



**COCHIN SHIPYARD LTD**

**44<sup>th</sup> Annual Report**

**Propelling Growth**

**2015 - 2016**



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## Disclaimer

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.



# ABOUT US

Cochin Shipyard Ltd (CSL) was incorporated in the year 1972 as a fully owned Government of India company. In the last four decades the company has emerged as a forerunner in the Indian shipbuilding & ship repair industry and also an emergent player in the global map. CSL has exported close to 50 ships and vessels to many countries including USA, Germany, Netherlands, Cyprus and Saudi Arabia.

The company has built and repaired some of the largest ships in India and is presently building the prestigious warship, Indigenous Aircraft Carrier. Shipyard commenced ship repair operations in the year 1981 and has undertaken repairs of all types of ships including upgradation of ships of oil exploration industry as well as periodical lay up repairs and life extension of ships of Indian Navy, Indian Coast Guard, SCI, ONGC, Port Trust etc. The yard has, over the years, developed adequate capabilities to handle complex and sophisticated repair jobs. The Shipyard also trains graduate engineers to marine engineers who later join ships both Indian and foreign as 5th Engineers.

Shipbuilding

Upto 1,10,000 DWT

Shiprepair

Upto 1,25,000 DWT

# CORPORATE INFORMATION

## Board of Directors

Shri Madhu S Nair  
Chairman & Managing Director

Shri Paul Ranjan D  
Director (Finance)

Shri Sunny Thomas  
Director (Technical)

Shri N V Sureshbabu  
Director (Operations)

Shri Barun Mitra IAS  
Joint Secretary (Shipping),  
Ministry of Shipping, Govt. of India

Shri Elias George IAS  
Official Part Time Director,  
Government of Kerala

Smt. Roopa Shekhar Rai  
Non Official Part Time Director

Shri Radhakrishna Menon  
Non Official Part Time Director

Adv. Krishnadas E  
Non Official Part Time Director

## Management Team

Shri Bejoy Bhasker  
Chief General Manager  
(Design & Defence Projects)

Shri Ramesh K J  
Chief General Manager  
(Human Resource)

Shri Murugaiah M  
Chief General Manager (Tech & HSE)

Shri Varghese M D  
General Manager  
(Industrial Relations & Administration)  
and Head CSR

Shri Neelakandhan A N  
General Manager (Materials)

Shri Sreejith K N  
General Manager (IAC)

Shri Suresh Kumar A V  
General Manager (Ship Building)

Shri Varadarajan S  
General Manager  
(Internal Quality Control & Skill  
Development)

Shri Joseph N J  
General Manager (ISRF)

Shri Rajesh Gopalakrishnan  
General Manager (Shiprepair)

Shri Harikrishnan S  
General Manager (LNG, PM & PPC)

Shri Eldho John  
General Manager (Infra Projects)

## Company Secretary

V Kala

## Registered Office

Cochin Shipyard Limited  
39/6080, Administrative Building,  
Cochin Shipyard Premises,  
Perumanoor, Kochi, Kerala,  
India – 682 015

## Bankers

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

## Statutory Auditors

M/s. Krishnamoorthy &  
Krishnamoorthy  
Chartered Accountants,  
XXXIX/3217, Paliam Road,  
Cochin - 682016

## Secretarial Auditors

Shri P Sivakumar  
SVJS & Associates, Company  
Secretaries  
39/3519B, Padmam Apartments,  
Manikkath Road  
Ravipuram, Cochin 682 016

## Cost Auditors

Shri K A Felix  
D31/670, Parvathy Nilayam,  
Opp. Welcare Hospital, Vyttila P.O.,  
Ernakulam – 682 019

## Debenture Trustees

SBICAP Trustee Company Ltd.  
6th Floor, Apeejay House,  
3, Dinshaw Wachha Road,  
Churchgate, Mumbai - 400 020

## VISION

Emerge as an internationally preferred shipyard to construct world class Merchant and Naval ships, Offshore vessels and structures.

Be the market leader in India for ship repairs, including conversions and up-gradation.

To be admired for our achievements, respected for our ethics and trusted for our service excellence by our valued customer.

## MISSION

To build and repair ships and off-shore structures to international standards and provide value added quality engineering services.

Sustain corporate growth in competitive environment.

To adopt and undertake practices towards becoming a responsible corporate citizen.

## OBJECTIVES

To sustain and enhance shipbuilding and shiprepair activities through technology up-gradation and capacity augmentation

To continuously endeavor to expand/diversify activities of the shipyard including setting up new facilities.

To carry out Research & Development in emerging technologies in shipbuilding process.

To move towards international benchmarking, benchmark with the best shipbuilding standards followed in India.

To motivate employees through improved specific training programs.

To adopt best practices for clean and safe environment.

Ride the down time with aggressive bidding and secure orders to maximize capacity.

To ensure positive customer oriented initiatives

To build a responsible corporate citizen image thro CSR & Sustainability projects and compliance to Corporate Governance principles

# CREDENTIALS



## Shipbuilding

- Has built various types of vessels including Oil Tankers, Bulk Carriers, Bollard Pull Tugs, Dredger, Platform Supply Vessel, Passenger Vessels, Anchor Handling Tugs etc
- Reputed international clientele
- Currently building Aircraft Carrier, Fast Patrol Vessel, Jacket Launch Barge, Double Ended Ro-Ro Ferry, Technology Demonstration Vessel and Passenger Vessels.

## Shiprepair

- Only yard in India which has undertaken repairs of Aircraft Carriers INS Viraat and INS Vikramaditya
- Can undertake complex and sophisticated repairs to all types of vessels including Oil Rigs, Naval and Coast Guard Vessels, Offshore Vessels, Dredgers, Fishing Vessels, Passenger Ships, Port Crafts, and all other Merchant Vessels



## Offshore

- Has undertaken a variety of complex and sophisticated offshore Upgradation contracts

## Others

- CSL conforms to the Integrated Management System comprising of ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007
- Has a NABL accredited laboratory for destructive and non-destructive testing.

# CHAIRMAN'S ADDRESS



**Madhu S Nair**  
Chairman & Managing Director

It gives me immense pleasure to welcome you all to the 44<sup>th</sup> Annual General Meeting of Cochin Shipyard Limited.

I took over as the Chairman & Managing Director of CSL on 01 Jan 2016. It is a matter of great pride that having joined CSL as an Executive Trainee about 27 years back, I have now been assigned to lead this wonderful yard as the 10<sup>th</sup> C&MD. I wish to place on record the substantial contributions made by my predecessor Cmde. K. Subramaniam during his tenure as C&MD of CSL. Let me take this opportunity to share with you the Company's significant achievements during the past year and the future outlook for the Company.

## Operating Scenario

The global shipping and shipbuilding industry is facing one of the worst cyclical downturns in recent history. Given the global nature of the industry it is only

natural that the Indian industry has also been no exception. Shipyards are facing extremely challenging market conditions and are being tested to the core. Cochin Shipyard is able to sail through in these difficult times; thanks to our mix of portfolios – Shipbuilding and Shiprepair, both in the commercial and defence space. Despite such a grim scenario, our competitiveness, inherent quality, adherence to timeframes, the never say die attitude of our workforce and unstinted support from the Government have been key factors that has helped the Company post impressive results as also secure some key contracts during this challenging period.

During this period of global recession in the sector, initiatives in India like the Prime Minister's 'Make in India' programme, and other sector specific initiatives like new Shipbuilding Financial Assistance policy, granting of infrastructure status to

shipyards, introduction of right of first refusal for Indian Yards for new building / repair etc are worth mentioning.

The Company has contracted to build one Technology Demonstration Vessel for Defence Research & Development Organisation, two Nos. 1200 pax-cum-1000 MT cargo vessels and two Nos. 500 pax-cum-150 MT cargo vessels for the Andaman & Nicobar Administration. On the Ship Repair front, after having recorded an all time high performance during 2015-16 CSL has just completed the ERDD refit of aircraft carrier 'INS Viraat', which would be the vessel's last refit prior to her scheduled decommissioning shortly. CSL has maintained her in top fighting condition over the past 25 years through 13 refits, all ahead or on schedule. We are again privileged to be awarded the first drydocking refit in India of our latest aircraft carrier 'INS Vikramaditya' and welcome her to CSL this month.



## Company Performance

### Shipbuilding

The year 2015-16 witnessed a record financial performance for the Company. The Company achieved a turnover of Rs.1995.89 crores against the previous year turnover of Rs. 1859.51 crores, an increase of 7%. The Company's Profit Before Tax (PBT) was Rs.424.08 crores as against Rs.367.56 crores in the previous year registering an increase of 15%. Profit After Tax (PAT) grew from Rs.235.07 crores last year to Rs.275.03 crores in 2015-16, registering an increase of 17%. The Company contributed Rs.215.87 crores to the Government 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.7.65 per share on the 11,32,80,000 fully paid up equity shares of Rs.10 each. The total dividend including dividend tax would be approximately Rs. 104.29 crores.

During 2015-16, the Company has delivered six Fast Patrol Vessels (FPV) to Indian Coast Guard and one Buoy Tender Vessel to the Directorate General of Lighthouses and Lightships (DGLL). CSL is marching ahead with the construction of the Indigenous Aircraft Carrier with targeted delivery to the Indian Navy by Dec 2018. Outfitting works are progressing well and we expect to start equipment trials shortly. 18 out of the 20 Fast Patrol Vessels have already been delivered to the Coast Guard and the 19<sup>th</sup> vessel is being delivered today, 20 Sep 16. Construction of the large Jacket Launch cum Deck Cargo Barge for the National Petroleum Construction Company, Abu Dhabi has been completed on 18<sup>th</sup> September 2016 on time as contracted, and we are expecting to tow her to Abu Dhabi and effect delivery to NPCC ahead of contracted timeframes. The progress of various activities on the Technology Demonstration Vessel for DRDO, for which steel was cut on 10 Aug 2016, and on the two Ro-Ro vessels for Kochi Corporation is satisfactory.

### Ship Repair

Ship repair has done very well during the year 2015-16. The Company has an all time

high turnover in ship repair at Rs.367.49 crores. Indian Navy continued to be one of our main customers and the Medium Refit of tanker INS Aditya, has been the major work undertaken by Company during the year. The Company has entered into an MOU with the Dredging Corporation of India Limited (DCI) for repair of dredgers and we are expecting various dredgers of DCI at CSL for repairs, this year. We have also entered into an MOU with DGLL for repair of their vessels in the yard. MOUs have been signed with M/s. Techcross, Korea, for Ballast Water Treatment plants and with M/s. Wartsila India Ltd. for technical services for undertaking repairs of Wartsila equipment. This is in addition to the existing MOUs in place with Union Territory of Lakshadweep (UTL) and Lakshadweep Development Corporation Limited (LDCL) and the one with CIFNET, for repair of their ships in Cochin Shipyard Ltd. In addition to refits of 'INS Viraat' and 'INS Vikramaditya', we are also expecting contracts for refits of various Indian Naval vessels this year.

