on completion of the period as per the terms of appointment on attaining the age of 60 years.
- ✦ Shri Vinayakumar P, Director (Technical) demitted office on completion of the period as per the terms of appointment on attaining the age of 60 years.
- ✦ Shri L N Vijayaraghavan, IAS (Retd) demitted office as Non Official Part Time Director with effect from 16th September 2014 on expiry of his term of appointment.
- ✦ V Adm (Retd) SKK Krishnan & Shri M Raman, IAS(Retd) demitted office as Non Official Part Time Directors with effect from 24th January 2015 on expiry of their terms of appointment.
- ✦ Shri Paul Ranjan D has been appointed as Director (Finance) with effect from 01st May 2014 vide Ministry of Shipping letter No.SY-11012/1/2009-CSL Vol-II dated 04th April 2014.
- ✦ Shri Sunny Thomas has been appointed as Director (Technical) with effect from 01st June 2014 vide Ministry of Shipping letter No.SY-11012/3/2010-CSL dated 12th May 2014.
- ✦ Shri Barun Mitra, IAS was appointed by Ministry of Shipping vide letter No.SY-11012/5/95-CSL

dated 20th January 2015 as Official Part Time Director representing Government of India with effect from 20th January 2015 in place of Shri MC Jauhari, IAS.

Details of Board Meetings held during 2014-15

4. Seven Board Meetings were held during the year 2014-15 and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

Sl. No	Date	Board Strength	No. of Directors present
1	23rd April 2014	12	10
2	13th May 2014	12	09
3	23rd July 2014	12	10
4	16th September 2014	12	09
5	29th September 2014	11	08
6	15th November 2014	11	08
7	22nd January 2015	11	08

Availability of information to the members of the Board

5. The Board has complete access to any information within the Company and to any employee of the Company. The Board welcomes the presence of executives in the Board Meetings, who can provide additional insights into the issues being discussed in the meeting. The information normally required to be placed before the Board include the following:
 - a) To make calls on shareholders in respect of money unpaid on shares.
 - b) To authorize buy-back of securities.
 - c) To issue securities including debentures, in India or abroad.
 - d) To borrow monies.



REPORT ON CORPORATE GOVERNANCE

- e) To invest funds of the company.
 - f) To grant loans or give guarantee or provide security in respect of loans.
 - g) To approve financial statement and Board's Report.
 - h) To diversify the business of the Company.
 - i) To approve amalgamation, merger or reconstruction.
 - j) To make over a company or acquire a controlling interest or substantial stake in another company.
 - k) To appoint or remove key managerial personnel (KMP).
 - l) To appoint Internal Auditor and Secretarial Auditor.
 - m) General notices of interest of Directors.
 - n) Terms of reference of Board Committees.
 - o) Minutes of meetings of Audit Committee and other Committees of the Board, as also resolutions passed by circulation.
 - p) Annual operating plans of businesses, capital budgets and any updates.
 - q) Quarterly results of the company and its operating divisions or business segments.
 - r) Declaration of dividend.
 - s) Sale of material nature, of investments and assets, which is not in normal course of business.
 - t) Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
 - u) Internal Audit findings and External Audit Reports (through the Audit Committee).
 - v) Status of business risk exposures, its management and related action plans.
 - w) Details of any joint venture or collaboration agreement.
 - x) Show cause, demand, prosecution notices and penalty notices which are materially important.
 - y) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
 - z) All policy matters deliberated and introduced for implementation.
 - aa) Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
 - bb) Any issue which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
 - cc) The information on recruitment and remuneration of senior officers just below the Board level.
 - dd) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
 - ee) Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like implementation of Voluntary Retirement Scheme (VRS), etc.
- Board material distributed in advance**
6. Notice of each Board Meeting and Committee Meeting is sent to all the members not less than seven days in advance. The agenda notes for

REPORT ON CORPORATE GOVERNANCE

each Board Meeting/Committee meeting is drafted in consultation with the Chairman and are circulated to the Directors not less than seven days in advance. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to the subject in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted.

Recording Minutes of proceedings at Board and Committee meeting

7. The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board / Committee for their comments within fifteen days from the conclusion of the Meeting. The final minutes are entered in the minute's book within 30 days from conclusion of the meeting.

Post Meeting Follow-up Mechanism

8. The important decisions taken at the Board / Board Committee meetings are promptly communicated to the departments / divisions concerned. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board / Committee.

Compliance

9. The Company Secretary while preparing the Agenda Notes, Minutes etc. of the meeting(s) is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956, the Companies Act, 2013 read with the Rules issued thereunder as also the Secretarial Standards issued by the Institute of Company Secretaries of India.

Board Committees

10. The Board of CSL has currently four Committees viz Audit Committee, Nomination & Remuneration Committee, Contracts & CAPEX Committee, Corporate Social Responsibility and Sustainable Development Committee.

Audit Committee

11. The Audit Committee of CSL was formed on 21st August 2008 and was reconstituted on 21st September 2012, 13th December 2012 & 30th March 2015. The present committee was constituted by way of circular resolution No.02/2015 adopted 30th March 2015 and the terms of reference was changed in line with the Companies Act, 2013.

Terms of reference

12. The following are the terms of reference of the Audit Committee:
 - (a) Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - (b) Recommending to the Board, the fixation of audit fees.
 - (c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
 - (d) Review and examination with the management, the annual financial statements before submission to the Board for approval and auditors' report thereon.
 - (e) Review, with the management, the quarterly/half yearly financial statements before submission to the Board for approval.
 - (f) Review and monitor auditor's independence and performance, and effectiveness of audit process.



REPORT ON CORPORATE GOVERNANCE

- (g) Reviewing with the management, performance of Internal Auditors, adequacy of the internal control systems, evaluation of internal financial controls and risk management systems.
 - (h) Appointment and removal of Internal Auditors and determining the scope of Internal Audit in consultation with the internal auditors.
 - (i) Appointment and removal and fixing of remuneration of Cost Auditor and Secretarial Auditor.
 - (j) Review of Internal Audit Report
 - (k) Review observations of statutory, internal & government auditors and provide recommendations based on the same.
 - (l) To review the follow up action on the audit observations of the C&AG audit.
 - (m) Valuation of undertakings or assets of the Company, wherever it is necessary.
 - (n) Monitoring the end use of funds raised through public offers and related matters.
 - (o) Review of the following information.
 - (i) Management discussion and analysis of financial condition and results of operation.
 - (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
 - (iii) Approval or any subsequent modifications of transactions of the Company with related parties.
 - (iv) Inter-corporate loans and investments.
 - (p) Any other matter that may be referred to the Committee by the Board from time to time.
- b) To seek information on and from any employee.
 - c) To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
 - d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
14. The recommendations of the Audit Committee on any matter relating to the financial management, including the audit report, shall be binding on the Board.
15. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.

Composition of Audit Committee

16. As on date the Audit Committee is constituted with Shri N Raghuram, Non Official Part Time Director as Chairman, Dr G C Gopala Pillai, Non Official Part Time Director, Dr. S Mohan, Non Official Part Time Director and Shri Elias George, IAS, Official Part Time Director as members.
17. Audit Committee meetings are also attended by Director (Finance), representatives of Statutory Auditors and Internal Auditors of the Company as invitees. The Internal Audit function has been outsourced to a firm of Chartered Accountants. The Company Secretary acts as the Secretary to

Audit Committee meetings held during 2014-15 and attendance:

18. The Committee met seven times during the year 2014-15 on 13th May 2014, 23rd May 2014, 22nd July 2014, 03rd September 2014, 16th September 2014, 29th September 2014 and 15th November 2014. The necessary quorum was present at these meetings. The attendance during the meeting was as follows:

Powers of the Audit Committee: -

13. The Committee is entrusted with the following powers:
- a) To investigate any activity within its terms of reference.

REPORT ON CORPORATE GOVERNANCE

Name of the Director	13 th May 2014	23 rd May 2014	22 nd July 2014	03 rd Sept 2014	16 th Sept 2014	29 th Sept 2014	15 th Nov 2014
Shri N Raghuram	✓	✓	✓	✓	✓	✓	✓
Shri M Raman, IAS, (Retd.)	x	x	✓	✓	x	x	x
Dr. G C Gopala Pillai	✓	✓	✓	✓	✓	✓	✓

Nomination & Remuneration Committee

19. The Remuneration Committee of Cochin Shipyard Limited was constituted vide Circular Resolution adopted on 13th December 2008 and was reconstituted in the 212th Board Meeting held on 13th May 2014 and 30th March 2015. By way of Circular Resolution No.02/2015 adopted on 30th March 2015, the Remuneration Committee was reconstituted, the terms of reference were changed in line with the Companies Act, 2013 and was renamed as Nomination & Remuneration Committee.
20. The terms of reference of the Nomination and Remuneration Committee as specified by the Companies Act 2013 are as follows:-
 - (a) The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every directors performance.
 - (b) Section 178(3) provides that the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
21. However, Cochin Shipyard Ltd, is a 100% GOI owned Public Sector Enterprise. As per the existing DPE guidelines and the Articles of Association of Government Companies, CSL Directors are presidential appointees and their

remuneration is fixed in accordance with the DPE guidelines. The Board level appointees' performance is reviewed by GOI. The Ministry of Corporate Affairs vide notification GSR 463(E) dated 05th June 2015 have exempted Government Companies from applicability of Section 178 (2), (3) and (4) of the Companies Act, 2013.

Terms of reference

- 22 The following are the terms of reference of the Nomination & Remuneration Committee as adopted by circular resolution no 02/2015 dated 30th March 2015 (Subject to the facts bought out above):-
 - (a) To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
 - (b) To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
 - (c) Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non unionized supervisors of the company.
 - (d) Formulation and modification of schemes for providing perks and allowances for officers and non unionized supervisors.
 - (e) Any new scheme of compensation like medical scheme, pension etc to officers, non unionized supervisors and the employees as the case may be.



REPORT ON CORPORATE GOVERNANCE

Composition

23. As on date, the Committee comprises of Dr S Mohan, Non Official Part Time Director as Chairman, Shri N Raghuram, Non Official Part Time Director, Dr. G C Gopala Pillai, Non Official Part Time Director, Shri Barun Mitra, IAS, Nominee of GOI, Official Part Time Director and Shri Paul Ranjan D, Director (Finance) as members.

Nomination & Remuneration Committee meetings held during 2014-15 and attendance:

24. Three meetings of the Nomination & Remuneration Committee were held during 2014-15 on 08th May 2014, 29th September 2014 and 21st January 2015. The necessary quorum was present at these meetings. The attendance during the meetings was as follows:

Sl No	Name of the Member	08 th May 2014	29 th Sept 2014	21 st Jan 2015
1	VAdm (Retd.) S K K Krishnan [^]	✓	✓	✓
2	Shri M C Jauhari, IAS ^{^^}	✓	✗	-
3	Dr. S Mohan	✓	✓	✓
4	Shri Paul Ranjan D [*]	-	✓	✓

Notes:-

[^] VAdm SKK Krishnan demitted office on 25th Jan 15 on expiry of his terms of appointment.

^{^^} Shri M C Jauhari ceased to be a Director with effect from 20th January 2015 vide Ministry of Shipping letter No.SY-11012/5/95-CSL dated 20th January 2015

^{*} Consequent to the retirement of Shri Ravikumar Roddam, Director (Finance) on 30th April 2014, Shri Paul Ranjan D, Director (Finance) was inducted in to the committee at the 212th Board Meeting held on 13th May 2014.

Remuneration Policy

25. Under Article 21(a) of the Articles of Association of the Company, the Directors shall be paid such remuneration as the President of India may from time to time determine. The pay and allowances of Board level executives are paid in accordance with the terms of appointment, Department of Public Enterprises Guidelines on the above subject and other benefits and perquisites in accordance with the rules of CSL. The remuneration of below Board level executive and non unionized supervisors is as per DPE guidelines and as approved by Administrative Ministry (Ministry of Shipping). The remuneration of worker is as per the long term settlement between the management and recognized trade unions.

26. Details of Remuneration paid to the Chairman & Managing Director and the Whole Time Directors are placed at Enclosure I to this report.

Sitting fees

27. The Non Official Part Time Directors are paid sitting fees at the rate of ₹10,000 for attending each meeting of the Board or Committee thereof. Sitting fees paid to the Non Official Part Time Directors for 2014-15 is as follows:

Sl No	Name of the Member	Fees (in ₹)
1	Shri L N Vijayaraghavan, IAS (Retd) Demitted Office on 16 th September 2014	1,30,000
2	VAdm (Retd) S K K Krishnan Demitted Office on 24 th January 2015	1,10,000
3	Shri M Raman, IAS (Retd) Demitted Office on 24 th January 2015	80,000
4	Shri N Raghuram	1,80,000
5	Dr S Mohan	1,50,000
6	Dr G C Gopala Pillai	1,90,000

REPORT ON CORPORATE GOVERNANCE

Contracts & CAPEX Committee

28. The Contracts Committee of the Board was constituted vide circular resolution no 01/2010 adopted on 09th March 2010. The CAPEX Committee of the Board was constituted vide Circular Resolution No. CR 07/ 2012 and adopted at the 203rd Board Meeting held on 13th December 2012. The Company decided to merge Contracts Committee and CAPEX Committee of the Board, and further it was named as Contracts & CAPEX Committee. The Contracts & CAPEX Committee was re-constituted vide Circular Resolution No.01/2014 passed on 05th July 2014 and Circular Resolution No.02/2015 adopted 30th March 2015. The present Committee was constituted by way of Circular Resolution No.02/2015 adopted 30th March 2015.

Composition

29. As on date, the Committee comprises of Dr. S Mohan, Non Official Part Time Director as Chairman, Shri N Raghuram, Non Official Part Time Director, Dr. G C Gopala Pillai, Non Official Part Time Director, Capt R S Sundar, Director (Operations) Shri Paul Ranjan D, Director (Finance), Shri Sunny Thomas, Director (Technical), as members.

Terms of reference

30. The following are the terms of reference of the Contracts & CAPEX Committee:

- Examine and recommend the annual capital budget.
- Quarterly Review and Report to Board on Capital Projects.
- Quarterly Review and Report to Board on Shipbuilding Projects.
- To advise on various business models adopted in the course of operations such as MOUs, JVs, SPVs, work share arrangement etc.
- To review proposals for amendment to contracts during the pendency of shipbuilding projects which has a financial implication above 10% of the contractual value and make suitable recommendations to the Board.
- Any other matter that may be referred to it from time to time by CMD, CSL.

Contracts & CAPEX Committee meetings held during the year and attendance:

31. Four meetings of the Contracts & CAPEX Committee were held during 2014-15 on 11th April 2014, 22nd April 2014, 15th September 2014 and 21st January 2015. The necessary quorum was present at these meetings. The attendance during the meetings was as follows:

Sl No	Name of the Member	11 th Apr 2014	22 nd Apr 2014	15 th Sep 2014	21 st Jan 2015
1	VAdm (Retd.) S K K Krishnan	✓	✗	✗	✓
2	Shri N Raghuram	✓	✓	✓	✓
3	Shri L N Vijayaraghavan, IAS (Retd.) [^]	✓	✓	✓	✗
4	Shri Ravikumar Roddam, Director (Finance)*	✓	✗	—	—
5	Capt. R S Sundar, Director (Operations)	✓	✓	✓	✓
6	Shri P Vinayakumar, Director (Technical)*	✓	✓	—	—
7	Shri Paul Ranjan D*	—	—	✓	✓
8	Shri Sunny Thomas*	—	—	✓	✓

[^]Shri L N Vijayaraghavan, IAS (Retd) demitted as Non Official Part Time Director with effect from 16th September 2014 on expiry of this term of appointment.

* Consequent to the retirement of Shri Ravikumar Roddam, Director (Finance) on 30th April 2014, Shri Paul Ranjan D, Director (Finance) was inducted in to the committee at the 212th Board Meeting held on 13th May 2014. Further on retirement of Shri Vinayakumar P, Director (Technical) on 31st May 2014, Shri Sunny Thomas, Director (Technical) was inducted in to the committee 05th July 2014.

Corporate Social Responsibility & Sustainability Development Committee

32. A Subcommittee of the Board was constituted vide resolution no 181/09 at the 181st meeting of the Board held on 05th September 2008 to decide on the



REPORT ON CORPORATE GOVERNANCE

matters relating to Corporate Social Responsibility in line with the guidelines laid down under schedule VII of the Companies Act 2013.

33. The Sustainable Development Committee, a sub Committee of the Board was constituted at the 197th Board Meeting held on 23rd November 2011. The DPE vide OM No. 3(9)/2010-DPE (MoU) dated 23rd September 2011 has issued detailed guidelines on Sustainable Development in CPSEs.

34. Company decided to merge the Corporate Social Responsibility Committee and Sustainability Development Committee. The present Corporate Social Responsibility Committee and Sustainability Development Committee was re-constituted vide circular resolution no.01/2014 passed on 05th July 2014.

Composition

35. As on date, the Committee comprises of Dr. G C

Gopala Pillai, Non Official Part Time Director as Chairman of the Committee, Dr. S Mohan, Non Official Part Time Director, Shri Paul Ranjan D, Director (Finance), Shri Sunny Thomas, Director (Technical), as members.

Terms of reference

36. The following are the terms of reference of the Corporate Social Responsibility & Sustainability Development Committee:

- (i) Recommend CSR and Sustainability Development policy to the board.
- (ii) Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and Sustainability development.
- (iii) To recommend the Annual CSR and Sustainability Development Plan and Budget.
- (iv) Periodic review of CSR & Sustainability Development policy, plan and budgets.

CSR & SD Committee meetings held during the year and attendance

37. Five CSR & SD Committee Meetings were held during the year 2014-15 on 11th April 2014, 22nd April 2014, 22nd July 2014, 15th September 2014 and 21st January 2015. The attendance during the meetings was as follows:

Sl No	Name of Director	11 th April 2014	22 nd April 2014	22 nd July 2014	15 th September 2014	21 st January 2015
1	Shri L N Vijayaraghavan, IAS (Retd.) [^]	✓	✓	✓	✓	-
2	Shri M Raman, IAS (Retd.) ^{\$}	✓	✓	✓	✓	✗
3	Dr. S Mohan	✓	✓	✓	✓	✓
4	Dr. G C Gopala Pillai	✓	✓	✓	✓	✓
5	Shri Ravikumar Roddam, Director (Finance) [*]	✓	✗	-	-	-
6	Shri P Vinayakumar, Director (Technical) [#]	✓	✓	-	-	-
7	Shri Paul Ranjan D, Director (Finance) [*]	-	-	✓	✓	✓
8	Shri Sunny Thomas, Director (Technical) [#]	-	-	✓	✓	✓

REPORT ON CORPORATE GOVERNANCE

^Shri L N Vijayaraghavan, IAS (Retd) has demitted as Non Official Part Time Director with effect from 16th September 2014 on expiry of this term of appointment.

\$ Shri M Raman, IAS, (Retd) has demitted as Non Official Part Time Director with effect from 24th January 2015 on expiry of this term of appointment.

*Consequent to the retirement of Shri Ravikumar Roddam, Director (Finance) on 30th April 2014, Shri Paul Ranjan D, Director (Finance) was inducted in to the committee at the 212th Board Meeting held on 13th May 2014.

Consequent to the retirement of Shri Vinayakumar P, Director (Technical) on 31st May 2014, Shri Sunny Thomas, Director (Technical) was inducted in to the committee on 05th July 2014.

General Body Meetings

38. The date, time and venue of the last three Annual General Meetings are as follows:

Year	Date	Time	Venue	Special resolution passed
2013-14	29 Sep 2014	1500 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor Cochin 682 015	Nil
2012-13	25 Sep 2013	1500 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor Cochin 682 015	Nil
2011- 12	21 Sep 2012	1430 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor Cochin 682 015	Nil

Disclosures

(i) Related Party Transactions.

The Company has not entered into any transactions within the purview of Section 188 of the Companies Act 2013 and the rules made thereunder.

(ii) Non-compliance by the Company

There were no penalties/strictures, imposed on the company by any statutory authority on any matter related to any guidelines issued by Government, during the last three years.

(iii) Whistle Blower Policy

Cochin Shipyard has adopted a Whistle Blower Policy approved by the Board at its 199th meeting held on 20th April 2012. Cochin Shipyard is a Government of India undertaking and follows Government guidelines on reporting of any illegal or unethical practices. Employees are given freedom to report to their immediate supervisor/ Chief Vigilance Officer or Chairman and Managing Director details of any violation of rules, regulations and unethical conduct. The Directors and Senior Management are bound to maintain confidentiality of such reporting and ensure that the whistle blowers are afforded protection against any harassment and not subjected to any discriminatory practices.

(iv) Details of compliance with the requirement of Corporate Governance guidelines.

In terms of Clause 8.2.1 of the DPE guidelines on Corporate Governance, Certificate regarding Compliance of Corporate governance guidelines from Practicing Company Secretary is placed at Enclosure II to this report. [Will be forwarded on receipt]



REPORT ON CORPORATE GOVERNANCE

- (v) Details of Presidential Directives issued by Central Government and their compliance during the year and also in the last three years
- (vi) The Company has complied with all presidential directives issued by Central Government regarding the operation of PSUs.
- (vii) Items of expenditure debited in books of accounts, which are not for the purposes of the business.

NIL

- (viii) Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.

NIL

- (ix) The administrative and office expenditure of the Company for the year 2014-15 was 1.47% of the total expenditure as against 1.36% in 2013-14. Financial expenditure stood at 1.16% of the total expenditure in 2014-15, against 1.39% in the previous year.

Code of Conduct

- 39 The Board has prescribed a code of conduct ("Code") for all the Board Members and Senior Management of the Company. All Board members and Senior Management personnel have confirmed Compliance with the code for the year 2013-14. A declaration signed by the Chairman and Managing Director of the Company is given below:

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct of Directors and Senior Management personnel in respect of the financial year 2014-15

Sd/-

Cmdr K Subramaniam (DIN : 01957227)

Chairman and Managing Director

CEO/CFO Certification

- 40. The CEO/CFO certification of the financial statements for the year is appended at Enclosure III to this report.

Risk Management Process

- 41. CSL reviewed the existing Risk Management Policy and adopted a revised policy encompassing a comprehensive system of Risk Management at its 214th Board Meeting held on 16th September 2014. The salient features of the new Risk Management Policy is as follows
 - (i) Risk Management Vision Statement: Minimize the organizational risks to an acceptable level and adopt Risk Management practices which would help the Company to attain its goals and objectives while at the same time ensuring minimization of risks.
 - (ii) Risk Management Policy:
 - (a) The Risk Management process is implemented to improve the Company's ability to prevent risks and ensure timely detection of risk
 - (b) To identify risks and its mitigation
 - (c) Risk Management process to be standardized
 - (d) Facilitate sharing of risk information

REPORT ON CORPORATE GOVERNANCE

42. The Risk Management Policy intends to put in place an effective risk management framework and an appropriate reporting mechanism. The management of Cochin Shipyard would periodically identify the various risks and assess analyze their impact on the company. Risk mitigation and management measures would be put in place to effectively manage these risks. The Board may approve changes to the policy from time to time in order to align it with the changes in business environment.

Risk Management System and Structure

43. The Board at the helm will review the Risk Management System within the CSL. The Board shall discharge its responsibility of risk oversight by ensuring the review at periodical intervals. The Board may also delegate to any other person or committee the task of independently assessing and evaluating the effectiveness of the risk management system. The CSL management comprising of CSL Board Level and Below Board level executives will be entrusted with the implementation of the Risk Management process. In this respect the Risk Management Committees and Risk Management Steering Committees have been constituted to implement the policy in CSL. The last report of the Risk Management Steering Committee was placed before the 37th Audit Committee Meeting held on 12th May 2015 and 219th Board Meeting held on 13th May 2015.

Share holding pattern

42. The Company has issued 11,32,80,000 equity shares of ₹10 each, details of which are as follows:

Sl. No.	Shareholder	No of Equity Shares
(i)	The President of India	11,32,79,700
(ii)	Shri M C Jauhari, IAS, JS(S), Ministry of Shipping, GOI	100
(iii)	Cmde K Subramaniam, Chairman & Managing Director	100
(iv)	Shri Ravikumar Roddam, Director (Finance)	100
	Total	11,32,80,000

Means of Communication

43. The half yearly financial results are posted on the website of the Company after consideration and approval by the Board and also will be published in one English national daily having all India circulation within 48 hours of its adoption. The Annual Report of the Company is posted in the website viz. www.cochinshipyard.com. The website of the Company also displays all official news releases.

Training Board Members

44. The Board Members of CSL are very senior executives who have a very vast, wide and varied experience in the areas of education, industry, defence, management, human resource management and administration. CSL has benefited from their vision and knowledge. Presentations are made to the Board Members on the company's performance, business model, corporate plan and future outlook, on their induction in the Board. In addition, at the Board/ Committee/ other meetings, detailed presentations are made by the senior management personnel/ professionals/ consultants on business related issues, risk assessment, risk policy etc. The Directors are encouraged to identify and attend specific training programmes to improve their effectiveness. The Board has also adopted a policy regarding training of Directors.



Enclosure I to Corporate Governance Report

DETAILS OF MANAGERIAL REMUNERATION PAID DURING 2014-15							Amt (₹)
Name of the Director	Total of Basic Pay, DA, HRA & other perks & Allowances	Performance Related Payment	Performance Criteria	Details of Service, notice period, severance fees	Stock Option details	Total	
Cmde K Subramaniam, Chairman & Managing Director	30,04,972	15,65,913	Based on performance criteria laid down by DPE	Appointed vide MOS letter No. SY-11011/1/2009-CSL dated 31 st December 2010 for a period of 5 years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	45,70,885	
Shri Ravikumar Roddam, Director (Finance)	2,05,328	10,34,143	Same as above	Appointed vide MOS letter No. SY-11012/1/2009-CSL dated 19 th April 2010 for a period of 5 years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted. Shri Ravikumar Roddam superannuated on 30 th April 2014.	NIL	12,39,471	
Shri P Vinayakumar, Director(Technical)	3,98,686	9,95,525	Same as above	Appointed vide MOS letter No. SY-11012/3/2010-CSL dated 16 th June 2011 for a period of 5 years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted. Shri Vinayakumar P Superannuated on 31 st May 2014.	NIL	13,94,211	
Capt R S Sundar, Director (Operations)	27,55,405	10,60,049	Same as above	Appointed vide MOS letter No. SY-11012/2/2010-CSL dated 16 th September 2011 for a period of 5 years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	38,15,454	

Enclosure I to Corporate Governance Report

DETAILS OF MANAGERIAL REMUNERATION PAID DURING 2014-15							Amt (₹)
Name of the Director	Total of Basic Pay, DA, HRA & other perks & Allowances	Performance Related Payment	Performance Criteria	Details of Service, notice period, severance fees	Stock Option details	Total	
Shri Paul Ranjan D, Director (Finance)	22,88,465	3,24,218	Same as above	Appointed vide MOS letter No. SY-11012/ 1/2009 Vol-II dated 04th April 2014 for a period of 5 years with effect from the date of assumption of charge of the post on or after 01st May 2014 or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	26,12,683	
Shri Sunny Thomas, Director (Technical)	22,83,895	3,41,712	Same as above	Appointed vide MOS letter No. SY-11012/ 3/2010-CSL dated 12th May 2014 for a period of 5 years with effect from the date of assumption of charge of the post on or after 01st June 2014 or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	26,25,607	

* Performance Related Payment included above pertains to the period 2013-14 paid during 2014-15



Enclosure II to Corporate Governance Report

M C SAJUMON, M.Com, ACMA, ACS, ACIS (UK)
COMPANY SECRETARY

XLI/3227, RUKYA APARTMENTS
(BEHIND INCOME TAX OFFICE)
OLD RAILWAY STATION, COCHIN-682018
TEL: 0484 2395867, 2396930, 95671 44644
Email: cfccochin@gmail.com

CORPORATE GOVERNANCE CERTIFICATE

To
The Members of
Cochin Shipyard Limited

I have examined the Compliance of conditions of Corporate Governance by Cochin Shipyard Limited (the Company) for the financial year ended 31-03-2015, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE), Government of India.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines.

I further state that such Compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Kochi-18
Date : 27.07.2015

M.C.SAJUMON, M.COM, ACMA, ACS, ACIS
PRACTISING COMPANY SECRETARY
ACS: 9868, CPN: 2385



Enclosure III to Corporate Governance Report

CEO/ CFO CERTIFICATION

To

The Board of Directors
Cochin Shipyard Limited
Cochin- 15

Dear Sirs,

Sub: CEO/CFO Certificate

1. We have reviewed Financial Statements, read with the Cash Flow Statement of Cochin Shipyard Limited for the year ended 31st March 2015 and that to the best of our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal control for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes if any, in internal control over financial reporting during the year;
 - (ii) Significant changes if any, in accounting policies made during the year and the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

Shri Paul Ranjan D (DIN : 06869452)
Chief Finance Officer & Director (Finance)

Kochi
29th July 2015

Sd/-

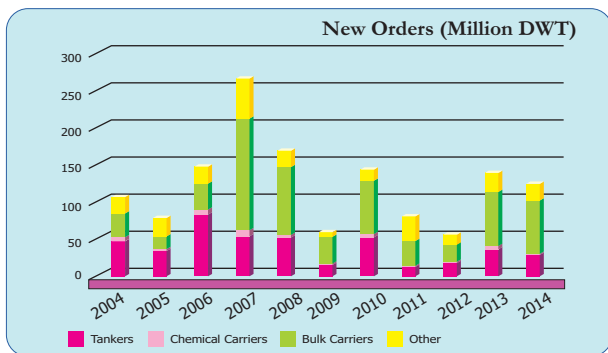
Cmde K Subramaniam (DIN : 01957227)
Chief Executive Officer,
Chairman and Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

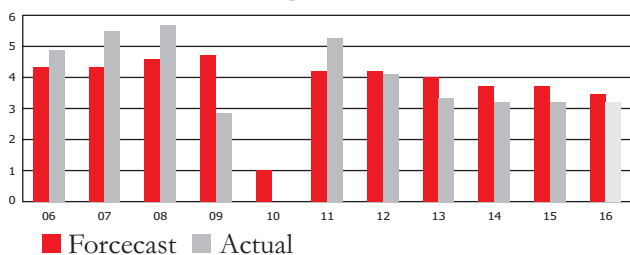
Global Industry Scenario

1. The new orders in shipbuilding across all types of ships had peaked in 2007 but has tapered down subsequently. The ordering level had been slightly upbeat in 2013 as compared to earlier years, giving rise to much expectations for a recovery in the coming years. However, the year 2014 was marked by lower ordering and delivery levels, much to the disappointment of market analysts. As per published reports the total ship deliveries around the world during the year 2014 was 86.2 million DWT as compared to 101 Million DWT in 2013.

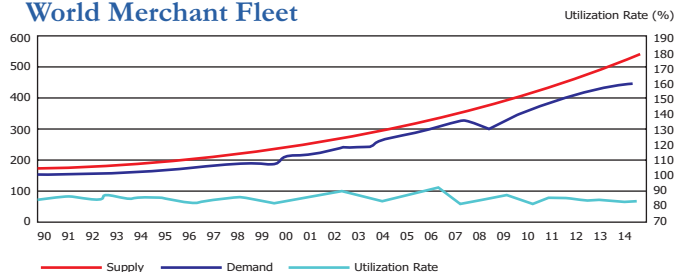


2. The total order book position at the end of 2014 was 276 million DWT as compared to 238 million DWT for the previous year. The sluggish industrial scenario in the shipbuilding sector was the result of lackluster performance of major economies, viz USA, China and Japan. All the economies grew at lower than expected rates. The much awaited turn around in international shipping continues to be elusive.