## New Business initiatives

### LNG carriers

As part of Make in India programme, Government of India is keen that three out of the nine ships required by GAIL for transportation of LNG from USA to India are to be built in India. CSL has forged a partnership with M/s Samsung Heavy Industries, Korea who are amongst the leading builders of LNG carriers in the world. CSL has also become the first shipyard in India to be licensed by GTT France to use their patented Mark III Flex Membrane Technology for the LNG carrier containment system. CSL has submitted offers to two leading international consortiums, who have taken part in the GAIL tender, and are participating in various discussions in this regard. The outcome of the tender is awaited.

## Major Expansion plans

### International Ship Repair Facility (ISRF)

The construction of the International Ship Repair Facility (ISRF) with an investment of

Rs.970 crores, in the 8.12 ha of land and 15 ha of water area, taken on lease from Cochin Port Trust is progressing satisfactorily. CSL intends to set up a ship lift of 130 m x 25 m with transfer system and 6 workstations, and the allied facilities. Government of India approval has been accorded for the project on 19 May 2016 and final environmental clearance for the project is expected shortly. The contract for ship lift and transfer system and construction will be awarded immediately after receipt of environmental clearance. The project is scheduled to be completed in August 2019. CSL is already utilizing the existing small dry-dock and other facilities at the ISRF and is expecting increased revenues from the facility this year.

## New Dry Dock

Preparatory work for the new large Dry Dock, measuring 310 x 75/60 x 13 m at the northern end of CSL premises at a project cost of Rs.1799 crores is progressing well. Formal CCEA approval has been accorded on 20 July 16. The Public hearing has been completed on 24 June 2016, subsequently the Kerala Coastal Zone Management Authority has recommended the CRZ clearance on 18 Aug 16. Various formalities for obtaining formal environmental clearance are in advanced stages and the final clearance is expected shortly. Tender for construction work is planned to be floated shortly and construction contract to be awarded by end of this year. The Dry Dock is scheduled to be commissioned by end 2018.

## Corporate Governance

The Company continued to comply with good corporate governance practices as stipulated by various statutes and guidelines of the Department of Public Enterprises (DPE). The total strength of the Board of Directors as on date is nine out of which three are Independent Directors. The Company has constituted an Audit Committee consisting of two Independent Directors and one Nominee Director. A remuneration Committee chaired by an Independent Director, and CSR Committee have been constituted.



Shri Sureshbabu N V has assumed as the Director (Operations) of the Company on 26 April 2016. Shri Radhakrishna Menon, Smt. Roopa Shekhar Rai and Adv. E Krishnadas were appointed as new Independent Directors of the Company with effect from 21 March 2016.

The Company has placed high emphasis in complying with the Presidential guidelines and Government guidelines regarding reservation for citizens belonging to Scheduled Caste (SC) and Scheduled Tribes (ST), Other Backward Classes (OBC) and Persons with Disabilities (PWD). Rules for safeguard of women at workplace are strictly complied with. CSL has been proactively working to implement the official language policy of the Government of India. Measures to conserve energy, proactive and holistic approach towards comprehensive Health, Safety and Environmental (HSE) aspects have also been the areas of focused attention. Continual review of industrial security, mock drills and interactions with various connected agencies has kept the yard incident free.

### **Industrial Relations**

The industrial relation scenario has been peaceful in the Company. In the background of the CCEA approval for the disinvestment cum IPO of CSL, there have been concerns raised by the recognized trade unions against the same who have resorted to various means of protests to highlight their concerns. All such protests have been within the framework of legitimate and democratic trade union activities and have been peaceful. There has been no loss of working days in CSL due to any trade union activity.

A significant milestone has been achieved by implementation of superannuation pension scheme for officers and supervisors (w.e.f. 01.01.2007) as also a superannuation pension scheme for regular workmen (w.e.f. 01.04.2007).

The Company continued to have a participative management by encouraging Joint council & Shop councils. These councils have been very active in suggesting measures towards better working conditions in the yard.

### **Research & Development**

In-house R&D activities have been undertaken in the areas of duplex stainless steel welding. Duplex stainless steel is extensively used in cargo tanks, construction for chemical tankers and capacity development of welding. This steel will enable the Company to venture into chemical tanker construction and fabrication of storage tanks for chemicals.

### **Skill Development**

The Company takes up various skill development initiatives within and outside the Company. Prominent among them is the apprenticeship training imparted to the fresh Graduate Engineers/ Diploma/ ITI trainees. Presently, 530 ITI apprentices, 129 Engineering Graduates, 280 Diploma Holders and 30 Vocational Trainees are being trained at yard under Apprentices Act and various advanced training programmes at CSL.

The Company operates a Marine Engineering Training Institute, with a capacity to train 109 marine engineering trainees. The Company is setting up an international campus for skill development

with state of art facilities and the new centre is scheduled to be dedicated in 2018.

CSL has also imparted specialised training programmes at various levels of employees as a pre-requisite for undertaking the challenging LNG carrier construction project. A 15 member team was imparted training at GTT, France, and a 13 member team was trained at Samsung Heavy Industries (SHI), Korea. Training workshops and sessions on various aspects of Construction & Inspection technologies for building of LNG carriers were also conducted by CSL through American Bureau of Shipping (ABS). Many executives have gone through technology familiarization visit to SHI.

### **Integrated Management System**

The Shipyard 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**

As a responsible Corporate Citizen, the Company continues to fulfill its obligation through CSR initiatives. In accordance with the guidelines on CSR and sustainability development as per the Companies Act, 2013, the Company has identified projects as per rules, for implementation during the year. The total amount spent on CSR projects during the year 2015-16 was Rs.627.16 lakhs as against the mandated amount of Rs.623 lakhs as per provisions of the Act.



## Disinvestment and IPO

The Cabinet Committee on Economic Affairs has approved the IPO proposal on 18 November 2015. Since then the Company has been able to appoint the Merchant Bankers and Legal Counsels to the issue. The kick-off meeting was held on 27 July 2016, the due diligence process is ongoing.

## Significant milestones

The Company is all set to maintain its 'Excellent' rating against the MOU targets set by the Department of Public Enterprises, Government of India. However, the final rating from the Department of Public Enterprises is awaited.

Cochin Shipyard Ltd. has won prestigious awards from the Government of Kerala as well as National Safety Council, for outstanding safety performance. The Company also won best energy conservation award for best energy management practices, from the Government of Kerala.

The Company has also won awards for its HR Policies and CSR initiatives from the National Institute of Personnel Management, India Today group, Kerala Management Association, Cochin Chamber of Commerce and Trivandrum Management Association, etc., to name a few.

## Conclusion

I believe CSL is on the cusp of a transition and is well poised to take full advantage of the tremendous emphasis being placed by the Government in the shipping, shipbuilding & ship repair sector in the

country. As a corporate, we are at a stage where we can leverage our full technological strength and systems, painstakingly built up over the past four decades. I do strongly believe that the future CSL would have to be much more technology oriented Company with which we shall strongly move forward to be amongst the best in the world. It would be the officers, supervisors and workmen of this Company who would be our greatest asset as we move into the future.

I propose to lay substantial emphasis on the Human Resource Development adopting a "People First" policy, and substantial programs are on the anvil for knowledge building, training and skill development. Initial contours of a strong basic design group have already been established. We are altering and improving our technological processes which would lead to much more improvement and efficient methods of shipbuilding and ship repair.

With the significant investments in the infrastructure being committed in the New Dry-dock and ISRF, emphasis on bringing in latest technology, and above all emphasis in our Human Resources for the future, I am confident that CSL can aspire to a very bright future.

Thanking you,  
Jai Hind.

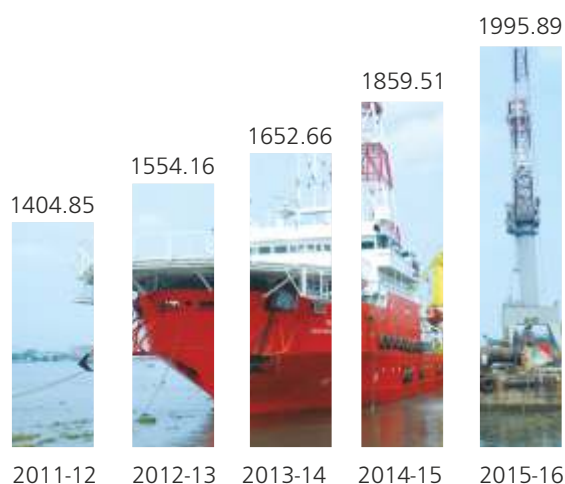
**Madhu S Nair**

Chairman & Managing Director

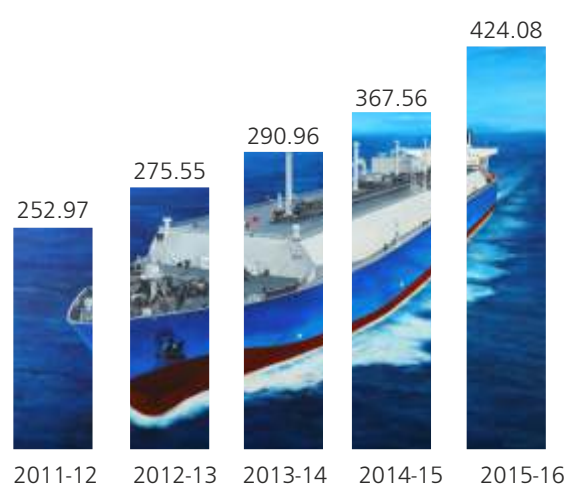
“ Our competitiveness, inherent quality, adherence to timeframes, the never say die attitude of our workforce and unstinted support from the Government have been key factors that has helped the Company post impressive results as also secure some key contracts during this challenging period ”

# FINANCIAL HIGHLIGHTS

## Turnover (₹ in crores)



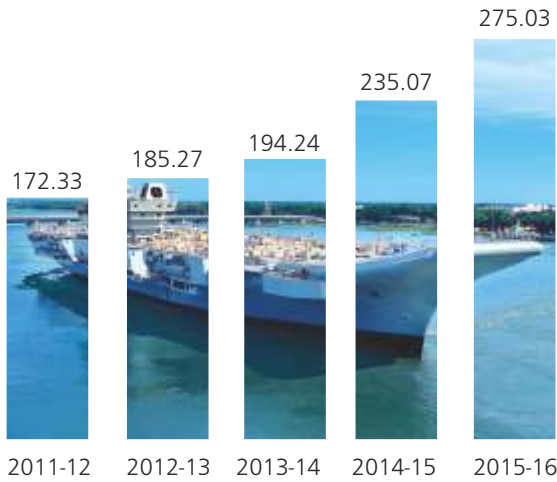
## Profit Before Tax (₹ in crores)