Global Economic Growth 2005-2015
Forecasts and actual growth rates



Supply, Demand and Utilization rate 1990-2014
World Merchant Fleet



3. Shiprepair continued to be challenging and highly competitive with the Chinese yards continuing to bid aggressively to garner the ship repair market. The price and payment terms continued to be challenging with ship yards willing to extend attractive credit facilities to incentivize owners.

Indian Shipbuilding and shiprepair Industry outlook

Domestic Defence Shipbuilding :

4. The Indian shipbuilding sector consists mainly the following:-
 - a) Defence PSUs which are mainly in defence shipbuilding and are under the administrative control of the Ministry of Defence.
 - b) Other PSUs like Cochin Shipyard which are into both defence and commercial shipbuilding under the Ministry of Shipping.
 - c) Private yards which are into both commercial and defence shipbuilding.
5. The defence shipyards have been getting orders from Indian Navy on nomination basis in the past. This has resulted in a healthy orderbook position in all the DPSUs with the exception of Hindustan Shipyard Ltd. With the requirement of a large number of ships for both the Indian Navy & the Indian Coast Guard, the defence sector is an attractive market. With the thrust of the new Govt on the 'Make in India' programme and the encouragement being provided to the private sector yards this is a market that has the potential to revive the Indian shipbuilding industry which is otherwise in dire straits. This

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

situation has thrown up both opportunities as well as challenges. In keeping with the Governments move to involve the private sector, the Ministry of Defence has now adopted a policy of competitive bidding except in the case of weapon intensive warships. This has resulted in aggressive bidding by the private yards for the defence orders, which while bringing in competitive prices has put the shipyards under pressure both financially as well as on delivery schedules. A large number of defence projects are in the pipeline which has whetted the appetite of the industry. The Landing Platform Dock (LPD) ships, Anti Submarine Corvettes, the Project 75 (India) submarines, the new Aircraft Carrier are some of the orders being closely watched by industry.

Domestic Commercial Shipbuilding :-

6. The Indian domestic commercial shipbuilding scenario is going through its toughest phase. The Industry had seen an upsurge in 2007 riding on the global boom and the subsidy scheme. However subsequent to the global downturn in 2008 and the withdrawal of the subsidy regime the commercial shipbuilding activities has seen a dramatic fall. The share of Indian Shipbuilding industry which had reached a high of 1.24 % of the global order book in 2007 was down to 0.02% levels by year 2009. A number of Indian yards especially in the private sector had gone in for expansion programmes based on the rising order book in the subsidy era. Unfortunately, with the sustained downturn in the industry, these yards are now financially stressed. Almost all the larger private yards have had to go in for debt restructuring. This has impacted their performance apart from posing a huge challenge for their revival. These are indeed challenging times for the industry and unless policy support is extended by the Govt, the revival of the industry, particularly in so far as the private sector is concerned, is at stake.
7. It is indeed encouraging to see the initiatives taken by the new Government to boost the domestic shipbuilding in the commercial segment. The new Govt, has mandated that a third of the LNG ships required by M/s GAIL for transportation of LNG from USA are to be built in Indian shipyards. The building of the LNG ships in Indian yards would bring in niche technology both in shipbuilding as well as in the containment system required to store the LNG at cryogenic temperatures. This project would be challenging to Indian yards as they would have to develop the necessary infrastructure and the skill sets required to build these ships in the country. In order to move forward on the project there is a requirement to tie up with a 'Qualified shipyard' for transfer of technology, material package, quality assurance, training and supervision. This is a huge opportunity for the Indian shipbuilding Industry and the initiative of the Govt has been welcomed by the industry. In addition, the GOI is keen to promote inland water transportation and coastal shipping. The Government is planning a modal shift from roads to waterways. Consequently, there are immense emerging opportunities in building of high speed ferry crafts, dredgers, Ropax vessels etc. Moreover for the inter-island and mainland island transportation there is a requirement of large capacity passenger ships. The initiatives of the Govt. to improve the manufacturing sector as a means to increase employment generation should serve to revive the domestic shipbuilding industry.

Government Policy

8. Government of India, Ministry of Shipping has set itself an ambitious target to increase the share of Indian Shipyards in Global Shipbuilding from the present 0.4 % to 2 % in the next five years. Towards this the Government is formulating a comprehensive shipbuilding policy to encourage the industry. A number of measures are being contemplated to give a fillip to the Indian shipbuilding industry. These include inter alia the grant of SEZ status to the existing Indian Shipyards, grant of infrastructure status to the industry, formulation of a ship building subsidy scheme, availability of low cost capital to the industry, setting up of a new Shipbuilding Development Fund, interest subventions, etc.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Operations

9. CSL has continued to improve upon its performance levels with respect to previous years. In the shipbuilding segment, the company delivered five Fast Patrol Vessels to the Indian Coast Guard and one Platform Supply Vessel to Norwegian Owners. The shipbuilding turnover for the year registered a 16% increase at ₹1643 Crs as compared to ₹1409 Crs for the previous year. The Yard continued to progress work on the Indigenous Aircraft Carrier (IAC). The hull structure of the IAC is practically completed with the yard erecting about 5500 T during the year. A significant amount of outfitting work on piping systems, mechanical ventilation, installation of the ship aircraft lifts, turn tables, installation of shafting systems, rudders, etc have been progressed. The hallmark of the work on the IAC has been the ability of the yard to constantly innovate to find solutions to the challenges thrown up during the construction of this first of class ship. The in house development

of a buoyancy pontoon to overcome the limitation of draft while launching the ship, the fabrication of jigs for installation of the 'A' & 'P' brackets, as also for installation of the underwater shafting puts Cochin Shipyard in a different league in so far warship building is concerned. In addition to the outstanding work on the IAC, the yard has accredited itself very well by achieving a shortening of the inter se interval between delivery of the Fast Patrol Vessels to the Indian Coast Guard. As against the contractual delivery period of one ship every 03 months, the yard has been delivering one ship at intervals of 60-65 days. There was a 14% reduction in shiprepair turnover for the year at ₹196 Cores as compared to ₹227.88 Crores last year. Notwithstanding this reduction, the shiprepair performance for the year is commendable considering the fact that the shiprepair dock was occupied by the IAC for the entire year and only a part of the shipbuilding dock was available for shiprepair.

10. Financial information of the company pertaining to the last decade (₹ cr)

Years	Paid up capital	Nominal value of shares (₹per share)	Capital employed	Net worth	Profit Before Tax	Tax on Profits paid	Net profit	EPS (Amt ₹)	Dividend	Payout ratio
14-15	113.28	10	1608.46	1561.07	367.56	132.49	235.07	20.56	16.99	0.07
13-14	113.28	10	1389.98	1352.53	290.96	96.71	194.24	17.15	16.99	0.08
12-13	113.28	10	970.70	1175.7	275.55	90.28	185.27	16.35	16.99	0.09
11-12	152.42	10	918.68	1050.83	252.96	80.63	172.33	15.21	16.99	0.1
10-11	192.42	10	829.27	967.8	344.23	116.7	227.53	20.09	11.32	0.05
09-10	192.42	10	578.32	680.32	331.25	108.21	223.04	19.69	11.32	0.05
08-09	232.42	10	550.31	566.49	247.63	87.56	160.07	14.13	11.32	0.07
07-08	232.42	1000	401.33	429.43	149.4	55.55	93.85	828.5	Nil	Nil
06-07	234.42	1000	496.60	323.45	85.77	27.66	58.11	513	Nil	Nil
05-06	234.42	1000	499.64	284.85	25.44	7.21	18.23	161	Nil	Nil

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Proposed / Declared Dividend

11. Your Directors are pleased to recommend a dividend of ₹2 per share on the 11,32,80,000 fully paid equity shares of ₹10 each. The total outgo for dividend and dividend tax would be approximately ₹26.50 Crores.

Segment Wise / Product Wise performance

12. The Company is engaged in two major activities viz Shipbuilding and Repair of Ships/ Offshore, Rigs etc. Segment wise analysis has been made on the above basis and amounts allocated on a reasonable basis. The detail of segment wise performance is placed at Annexure 1 to this report.

Strengths, Weakness, Opportunities and Threats

13. Cochin Shipyard perceives the following to be its Strength, Weakness, Opportunities and Threats

Strengths:

- a. Highly trained, motivated and knowledgeable manpower with an average of 15 years of experience at all levels of hierarchy resulting in extremely high quality workmanship.
- b. A well planned and laid out shipyard enabling smooth work flow.
- c. A modern “State of the Art” Design Centre manned by highly trained, experienced and competent Naval Architects/ Engineers, draftsman etc.
- d. Highly evolved shipbuilding processes and practices permitting modular construction of ships.
- e. A very good product mix compatibility comprising of defence ships, commercial ships, offshore support ships.
- f. Availability of quality sub contractors and good supply chain network.
- g. ‘State of art’ facilities especially in terms of cranes, transporters, covered mobile shops, covered marine coating facility, high quality welding equipment, international standard hull fabrication facilities substantial material storage facilities etc.
- h. The shipyard has the ability to constantly innovate to resolve technical problems.

Weakness

- a. Virtually nonexistent indigenous ancillary industries and consequently Non availability of major equipment /raw materials in India.
- b. Infrastructure constraints due to non availability of large sized dock to build ships beyond 1,10,000 DWT.
- c. Higher social and employee overheads as the Company is a PSU and restrictive labour practices in the state of Kerala.
- d. Cumbersome procedures to be followed for Procurement and contracting deter speedier commercial transactions. Complex and rigorous Government procurement procedures often cause delays and limit choice.
- e. Higher lead time and other impediments in acquiring technology and infrastructure for building LNG ships and Dredgers. There are immediate opportunities in these segments, but acquiring the capability for constructing these ships has an element of time.
- f. Non-availability of low cost funding schemes for investing in expansion projects.

Opportunity

- a. Projected increase in requirement of ships for the Defence sector and growth in international and domestic commercial shipbuilding sectors owing to oil exploration, age profile of ships, defence fleet expansion etc.
- b. Indian Navy’s requirement for a second Aircraft Carrier. Indian Navy, Coast Guard and other maritime security agencies have embarked on an ambitious expansion programme to induct vessels.
- c. Navy’s plans for acquiring submarines through indigenous construction.
- d. Opportunities in construction of LNG ships based on the GAIL tender for shipping LNG which stipulates that 3 ships should be built in India.
- e. Opportunities in other high end niche vessels like Seismic Vessel, Well Stimulation Vessels etc

Threat

- a. Competition from the domestic private



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

shipyards. A phenomenon of securing orders through undercutting of prices by private shipyards prevalent in the market. However, it is seen that the record of vessel deliveries of such yards are very poor. This phenomenon has undermined the efficiency of Indian Shipbuilding Industry as a whole. The non delivery of ship by private yards also has adversely effected the reputation of Indian Industry abroad.

- b. Prevalent negative perception about the capability of PSUs to deliver high quality ships.
- c. Lack of level playing grounds for Indian yards vis a vis foreign yards by way of Government support, level of taxation, etc.
- d. Rising cost of labour.

Initiatives under the Strategic Plan of CSL

14. Cochin Shipyard adopted a strategic plan at the 217th Board Meeting held on 22nd Jan 2015 which aims at overcoming the weaknesses and threats and to fully exploit its strengths and emerge as a leading yard in the international arena. Under the plan the following goals are set for achievement by 2015-16 to carry forward the above strategic plan
 - (I) To undertake marketing initiatives for securing niche & Specialized shipbuilding orders like LNG carriers/Dredgers, Submarines/LPD /Seismic Vessel.
 - (ii) To persuade nomination orders for passenger ships from MOS.
 - (iii) Identification of suitable MOU partners/ Strategic alliances to outsource the labour intensive work content of the yard.
 - (iv) Forging technology alliances with world's leading Companies in Dredgers and LNG carriers.
 - (v) Set up a full fledged R&D department focusing on important areas including Basic Design of Ships.
 - (vi) HR policies and practices to be reviewed to ensure high morale and robust culture in the Company.
 - (vii) Continuous improvement in quality to be pursued and continuing to sustain IMS practices

viz health, safety and protection of environment .

- (viii) Approach GOI for raising of funds through IPO/ Tax Free Infrastructure bonds.
- (ix) To launch a brand building exercise to remove the negative perceptions about the yard's capability.

Product Diversification

15. CSL has identified construction of LNG carriers and Dredgers as two new areas of product diversification. Towards this, the yard has forged technology partnerships with Samsung Heavy Industries, Korea and GTT, France with respect to the construction of LNG carriers. A team of 15 officers were sent to M.s GTT , France for training. Presently CSL is taking steps to construct the mock up (a pre-condition for licence) and are proposing to initiate discussions with SHI and GTT shortly.
16. In order to addresss the construction of dredgers CSL has signed an MOU with IHC Holland for working jointly for construction of dredgers to meet the PSU/ Government requirements. The cooperation will be in the area of Cutter Suction Dredgers upto 500 mm suction/ discharge pipe diameter (b) TSHD upto 10000 m3 hopper capacity. As per the terms of the MOU CSL as the shipbuilder will be the bidder and IHC will be the technology provider. Scope of demarcation between CSL and IHC will be agreed prior to bidding. CSL and IHC can also work towards any requirements from private entities/ SAARC countries based on mutual discussions. With this MOU, CSL is ideally positioned to tap emerging opportunities in the Indian market. If the market in India opens up as predicted by the industry experts, CSL with this MOU will have a substantial advantage over the competition from a technology point of view. The challenge will be to position ourselves competitively vis a vis smaller players for requirements at the lower level. CSL has approached the Ministry of Shipping as well as potential clients viz. IWAI and DCI informing them about this partnership and to consider placing their orders on CSL, to be constructed under the MOU.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

17. The strategic plan will be reviewed by the top management of CSL every year and the strategies refined, according to the change in the business environment to achieve the vision of CSL.

Internal Control Systems and their Adequacy

18. The Company has promulgated an internal control and internal audit manual. The internal audit function is carried out by an independent firm of Chartered Accountants who carry out an in-depth review of internal control systems in critical areas based on the audit programme approved by the Board level Audit Committee headed by an Independent Director.

Human Resource Development

19. CSL has a highly skilled and experienced manpower dedicated to achieving excellence in their performance. Towards this, a significant human resource initiative was undertaken to extend training for skill development, motivation, leadership and personality development across different levels of employment. An exercise at succession planning was initiated during the course of the year.
20. The Shipyard places a lot of emphasis on safety. The Shipyard conforms to ISO 18001 -2001 OSHAS certified by DNV. In house safety awareness programme is organized for all new entrants. Regular training programmes are conducted by external and internal agencies which are attended by all employees including executives, supervisors and workmen. Special emphasis is paid to the training of contract personnel and trainees. This HR initiative has yielded the desired results with accident rates coming down during the year.

Woman Empowerment

21. Cochin Shipyard Limited has constituted an Internal Complaints Committee in accordance with the guidelines and norms prescribed by the new enactment namely Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. The Chairperson of the Internal Complaints Committee is a Senior Women Executive of the Company. The Certified Standing Orders applicable to

Workmen have also been amended incorporating the new definition of Sexual Harassment as per the Act. The Internal Complaints Committee has been duly empowered to inquire into such complaints in accordance with the procedure laid down in the Certified Standing Orders and Industrial Employment (Standing Orders) Act and Rules. CSL has a strength of 138 women employees on its rolls consisting of 30 Executives, 15 Supervisors and 80 workers. Smt. Sobhana Kumari, AE-ST, a women employee was sponsored by the Company to take part in the Asian Masters Athletic Meet in Kitakami, Japan from 19th September 2014 to 23rd September 2014 and she has won silver medal in 4x 400 meter relay and bronze medal in 4 x 100 meter relay.

Industrial Relations

22. CSL has an enviable record of harmonious industrial relations. Industrial Relations scenario of the Company remained cordial and peaceful. CSL continues to maintain, the legacy of not losing a single man day on account of labour unrest by the regular employees of CSL. Effective and purposeful interactions are held with the various categories of employees through their representative bodies viz trade unions and Officers and Supervisors Association. Day to day grievances are addressed at the shop floor to the extent possible or at higher levels in a time bound manner. All categories of employees are generally contented and motivated thanks to the timely and focused industrial relation interventions. Referendum of trade unions for recognition was conducted and four trade unions emerged as recognized trade unions in CSL.
23. The Company follows a participative management approach while dealing with the industrial labour force. Accordingly, the Company has constituted two levels of participation namely (i) Joint Council consisting of equal number of representatives from workmen and management and (ii) three shop councils at the lower level also consisting of equal number of participation from workmen and management. Apart from this, participation of workers in management is also practiced in the case of PF trust wherein four trustees are elected from the workmen and



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

four nominated by the Management. The central safety councils and shop safety councils which are set up to ensure safe working environment also consist of equal representation of workmen and management. Apart from this, the Canteen management Committee is also run with equal participation by workmen. At the contractors workmen front, the Company has constituted another safety Committee consisting of representatives of the contractor's workmen and management. The Occupier of the factory is the Chairman of the Committee. This approach has instilled a sense of ownership amongst the employees and has worked very effectively in ensuring an extremely harmonious and conducive work environment

Technology Conservation

24. CSL continuously strives for conservation and upgradation of technology to remain competitive in the global shipbuilding market. Towards this, the yard has fully absorbed the Tribon Software in Ship Design. The yard has also developed complete design for 1500 KW tug, 2400 KW tug and 3300 KW tug in house. Besides, the yard has also implemented in-house 3 D hull modeling, machinery and outfit modeling of piping systems. Ventilation, air conditioning, cabling and structural items and development of structural drawing of Aircraft Carrier based on the input from Indian Navy. Cochin Shipyard is proud of the fact that it is the only Shipyard in the country to adopt and build ships using the Integrated Hull Outfit and Painting (IHOP) method. CSL has developed over 35 in number welding processes to weld the high strength alloy steel DMR 249 G2 'A' and "B" steel used in the Indigenous Aircraft Carrier project.
25. The yard has also developed the production designs of the 'State of the Art' Clean Design for DPH Electric propelled Comfy class Platform Supply Vessels.

Corporate Social Responsibility (CSR) & Sustainability Development

26. In pursuit of fulfilling the CSR Vision of CSL towards becoming the best responsible Corporate Citizen of the Country recognized for the quality of its products and services and

respected for the ethical conduct of business, CSL has embarked upon several diligently chosen CSR & Sustainability Projects during the year. The following are the major CSR & Sustainability projects undertaken by CSL during the year.

- a) Construction of Operation Theatre and Mother & Child Ward at Swami Vivekananda Medical Mission Hospital, Attappadi
- b) Livelihood Development of Small Farmers by Providing Value Addition Facilities and Equipments at Sangamaithri Farm Products Producers Co-operative Society at Pallichal, Thiruvananthapuram District
- c) Construction of a 100 bed capacity boys' hostel at Vivekananda Residential Tribal School, Wayanad
- d) Drinking Water Supply Scheme at Chottanikkara Gramma Panchayath
- e) Construction of a new building for Saraswathy Vidyanikethan High School
- f) Construction of new Out Patient Block at Shri Ramakrishna Ashramam Hospital, Thiruvananthapuram
- g) Construction of a Permanent Stage for "Chavittunatakam" performing art for Sports and Arts Club, Gothuruth
- h) Providing a School Bus for Daya Sadan, school for special children
- i) Providing, Installation and Commissioning of a Patient Elevator at Holy Cross Hospice, a Palliative Care Hospital for the Poor and Destitute
- j) Construction of a training cum Community Centre for Ohm Sivananda Pulaya Seva Samajam (SC Community)
- k) Providing dialysis machine and related systems at Primary Health Centre of Erattupetta Panchayath
- l) Providing High Mast lights at 5 Rural Traffic Junctions in Ernakulam District
- m) Sponsoring 4000 dialysis procedures at Regional Dialysis Centre at District Hospital, Aluva
- n) Lighting of 75 Tribal Houses at Kunjippara Tribal Village at Kadampuzha Panchayath

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- o) Support to Palliative Care Department of General Hospital, Ernakulam
- p) Construction of a Multi-Purpose Community Centre at Cheranellur Gramma Panchayath
- q) Boat Ambulance for the Scattered Islanders of West Cochin area
- r) Installation of a Reverse Osmosis Water Purification Plant in CSL
- s) Cochin Shipyard Limited – Monsignor Alexander Vadakkumthala Scholarship for Professional Education for Economically Weaker Students

Micro, Small and Medium Enterprises (MSME) as per the Public Procurement Policy 2012

27. With a view to promote procurement through Micro, Small and Medium Enterprises (MSME) as per the Public Procurement Policy 2012 promulgated by the GOI, the Company has not only attended various vendor development meets organized by the Dept of MSE, GOI within the state of Kerala, but has also organized a vendor

development/ Awareness programme on 15th July 2015.

28. Though the scope of procurement of material/ equipment/spares from MSMEs for shipbuilding and shiprepair projects undertaken by the Company are extremely limited, the Company is making all out efforts to increase the procurement from MSMEs.

Cautionary Statement

29. Statement in this 'Management Discussion and Analysis Report' describing the objectives, expectations, assumptions or predictions of the Company may be forward looking statements within the meaning of applicable rules and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the operations of the Company include economic conditions affecting demand/supply, price conditions in the domestic and international markets, Government policies and regulations, statutes and other incidental factors.

Annexure 1 to Management Discussion & Analysis Report

(₹ in lakhs)

	SHIP BUILDING	SHIP REPAIR	UNALLOCATED	TOTAL
EXTERNAL SALES	164299.24	19595.17	0.00	183894.41
INTEREST	0.00	0.00	5354.86	5354.86
TOTAL REVENUE	164299.24	19595.17	9345.14	195296.63
ACCRETION(-)/ (DECRETION) TO WORK IN PROGRESS	599.00	(2521.54)	0.00	(1922.54)
SEGMENT RESULT	33808.86	1466.91	1480.63	36756.40
TAX (NET)				13249.81
NET PROFIT				23506.63
OTHER INFORMATION				
SEGMENT ASSETS	82556.01	49937.12	168991.67	301524.73
SEGMENT LIABILITIES	68008.78	2443.66	231032.36	301524.73
CAPITAL EXPENDITURE	1454.38	203.80	1867.73	3525.91
DEPRECIATION	1799.63	929.01	803.53	3532.17



AUDITORS' REPORT

INDEPENDENT AUDITORS REPORT

To the members of COCHIN SHIPYARD LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of The COCHIN SHIPYARD LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement and a summary of significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section

143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Basis of qualified opinion

We draw attention to:

- i) Note No.18 to the financial statements regarding the basis on which the Company has recognized revenue from ship building/ship repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income;
- ii) Note No: 32 to the financial statements regarding accounting of liabilities towards subcontract works, at the end of the year, based on Company's estimate.; the ultimate impact, if any, of the above estimates on the financial statements is not ascertainable at this stage.

AUDITORS' REPORT

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its Profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following:-

- i) Note No: 6.1 to the financial statements regarding recognition of differential income of ₹ 27517 lakhs during the financial year 2014-15 based on Phase II contract signed during the year with the Indian Navy in respect of certain Phase II activities of the Indigenous Air Craft Carrier carried out in 2013-14 and recognized as income in the same year at Phase I rates.
 - ii) Note No: 33 to the financial statements regarding balances under trade receivables, loans and advances, deposits, claims and sundry creditors which are subject to confirmation/reconciliation and consequent adjustment, if any.
 - iii) Note No: 35 to the financial statements regarding the implementation of new ERP System and the migration of all financial and cost records to the new system, which is under stabilization and subject to post implementation audit.
- Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. Based on the verification of Records of the Company and based on information and explanations given to us, we give in Annexure B a report on the Directions issued by the Comptroller and Auditor General of India in

terms of Sec 143(5) of the Companies Act, 2013.

3. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. Being a Government Company, the provisions of section 164(2) of the Act is not applicable.
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 29, 30 and 31 to the financial statements;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 38 to the financial statements.
 - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
Firm's registration number: 001488S

Cochin-16
6th August 2015

C.Krishnamoorthy
Partner
Membership number: 05957



AUDITORS' REPORT

Annexure A referred to under paragraph 1 of the Report on Other Legal and Regulatory Requirements of the Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31st March 2015,

We report that:

- i. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us, the fixed assets have been physically verified by the Management during the year and there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.
- ii. In respect of its inventories:
 - a) As explained to us, the inventories were physically verified during the year in accordance with the inventory verification procedure adopted by the Management. In our opinion, the frequency of such physical verification needs to be increased.
 - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. Discrepancies noticed on such physical verification between physical stock and books records have been properly dealt with in the books of accounts.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly clause 3(iii) (a) and (b) of the Order are not applicable.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of the audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- v. According to the information and explanation given to us, the company has not accepted deposits from the public and hence the directives issued by Reserve Bank of India and the provision of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable. Accordingly, clause 3 (v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company prescribed by the Central Government under section 148(1) of the Act and are of the opinion, that prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of Statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2015 for a period of more than six months from the date they became payable.


AUDITORS' REPORT

- d) There are no dues of Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with the appropriate authorities on account of any dispute. The following dues of Income tax, Sales tax and Value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (Rupees in lakhs)	Period to which dispute relates – Assessment year	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	63.27	2000-01	Case remanded by ITAT
Income Tax Act, 1961	Income Tax	8.28	2002-03	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.27	2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	288.60	2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	412.59	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	546.14	2012-13	Commissioner of Income Tax (Appeals)
Kerala General Sales Tax Act, 1963	Sales Tax	111.93	2000-01	Deputy Commissioner (Appeals)
Kerala General Sales Tax Act, 1963	Value Added Tax	73.44	2001-02	Deputy Commissioner (Appeals)
Kerala General Sales Tax Act, 1963	Value Added Tax	202.22	2004-05	Deputy Commissioner (Appeals)
Kerala Value Added Tax Act, 2003	Value Added Tax	652.24	2005-06	Deputy Commissioner (Appeals)
Kerala Value Added Tax Act, 2003	Value Added Tax	356.47	2007-08	Deputy Commissioner (Appeals)



AUDITORS' REPORT

* Amount mentioned net of taxes paid.

- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there was no amount required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.
- viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
- ix) Based on our examination of the records of the Company and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Banks or debenture holders.
- x) According to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly the provisions of clause 3(x) of the Order are not applicable to the Company.
- xi) According to the information and explanations given to us, the Company has not raised any term loans during the year. Accordingly, the provisions of clause 3(xi) of the order are not applicable to the Company.
- xii) To the best of our knowledge and according to the information and explanations given to us, no material fraud by or on the Company has been noticed or reported during the year.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
Firm's registration number: 001488S

C.Krishnamoorthy
Partner
Membership number: 05957

Cochin-16
6th August 2015

Annexure B referred to under paragraph 2 of the Report on Other Legal and Regulatory Requirements of the Auditors' Report

- a. The Company has not been selected for disinvestment as on Balance Sheet date and hence reporting on this direction is not applicable.
- b. There are no cases of waiver/ write off of debts, loans etc and no instances of waiver of interest which have been charged to revenue. Based on the explanation given to us, the Company does not have the practice of claiming interest on delayed payment from customers though certain contracts provide for the same.
- c. The Company has not received any assets as Gift from Government or other authorities. Records maintained relating to items dispatched out of the Company against returnable gate pass, offers scope for improvement and the procedures followed relating to items sent out on returnable basis needs to be strengthened.
- d. According to the information given to us, a report on age wise analysis of pending legal/ arbitration cases (other than Statutory matters), is given below.


AUDITORS' REPORT

Serial No	Age of pending cases	No of cases	Amount involved*	Legal Expenses	Reasons for pendency/ Present position
1	0-3 years	30	1519.29	Total legal expenses incurred during the year amounts to 51.89 (Previous year- .15.47)	The delay is attributable to adjournments in courts/ legal matters/ other court related matters.
2	4-6 years	5	2803.64		The delay is attributable to adjournments in courts/ legal matters/ other court related matters.
3	7-10 years	2	-		The delay is attributable to adjournments in courts/ legal matters/ other court related matters.
4	Above 10 years	10	1572.98		The delay is attributable to adjournments in courts/ legal matters/ other court related matters.

*to the extent quantifiable and having financial impact on the Company

We report that the Company has in place an adequate monitoring mechanism for tracking expenditure on such legal cases.

For Krishnamoorthy & Krishnamoorthy
Chartered Accountants
Firm's registration number: 001488S

C.Krishnamoorthy
Partner
Membership number: 05957

Cochin-16
6th August 2015

**BALANCE SHEET AS AT 31ST MARCH 2015**

Particulars	Note No.	As at 31 st March 2015	As at 31 st March 2014
(₹ in Lakhs)			
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	2	11328.00	11328.00
Reserves and surplus	3	144778.68	123925.10
2 Non-current liabilities			
Long term borrowings	4	12300.00	12300.00
Other long term liabilities	4A	261.22	299.97
Long term provisions	4B	1932.17	0.00
3 Current liabilities			
Short term borrowings	5	0.00	21091.84
Trade payables	5A	17192.93	17301.94
Other current liabilities	6	75948.75	14520.96
Short-term provisions	7	37782.98	28554.28
Total		301524.73	229322.09
II. ASSETS			
1 Non-current assets			
Fixed assets	8		
(i) Tangible assets		29678.04	31057.48
(ii) Intangible assets		8065.98	7283.78
(iii) Capital work in progress		1277.83	756.52
Non-current investments	9	19.18	19.18
Deferred tax asset (Net)	10	1773.03	117.76
Long-term loans and advances	11	3609.01	3514.00
Other non-current assets	12	3075.05	4447.27

...contd..