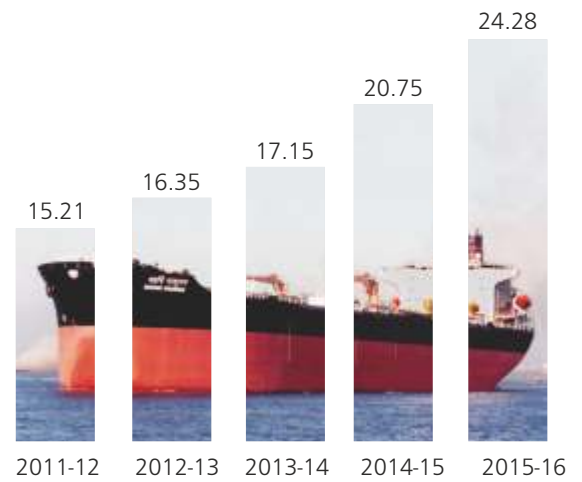
(₹ in crores)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	1995.89	1859.51	1652.66	1554.16	1404.85	1461.72	1248.50	1256.21	833.79	719.74
Total income	2109.77	1952.97	1728.64	1642.33	1481.54	1589.17	1326.49	1383.26	857.17	845.64
Profit Before Tax (PBT)	424.08	367.56	290.96	275.55	252.97	344.23	331.25	247.63	149.40	85.77
Depreciation & write offs	37.19	38.33	26.43	19.22	18.07	17.06	15.24	9.80	9.69	7.89
Profit After Tax (PAT)	275.03	235.07	194.24	185.27	172.33	227.53	223.04	160.07	93.85	58.11
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	1618.87	1447.79	1239.25	1062.42	898.41	775.38	490.54	336.70	199.64	93.67
Net Worth	1732.15	1561.07	1352.53	1175.70	1050.83	967.80	680.32	566.49	429.43	323.45
Gross Fixed Assets	662.18	636.84	602.38	444.35	376.73	362.10	349.68	270.39	233.46	217.18
Net Fixed Assets	370.21	377.44	383.41	247.30	192.61	190.67	189.75	121.64	92.16	81.91
Number of Employees	1671	1786	1751	1656	1900	1818	1907	1962	2059	2084

## Profit After Tax (₹ in crores)

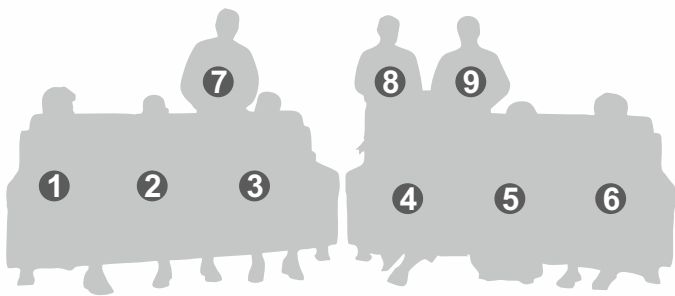


## EPS (₹ per share)



Key Indicators	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
EPS (Rs. per share)	24.28	20.75	17.15	16.35	15.21	20.09	19.69	14.13	828.51	513.00
Face Value Per Share (Rs.)	10	10	10	10	10	10	10	10	1000	1000
EBDIT/ Gross Turnover (%)	23.71	22.81	20.37	20.45	20.21	26.70	29.20	22.00	19.50	14.50
Net Profit Margin %	13.78	12.64	11.75	11.92	12.27	15.57	17.86	12.74	11.26	8.07
Return on Net Worth %	15.88	15.06	14.15	15.76	16.40	23.51	32.78	28.26	21.85	17.97
Return on Capital Employed %	17.06	14.61	13.97	19.08	18.76	27.44	38.57	29.09	23.28	11.70

# BOARD OF DIRECTORS



1

**Shri Elias George IAS**  
Official Part Time Director  
(Representative of Government of Kerala)

2

**Shri Barun Mitra IAS**  
Official Part Time Director,  
Government of India

3

**Shri Madhu S Nair**  
Chairman & Managing Director



**4**

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**Shri Radhakrishna Menon**  
Non Official Part Time Director

**5**

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**Smt. Roopa Shekhar Rai**  
Non Official Part Time Director

**6**

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**Adv. Krishnadas E**  
Non Official Part Time Director

**7**

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**Shri Paul Ranjan D**  
Director (Finance)

**8**

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**Shri Sureshababu N V**  
Director (Operations)

**9**

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**Shri Sunny Thomas**  
Director (Technical)

# PROFILE OF DIRECTORS

## MADHU S NAIR

Chairman & Managing Director

Shri Madhu S Nair assumed charge as the Chairman & Managing Director of Cochin Shipyard Limited on 01 January 2016.

With a B.Tech degree in Naval Architecture and Ship building from Cochin University of Science & Technology he commenced his professional career with Cochin Shipyard Limited in 1988 as a Management Trainee. He was awarded a Masters degree in Engineering with specialization in Naval Architecture and Ocean Engineering from Osaka University, Japan in 2002.

He is experienced in all facets of shipbuilding and ship repair. He is trained in shipbuilding systems at IHI Shipyard at Kure, Japan and undergone JICA specialized training at Overseas Vocational Training Centre (OVTA), Tokyo and Osaka International Centre, Osaka, Japan and did research in Joining & Welding Research Institute, during Masters in Engineering at Osaka University, Japan.

He is a member of various professional bodies including the Royal Institution of Naval Architects, UK (RINA) and Institution of Naval Architects, India.

## PAUL RANJAN D

Director (Finance)

Shri Paul Ranjan D is a Chartered Accountant and has more than 32 years of experience in varied functions of Finance. He joined Cochin Shipyard as Executive Trainee in the year 1984. He was Chief General Manager (Finance) in CSL before he joined the Board as Director (Finance) in May 2014.

Over the years, in CSL, Mr. Paul Ranjan's responsibilities expanded to include Financial Management, Strategic Planning, Risk Management, Forex Management, Budgeting and Cost Control. He is D.I.S.A qualified and has been heading Information Systems Department, which has

successfully implemented the SAP ERP in CSL recently.

## SUNNY THOMAS

Director (Technical)

Shri Sunny Thomas has more than 35 years of experience in various facets of shipbuilding and ship repair. He assumed charge as Director (Technical) from 01 June 2014.

He acquired his B.Tech (Hons.) degree in Naval Architecture and Shipbuilding from Cochin University of Science & Technology. He also possesses an MBA degree from IGNOU with specialization in Finance. He is trained in shipbuilding techniques in Japan for one year under the Colombo Plan.

He joined Cochin Shipyard as Management Trainee in the year 1981. His uniqueness is his versatility of having worked across domains like design, planning, engineering, materials management, business development and ship construction. He has been instrumental in introduction of modern high productive welding techniques in CSL.

His responsibilities include implementing the two most important upcoming projects of CSL, the New Large Dry Dock and the International Ship Repair Facility (ISRF). He also heads the HR - IR functions, ship repair and business development in CSL.

Prior to assuming the charge of Director (Technical), he was the Chief General Manager (Technical) of Cochin Shipyard.

## SURESHBABU N V

Director (Operations)

Shri Sureshbabu N V, assumed charge as Director (Operations) of Cochin Shipyard Ltd. on 26 April 2016. He acquired a BSc (Engg) - Mechanical Engineering from Kerala University and a Diploma in Management from IGNOU.

He joined Cochin Shipyard on 01 February 1986 as Management Trainee and has rich experience across all functional areas of the shipyard such as shipbuilding, planning, materials and ship repair.

He has been trained in Japan and attended one year group training course in ship building, shiprepair and maintenance including three months practical training, in Kawasaki Shipyard under the Colombo Plan.

He has spearheaded substantial growth of the ship repair activities of CSL including the move to set up a modern International Ship Repair Facility (ISRF). He is also instrumental in forging MoU for repair of the fleet of vessels owned by the Union Territory of Lakshadweep, Dredging Corporation of India and CIFNET.

Prior to his appointment as Director, he was heading the Ship Repair Division of Cochin Shipyard as Chief General Manager.

## BARUN MITRA IAS

Official Part Time Director,  
Government of India

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 Copyrights 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 Shipyard Limited & Dredging Corporation of India.

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### **ELIAS GEORGE IAS**

Official Part Time Director,  
(Representative of Government of Kerala)

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.

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### **ROOPA SHEKHAR RAI**

Non Official Part Time Director

Smt. Roopa Shekhar Rai is a Non Official Part Time Director in our Board w.e.f 21st March 2016. She is a Science graduate and has acquired post graduation in Public Administration. She also holds a Diploma in homeopathy. She has worked as President in (VIA Ladies Wings) & Secretary General (Vidarbha Economic Development). She is currently holding the position of President in Shagun Mahila Audyogik Sahakari

Sanstha (Women's Industrial Society) & Vice President of Red Cross Society of India (Nagpur District). She has been engaged in various social activities such as helping women to become self independent, providing free homeopathy medicines to poor & free counseling to destitute women. She has a number of professional achievements to her credit including her involvement which was instrumental in the drive of "Nagpur city green city", she has been joining hands with Nagpur Municipal Corporation for clean city Drive and she is the first person in Nagpur to initiate the proposal for safe disposal of hospital waste through incineration & she has also started a school in U.P., Kushinagar to provide low cost education to poor children in the district. She was also nominated for Mahila Udhogika by Butibori Industries Association in 1996.

### **RADHAKRISHNA MENON**

Non Official Part Time Director

Shri Radhakrishna Menon is a Non Official Part Time Director in our Board w.e.f. 21st March 2016. He is an Agriculturalist, Businessman and a Social worker. He is the President of Thrickodithanam Maharashtram, the famous Vishnava Temple; President of Travancore Travel and Tourism Co-operative Society and Executive Committee Member of World Malayalee Organisation. He was the Vice President of NSS (Nair Service Society) Karayogam and District Council member of Library Council, Kottayam. He is graduated with a Bachelor of Arts and also holds a Bachelor Degree in Law.