BALANCE SHEET AS AT 31ST MARCH 2015

(₹ Lakhs)

Particulars	Note No.	As at 31 st March 2015	As at 31 st March 2014
2 Current assets			
Inventories	13	30309.60	39636.72
Trade receivables	14	58505.94	52055.92
Cash and bank balances	15	141944.68	55643.20
Short-term loans and advances	16	17873.88	28642.09
Other current assets	17	5392.51	6148.17
Total		301524.73	229322.09

Significant Accounting Policies

1

Notes to Financial Statements

2-46

The accompanying notes are an integral part of these financial statements

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN : 06882228

D PAUL RANJAN
Director (Finance) &
Chief Financial Officer
DIN : 06869452

CMDE K SUBRAMANIAM
Chairman and Managing Director
DIN : 01957227

Kochi, dated 31st July 2015

Per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy.**,
Chartered Accountants
(Firm Registration No.001488S)

C KRISHNAMOORTHY
Senior Partner
(Membership Number 05957)
Kochi, dated 6th August 2015



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Note No.	For the year ended 31 st March 2015	For the year ended 31 st March 2014
		(₹ in Lakhs)	
I. Revenue from operations	18	185951.49	165265.92
II. Other income	19	9345.14	7598.46
III. Total revenue (I + II)		195296.63	172864.38
IV. Expenses:			
Cost of materials consumed	20	100080.77	77574.95
Changes in inventories of work-in-progress	21	(1922.54)	4021.57
Sub contract and other direct expenses	22	16204.11	17815.42
Employee benefits expense	23	20567.51	19793.68
Finance costs	24	1832.16	1925.54
Depreciation and amortisation expense	25	3832.39	2643.29
Other expenses	26	11273.75	13898.67
Provision for anticipated losses and expenditure	27	6672.04	6095.67
Total expenses		158540.19	143768.79

...contd.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	Note No.	For the year ended 31 st March 2015	For the year ended 31 st March 2014
		(₹ in Lakhs)	
V Profit before tax (III-IV)		36756.44	29095.59
VI Tax expense:			
Current tax		14397.43	9795.08
Deferred tax	10	(1457.00)	(70.50)
Prior year tax adjustment		309.38	(53.22)
VII Profit for the year		23506.63	19424.23
VIII Earnings per equity share (Face value of 10 each):			
Basic and Diluted (in ₹)	28	20.75	17.15

Significant Accounting Policies

1

Notes to Financial Statements

2-46

The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN : 06882228

D PAUL RANJAN
Director (Finance) &
Chief Financial Officer
DIN : 06869452

CMDE K SUBRAMANIAM
Chairman and Managing Director
DIN : 01957227

Kochi, dated 31st July 2015

Per our report attached to Balance Sheet

For **M/s Krishnamoorthy & Krishnamoorthy.,**
Chartered Accountants
(Firm Registration No.001488S)

C KRISHNAMOORTHY
Senior Partner
(Membership Number 05957)
Kochi, dated 6th August 2015



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014.

1.2 Use of estimates

In the preparation of financial statements, the management makes estimates and assumptions in conformity with the Generally Accepted Accounting Principles in India. Such estimates and assumptions are made on reasonable and prudent basis taking into account all available information. However actual results could differ from these estimates and assumptions and such differences are recognized in the period in which results are ascertained.

1.3 Tangible Fixed Assets

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment if any. Cost comprises of purchase price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use.

Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance. Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

1.4 Intangible Asset and amortisation

Cost incurred on Design Development which are not directly chargeable on a product are capitalized as 'Intangible Asset' and amortised on a straight-line basis over a period of five years. Cost of software which is not an integral part of the related hardware acquired for internal use is capitalised as intangible asset and amortised

on a straight-line basis over a period of three years. Up-front fee paid for securing right to use of land and other facility is capitalized as intangible asset and amortised on a straight line basis over the period of 30 years for which the right has been obtained.

1.5 Impairment of Assets

The company assesses the impairment of assets with reference to each cash generating unit, at each Balance Sheet date. If events or changes in circumstances based on internal and external factors indicate that the carrying value may not be recoverable in full, the loss on account and the recoverable amount, is accounted for accordingly.

1.6 Depreciation

Depreciation on fixed assets is provided on straight-line method based on useful life of the asset as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following items:-i) For the assets acquired from Cochin Port Trust for International Ship Repair Facility (ISRF), depreciation is provided on the basis of useful life as assessed by technical experts. ii) In the case of assets with a value of ₹ 5000 or less, 100% depreciation is provided. Where rate of depreciation is 100%, depreciation is provided for the full year in which the asset is put to use.

1.7 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date of such investments are classified as current investments. All other investments are classified as Non current.

Current investments are carried at lower of cost and fair value. Non-current investments are valued at cost unless there is a permanent diminution in the value thereof.

1.8 Revenue Recognition

- a) Contracts for the construction of ships and small crafts (Other than Defence Vessels)

The income from ship building is recognized on percentage of completion method, in proportion to the cost incurred for the work performed up to

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

b) Construction of Defence vessels

Income from the construction of vessels which are on fixed price basis is recognized on percentage of completion method, in proportion to the cost incurred for the work performed up to the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

c) Construction of Indigenous Aircraft Carrier

In the case of construction of IAC which is partly fixed price basis and partly cost plus basis, the income from fixed price part is recognized on the percentage of completion method.

Income from 'cost plus' part of the contract activities for design outsourcing and material procurement are recognized when the activities are performed / materials received/ payments made. Cost of material and other expenses incurred for the vessel which are recoverable separately from Navy is charged off to the statement of Profit and Loss and are grossed up with the value of work done and recognized as income.

d) Contracts for repair of ships/ Offshore structures:

Income from repair of ships /offshore structures is recognized based on proportionate completion method when proportionate performance of each ship repair activity exceeds 75%. The proportionate progress is measured by the Company's technical evaluation of the percentage of physical completion of each job. Revenue is recognized after taking into consideration possible contingencies with reference to the realizable value of work done. In the case of ship repair contracts completed and

invoices settled during the year, income recognized is net of reductions due to price variation admitted. In the case of unsettled invoices, the income is recognised net of estimated amount of reductions. Differences, if any, on settlement are adjusted against income in the year of settlement.

e) Others

Dividend income is recognized when the Company's right to receive is established.

f) Excise Duty

The products manufactured by the Company such as ships / ship repair are exempted from the purview of excise duty.

1.9 Inventories

- (a) Raw materials, components, stores and spares are valued at weighted average cost method or net realisable value whichever is lower. Provision for obsolescence / non- usability / deterioration is determined on the basis of technical assessment made by the management. Goods in transit is valued at cost. Stock of materials in respect of construction of defence vessels wherein the cost incurred is reimbursed by the owner are shown as reduction from the advances paid by the owner for construction of the vessel.

(b) Work in progress:

Work in progress Ship Building :- Work in progress is recognised only when the percentage of physical completion is less than the financial completion, in which case the cost proportionate to excess of percentage of financial completion over physical completion is treated as work in progress. In the case of Indigenous Aircraft Carrier since all the materials belongs to Indian Navy, work in progress is not recognized.

Work in progress of ships/offshore structures under repair, which have not reached 75% stage of physical completion and general engineering jobs are valued at cost. Work- in- progress of ships where physical construction has not started is also valued at cost.

- (c) Loose tools stock are valued at cost and tools in



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

use are revalued after providing for loss on revaluation estimated at 30% of book value.

- (d) Stock of scrap is valued at net realizable value after adjusting customs duty, if any, payable on the scrap.

1.10 Advance/progress payments received

Advance/progress payments received from customers in respect of repair work of ships/offshore structures are shown as deduction from the amount of work in progress in respect of income recognized under proportionate completion method. In the case of ship building, the advance payment received is adjusted only when the ship is invoiced.

1.11 Employee benefits

- a) Liability in respect of defined benefit funds is provided on the basis of actuarial valuation as on the date of Balance Sheet. The method of actuarial valuation adopted is the Projected Unit Credit method.
- b) Liability for payment of gratuity is determined by actuarial valuation as per Accounting Standard 15 (Revised) and funded to Employees Group Gratuity Trust as per Rules.
- c) Defined contribution to Employees PF and Employees Pension Scheme, 1995 are made on a monthly basis as per respective statutes.
- d) Liability in respect of leave entitlement is made on actuarial valuation basis at the year end and provided for as per Accounting Standard 15 (Revised).

1.12 Provision for guarantee claims

Provision towards guarantee claims in respect of ships/ small crafts delivered wherever provided /maintained is based on technical estimation. As per revised policy, for ships delivered, the guarantee claims are covered by way of insurance policies covering the guarantee period on case to case basis where ever required.

1.13 Liquidated damages and interest on advances

No income has been recognized on account of

(a) interest on advances given and (b) liquidated damages, where the levies depend on decisions regarding force majeure condition of contract. These are accounted for on completion of contracts and / or when final decisions are taken.

1.14 Borrowing cost.

General and specific borrowing costs directly attributable to acquisition/ construction or production of qualifying assets are capitalized as part of cost of such assets upto the date when such assets are ready for intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.15 Prior period adjustment

Prior period adjustments and extra ordinary items having material impact (over rupees one lakh) on the financial affairs of the Company are disclosed.

1.16 Foreign Currency Transactions

- a. Foreign Currency Transactions:

Foreign exchange transactions are recorded adopting the exchange rate prevailing on the dates of respective transactions. Monetary assets and liabilities denominated in foreign currencies existing as on the Balance Sheet date are translated at the exchange rate prevailing as at the Balance Sheet date. The exchange difference arising from the settlement of transactions during the period and effect of translations of assets and liabilities at the Balance Sheet date are recognized in the Statement of Profit and Loss account.

- b. Derivative instruments and hedge accounting:

The company uses foreign currency derivative contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecasted transactions. The company designated these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standards 30- Financial

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

instruments: Recognition and Measurement issued by ICAI.

The use of foreign currency and derivative contracts is governed by the Company's policies approved by the Board of Directors which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes.

Foreign currency derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated as effective cash flow hedges are recognized in Hedge Reserve Account under Shareholders' Funds and the ineffective portion is recognized in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Statement of Profit and Loss as and when they arise.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to the Statement of Profit and Loss.

1.17 Earnings Per Share

Basic/diluted Earnings per share reported is calculated by dividing the net profit after tax for the year (including post tax effect of any extraordinary items) by the weighted average number of equity shares/dilutive potential equity shares outstanding as at the end of the year as the case may be.

1.18 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability or assets is recognized at subsequently enacted tax rates, subject to the consideration of prudence, on timing difference, being the

difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

1.19 Provision, Contingent Liabilities and Contingent assets

A provision is recognised if, as a result of a past event, the company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Contingent liability are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

... Contd...



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 2 : Share Capital

Particulars	As at 31 st March 2015		As at 31 st March 2014	
	Number	₹ in lakhs	Number	₹ in lakhs
Authorised				
7% Non-cumulative redeemable preference shares of ₹1000/- each	1200000	12000.00	1200000	12000.00
Equity shares of ₹ 10/- each	130000000	13000.00	130000000	13000.00
Issued, Subscribed and Fully paid up				
Equity shares of ₹ 10 each fully paid up	113280000	11328.00	113280000	11328.00
Total	113280000	11328.00	113280000	11328.00

2.1. Reconciliation of number of shares and amounts outstanding

Particulars	Equity Shares			
	As at 31 st March 2015		As at 31 st March 2014	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares outstanding at the beginning of the year	113280000	11328.00	113280000	11328.00
Add : shares issued during the year	-	-	-	-
Equity Shares outstanding at the end of the year	113280000	11328.00	113280000	11328.00

2.2 Details of shareholders holding more than 5% shares in the company

Name of Shareholder	Equity Shares			
	As at 31 st March 2015		As at 31 st March 2014	
	Number of Shares held	% of holding	Number of Shares held	% of holding
The President of India	113280000	100.00	113280000	100.00

2.3. The Company has only one class of equity shares having a face value of ₹ 10 per share which is fully paid up. Equity shareholders are eligible for one vote per share held, and are entitled to dividends as and when declared by the Company. Interim dividend is paid as and when declared by the Board. Final dividend is paid after obtaining shareholders' approval. All dividends are paid in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2015

Note 3 : Reserves & Surplus

Particulars	As at 31 st March 2015 ₹ in lakhs	As at 31 st March 2014 ₹ in lakhs
Capital Reserves		
Balance as at the beginning and end of the year	263.56	263.56
Capital Redemption Reserve		
Balance as at the beginning of the year	11914.20	11914.20
Add: Current year transfer	0.00	0.00
Balance as at the end of the year	11914.20	11914.20
Debenture Redemption Reserve		
Balance as at the beginning of the year	82.61	-
Add: Current year transfer	288.34	82.61
Balance as at the end of the year	370.95	82.61
Securities Premium Reserve		
Premium on Tax Free Bonds		
Balance as at the beginning of the year	1.23	-
Add: Current year transfer	-	1.23
Balance as at the end of the year	1.23	1.23
Other Reserves		
General Reserve		
Balance as at the beginning of the year	5147.42	4176.21
Add: Transfer from surplus in Statement of Profit and Loss	1175.33	971.21
Balance as at the end of the year	6322.75	5147.42
Hedge Reserve		
As per last Balance Sheet - gain/(loss)	222.88	(22.50)
Add: Net gain/(loss) during the year	(222.88)	245.38
Closing balance - gain/(loss)	-	222.88
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	106293.20	89910.77
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets having no remaining useful life(Net of deferred tax) (Refer note no. 34)	385.05	0.00
	105908.15	89910.77
Add : Net Profit for the current year	23506.63	19424.23
	129414.78	109335.00
Less :		
Transfer to Capital Redemption Reserve	0.00	0.00
Transfer to Debenture Redemption Reserve	288.34	82.61
Transfer to Reserves	1175.33	971.21
Proposed dividend	1699.20	1699.20
Tax on dividend	345.92	288.78
Balance as at the end of the year	125905.99	106293.20
Total:	144778.68	123925.10



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015

Capital Redemption Reserve

3.1 As part of capital restructuring Cochin Shipyard Ltd has issued Preference Shares to the extent of ₹ 11914.20 Lakhs to the Government of India. As per the conditions of the issue these shares were to be redeemed progressively. These shares were redeemed by CSL during the years 2010-11 to 2012-13 amounting to ₹ 11914.20 Lakhs. As required under section 80 of the Companies Act 1956, at the time of redemption of Preference Shares an equivalent amount of distributable profit has to be transferred to Capital Redemption Reserve. The Company has presently a balance of ₹ 11914.20 Lakhs, under Capital Redemption Reserve which will be utilised for the purpose defined under the Companies Act.

Debenture Redemption Reserve

3.2 In accordance with provisions of Section 71(4) of the Companies Act, 2013 read with Rule 18(7) of Companies (Share capital and Debentures) Rules, 2014 and as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008 the Company has created Debenture Redemption Reserve (DRR) amounting to ₹ 370.95 lakhs (cumulative) at 25% of the value of debenture issued by the Company, over the maturity period of such debentures, proportionately for the period upto 31.03.2015.

3.3. Capital reserve represents restoration charges received from M/s Indian Oil Corporation for laying pipeline through the Company's land.

3.4. (i) The Company enters into foreign exchange derivative contracts to offset the foreign currency risks arising from the amounts denominated in currencies other than Indian Rupee. The counter party to the Company's foreign currency forward contracts is generally a bank.

The Company has designated all the outstanding forward exchange contracts as cash flow hedges. The changes in fair value of effective forward exchange contracts are recognized directly in a reserve account designated as Hedge Reserve Account and the ineffective portion is recognized immediately in the Statement of profit and Loss.

(ii) The outstanding effective/ineffective derivative contracts, which have been designated as cash flow hedges, as on 31st March, 2015 are as follows:

(₹ in Lakhs)

Particulars	31 st March 2015		31 st March 2014	
	Notional amount of contracts	Fair Value Gain/ (Loss)	Notional amount of contracts	Fair Value Gain/ (Loss)
Forward contracts (Effective)	0.00	0.00	13584.18	222.88
Forward contracts (In effective)	7217.69	39.93	-	-
Total	7217.69	39.93	13584.18	222.88

The company has outstanding foreign exchange derivative contracts of firm commitment or highly probable forecast transactions which do not conform to the norms of hedge effectiveness as per Accounting Standard 30 (AS 30) aggregating to ₹ 7217.69 Lakhs (Previous year Nil). Fair value determination of these contracts as on 31st March 2015 results in a profit of ₹ 39.93 Lakhs (Previous year profit Nil).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(iii) The movement in hedge reserve during the year ended 31st March,2015 for derivatives designated as cash flow hedges are as follows:

(₹ in Lakhs)

	Year ended 31 st March 2015	Year ended 31 st March 2014
Balance at the beginning of the year Cr/(Dr)	222.88	(22.50)
Gains/(Losses) on hedge transactions (effective hedges) recognized during the year	0.00	323.69
Changes in the fair value of effective portion of outstanding cash flow derivatives (Net)	(222.88)	301.19
Net derivative gain/(losses) related to a discounted cash flow hedge	0.00	0.00
Gains/(Losses) transferred to Statement of Profit and Loss on recognition of financial asset	0.00	78.31
Balance at the end of the year	0.00	222.88

Note 4 : Long Term Borrowings

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Tax Free Secured Redeemable Non Convertible Bonds -Series 2013-14	12300.00	12300.00
Total	12300.00	12300.00

Tax free Infrastructure Bond Series 2013-14

4.1 a) Tranche 2: 230 bonds of face value of ₹10 lakhs totalling ₹ 2300 lakhs with interest rate of 8.72% payable annually, redeemable at par due for redemption on 28 th March 2029 .

b) Tranche 1: 1000 bonds of face value of ₹10 lakhs totalling ₹10000 lakhs with interest rate of 8.51% payable annually, redeemable at par due for redemption on 02nd December 2023.

4.2 These bonds are secured against the landed properties of the Company admeasuring 197.12 acres (487.00 cents) made up of 34.30 acres in Sy No. 713/11, 23.57 acres in Sy No. 713/12, 59.12 acres in Sy No. 713/13, 50.18 acres in Sy No. 714/06, 10.12 acres in Sy No. 714/2, 8.90 acres in Sy No. 714/4 and 10.93 acres in Sy No. 714/5 of land all are lying contiguously in Elamkulam village, Kanayannur taluk, Ernakulam Dist.

4.3 Utilisation : Out of the issue proceeds of ₹12300 lakhs received, the Company has utilised/adjusted funds to the extent of ₹11505.08 lakhs towards various expenditure incurred on International Ship Repair Facility (ISRF) project. Balance ₹794.92 lakhs is parked with Company's bankers for meeting the expenditure in the due course of implementation of the project.

Note 4A : Other Long Term Liabilities

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Trade payables	—	299.97
Others	261.22	—
Total	261.22	299.97

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015**

There are no dues to Micro, Small and Medium Enterprises as on 31st March, 2015 (previous year - Nil) which are overdue and required to be disclosed as per MSMED Act, 2006. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

Note 4B : Long Term Provisions

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Provision for employee benefits		
Leave entitlement	1932.17	—
Total	1932.17	—

Note 5 : Short Term Borrowings

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Short term borrowings from banks (secured) *	0.00	11531.84
Short term borrowings from banks (unsecured)	0.00	9560.00
Total	0.00	21091.84

*Working capital facility from bank to the extent of ₹55000 Lakhs only is secured by floating charge on present and future stock of raw materials, stock-in-process, finished goods, stores and spares (not relating to plant and machinery).

Note 5 A : Trade Payables

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Trade payables (Unsecured)	17192.93	17301.94
Total	17192.93	17301.94

5.A.1. Out of Trade payables ₹283.16 lakhs is dues to Micro Small and Medium Enterprises as on 31st March 2015 (previous year ₹436.10 lakhs) which are overdue and required to be disclosed as per MSMED Act 2006. There is no interest due as on 31st March 2015. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 6 : Other Current Liabilities

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Advance for Indigenous Aircraft Carrier (Cost plus)	357006.14	264026.49
Amount advanced by the Company for Cost plus	0.00	9560.00
	357006.14	273586.49
Less: Indigenous Aircraft Carrier inventory in stock	30867.81	55280.98
Less: Material issued	206257.50	152014.35
Less: Design and other direct expenses	28578.93	27458.75
Less: Advance for purchase of materials	18818.22	14683.33
Less: Other expenses against cost plus activities	34784.73	29216.80
	37698.95	(5067.72)
Advance for Indigenous Aircraft Carrier fixed price contract	181504.00	112520.00
Less : Income recognised so far	192114.00	148304.85
	(10610.00)	(35784.85)
Advance for Indigenous Aircraft Carrier infrastructure	19177.06	19177.06
Less: Assets on infrastructure	19232.36	19307.82
	(55.30)	(130.76)
Advance outstanding for Indigenous Aircraft Carrier works (Net)	27033.65	(40983.33)
Advances for other ship building contracts	38351.65	47852.55
Advances for ship repair and others	130.76	364.24
Interest accrued but not due	281.98	281.98
Income received in advance	20.17	19.32
Other Payables		
Security and other deposits	784.65	667.93
Statutory dues	817.19	968.11
Other liabilities	8528.70	5350.16
Total	75948.75	14520.96



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

6.1. (i) The contract for construction of Indigenous Aircraft Carrier for Indian Navy has two parts (a) Fixed Price part for construction activities and (b) Cost Plus part for material procurement. The construction activities envisaged under Fixed Price part are being done in various Phases. The company had signed fixed price part of Phase I contract for an amount of ₹116000 lakhs on 12 May 2007. The activities envisaged under Phase I contract have been completed and the Company has received the entire contract price of ₹ 116000 lakhs (Previous year ₹112520 lakhs). The contract for Phase II construction activities was concluded on 16 Dec 14 for an amount of ₹284800 lakhs. Out of the total price of ₹284800 lakhs under Phase II, the company has received various stage payments amounting to ₹ 65504 lakhs (Previous year Nil). Pending the signing of Phase II contract, in 2013-14 the income in respect of Phase II activities completed during 2013-14 were recognized at the rate of Phase I contract. Since the contract for Phase II has been signed between Indian Navy and CSL on 16.12.2014, ₹43809.14 lakhs has been recognized during the year as income in respect of Phase II scope of work at the new phase II rates which includes an amount of ₹ 27517.55 lakhs being the difference between the Phase I rates and Phase II rates in respect of the Phase II income recognized during previous year.

(ii) An amount of ₹357006.14 lakhs (Previous year ₹264026.49 lakhs) has been received as advance towards the cost plus part of the contract. Details are as follows: (₹ in Lakhs)

	Details	2014-15	2013-14
I	(i) Advance from Indian Navy	357006.14	264026.49
	(ii) Amount advanced by CSL	0.00	9560.00
	Total (i+ ii)	357006.14	273586.49
	(a) Amount adjusted by Indian Navy for materials	200028.27	184580.15
	(b) Other expenditure adjusted by Indian Navy	56149.73	53916.14
II	Total expenditure adjusted by Navy (a+b)	256178.00	238496.29
III	Expenditure yet to be adjusted by Navy	63129.19	40157.92
IV	Total Expenditure (II+III)	319307.19	278654.21
V	Balance of funds (Cost Plus)(I-IV)	37698.95	(5067.72)
VI	Phase II income accrued but not due	(10610.00)	(35784.85)
VII	Infrastructure Fund(balance)	(55.30)	(130.76)
	(c) Balance of funds (V+VI+VII)	27033.65	(40983.33)

(iii) The details of materials procured, issued and balance remaining as on 31.03.2015 under Cost plus contract is as below:

Materials/Consumables

(₹ in Lakhs)

	2014-15	2013-14
Purchases (till date) - Steel	49421.94	49416.65
- Other Direct material	187703.37	157878.68
- Total	237125.31	207295.33
Issued (till date) - Steel	44183.57	43381.95
- Other Direct material	162073.93	108632.40
- Total	206257.50	152014.35
Closing stock - Steel	5238.37	6034.70
- Other Direct material	25629.44	49246.28
- Total	30867.81	55280.98

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(iv) An amount of ₹19177.06 lakhs (previous year ₹19177.06 lakhs) has been received from Indian Navy towards augmentation of infrastructure facilities for the construction of Indigenous Air craft carrier (IAC) project. Against ₹ 19177.06 lakhs received for infrastructure facilities, the company has spent ₹19232.36 lakhs (previous year ₹ 19307.83 lakhs) till date of this amount, ₹16749.56 lakhs (previous year ₹16713.94 lakhs) has been adjusted by Indian Navy and the balance amount of ₹2482.80 lakhs (previous year ₹2593.89 lakhs) is pending for adjustment by Indian Navy. Upward revision of Infrastructure fund allocation from ₹19177.06 lakhs to ₹31000.00 lakhs is already approved by the Government of India and sanction letter indicating item wise details is awaited. The excess amount of ₹55.30 lakhs spent by the company has been shown as deduction from the advance received from Indian Navy pending approval for the revised sanction.

(v) Details of infrastructure expenditure incurred so far under different heads of customer financed assets owned by Navy are as follows:

a) Cost of infrastructure facilities which has been met out of funds from Navy and adjusted by Indian Navy, till date.

(₹ in Lakhs)

Details	2014-15	2013-14
Buildings and civil structures	1474.45	1471.43
Data processing equipment	1186.57	1186.57
Plant and machinery	14088.54	14055.94
Total	16749.56	16713.94

b) Cost of infrastructure facilities met out of funds from Navy pending adjustment by Indian Navy.

(₹ in Lakhs)

Details	2014-15	2013-14
Building and Civil structure*	0.00	101.54
Plant and machinery	2321.03	2321.03
Others	161.77	171.32
Total	2482.80	2593.89

Since the ownership vests with Navy, the above assets are not included under Fixed Assets of the Company.

* Indian Navy has not approved the cost of infrastructure to the extent of ₹101.54 Lakhs and which is adjusted in the company's accounts during the year.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015****Note 7 : Short Term Provisions**

Particulars	As at 31st March 2015	As at 31st March 2014
	₹ in lakhs	₹ in lakhs
Provision for Employee benefits		
Gratuity	310.18	110.39
Leave entitlement	671.23	2614.80
Others	4794.33	1941.83
	5775.74	4667.02
Other Provisions		
For taxation	14522.20	9846.18
For proposed dividend	1699.20	1699.20
For dividend tax	345.92	288.78
For taxes and duties	251.65	127.71
For KGST/KVAT	189.06	538.64
For guarantee repairs	933.18	893.29
For liquidated damages	555.74	1669.95
For expenditure / contingencies	4968.30	2958.90
For subcontract	8540.82	5863.44
Conveyance loan Reserve	1.17	1.17
	32007.24	23887.26
Total	37782.98	28554.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 8 : Fixed Assets

Tangible & Intangible	GROSS BLOCK						DEPRECIATION			NET BLOCK	
	As at 1st April 2014	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2015	As at 1st April 2014	For the year	Adjustment/ (withdrawal)	As at 31st March 2015	As at 31st March 2015	As at 31st March 2014	
i. Tangible assets											
Land (Freehold)	563.59	29.56	0.00	593.15	0.00	0.00	0.00	593.15	563.59		
Buildings	12464.86	375.10	9.97	12829.99	3730.33	491.58	(4.94)	8613.02	8734.53		
Plant and equipment	24834.58	1350.90	60.30	26125.18	10257.86	2081.35	(58.09)	13844.06	14576.72		
Furniture and fixtures	606.05	146.22	2.23	750.04	253.65	61.37	(2.18)	437.20	352.40		
Vehicles	752.73	14.47	0.08	767.12	475.38	94.83	(0.08)	196.99	277.35		
Office equipment	185.95	16.71	6.76	195.90	41.94	71.81	(6.37)	88.52	144.01		
Others											
Docks and quays	10343.14	48.66	0.00	10391.80	5445.74	377.44	0.00	4568.62	4897.40		
Railway sidings	22.09	0.00	0.00	22.09	20.99	0.00	0.00	1.10	1.10		
Electrical installation	2327.47	152.00	0.00	2479.47	891.23	278.51	0.00	1309.73	1436.24		
Drainage and water supply	133.45	0.00	0.00	133.45	79.02	47.76	0.00	6.67	54.43		
Vessels	158.85	0.00	0.00	158.85	139.14	0.74	0.00	18.97	19.71		
Books	13.20	0.00	0.00	13.20	13.20	0.00	0.00	0.00	0.00		
ii. Intangible Assets	52405.96	2133.62	79.34	54460.24	21348.48	3505.40	(71.66)	29678.03	31057.48		
Computer software	332.14	1392.29	0.79	1723.64	298.36	360.08	(0.79)	1,065.99	33.78		
Right to use - land and ship repair facility	7500.00	0.00	0.00	7500.00	250.00	250.00	0.00	7,000.00	7250.00		
Total (i+ii)	60238.10	3525.91	80.12	63683.89	21896.84	4115.48	(72.45)	37744.02	38341.26		
Previous year	44435.35	15883.96	81.21	60238.10	19704.80	2268.51	(76.47)	38341.26	24730.55		

8.1. Land includes the value of (a) land allotted on lease basis to (i) Bharatiya Vidya Bhavan (0.69045 hectare) (ii) M/s Indian Oil Corporation (0.620 hectare) for laying pipeline (iii) land leased to M/s Cochin Air Products (0.30 hectare) and (b) land held by Kerala State Electricity Board (0.47 hectare).

8.2. Value of land includes value of buildings acquired along with the land for which depreciation has not been provided as the value is not separately available and most of these buildings are likely to be demolished for putting up facilities for the factory.

8.3. Assets taken over from Cochin Port Trust (₹ 1291.52 lakhs) have been valued and life assessed by technical experts. This life has been taken as a base for arriving at the remaining useful life for providing depreciation for these assets.

8.4. The Right to use of land and ship repair facility shown under Intangible Assets represents the upfront fee paid to Cochin Port Trust towards setting up of International Ship Repair Facility project, to be amortised over the contract period of 30 years commencing from 2013-14.

8.5. The Company has created mortgage for ₹123 Crs on the landed properties of the Company as security for the tax free bonds issued by the Company during the year 2013-14.

8.6. With effect from 01.04.2014 depreciation has been provided as per Schedule II of the Companies Act, 2013, based on the useful life of the assets. Accordingly an amount of ₹385.05 lakhs (net of deferred tax of ₹198.27 Lakhs) representing the written down value of fixed asset whose life have expired as on 01.04.2014 has been adjusted against the opening balance of Surplus.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015****Note 8 : Fixed Assets**

iii. Capital Work in Progress	As at 31st March 2015	As at 31st March 2014
Particulars	₹ in lakhs	₹ in lakhs
Plant and Machinery, Buildings and Civil works	945.09	474.20
Construction materials	322.86	277.73
Capital goods in transit	9.88	4.59
Total	1,277.83	756.52

Note 9 : Non Current Investments

Particulars	As at 31st March 2015	As at 31st March 2014
	₹ in lakhs	₹ in lakhs
UNQUOTED AT COST (NON TRADE)		
Investment in Cochin Shipyard Employees Consumer Co-operative Society Limited 2180 'B Class' shares of ₹100 each	2.18	2.18
Investment in Kerala Enviro Infrastructure Limited 70000 equity shares of ₹10 each fully paid up	7.00	7.00
Investment in Cochin Waste to Energy Private Limited -100000 equity shares of ₹10 each fully paid up	10.00	10.00
Total	19.18	19.18

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 10: Deferred Tax Asset (Net)

The break-up of deferred tax assets and liabilities as on 31st March 2015 as against 31st March 2014 is detailed below, which results in increase in net deferred tax asset. Consequent to this the amount credited to the Statement of Profit and Loss is ₹1457.00 lakhs (Previous Year ₹70.50 lakhs)

(₹ in Lakhs)

Particulars	Deferred tax asset /liability as at 31 st March 2014	Current year Charge/ (credit) 2014-15	Deferred tax asset /liability as at 31 st March 2015
Deferred Tax Asset :			
Unpaid statutory liabilities/ provision for compensated absences debited to the statement of Profit and Loss	1042.33	29.17	1071.50
Other items giving rise to timing differences	3121.65	1503.05	4624.70
Total	4163.98	1532.22	5696.20
Deferred Tax Liability:			
Difference between book and tax depreciation	3847.95	75.22	3923.17
Total	3847.95	75.22	3923.17
Deferred Tax Asset (Net)	316.03	1457.00	1773.03

1. Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax asset that arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realize the same.