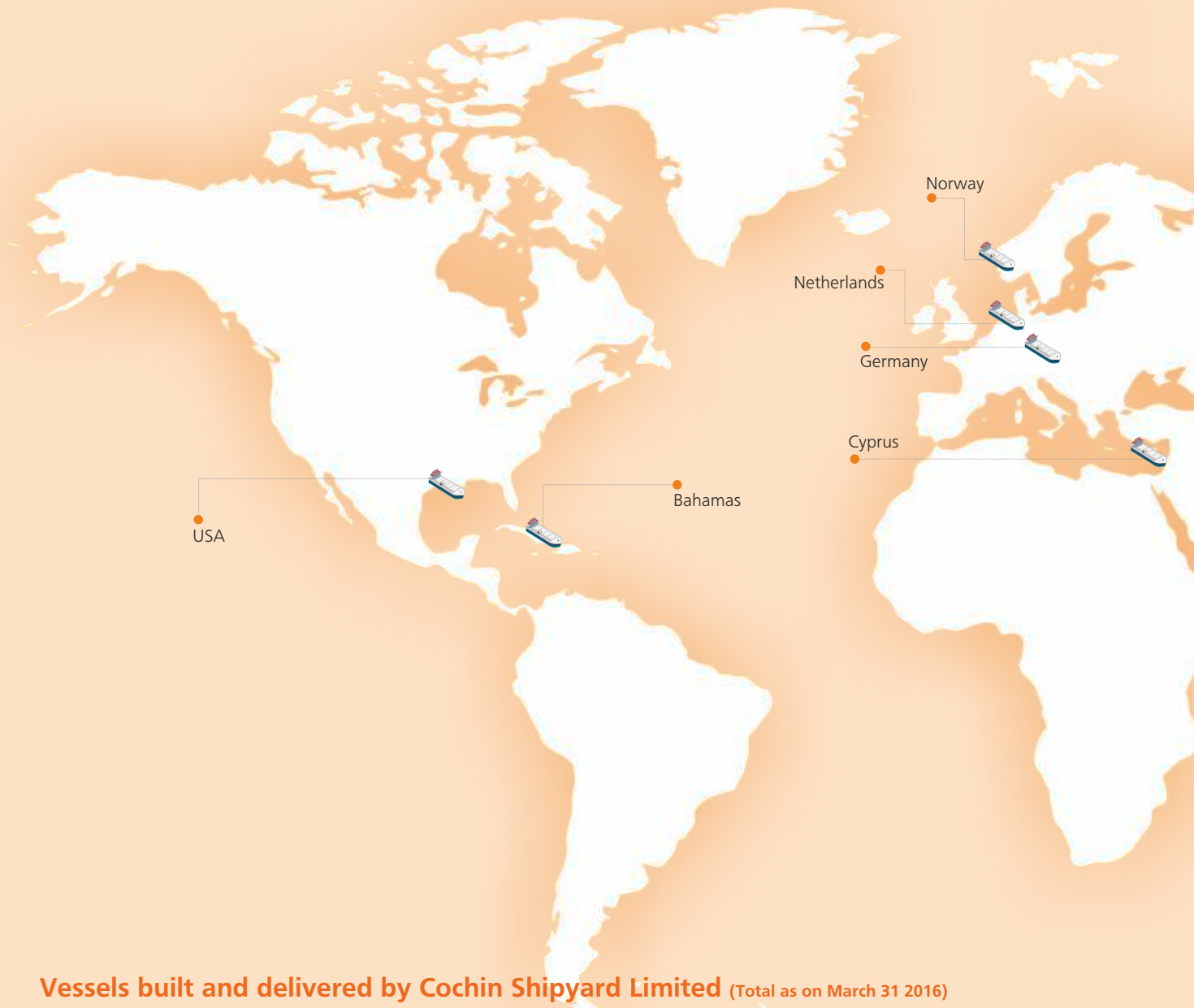
### **KRISHNADAS E**

Non Official Part Time Director

Adv. Krishnadas E is a Non Official Part Time Director in our Board w.e.f. 21st March 2016. He is graduated in Bachelor of Commerce from Govt. Victoria College, Palakkad in the year 1991 & also holds a Bachelor's Degree in Law. He is practicing as a Lawyer in different courts of Palakkad District in Kerala for more than 20 years. He had written a book on the topic "Press vs Judiciary: Press reports and its impact on the Judicial Mind" in the year 2004. He has also written an Article "Go Slow India" which was published in the Kerala Law Times, a leading Law Journal published from Kochi, Kerala. He is currently holding the following positions in various social forums: Director of National Yuva Co-operative Society, New-Delhi, a multi-state multi-purpose Co-operative Society and the Convenor of Jana-Nidhi, the financial division of NYCS and also holds a Life time membership in Red Cross Society and former office-bearer for Palakkad District and also a Governing Body member of Vyasa Vidya Peetom, a prestigious higher secondary school having more than 2000 students in Palakkad. He is presently initiating the work of Kovida Division of NYCS in Kerala, which is a partner with National Skill Development Corporation (NSDC) and have initiated the work of starting Skill Development Centres in Kerala for the successful implementation of the Pradhan Manthri Koushal Vikas Yojana (PMKVY).

# GLOBAL FOOTPRINTS

CSL has exported close to 50 ships and vessels to many countries including USA, Germany, Netherlands, Cyprus and Saudi Arabia.



Vessels built and delivered by Cochin Shipyard Limited (Total as on March 31 2016)

**15** Large Vessels

**47** Small & Medium Vessels



**35**

Offshore Support Vessels

**18**

Defence Vessels



# NOTICE

Notice is hereby given that the 44th Annual General Meeting of the Members of Cochin Shipyard Limited will be held at 16:00 hrs on Tuesday, the 20th September, 2016 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 2016, 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 2016.

## 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 (Cost Records and Audit) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), M/s. K A Felix & Co., (Firm Registration No. 100416) Cost Accountants be and are hereby appointed as Cost Auditors of the Company to audit the cost records of the Company for the financial year 2016-17, at a remuneration of ₹1,25,000 per annum plus applicable service tax."

"RESOLVED FURTHER THAT the Chairman & Managing Director or any one of the directors of the Board of Directors and the Company Secretary 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 Section 14, 18 and other applicable provisions of the Companies Act, 2013, and the Rules framed thereunder, if any, the consent of the shareholders be and is hereby accorded to the conversion of Cochin Shipyard Limited from private limited company into a public limited company and to consequently amend the Memorandum and Articles of Association in this respect."

"RESOLVED FURTHER THAT subject to the approval of the President of India and pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and in order to align with the requirements of the Listing (Obligations and Disclosure Requirements) Regulations, 2015, as amended, the Articles of Association of the Company be and are hereby altered in the manner and to the extent as hereunder:

- i. The existing regulations as contained in the Articles of Association of the Company be and are hereby deleted; and
- ii. The revised Articles of Association of the Company

as placed before the meeting and initiated by the Chairman and Managing Director, for identification be and are hereby approved and adopted as the Articles of Association of the Company and shall substitute in its entirety the existing Articles of Association of the Company."

"RESOLVED FURTHER THAT Chairman & Managing Director or any one of the directors of the Board of Directors and the Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the above resolution, including but not limited to incorporation of amendment/suggestion/observations made by the Registrar of Companies, Kerala & Lakshadweep at Kochi, to the extent applicable, without being required to seek any further consent or approval of members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 13, 61 and all other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof) the existing Authorised Share Capital of the Company of ₹ 250,00,00,000 (Two Hundred

and Fifty Crores) divided into 13,00,00,000 Equity Shares of ₹10/- (Rupees Ten Only) each and 12,00,000 7% Non-Cumulative Redeemable Preference Shares of ₹ 1,000/- (Rupees One Thousand Only) each be and is hereby reclassified to ₹ 250,00,00,000 (Two Hundred and Fifty Crores) divided into 25,00,00,000 (Twenty Five Crore) Equity shares of ₹ 10/- (Rupees Ten Only) each."

"RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

- V. The Authorised Share Capital of the Company is ₹ 250,00,00,000 (Two Hundred and Fifty Crore Only) divided into 25,00,00,000 (Twenty Five Crore) Equity shares of face value ₹ 10/- (Rupees Ten Only) each."

"RESOLVED FURTHER THAT Chairman & Managing Director or any one of the directors of the Board of Directors and the Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual, proper or expedient to give effect to the above resolution, including but not limited to incorporation of amendment/suggestion/observations made by the Registrar of Companies, Kerala & Lakshadweep at Kochi, to the extent applicable, without being required to seek any further consent or approval of members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

"RESOLVED THAT pursuant to Section 180(1)(a) and 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee thereof for the time being exercising the powers conferred by the Board) to borrow on behalf of the Company, money from time to time by way of loans, advances, credits or otherwise."

"RESOLVED FURTHER THAT the above loans could be with or without security as may be considered proper, including creating a charge or mortgage on the whole or part of the Company's assets, effects and properties as the Board may consider fit."

"RESOLVED FURTHER THAT the above may be notwithstanding that the money so borrowed, together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of Business) may exceed the aggregate of the paid-up capital of the Company and its free reserves."

PROVIDED FURTHER THAT the total amount which may be so borrowed by the Board of Directors and outstanding at any time (apart from temporary loans obtained from the Company's bankers in the ordinary course of Business) shall not at any time exceed ₹2000 crores (Rupees Two Thousand Crores Only).

"RESOLVED FURTHER THAT Chairman & Managing Director or any one of the directors of the Board of Directors and the Company Secretary of the Company be and is hereby severally authorized to do all such acts, deeds and things for implementing the above resolutions including

seeking approval of the Ministry of Shipping for creation of charge or mortgage, if required."

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

"RESOLVED THAT pursuant to Section 152(2) read with Section 162(3) of the Companies Act, 2013, consent of the shareholders of the company be and is hereby accorded for the appointment of Shri Radhakrishna Menon (DIN: 07518727) as the Non-official Part Time Director (Independent Director) of the Company, who was appointed by the Government of India on 21st March 2016, vide letter no. SS-11012/05/2014-SY. II for a period of three years or until further orders, whichever is earlier."

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

"RESOLVED THAT pursuant to Section 152(2) read with Section 162(3) of the Companies Act, 2013, consent of the shareholders of the company be and is hereby accorded for the appointment of Shri Krishnadas Elayat (DIN: 02731340) as the Non-official Part Time Director (Independent Director) of the Company, who was appointed by the Government of India on 21st March 2016, vide letter no. SS-11012/05/2014-SY. II for a period of three years or until further orders, whichever is earlier."

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

"RESOLVED THAT pursuant to Section 152(2) read with Section 162(3) of the Companies Act, 2013, consent of the shareholders of the company be and is hereby

accorded for the appointment of Smt. Roopa Shekhar Rai (DIN: 07565156) as the Non-official Part Time Director (Independent Director) of the Company, who was appointed by the Government of India on 21st March 2016, vide letter no. SS-11012/05/2014-SY. It for a period of three years or until further orders, whichever is earlier."