2. Deferred tax liability includes the effect of ₹198.27 lakhs being the adjustment of written down value of tangible assets having no remaining useful life to opening surplus as mentioned in Note No. 8

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015****Note 11 : Long Term Loans & Advances**

	As at 31st March 2015	As at 31st March 2014
Particulars	₹ in lakhs	₹ in lakhs
Unsecured, considered good		
Capital advances	157.09	163.52
Security deposit	585.56	667.53
Others		
(Secured, considered good *		
Employee advances	92.15	140.31
(Unsecured, considered good)		
Deposits with Customs department	272.91	261.23
Advance Income Tax (Net of provision)	2501.30	2281.41
Total	3,609.01	3,514.00

* Secured by hypothecation of movable assets

Note 12 : Other Non Current Assets

	As at 31st March 2015	As at 31st March 2014
Particulars	₹ in lakhs	₹ in lakhs
Unsecured		
Long term trade receivables		
Considered good	3075.05	4447.27
Considered doubtful	4405.11	4251.82
Less: Provision for doubtful debts	(4405.11)	(4251.82)
Total	3075.05	4447.27

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 13 : Inventories (As taken, Valued and certified by the Management)

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
At lower of weighted average cost or net realisable value		
Raw Materials and components	21949.12	27412.45
Less : Provision for obsolescence, non-usability and deterioration in inventory.	(403.31)	(381.04)
Goods-in transit	318.03	2567.57
	21863.84	29598.98
Work-in-progress (Valued at cost)	5755.21	3832.67
Work-in-progress (Valued at realisable value)	1139.09	4406.53
	6894.30	8239.20
At lower of weighted average cost or net realisable value		
Stores & Spares	486.08	811.14
Less : Provision for obsolescence, non-usability and deterioration in stores.	(47.34)	(50.05)
Goods-in transit	0.16	70.06
	438.90	831.15
Loose Tools (Valued at cost)	908.57	911.79
Goods-in transit	0.00	4.56
	908.57	916.35
Scrap (Valued at net realisable value)	203.99	51.04
	203.99	51.04
Total	30309.60	39636.72

13.1. Inventory does not include stock of raw materials and bought out components procured under "cost plus" part of the IAC contract amounting to ₹30867.81 lakhs (previous year ₹55280.98 lakhs) held on behalf of Indian Navy lying with the Company. This has been shown as reduction against the advance received from Indian Navy.

13.2. Maintenance spares included in the inventory represent spares of general nature and are not related to a particular asset.

Note 14 : Trade Receivables

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	3480.09	3023.44
Outstanding for a period less than six months from the date they were due for payment	55025.85	49032.48
Total	58505.94	52055.92



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015

14.1. Trade receivables include debts amounting to ₹38096.17 lakhs (previous year ₹32471.50 lakhs) on account of income recognized under proportionate completion method pertaining to incomplete vessels, against which stage payments received amounting to ₹36174.32 lakhs (previous year ₹33799.65 lakhs) for completed stages is shown as advance under current liabilities.

14.2 The due date for trade receivables has been considered after allowing a grace period of one month in general to all customers as per agreed practice.

Note 15: Cash and Bank balances

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Cash and Cash Equivalents		
Cash on hand	1.80	1.83
Balance with Bank:		
In current account	42682.88	803.13
In Deposit account		
- less than 3 months maturity	2975.00	500.00
- more than 3 months upto 12 months maturity	96285.00	54338.24
Total	141944.68	55643.20

15.1 Bank balances in current account includes ₹42582.36 lakhs (Previous year ₹89.40 lakhs) received from Indian Navy for the construction of Indigenous Aircraft Carrier and held in separate account.

15.2 Deposits with banks of more than 3 months maturity includes ₹794.92 lakhs (Previous year ₹2300.00 Lakhs) parked with Company's bankers for meeting the expenditure in the due course of implementation of the ISRF project.

Note 16 : Short-term loans and advances

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Other than to related parties		
Secured, considered good Employee advance*	43.48	0.00
Unsecured, considered good		
Advance income tax	11907.44	10339.63
Others	5922.96	18302.46
Unsecured, considered doubtful Others	478.68	0.07
	18352.56	28642.16
Less: Provision for doubtful advances	478.68	0.07
Total	17873.88	28642.09

*Secured by hypothecation of movable asset

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 17 : Other current assets

Particulars	As at 31 st March 2015	As at 31 st March 2014
	₹ in lakhs	₹ in lakhs
Interest accrued on bank deposits	3155.10	3040.70
Interest accrued on employee advances	48.54	31.09
Others (Including claims receivable)	2008.63	2750.89
Balances with Customs, Port Trust and Excise	133.72	81.93
Forward contract	39.93	228.96
Other deposits	6.59	14.60
Total	5392.51	6148.17

Note 18 : Revenue From Operation

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Sale of products		
Ship building:		
Indigenous Aircraft Carrier (IAC)	103869.89	93320.39
Vessels other than IAC	60345.41	47633.76
Engineering works	83.94	2.31
	164299.24	140956.46
Sale of services		
Ship repairs	19595.17	22788.41
	19595.17	22788.41
Other operating revenue	2057.08	1521.05
Total	185951.49	165265.92

18.1. Shipbuilding income of ₹164215.29 lakhs (previous year ₹140954.15 lakhs) includes revenue recognized under percentage of completion method amounting to ₹135611.94 lakhs (previous year ₹100322.43 lakhs) against incomplete vessels. Ship repair income includes income recognised under proportionate completion method amounting to ₹1603.00 lakhs (previous year ₹7535.00 lakhs)

18.2. Income from ship repair is net of actual / anticipated reductions amounting to ₹1276.40 lakhs (previous year ₹1273.45 lakhs).



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015

18.3 Disclosure as required by Accounting Standard 7 - Accounting for Construction Contracts - for contracts in progress as at the end of the year.

₹ in lakhs

	2014- 15	2013- 14
(a) Contract revenue recognized in the period	139199.05	114891.12
(b) Contract cost incurred and recognized profits (less recognized losses) up to the reporting period	490484.88	392946.25
(c) Advance received from customers	477953.03	361972.73
(d) Gross amount due to customers	4493.96	24899.06
(e) Gross amount due from customers	17025.82	55872.57

(f) Method of revenue recognition – Percentage of completion method

(g) Method used to determine the stage of completion - Stage of completion is measured in the proportion to expenses incurred till the end of the year to the estimated total cost of completion of the project or percentage of physical completion whichever is less.

Note 19 : Other Income

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Training facilities	424.32	408.14
Income from sale of scrap and stores	445.85	134.37
Profit on sale of fixed assets	0.00	0.16
Income from laboratory services	29.76	23.39
Rent received	342.60	63.74
Hire charges received	4.54	7.11
Interest on bank deposits	5311.50	5058.94
Interest from others	43.36	23.92
Dividend income	1.09	0.85
Net gain / (loss) on foreign currency transactions	734.38	68.70
Provision of earlier years no longer required	1644.63	1501.20
Miscellaneous income	363.11	307.94
Total	9345.14	7598.46

19.1. Income from sale of scrap and stores is net of import duty paid amounting to ₹53.65 lakhs (previous year ₹125.84 lakhs) on sale of bonded scrap and stores.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 20 : Cost of Materials Consumed

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Raw Materials		
Steel	1782.97	6416.78
Pipe	536.96	817.93
Paint	1214.91	772.03
Bought out components	96545.93	69568.21
Total	100080.77	77574.95

Note 21 : Changes in inventories of work-in-progress

(Other than those which are recognised as income on percentage/proportionate completion method)

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Work -in-progress at cost:		
At the beginning of the year	3832.67	7854.24
Less: at the end of the year	5755.21	3832.67
Decretion/(Accretion) to work-in-progress	(1922.54)	4021.57

Note 22 : Sub Contract and Other Direct Expenses

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Sub contract and off loaded jobs	9918.02	11378.48
Hull insurance	196.91	217.31
Other direct expenses	6089.18	6219.63
Total	16204.11	17815.42



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 23 : Employee Benefits Expense

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Salaries, wages, bonus/exgratia and allowances	17840.26	17284.67
Contribution to Provident Fund and Family Pension Fund	1190.98	1125.49
Gratuity	380.16	199.39
Staff welfare expenses	1156.11	1184.13
Total	20567.51	19793.68

23.1. Includes provident fund inspection and administration charges ₹14.84 lakhs (previous year ₹14.66 lakhs)

23.2. Includes provision for encashment of Half pay leave for workmen amounting to ₹157.21 Lakhs (previous year ₹Nil)

23.3. The employee benefits accruing to the employees on deputation from Cochin Port Trust are being accounted based on demands received from Cochin Port Trust as per tripartite agreement between the Company, Cochin Port Trust and the recognised Trade unions of the Port and not based on actuarial valuation.

23.4. Disclosure on Employee benefits as per Accounting Standard 15 (Revised)

'Employee Benefits' for the below mentioned defined benefits schemes have been provided in the accounts.

- Gratuity
- Leave entitlement

In respect of Leave Travel Concession relating to the block period 2014-2017, provision amounting to ₹38.50 lakhs towards unavailed portion has been made considering the full eligibility of the employees in this behalf.

Actuarial valuation of leave entitlement and gratuity has been done with the following assumptions.

Particulars	2014-15		2013-14	
	Leave Entitlement (Unfunded) 31/03/2015	Gratuity (Funded) 31/03/2015	Leave Entitlement (Unfunded) 31/03/2014	Gratuity (Funded) 31/03/2014
Discount rate	7.80%	7.80%	9.10%	9.10%
Salary escalation rate	3.00%	3.00%	3.00%	3.00%
Expected rate of return on plan assets	-	9.00%	-	9.00%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Movement in the present value of defined benefit obligation

(₹ in lakhs)

Change in defined benefit obligation	2014-15		2013-14	
	Leave Entitlement (Unfunded) 31/03/2015	Gratuity Entitlement (Funded) 31/03/2015	Leave Entitlement (Unfunded) 31/03/2014	Gratuity (Funded) 31/03/2014
Present value of obligation at the beginning of the year	2614.80	6085.47	2981.14	6836.07
Interest cost	198.54	473.87	189.53	488.28
Current service cost	106.33	85.77	107.49	129.13
Benefits paid / provision withdrawn	(866.02)	(1756.29)	(976.25)	(1465.24)
Past service cost	-	-	-	-
Actuarial (gain) /loss on obligations	549.75	263.56	312.89	97.23
Present value of obligation as at the end of the year	2603.40	5152.38	2614.80	6085.47

Movement in the Fair value of plan assets

(₹ in lakhs)

Change in the fair value of Plan Assets:	2014-15		2013-14	
	Leave Entitlement (Unfunded) 31/03/2015	Gratuity Entitlement (Funded) 31/03/2015	Leave Entitlement (Unfunded) 31/03/2014	Gratuity (Funded) 31/03/2014
Fair value of plan assets as at the beginning of the year	-	5975.08	-	6280.80
Expected return on plan assets	-	466.75	-	528.19
Actuarial gain/(loss)	-	(21.73)	-	(9.94)
Contributions:	866.02	178.39	728.51	641.27
Benefits paid	(866.02)	(1756.30)	(728.51)	(1465.24)
Fair value of plan assets as at the end of the year	-	4842.19	-	5975.08



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015

Expenses recognized in the Statement of Profit and loss

(₹ in lakhs)

Particulars	2014-15		2013-14	
	Leave Entitlement (Unfunded) 31/03/2015	Gratuity Entitlement (Funded) 31/03/2015	Leave Entitlement (Unfunded) 31/03/2014	Gratuity (Funded) 31/03/2014
Current service cost	106.33	85.77	107.49	129.13
Interest cost	198.54	473.87	189.53	488.27
Expected return on plan assets	-	(466.75)	-	(528.19)
Net actuarial (gain)/loss recognized in the year	549.75	285.29	312.89	107.18
Past service cost	-	-	-	-
Expenses recognized in statement of profit and loss	854.62	378.19	609.91	196.39

Gratuity expenses includes ₹1.97 lakhs (previous year ₹3.00 lakhs), being amount paid towards insurance premium (Risk cover).

Description of Plan Assets

(₹ in lakhs)

Particulars	31/03/2015	31/03/2014
Government of India Securities	29.00%	22.00%
State Government Securities	12.00%	14.00%
High Quality Corporate Bonds	34.00%	30.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	0.00%	0.00%
Funds managed by Insurer	25.00%	34.00%
Others (to specify)	0.00%	0.00%
Total	100.00%	100.00%

Net Asset / Liability recognised in the Balance Sheet

(₹ in lakhs)

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Present value of the obligation	5152.38	6085.47	6836.08	7517.60	7539.47
Fair value of plan assets	4842.19	5975.08	6280.80	7658.96	7169.40
Difference	310.18	110.39	555.27	(141.36)	370.07
Unrecognised transitional liability	0.00	0.00	0.00	141.36	0.00
Unrecognised past service cost - non vested benefits	0.00	0.00	0.00	141.36	0.00
Liability recognized in the balance sheet	310.18	110.39	555.27	141.36	370.07

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 24 : Finance costs

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Bank interest	676.36	1606.84
Interest others	0.00	6.15
Interest under Income Tax Act	104.24	30.57
Interest on tax free bonds	1051.56	281.98
Total	1832.16	1925.54

Note 25 : Depreciation and Amortisation Expense

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Depreciation on tangible assets	3505.40	2007.97
Amortisation of intangible asset	610.08	260.54
Total	4115.48	2268.51
Add : Loss on revaluation of tools	300.23	374.78
Less : Adjusted against opening balance of surplus	583.32	-
Total	3832.39	2643.29

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015****Note 26: Other Expenses**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
	₹ in lakhs	₹ in lakhs
Consumption of stores	1185.64	1165.35
Consumption of spares	211.08	270.32
Rates and taxes	102.69	345.92
Power	1513.04	1594.63
Fuel	757.47	808.89
Water	190.47	159.25
Repairs and maintenance:		
Building and roads	533.94	544.62
Plant and machinery	278.37	376.60
Others	1329.20	551.63
Maintenance dredging	509.04	1152.22
Transport and stores handling	183.58	202.44
Travelling and conveyance expenses	410.10	415.10
Printing and stationery	57.49	68.71
Postage, telephone and telex	53.10	44.67
Advertisement and publicity	243.17	181.96
Lease rent	584.88	514.35
Hire charges	185.60	185.16
Insurance	243.09	236.53
Security expenses	789.46	803.10
Auditors remuneration	5.62	5.06
Auditors remuneration for other services	1.12	2.36
Training	295.06	188.74
Legal expenses	51.89	15.47
Liquidated damages	1038.63	1131.31
Consultancy	119.34	36.55
Bank charges	59.55	51.77
Net loss /(gain) on derivative contracts	(567.83)	2789.74
Corporate social responsibility (Refer Note no.36)	532.34	360.00
Prior period expenses	(112.48)	(557.43)
Write off of stores and spares	113.89	28.76
Loss on sale and write off of fixed assets	7.67	6.57
Miscellaneous expenses	367.54	218.32
Total	11273.75	13898.67

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

Note 27 : Provision for Anticipated Losses and Expenditure

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
Provision for:		
Doubtful debts / advances	633.07	1858.52
Non moving inventory	23.04	105.03
Liquidated damages	107.01	1031.22
Employee benefits	3105.00	1910.83
Expenses and contingencies	2803.92	1190.07
Total	6672.04	6095.67

27.1 Provision for employee benefits include

- i) ₹318 Lakhs (Previous year ₹1635.83 Lakhs) towards provision for superannuation pension for Officers and Supervisors as approved by the Ministry.
- ii) ₹2787 Lakhs (Previous year ₹Nil) towards provision for superannuation pension for Workmen.

27.2 Provision for expenses and contingencies include ₹2000.00 Lakhs provided for probable liability under contractual claims.