10. 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 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or amendments, modifications or re-enactment thereof, for the time being in force, the "Companies Act, 2013") and the rules framed thereunder, together with the applicable subsisting provisions of the Companies Act, 1956, as amended, the Securities Contracts (Regulation) Act, 1956, as amended ("SCRA"), and the rules framed thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable law, regulations and guidelines issued by the Securities and Exchange Board of India ("SEBI"), other applicable laws, rules, regulations, policies or guidelines, including the rules, regulations, guidelines, notifications and circulars (collectively "Applicable law"), if any, prescribed by the Government of India, the Department of Industrial Policy and Promotion ("DIPP"), the Reserve Bank of India ("RBI"), the

Foreign Investment Promotion Board ("FIPB"), SEBI, the Registrar of Companies, Kerala & Lakshadweep at Kochi ("RoC"), the stock exchanges where Equity Shares are proposed to be listed ("Stock Exchanges") or any other competent authority (collectively, the "Regulatory Authorities"), from time to time, to the extent applicable, and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to approvals, consents, permissions and sanctions as might be required from the Regulatory Authorities and other third parties, and subject to such conditions as might be prescribed by them while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include the IPO Committee), consent of the members of the Company be and is hereby granted for an initial public offering of upto 3,39,84,000 equity shares of the Company and the Board be and is hereby authorized to create, offer, issue and allot for cash either at par or premium upto 2,26,56,000 (Two Crore Twenty Six Lakh and Fifty Six Thousand Only) equity shares of the face value of ₹10/- (Rupees Ten only) (the "Equity Shares") by way of a fresh issuance of equity shares ("Fresh Issue"). The initial public offering shall also include an offer for sale ("Offer for Sale") of up to 1,13,28,000 equity shares by the President of India, acting through Ministry of Shipping, Government of India ("Selling Shareholder"), ("Fresh Issue" along with "Offer for Sale" referred to as the "Issue"). The Issue shall be made at a price to be determined, in accordance with the book building process or any other method as may be prescribed

by the SEBI ICDR Regulations for cash and at such premium / discount, as applicable, as the Board deems fit (provided that such number of additional equity shares to the extent of up to 10% of the offer to the public may be issued, allotted and transferred as may be required for the purposes of rounding off, in terms of the SEBI ICDR Regulations)."

"RESOLVED FURTHER THAT in accordance with Applicable law, the Offer may include, without limitation, issue and allotment of Equity Shares to a stabilizing agent pursuant to a green shoe option, if any, in terms of the SEBI ICDR Regulations and reservation of a certain number of Equity Shares to be offered to such person or persons, who may or may not be the members of the Company and as the Board may at its discretion decide in consultation with the Selling Shareholder (to the extent applicable) and the book running lead managers so appointed ("BRLMs") and as may be permissible under Applicable law."

"RESOLVED FURTHER THAT the Offer may be made to foreign investors such as registered foreign institutional investors and their sub-accounts, registered foreign portfolio investors, alternative investment funds, foreign venture capital investors, qualified foreign investors, non-resident Indians, as well as state industrial development corporations, venture capital funds, insurance companies registered with the Insurance Regulatory and Development Authority, insurance funds set up and managed by army, navy, air force of the Union of India, insurance funds set up and managed by the Department of Posts, Ministry of Communications and Information Technology, India, scheduled commercial banks, provident funds, pension funds, national investment fund,

trusts/societies registered under the Societies Registration Act, 1860, Indian and/or multilateral and bilateral development financial institutions, mutual funds, employees and/or workers of the Company, in or out of India, Indian public, bodies corporate, any other company/companies, private or public or other body corporate(s) or entities whether incorporated or not, and such other persons, including high net worth individuals, retail individual bidders or other entities, in one or more combinations thereof and/or any other categories of investors as may be permitted under Applicable law as defined under the SEBI ICDR Regulations, whether they be holders of Equity Shares or not, in a manner, and on the terms and conditions as the Board may in its discretion, in consultation with the Selling Shareholder (to the extent applicable) and the BRLMs, decide including the price at which the Equity Shares are to be issued, at par or at premium or discount or transferred for cash as determined by the book building process in accordance with the provisions of the SEBI ICDR Regulations or other considerations that the Board may, in consultation with the Selling Shareholder (to the extent applicable) and the BRLMs, deem fit."

"RESOLVED FURTHER THAT the offer price including the premium to be determined through the book building process, in the manner, and on the terms and conditions as the Board may, in its absolute sole discretion, decide, in consultation with the Selling Shareholder and the BRLMs, whether the price at which the Equity Shares are to be issued, at par or at premium and whether for cash or other consideration, including discount for any category of investors, as permitted under applicable laws, and the decision to determine the

category or categories of investors to whom the offer, issue and allotment/ transfer shall be made to the exclusion of all other categories of investors on such terms and conditions as may be finalized by the Board, in consultation with the Selling Shareholder and the BRLMs, and that the Board may finalize all matters incidental thereto as it may in its absolute discretion think fit and to list the equity shares on the stock exchanges as may be decided by the Board from time to time."

"RESOLVED FURTHER THAT in accordance with Applicable law, the consent and approval of the Board be and is hereby granted to make available for allocation a portion of the Issue to any category(ies) of persons permitted under applicable law, including without limitation, eligible employees (the "Reservation") or to provide a discount to the issue price to retail individual bidders or eligible employees (the "Discount"); and to take any and all actions in connection with any Reservation or Discount as the Board may think fit or proper in its absolute discretion, including, without limitation, to negotiate, finalize and execute any document or agreement, and any amendments, supplements, notices or corrigenda thereto; seek any consent or approval required or necessary; give directions or instructions and do all such acts, deeds, matters and things as the Board may, from time to time, in its absolute discretion, think necessary, appropriate, or desirable; and settle any question, difficulty, or doubt that may arise with regard to or in relation to the foregoing."

"RESOLVED FURTHER THAT the Equity Shares so allotted or transferred in the Issue (including pursuant to any Reservation or green shoe option) shall be subject to the Memorandum of Association and the Articles of Association of

the Company and shall rank pari passu in all respects with existing Equity Shares, including rights in respect of dividend."

"RESOLVED FURTHER THAT subject to Applicable law, the Equity Shares allotted or transferred pursuant to the Issue be listed on the Stock Exchanges and the Board be and is hereby authorized on behalf of the Company to seek listing of any or all of such Equity Shares on one or more stock exchanges in India."

"RESOLVED FURTHER THAT in connection with any of the foregoing resolutions, the Board on behalf of the Company, shall have the power and the authority to execute and deliver any and all other documents, papers or instruments and to do or cause to be done any and all acts or things as may be necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions for the Issue; and any such documents so executed and delivered or acts and things done or caused to be done shall be conclusive evidence of the authority of the Company in so doing and any such document so executed and delivered or acts and things done or caused to be done prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Company, as the case may be."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to make any alteration, or variation in relation to the Issue, in consultation with the BRLMs or SEBI or such other authorities as may be required and without prejudice to the generality of the aforesaid, decide the exact issue structure and the exact component of the issue structure."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment or transfer of Equity Shares pursuant



to the Issue, the Board and any committee constituted by the Board in this respect be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the determination of terms and conditions for issuance of the Equity Shares the number of Equity Shares that may be offered and proportion thereof, timing for issuance of such Equity Shares, dematerialization of equity shares and shall be entitled to vary, modify or alter any of the terms and conditions as it may deem expedient, entering into and executing arrangements for managing, underwriting, marketing, listing, trading and providing legal advice as well as acting as depository, monitoring agency, custodian, registrar, stabilizing agent, (if any), paying and conversion agent, trustee, escrow agent and executing other agreements, including any amendments or supplements thereto, as necessary or appropriate and to finalise, approve and issue any document(s), including but not limited to draft red herring prospectus, red herring prospectus, prospectus and/or offer documents and agreements including filing of registration statements, prospectus and other documents (in draft or final form) with any Indian or foreign regulatory authority or stock exchanges and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment or transfer of Equity Shares pursuant to the Issue and take all steps which are incidental and ancillary in this

connection, including in relation to utilization of the issue proceeds, appointment of intermediaries, as it may in its absolute discretion deem fit without being required to seek further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers herein conferred to any Committee or any one or more executives of the Company subject to the provisions of Companies Act, 2013.”

“RESOLVED FURTHER THAT Chairman & Managing Director or any one of the directors of the Board of Directors and the Company Secretary be and hereby severally authorized to file necessary forms with the Registrar of Companies and execute and sign all relevant documents including but not limited to consent letters, powers of attorney, certificates etc., as may be required in order to give effect to these resolutions.”

By the Order of the Board of Directors

**V Kala**  
Company Secretary

Place : Kochi  
Date : 29th August, 2016

**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.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

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.

3. The dividend on equity shares of the company as recommended by the Board of Directors, if declared in the Annual General Meeting of the company will be paid to the shareholders whose names appear on the Register of Members as on 20th September, 2016.

## 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 (Cost Records and Audit) 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 41st meeting held on 11th July, 2016 the Board at its 226th meeting held on 12th July, 2016 has considered and approved the appointment of M/s. K A Felix &

Co. (Firm Registration No. 100416), Cost Accountants as the cost auditor for the financial year 2016-17 and recommended remuneration of ₹1,25,000 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 ratified 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 and 5**

The Ministry of Shipping, GOI, vide letter F No SY-12021/2/1007-CSL Vol IV dated 23 November 2015 has conveyed the approval of Cabinet Committee on Economic Affairs inter-alia for reclassification of the entire Preference Share Capital component of the Authorized Capital amounting to ₹120 crores to Equity Capital, consisting of 12,00,00,000 (ie. 12 crore) Equity Shares of ₹10 each, along with necessary amendments to the Articles of Association (AOA) of CSL and for undertaking an Initial Public Offering.

On reclassification of authorised capital, it would be necessary to amend Clause V of the Memorandum of Association also. The Resolution seeks approval of members to reclassify the Share Capital and to amend the said Clause.

Cochin Shipyard Limited is a private limited company within the meaning of the Companies Act, 2013. In order to achieve listing, the Board in its 206th meeting held on 13th August, 2013 resolved to change the status of the company from 'Private Limited' to a 'Public Limited' company, subject to the approval of the members of the company in the general meeting. Further to meet the statutory requirements of a public company, the present Articles of Association of the Company are proposed to be altered in the manner

as set out in the above resolution so as to suit the requirements of the public limited company. As per the provisions of Sections 13 of the Companies Act, 2013, a company can alter the Share Capital Clause of its Memorandum of Association and Articles of Association of the Company with the consent of Shareholders.

Further, the existing Memorandum and Articles of Association ("MOA and AOA") were based on the Companies Act, 1956 and several clauses / regulations in the existing MOA and AOA contain references to specific sections of the Companies Act, 1956 and some of which are no longer in force. With the coming into force of the Companies Act, 2013, several regulations of the existing MOA and AOA of the Company require alteration or deletions at several places.

Since, the Company is planning to undertake an initial public offering it is necessary to make alterations in the existing Articles of the Company in terms of the provisions of Securities Contract Regulation Act, 1956 and Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Accordingly, it is considered expedient to wholly replace the existing MOA & AOA by adopting them afresh and the Board recommends this resolution for approval of the Members by way of special resolution.

The existing Memorandum and Articles of Association of the Company along with the Memorandum and 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 and also at the meeting.

The above amendments are subject to the approval of the President of India as per Articles of Association of the Company.

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.6**

The provisions of Section 180(1)(c) of the Companies Act, 2013 provides that the board of directors of a Company shall exercise the powers to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business only with the consent of the Company by way of a special resolution.

It is, therefore, proposed to seek the approval of the shareholders to borrow (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) up to a limit of ₹2,000 crore (Rupees Two Thousand Crores only) by way of special resolution.

Similarly, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the rules laid there under, consent of the shareholders by way of special resolution is required along with the approval of the Board of Directors to create mortgage/charge/lien over the present or future assets/movable/immovable properties of the Company to secure the borrowings up to a limit of ₹2,000 crore (Rupees Two Thousand Crores only).

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) read with Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 6 of the Notice.

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.

#### Item No.7

Shri Radhakrishna Menon (DIN: 07518727) aged 52 years (DOB: 30/05/1964) was appointed as the Non-official Part Time Director (Independent Director) of the Company on 21st March 2016 by the Government of India vide Letter No. SS-11012/05/2014-SY.II for a period of three years or until further orders, whichever is earlier.

He is a Bachelor of Social and Legal Science from University of Pune.

The terms and conditions regulating his appointment are determined by the Government of India.

He does not hold any shares in the Company. He is not a director in any other company and consequently not a member of any committee of directors in any other company.

Shri Radhakrishna Menon is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

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

None of the Directors and Key Managerial Personnel or their relatives, except the appointee himself, is in any way concerned or interested, financially or otherwise in the resolution.

#### Item No.8

Shri Krishnadas Elayat (DIN: 02731340) aged 46 years (DOB: 16/12/1969) was appointed as the Non-official Part Time Director (Independent Director) of the Company on 21st March 2016 by the Government of India vide Letter No. SS-11012/05/2014-SY.II for a period of three years or until further orders, whichever is earlier.

He is a Bachelor of Commerce from Govt. Victoria College, Palakkad and also holds LL.B from SDM Law College, Mangalore University. He is practicing as a lawyer in different courts of Kerala for the past 20 years.

The terms and conditions regulating his appointment are determined by the Government of India.

He does not hold any shares in the Company. He is not a director in any other company and consequently not a member of any committee of directors in any other company.

Shri Krishnadas Elayat is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

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

None of the Directors and Key Managerial Personnel or their relatives, except the appointee himself, is in any way concerned or interested, financially or otherwise in the resolution.

#### Item No.9

Smt. Roopa Shekhar Rai (DIN: 07565156) aged 64 years (DOB: 19/04/1954) was appointed as the Non-official Part Time Director (Independent Director) of the Company on 21st March 2016 by the Government of India vide Letter No. SS-11012/05/2014-SY.II for a period of three years or until further orders, whichever is earlier.

She is a Bachelor of Science and Master of Arts (Public Administration). She also holds Diploma in Homeopathy. She has been actively working in the social sectors for the past two decades.

The terms and conditions regulating her appointment are determined by the Government of India.

She does not hold any shares in the Company. She is not a director in any other company and consequently not a member of any committee of directors in any other company.

Smt. Roopa Shekhar Rai is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

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

None of the Directors and Key Managerial Personnel or their relatives, except the appointee herself, is in any way concerned or interested, financially or otherwise in the resolution.

#### Item No.10

The Ministry of Shipping, GOI, vide letter F No SY-12021/2/1007-CSL Vol IV dated 23 November 2015 has conveyed the approval of Cabinet Committee on Economic Affairs to the issue of 3,39,84,000 equity shares with face value of Rs 10 each by CSL to the public. This will consist of issue of 2,26,56,000 fresh equity shares to part finance its expansion plans as well as sale of 1,13,28,000 equity shares out of the Government of India's stake in CSL, at a price to be determined through a book building process in accordance with the SEBI ICDR Regulations.

The proceeds from the fresh issue of equity shares by CSL shall be utilized for funding capital expenditure requirements of CSL, including setting up of ship repair facility and dry-dock and general corporate purposes.

The Board recommends the passing of the resolution at Item No. 10 as set out in the Notice.

None of the Directors or key managerial personnel ("KMP") of the Company or their relatives are in any way concerned or interested, financially or otherwise in the said Resolution.

By the Order of the Board of Directors

**V Kala**  
Company Secretary

Place : Kochi  
Date : 29th August, 2016

# DIRECTORS' REPORT

## Dear Shareholders,

- Your Directors have pleasure in presenting the 44th Annual Report of your Company along with the audited financial statements for the year ended 31st March 2016.

## Financial Performance

- The Performance of Cochin Shipyard Limited (CSL) continued to be good during the year 2015-16. In spite of the continued global down-turn in shipbuilding industry, the turnover for the year was at ₹1995.89 crores as compared to ₹1859.51 crores in the year 2014-15. The Profit Before Tax was ₹424.08 crores as against ₹367.56 crores in the previous year. The net profit was ₹275.03 crores as compared to ₹235.06 crores for the previous year. This performance is creditable considering the continuing recessionary conditions in the shipping and ship building sector.

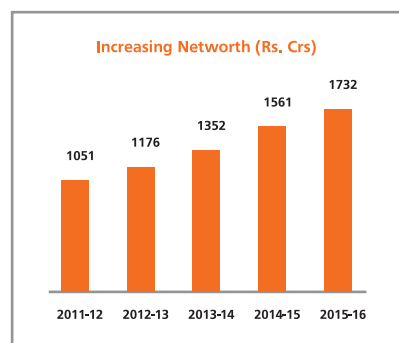
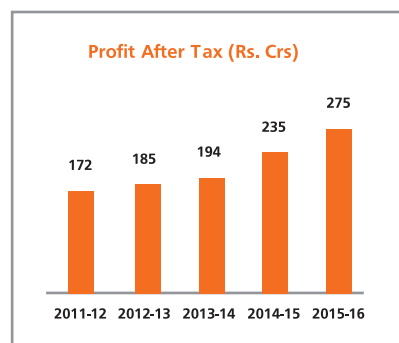
## Financial Highlights

(₹ Crs)

Sl No	Particulars	2015-16	2014-15
(i)	Gross Income	2109.77	1952.97
(ii)	Profit Before Finance cost, Depreciation & Tax	473.29	424.20
(iii)	Finance Costs	12.01	18.32
(iv)	Depreciation & Write off	37.19	38.32
(v)	Profit Before Tax (Net)	424.08	367.56
(vi)	Provision for tax (Net)	149.05	132.49
(vii)	Net Profit	275.03	235.06

## Dividend

- As per Office Memorandum F.No. 5/212016-Policy dated 27th May 2016 issued by Department of Investment and Public Asset Management (DIPAM), every CPSE have to pay a minimum annual dividend of 30% of PAT or 5% of the networth, whichever is higher. Accordingly, your Directors are pleased to recommend a dividend of ₹ 7.65 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 ₹104.29 crores. No unclaimed dividend (previous years') is due to be transferred to the Investor Education and Protection Fund (IEPF).



## 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 2016, the Company has Reserves and Surplus amounting to ₹1618.87 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 ₹215.87 Crores.

## Shipbuilding

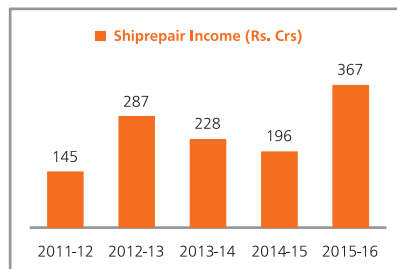
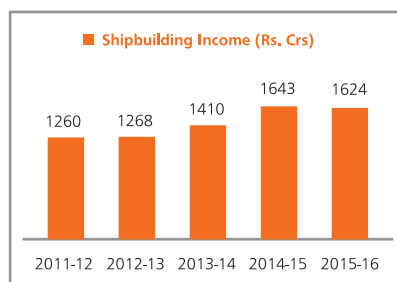
- The Company achieved a total shipbuilding income of ₹ 1623.55 crores during 2015-16 as against ₹ 1643.00 crores in 2014-15. During the year 2015-16, the yard delivered one Buoy Tender Vessel to Directorate General of Lighthouses and Lightships (DGLL) and six Fast Patrol Vessels to Indian Coast Guard. CSL also signed shipbuilding contracts for five vessels. A contract for construction of 1 No. Technology Demonstration Vessel for Defence Research and Development Organisation was entered into on 11th August 2015 and contracts with the Andaman and Nicobar Administration was entered into on 21st March 2016 for building of 2 Nos 500 Pax cum 150 Ton. Cargo Vessels and 2 Nos 1200 Pax cum 1000 Ton Cargo Vessels.

## LNG Segment

7. The LNG Carrier Segment for the domestic market has emerged as a promising future prospect. M/s. Gas Authority of India Limited (GAIL) has contracted substantial LNG from USA to be shipped out for the next 20 years. They are in the process of finalising transportation contracts with reputed LNG shipping companies who are to build vessels as per GAIL's specifications. The requirement is for nine ships. As part of the "Make in India" programme of the Hon'ble Prime Minister, the Government of India (GOI) is keen that three of the nine ships should be built in India. CSL has forged a partnership with M/s. Samsung Heavy Industries (SHI), Korea, who are the leading builders of LNG carriers, world over. Following a stringent qualification process, the yard has become the first in India to be licensed by M/s. GTT, France, to use their patented Mark III Flex Membrane Technology for the LNG Carrier Containment system. CSL has submitted offers to two international consortiums who in turn have taken part in the GAIL tender. The outcome of the tender is awaited.