Note 28. Earnings per Equity Share

	2014-15	2013-14
Net Profit after tax (₹in lakhs)	23506.63	19424.23
Number of Equity Shares	113280000	113280000
Basic and Diluted Earnings Per Share (EPS) (in ₹)	20.75	17.15



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2015

Note 29: CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As on 31 st Mar 2015 (₹ in Lakhs)		As on 31 st Mar 2014 (₹ in Lakhs)		Brief Description of the nature and obligation
A CONTINGENT LIABILITY (To the extent not provided for)					
a Claims against the Company not acknowledged as debt (Other than mentioned in the Notes)					
i M/s Vigil Marine Services	4401.60	3951.62			Claim for agency commission of USD 2.5 million + interest @ 18 % pa thereon for 10 years. Presently under arbitration.
b Guarantees					
i Letters of credit	27124.06	21247.96			Represents LC opened by the Company in various banks for procurement of materials/assets
c Other money for which the company is contingently liable					
i Greater Cochin Development Authority	69.06	69.06			Claim raised by GCDA for the land acquired for the Company is settled. However 8 land acquisition revision petition cases (Valued at Rs.69.06 lakhs) filed by evictees is pending with the Hon' Supreme Court and High Court.
ii Customs duties	23691.39	8700.00			Customs duty for materials under Bond and indigenous vessels delivered.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

iii	Demand for KGST/KVAT for the Assessment Years 2001-02, 2004-05, 2005-06 & 2007-08 mainly due to levy of KVAT on the export turnover of ships	1396.30	1396.30	1396.30	2000-01 - Rs. 111.93 Lakhs 2001-02 - Rs. 73.44 Lakhs 2004-05 - Rs. 202.22 Lakhs 2005-06 - Rs. 652.24 Lakhs 2007-08 - Rs. 356.47 Lakhs Under appeal. Stay of collection of tax obtained in all cases. Demand reduced due to appeal allowed by DC(A) Detailed notes in 29.1.II
v	Income Tax	1319.15	773.01		Demand relating to Assessment Years: AY 2000-01 - Rs. 63.27 Lakhs AY 2002-03 - Rs. 8.28 Lakhs AY 2003-04 - Rs. 0.27 Lakhs AY 2010-11 - Rs. 288.60 Lakhs AY 2011-12 - Rs. 412.59 Lakhs AY 2012-13 - Rs. 546.14 Lakhs Detailed notes in 29.1.I
vi	Service Tax	1647.47	1647.47		Demand of Service Tax on IAC P-71 (Design Consultancy) as per Show Cause Notice issued. Reply to Show Cause Notice filed. No further action from Department side.
B	COMMITMENTS (To the extent not provided for)				Refund claim on the Service Tax on IAC
a	Estimated amount of contracts remaining to be executed on capital account and not provided for:	435.85	368.92	376.67	



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

29.1 Contingencies & Commitments

(I) Income Tax Assessments

The Income Tax Assessment of the company have been completed up to AY 2012-13 Demands raised as per the assessment orders total to ₹1319.15 lakhs for the Assessment Years 2000-01 to 2012-13 except for the years 2000-01, 2002-03, 2003-04, 2010-11 2011-12 and 2012-13 where NIL demand has been raised are shown under contingent liability pending disposal of the appeals filed before the Commissioner of Income Tax (Appeals). The demands are mainly due to disallowance of certain genuine claims.

(II) Sales Tax Assessment under KGST Act

The Sales Tax assessments under Kerala General Sales Tax Act up to the assessment year 2004-05 have been completed and orders were issued for all the years except for the year 2002-03 & 2003-04. Due to apparent mistake in the orders issued for the year 2000-01 and 2001-02, applications have been filed for rectification of the orders. Pending rectification to the assessment orders the demands thereto have been shown under contingent liabilities. For the Assessment year 2004-05, against the demand for ₹202.22 lakhs, Company has filed appeal before the Deputy Commissioner (Appeals). Pending disposal of the appeal, the tax due as per assessment order has been shown under contingent liabilities.

(III) Sales Tax Assessments under KVAT Act

(i) The KVAT assessments from AY 2005-06 to AY 2007-08 have been completed and assessment orders were issued for AY 2005-06 and AY 2007-08 with a demand of ₹2836.63 lakhs and ₹5474.71 lakhs respectively. Assessment order for the year 2006-07 is pending. The appeals filed by the Company against the above order, before the Deputy Commissioner (Appeals) have been decided in favour of the Company and remanded for fresh assessments. Accordingly the demands as per the original assessment orders have become null. As such no demand exists as on reporting date. Fresh assessment for the above years is pending.

30. The dispute between M/s Apeejay Shipping Ltd (formerly Surendra Overseas Ltd) and the company, in the matter of ship 005 was referred for arbitration by the Hon'ble Supreme Court of India. The arbitration award (July 2009) was in favour of the Company under which the Company is to receive ₹2803.64 lakhs from M/s Apeejay Shipping Ltd. The company has filed a petition before Sub Court, Ernakulam for passing a decree. M/s Apeejay Shipping has moved the Sub Court to quash the Award of the Umpire and the Company has filed Counter Affidavit

against this move. The matter is pending before the court. No credit has been taken in the books of account, pending final decree of the Court.

31. Permanent Machinery for Arbitration, Department of Public enterprises, Govt. of India, has notified award in favour of the Company in the dispute between CSL and ONGC on the Works Contract Tax issue and ONGC has paid to CSL the disputed sum alongwith interest amounting to ₹2642.22 lakhs as per the award. ONGC has gone on appeal before the Law Secretary, Ministry of Law & Justice against the award. Pending disposal of ONGC appeal, no adjustment has been made in the accounts.

32. In the case of contracts/ sub-contracts, wherever final bills are not submitted by the contractors for the work done as at the close of the year, liability is estimated and provided for based on the work done.

33. Balances of sundry debtors, loans and advances, deposits, claims and sundry creditors are subject to confirmation and consequent reconciliation, if any.

34. As a result of the change in the method of computation of depreciation consequent to the adoption of Schedule II to the Companies Act 2013, the charge of depreciation for the current year is more by ₹883.64 lakhs.

35. The company has migrated to new ERP system from 01st July 2014 which is under stabilisation during reporting period. The financial results are based on the data and reports extracted from the said system. This does not have any impact on the financial results of the company.

36. Corporate Social Responsibility (CSR) : As per section 135 of the Companies Act 2013, CSR committee has been formed by the Company. The areas of CSR activity includes Health Care, Education, Social Empowerment, etc., and those specified in Schedule VII of the Companies Act 2013. The utilisation of CSR funds are done through direct spending as per the recommendations of CSR committee. Details of amount required to be spend and the amount utilised are given below:

... Contd..

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(₹ in lakhs)

- (a) Gross amount required to be spent by the company during the year. 546.32
- (b) Amount spent during the year

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	358.83	81.38	440.21
(ii) On purposes other than (i) above	63.63	28.50	92.13

37. **Litigation :** The Company is subject to legal proceeding and claims, in the ordinary course of business. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's results of operation.

38. The Company has made adequate provision towards material foreseeable losses wherever required, in respect of long term contracts. The company do not have any long term derivative contracts for which there were any material foreseeable losses.

39. Segment Reporting: The Company is engaged in two major activities, viz, Shipbuilding and Repair of ships/offshore structures. Segment wise analysis has been made on the above basis and amounts allocated on a reasonable basis.

(₹ in lakhs)

	Ship Building	Ship repair	Unallocated	Total
EXTERNAL SALES	164299.24	19595.17	0.00	183894.41
INTEREST	0.00	0.00	5354.86	5354.86
TOTAL REVENUE	164299.24	19595.17	9345.14	195296.63
ACCRETION(-)/ (DECRETION) TO WORK IN PROGRESS	599.00	(2521.54)	0.00	(1922.54)
SEGMENT RESULT	33808.86	1466.91	1480.63	36756.40
TAX (NET)				13249.81
NET PROFIT				23506.63
OTHER INFORMATION				
SEGMENT ASSETS	82556.01	49937.12	168991.67	301524.73
SEGMENT LIABILITIES	68008.78	2443.66	231032.36	301524.73
CAPITAL EXPENDITURE	1454.38	203.80	1867.73	3525.91
DEPRECIATION	1799.63	929.01	803.53	3532.17



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

40. Value of imports on CIF basis

(₹ in lakhs)

Particulars	2014-15	2013-14
Raw materials	20584.7	25442.86
Components & Spares	15076.56	11600.34
Capital goods	252.89	635.71
	35914.15	37678.91

41. Value of imported/indigenous raw materials, spares and bought out components consumed and percentage thereof:

Particulars	2014-15		2013-14	
	Value (₹ in lakhs)	%	Value (₹ in lakhs)	%
<u>Raw Materials</u>				
Imported	1190.84	33.69	2877.17	35.93
Indigenous	2344.00	66.31	5129.56	64.07
	3534.84	100.00	8006.73	100.00
<u>Bought out components</u>				
Imported	59630.76	61.76	37361.40	53.70
Indigenous	36915.17	38.24	32206.82	46.30
	96545.93	100.00	69568.22	100.00
<u>Spares</u>				
Imported	19.77	9.37	38.93	14.40
Indigenous	191.31	90.63	231.39	85.60
	211.08	100.00	270.32	100.00

42. Expenditure in foreign currency (on payment basis) other than those in item 36 above.

(₹ in lakhs)

Particulars	2014-15	2013-14
Payments to foreign consultants	349.05	700.63
Commissioning and installation charges	1219.08	351.62
Brokerage and commission	1032.64	0.00
Advance payments to suppliers	134.39	1304.01
Design and documentation charges	3201.60	17152.55
Others	324.89	1365.06

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

43. Earnings in foreign exchange (on due basis)

(₹ in lakhs)

Particulars	2014-15	2013-14
Income from shipbuilding	72.89	7364.85
Income from ship repair	48.56	15.29

44. Related party disclosure as per AS-18

Name of the transacting related party	Relationship between the parties	Name of transaction	2014-15 (₹ in lakhs)	2013-14 (₹ in lakhs)
CMDE. Subramaniam K	Chairman & Managing Director	Remuneration	45.71	35.02
Capt Sundar R S	Director (Operations)	Remuneration	38.15	27.30
Shri. Ravikumar Roddam	Director (Finance) Retd. Upto 30 April 2014	Remuneration	12.39	29.18
Shri. Vinaya Kumar P	Director (Technical) Retd. Upto 31 May 2014	Remuneration	13.94	26.72
Shri. Paul Ranjan D	Director (Finance)	Remuneration	26.13	—
Shri. Sunny Thomas	Director (Technical)	Remuneration	26.26	—

45. Figures in brackets denotes minus figures.

46. Previous year figures have been regrouped and classified wherever necessary to conform to the current year presentation.

For and on behalf of Board of Directors

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN : 06882228

D PAUL RANJAN
Director (Finance) &
Chief Financial Officer
DIN : 06869452

CMDE K SUBRAMANIAM
Chairman and Managing Director
DIN : 01957227

Kochi, dated 31st July 2015

Per our report attached
For M/s Krishnamoorthy & Krishnamoorthy,
Chartered Accountants,
(Firm Registration Number : 001488S)

C KRISHNAMOORTHY
Senior Partner
(Membership No 05957)
Kochi, dated 6th August 2015



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
A. Cash flow from Operating Activities		
Net profit before tax	36756.44	29095.59
Adjustments for :		
Depreciation and amortisation	3532.16	2268.51
Interest expense	1832.16	1925.54
Interest income	(5354.86)	(5082.86)
Loss /(profit)on sale of fixed assets	7.67	4.55
Loss on derivative contracts (Net)	(533.96)	2759.48
Exchange difference from FE transactions	734.38	68.70
Dividend income	(1.09)	(0.85)
Unrealised loss/(gain) on derivative contracts (Net)	(33.86)	30.27
Operating cash flow before working capital changes	36939.04	31068.93
Adjustments for working capital changes:		
Inventories	9327.12	(3950.81)
Trade and other receivables	6162.03	1136.03
Trade and other payables	64873.56	(63355.82)
Cash generated from operation before Income Tax	117301.74	(35101.67)
Income tax paid	7485.38	8836.00
Net cash generated from Operating Activities (A)	109816.36	(43937.67)
B. Cashflow from Investing Activities		
Purchase of assets	(3525.91)	(15883.96)
Capital Work In Progress	(521.31)	13044.32
Sale or withdrawal of fixed assets	-	0.16
Interest received	5354.86	5082.86
Dividend income	1.09	0.85
Net cash from investing operation (B)	1308.73	2244.23

(Contd..)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

(Contd..)

Particulars	For the year ended 31 st March 2015	For the year ended 31 st March 2014
	₹ in lakhs	₹ in lakhs
C. Cashflow from Financing Activities		
Issue of Tax free Bonds	0.00	12300.00
Premium on issue of Tax free Bonds	0.00	1.23
Short term borrowings	(21091.84)	21091.84
Loss/profit on derivative contracts (Net)	533.96	(2759.48)
Loss on exchange difference from FE transactions	(734.38)	(68.70)
Dividend paid	(1699.20)	(1699.20)
Dividend tax paid	-	-
Interest paid	(1832.16)	(1925.54)
Net cash from financing activities (C)	(24823.62)	26940.15
D. Net Increase in Cash & Cash Equivalent (A)+(B)+(C)	86301.48	(14753.29)
Cash and cash equivalent at the beginning of the year	55643.20	70396.49
Cash and cash equivalent at the end of the year	141944.68	55643.20

Cash flows are reported using the indirect method, whereby profit / (Loss) before extra ordinary items and tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future of cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

For and on behalf of Board of Directors

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN : 06882228

D PAUL RANJAN
Director (Finance) &
Chief Financial Officer
DIN : 06869452

CMDE K SUBRAMANIAM
Chairman and Managing Director
DIN : 01957227

Kochi, dated 31st July 2015

Per our report attached
For M/s Krishnamoorthy & Krishnamoorthy,
Chartered Accountants,
(Firm Registration Number : 001488S)

C KRISHNAMOORTHY
Senior Partner
(Membership No 05957)
Kochi, dated 6th August 2015

**DETAILS OF MAINTENANCE ON TOWNSHIP AND OTHER SOCIAL OVERHEADS**

(₹ in lakhs)

	2014-15	2013-14
1. Township expenses (Net including depreciation)	109.53	34.83
2. Medical expenses	321.76	325.15
3. Canteen subsidy	288.02	272.41
4. Leave Travel Concession	32.58	24.43
5. Liveries & Uniforms	84.63	79.10
6. Workmens Compensation	3.83	2.29
7. Death Benevolent Fund/ Contribution to mutual and public welfare	21.35	20.61
8. Interest Subsidy to employee	35.32	34.67
9. Group personal accident insurance	9.78	9.12
10. Other Welfare expenses	285.01	416.35
TOTAL	1191.81	1218.95

STATEMENT SHOWING EXPENDITURE ON PUBLIC RELATIONS AND PUBLICITY

(₹ in lakhs)

	2014-15	2013-14	2012-13
1. Advertisement	109.41	86.92	61.46
2. Publicity	98.01	54.14	54.47
3. Entertainment	25.09	33.36	40.34
4. Guest house expenses	6.00	7.98	5.82

VISION/MISSION**Vision**

- (i) Emerge as an internationally preferred shipyard to construct world class Merchant and Naval ships, Offshore vessels and structures.
- (ii) Become market leader in ship repair, including conversions/ up-gradation.

Mission

- (i) To build and repair vessels to international standards and provide value added quality engineering services.
- (ii) Sustain corporate growth in competitive environment.

OBJECTIVES

- (i) To sustain and enhance commercial shipbuilding activities through technology up-gradation and capacity augmentation
- (ii) To continuously endeavor to expand/diversify activities of the shipyard including setting up new facilities.
- (iii) To carry out Research & Development in Welding and Clean Ship Design Technology.
- (iv) To Motivate employees through improved specific training programs.
- (v) To adopt best practices for clean and safe environment.
- (vi) Ride the down time with aggressive bidding and secure orders to maximize capacity.