## Shiprepair

8. During the year, the Company achieved a total shiprepair income of ₹367.49 crores as compared to ₹195.95 crores during the financial year 2014-15. A very well laid out strategy of taking major defence orders on competitive tender and execution of MOUs with DCI and LDCL were instrumental in this achievement. The key repair projects undertaken during the year include INS Shardul, INS Aditya, INS Sukanya, and INS Viraat for Indian Navy, Dredgers for DCI and LDCL Vessels for Union Territory of Lakshadweep.



## Shipbuilding Order Book Position

9. The Order book position as on 31st March 2016 is as follows:-

Vessel Type	Nos
Indigenous Aircraft Carrier for the Indian Navy, P 71	01
Fast Patrol Vessel for the Indian Coast Guard 517-520	04
Jacket Launch Barge for NPCC, Abu Dhabi	01
Double Ended Ro-Ro Ferry for Corporation of Cochin	02
Technology Demonstration Vessel for DRDO	01
500 Pax cum 150 Ton Cargo Vessel for A&N Administration	02
1200 Pax cum 1000 Ton Cargo Vessel for A&N Administration	02
<b>Total</b>	<b>13</b>

## Expansion Projects

- i) International Shiprepair Facility (ISRF) at Cochin Port Trust
10. CSL has taken over about 8.12 ha 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 at a total cost of ₹ 970 crores. 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 eleven vessels have been completed during the financial year 2015-16. 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 for the project. Government of India approval for the project has been received on 19 May 2016. Parallely, CSL is in the process of obtaining environmental clearance for the project from the Ministry of Environment, Forests & Climate Change (MoEFCC). All formalities and documentation for obtaining the environmental clearance have been completed. CSL expects to position Kochi as a major ship repair hub with major operations in the present shiprepair dock coupled with increased capacities that would be available when the ISRF is commissioned.
- ii) New Dry Dock Project
11. CSL is in the process of adding one more dry dock of size 310 x 75/60 x 13 M at a total cost of ₹ 1799 crores to enable the yard to build large ships viz., LNG vessels, large container vessels, new generation aircraft carrier etc. Further, this large dry dock would also enable

CSL to undertake repairs of vessels like LNG carriers, semi-submersibles, jack up rigs, drill ships etc., within CSL premises. CSL has appointed M/s. Haskoning DHV India Private Ltd, Mumbai as Client Consultant and they have prepared draft Detailed Project Report for the project. CSL has carried out Environmental Impact Assessment (EIA) study for the project and is in the process of obtaining environmental clearance from the Ministry of Environment, Forests & Climate Change (MoEFCC). In this respect the public hearing for the project was conducted on 24th June 2016, the proceedings for GOI approval for the project are also in advanced stages.

### Proposal for Initial Public Offer

12. The Cabinet Committee on Economic Affairs (CCEA) at its meeting held on 18th November 2015 approved the Initial Public Offer of CSL ("IPO") consisting of

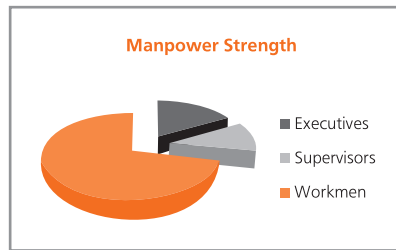
- (a) Issue of 2,26,56,000 fresh equity shares of the face value of ₹ 10 each at a price to be determined through a book building process in order to fund its future growth plans; and
- (b) Sale by Government of India of 10% of its stake in the Company comprising of 1,13,28,000 equity shares of face value of ₹10 each out of its current shareholding of 11,32,80,000 equity shares at a price to be determined through a book building process.

A part of the public offering may be reserved for employees of the Company. The eligible employees and retail investors may be offered shares at a discount of 5% on the Issue Price. After the IPO the GOI stake in CSL will be 75%.

13. CSL has appointed M/s. Khaitan & Co as the legal counsel and M/s. SBI Capital Markets Limited, M/s. JM Financial Institutional Securities Limited and M/s. Edelweiss Financial Services Limited as Book Running Lead Managers for the IPO.

### Manpower Status

14. The manpower strength of the company as on 31st March 2016, was 1671 consisting of 283 Executives, 185 Supervisors and 1203 Workmen.



### Industrial Relations

15. Industrial Relations climate of the Company continued to remain cordial and co-operative. The legacy of not losing a single man day on account of labour unrest for the last 32 years continued unabated. The year witnessed a significant milestone in the history of Human Relations Management of the Company viz., introduction of Superannuation Pension Scheme for regular workmen and officers & supervisors separately having effect from 01st April 2007 and 01st January 2007 respectively. The Company adheres to the principle of participative and inclusive management wherein all sections of employees are taken into confidence in the process of management decisions particularly related to productivity and efficiency improvement of the Company.

### Human Resource Development

16. Short term need based training programmes for all categories of Human Resources were organized to help employees hone their

potential. Some of the important in-house training programmes conducted include programme on "Contract & Claims Management", "Supply Chain Management", "Ownership through Enhanced Personal Productivity", "Competency Management", "Skill Development Programme for Welders and Fitters", "Programme on Energy Conservation & Renewable Energy", Advanced Skill Development Programmes on "Piping, Electrical System", "Programme on Women Health Issues and Wellness", "Presidential Directives on Reservation", "Art of Living" etc.

17. Apart from the above, specific training requirements for undertaking the challenging LNG project, for which CSL is presently the only Indian qualified yard, was also addressed. A 15 member CSL team was imparted training at GTT, France. Apart from the above, a 13 member CSL team attended the training at Samsung Heavy Industries Yard, Korea for 25 days. As part of the training at SHI, CSL team constructed part of a model mockup and worked extensively on the various membrane system construction technologies. During the construction of the mock up chamber at CSL, ABS has conducted a training workshop on various aspects of LNG carrier vessels, Construction & Inspection technologies of LNG Carriers etc.

18. During the year, the Company has also trained 283 ITI trade Apprentices, 55 Engineering Graduates, 90 Diploma holders and 12 Vocational Trainees under the Apprentices Act. Under the Company scheme, Specialised Training primarily in the technical streams was extended to 496 Trainees. The company during the year had also inducted 25 Executive Trainees for one year training. Also 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 on reservations

19. 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 Scheduled Caste (SC)/ Scheduled Tribes (ST)/ Other Backward Classes (OBC) and Persons with Disabilities (PWD). Reservation percentage is ensured through the maintenance of Post Based Roster System as prescribed by the Government of India. Pursuant to Government orders, a Special Recruitment Drive was conducted during the year on three occasions for filling up of vacancies reserved for Persons with Disabilities. Out of 16 vacancies identified, we were able to fill 10 posts during the year.

### Representation of SC/ST employees

20. The representation of SC and ST employees in various groups of posts as on 31st March 2016 is given under:

Category	CSL's Total Strength		
	Total	SC	ST
Group A	227	34	10
Group B	91	18	8
Group C	757	82	15
Group D	596	90	8
<b>Total</b>	<b>1671</b>	<b>224</b>	<b>41</b>

### Representation of OBC employees

21. The representation of OBC employees in various groups of posts as on 31st March 2016 is given under:

Category	CSL's Total Strength	OBC
Group A	227	50
Group B	91	12
Group C	757	144
Group D	596	306
<b>Total</b>	<b>1671</b>	<b>512</b>

### Representation of Minority employees

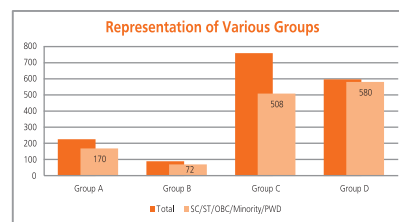
22. The representation of Minority employees in various groups of posts as on 31st March 2016 is given under:

Category	CSL's Total Strength	Minority
Group A	227	75
Group B	91	27
Group C	757	240
Group D	596	160
<b>Total</b>	<b>1671</b>	<b>502</b>

### Representation of Persons with Disabilities employees

23. The representation of Persons with Disabilities in various groups of posts as on 31st March 2016 is given under:

Category	CSL's Total Strength	PWD
Group A	227	1
Group B	91	7
Group C	757	27
Group D	596	16
<b>Total</b>	<b>1671</b>	<b>51</b>



### Provision for safeguard of Women

24. 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 chaired by a senior woman executive. The Committee received one complaint during the year 2015-16 and the same was disposed off. An Annual Return for the financial year 2015-16 on cases of sexual harassment was forwarded to the Ministry of Shipping.

### Integrated Management System (IMS)

25. 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

26. The total capital expenditure incurred in 2015-16 amounted to ₹ 76.90 crores. This related to Renewals and Replacements, Modernisation, Expansion and Research and Development Projects.

### Implementation of Official Language Policy

27. In pursuance of sub rule (4) of rule 10 of the Official Language (Use for the Official Purposes of the Union) Rules, 1976, Govt. of India have notified, in the Gazette of India, that 80% of ministerial staff of the Company have acquired working knowledge / proficiency in Hindi.

28. With a view to ensure successful implementation of Official Language Policy of Govt. of India and to create awareness

and positive attitude among employees towards this, CSL organized one-day seminar on "Effective Implementation of Official Language Hindi in Central Government Offices" & "Development of Official Language Hindi through Unicode" for non-Hindi staff of Kochi TOLIC PSUs on 23 February 2016. Eminent faculties delivered their views on the above subjects.

29. Cochin Shipyard was awarded with Rajbhasha Shield (Third Prize) for the year 2012-13 under the Rajbhasha Shield Scheme of the Ministry of Shipping for the best implementation of Official Language. Official Language. Chairman and Managing Director received the shield and certificate from Hon'ble Minister of Shipping during the meeting of Hindi Salahkar Samiti of Ministry of Shipping held on 06 January 2016.
30. During the year Cochin Shipyard received the Rajbhasha Rolling Trophy (Second prize) and certificate instituted by Kochi TOLIC (PSUs) for the best implementation of Official Language for the year 2014-15 among the companies having less than 200 employees of Kochi region.
31. 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. Sreeja S, Junior Commercial Assistant, CSL. 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.
32. As per the instructions from Hindi Salahkar Samiti of Ministry of Shipping, a debate competition in Hindi was organized by the Company in connection with Hindi fortnight celebrations in which the plus one and plus two students

of schools in and around Kochi participated.

33. Various competitions in Hindi were organized in connection with Hindi Fortnight Celebrations 2015. 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 2015-16 in which a total of 66 employees participated. Seventh issue of Hindi house journal, 'Sagar Ratna' was released in the month of September 2015.

#### **Particulars of Employees and Related Disclosures**

34. In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5th June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

#### **Conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo**

35. Details are placed at Annexure 1. The company's major initiative in the conservation of energy was in installation of solar panels on the rooftop of various buildings inside CSL premises. The programme was commenced since the Financial Year 2013-14. Till date 335 KW of generation has been commissioned and the power generated from solar panels amounted to 3.7 lakh units.

#### **Risk Management**

36. CSL has adopted a comprehensive Risk Management Policy at the 214th meeting of the Board of Directors held on 16th September 2014. The purpose

of this policy is to put in place a comprehensive risk management system consisting of a defined process of risk management and methodology of identification, assessment, response, monitoring and reporting of risks. The policy would provide the management and Board of Directors an assurance that key risks are being properly identified and effectively managed.

37. As per the policy, CSL Board at the helm will review the risk management system in CSL. The Board shall discharge its responsibility of risk oversight by ensuring the review at periodical intervals. 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. The Yard's product mix comprising of Defense and Commercial shipbuilding and shiprepair gives the Company a natural hedge against market risk.

#### **Research and Development (R&D) Activities**

38. R&D policy of CSL is to enhance the Company's pre eminence in Shipbuilding, Ship repair and other chosen fields and products. In house R&D activities have been



undertaken during the year 2015-16 in the areas of duplex stainless steel welding as below.

- a) Capability development of Duplex steel (SS 31803) welding in Submerged Arc Welding (SAW) process (automatic) by development of Welding Procedure Specification (WPS) and qualifying five(5) welders for the process.
  - b) Capability development of Duplex steel (SS31803) welding in Gas Metal Arc Welding (GMAW) process by development of Welding Procedure Specification (WPS) and qualifying five(5) welders for the process.
39. Duplex stainless steel is extensively used in cargo tanks construction for chemical tankers and capability development of welding this steel will enable yard to venture into chemical tanker construction and fabrication of storage tanks for chemicals.

#### Health, Safety & Environment (HSE)

40. Health, Safety & Environment (HSE) aspects are of priority in Cochin Shipyard and CSL is committed to creating a safe work environment as well as raising safety awareness among our employees and subcontractors. Safety is clearly a line responsibility and is managed by every manager responsible for each business or function. In the year 2015-16 Cardio Pulmonary Resuscitation (CPR) training was given to employees across departments to make the workplace safer, improve the team members' ability to save a life, and prevent an injury from becoming serious. The Company constantly strives to create and maintain HSE awareness of our employees and subcontractors' workmen through various in-house and onsite training programmes.

41. HSE performance for the last 4 years are tabulated below.

Category	2012	2013	2014	2015
Fatal	0	0	0	0
Reportable accidents	20	12	6	6
Non Reportable Accidents	58	72	86	137
Number of Permanent Total Disability	0	0	0	0
Frequency Rate (Reportable accidents in one million man hours)	1.99	1.19	0.62	0.63

#### Industrial Security

42. Industrial Security of the Company continued to be normal and without any security breach or incident. All security systems and measures introduced and installed in the Company are in accordance with Port Facility Security Plan under the International Ship and Port Facility Security Code (ISPS Code). Industrial Security Audit was conducted during the year by Intelligence Bureau, Government of India and Joint Survey conducted by the Company and CISF. 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 visitor's facilitation center is in operation for scrutiny and verification of the credentials of the visitors to the Company. Baggage scanning system has also been installed at the main entry gate of 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.

43. 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.

#### Awards and Recognitions

44. During the financial year CSL received following awards:
- (a) "India Today Group CSR award" for CPSE Miniratna Category for effective implementation of CSR practices.
  - (b) "TMA-HLL CSR Award 2015" instituted by Trivandrum Management Association.
  - (c) "KMA Corporate Excellence Award 2015" under two categories (i) CSR Activities undertaken and (ii) In-house Magazine published.
  - (d) Bureaucracy Today - CSR Excellence Award for rural development and best performing of Public Sector Enterprises CSR head.
  - (e) "NIPM Kerala Best Corporate Citizen Award 2015" instituted by the National Institute of Personnel Management, Kerala Chapter.
  - (f) "Safety award 2015 and NSC Safety award 2015" from Department (Factories & Boilers) Government of Kerala.

- (g) "Kerala State Energy Conservation Commendation Certificate – 2015" in the category of large scale energy consumers.

#### Board of Directors & Key Managerial Personnel

45. The Board of CSL comprises of nine Directors of whom four are Whole Time Directors, three Non Official Part Time Directors (Independent Directors) and two Official Part Time Directors (Nominees of Government of India and Government of Kerala). Cmde K Subramaniam (DIN: 01957227), CMD, CSL demitted office on 31st December 2015, having completed his tenure of appointment. Capt R S Sundar (DIN: 05115372), Director (Operations) resigned from the Board of Directors of CSL with effect from 31st August 2015. Shri N Raghuram (DIN: 03540241), Dr. S Mohan (DIN: 02187956), and Dr. G.C Gopala Pillai (DIN: 00083936), Non Official Part Time Directors, have demitted their office with effect from 26th November 2015 having completed their tenure of three years from the date of appointment.
46. Ministry of Shipping vide letter No.SY-11011/1/2009-CSL dated 11th December 2015 appointed Shri Madhu S Nair (DIN: 07376798) as Chairman & Managing Director in place of Cmde K Subramaniam (DIN: 01957227), with effect from 01st January 2016. Shri Sureshbabu N V (DIN: 07482491) took over charge as Director (Operations) with effect from 26th April 2016 vide Ministry of Shipping letter No SY 11012/2/2010-CSL dated 26th April 2016.
47. Ministry of Shipping vide letter No.SS-11012/05/2014-SY.II dated 21st March 2016 appointed Smt. Roopa Shekhar Rai (DIN: 07565156), Shri Radhakrishna

Menon (DIN: 07518727), and Adv. Krishnadas E (DIN: 02731340) as Non Official Part Time Directors (Independent Directors).

48. Details of changes in Key Managerial Persons during the financial year 2015-16 are given below:

Sl No	Name	DIN	Designation	Date of Appointment	Date of Cessation
1	Cmde K Subramaniam	01957227	Chairman & Managing Director	31st December 2010	31st December 2015
2	Shri Madhu S Nair	07376798	Chairman & Managing Director	01st January 2016	Continuing
3	Capt R S Sundar	05115372	Director (Operations)	21st November 2011	31st August 2015
4	Shri Paul Ranjan D	06869452	Director (Finance) & Chief Financial Officer	01st May 2014	Continuing
5	Shri Sunny Thomas	06882228	Director (Technical)	01st June 2014	Continuing
6	Shri Sureshbabu N V	07482491	Director (Operations)	26th April 2016	Continuing
7	Smt Kala V	-	Company Secretary	02nd May 1998	Continuing

#### Declaration from Independent Directors on their status

49. 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 2015-16

50. Seven Board Meetings were held during the year 2015-16 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	21st April 2015	9	8
2	13th May 2015	9	7
3	29th July 2015	9	7
4	25th September 2015	8	6
5	13th November 2015	8	7
6	22nd December 2015	5	4
7	16th February 2016	5	5

### Evaluation of Board's Performance

51. Cochin Shipyard is a 100% Government of India owned Public Sector Enterprise under Ministry of Shipping. 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 done 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

52. As brought out in para (51), 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

53. Your Directors state that:

- a) in the preparation of the annual accounts for the year ended 31st March 2016, 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;

- b) the Directors have selected such accounting policies and applied them consistently and made judgments 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 2016 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

54. 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 statement which sets out related party disclosures as per Accounting Standard 18.

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

55. Presently, the CSR & SD Committee of CSL comprises of Smt. Roopa Shekhar Rai (DIN: 07565156), Non Official Part Time Director as Chairman of the Committee, Shri Radhakrishna Menon (DIN: 07518727), Non Official Part Time Director, Shri Paul Ranjan D (DIN: 06869452), Director (Finance), Shri Sunny Thomas, (DIN: 06882228), Director (Technical), as members. 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 can be accessed on the Company's website at the link: [http://www.cochinshipyard.com/links/CSL\\_CSR\\_14-15.pdf](http://www.cochinshipyard.com/links/CSL_CSR_14-15.pdf)
56. 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-2.
57. By far the most important initiative by CSL under its CSR programme during the year was with respect to Swachh Bharat Abhiyan. Inspired by the GOI initiatives, the Company requested the WIPS (Women in Public Sector) Cell of CSL to conduct a basic survey among the Government and Government aided schools in Ernakulam educational district so as to identify at least 10 schools on priority which needed support towards constructing toilets for the students. Accordingly, WIPS surveyed about 85 schools and presented its report to the

Board Level CSR Committee of CSL wherein 10 schools were identified in Ernakulam District in Kerala for providing required number of toilets and hand-wash facilities for the students therein. The project was approved by the Board of Directors under CSR Plan for 2015-16. Total outlay for the initiative was ₹ 90 lakhs. CSL Board has also cleared construction of toilets and hand wash facilities at different schools in Kannur District of Kerala at an estimated budget of ₹ 50 lakhs. The construction of these toilets is undertaken by the District Administration. Again, under Swachh Bharat banner, CSL has sponsored one time thorough cleaning of Divisions No: 58 and 59 of Municipal Corporation of Kochi and has agreed to take over a Corporation Park at a residential area nearby CSL for renovation and continued up-keep and maintenance. CSL also joined hands with Rajagiri Outreach, a renowned NGO outfit of Rajagiri College of Social Sciences in spreading the message of cleanliness among the school and college students and various residents associations in Ernakulam District. They conducted the campaign by March, Cleanliness competitions etc.

58. In addition to the above, CSL intends to adopt a particular island hamlet called Chirayamthuruth at Kadamakudy Gramma Panchayath in Ernakulam District towards total sanitation of the island households by constructing 61 independent house based toilets at an estimated cost of ₹ 50 lakhs.
59. Particulars regarding the CSR & SD Committee meetings, terms of reference etc. are provided under the Section 'Board Committees' in the Report on Corporate Governance.

### Audit Committee

60. The present Audit Committee of CSL is constituted with Shri Radhakrishna Menon (DIN: 07518727), Non Official Part Time Director as Chairman, Adv. Krishnadas E (DIN: 02731340), Non Official Part Time Director and Shri Elias George IAS (DIN: 00204510), Official Part Time Director as members. During the year, all recommendations of the Audit Committee were accepted by the Board of Directors. Particulars regarding the Audit Committee are provided under the Section 'Board Committees' in the Report on Corporate Governance.

### Corporate Governance

61. 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

62. The Company has in place adequate internal financial controls with reference to financial statements. During the year, the Company has engaged M/s. Varma & Varma, (Firm Registration No. 0045325) Chartered Accountants for reviewing and installing adequate Internal Financial Controls and to ensure proper and adequate systems for compliance with the provisions of all applicable laws. 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 also examines internal/statutory 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. The Company has implemented an integrated ERP System (SAP) since July 2014 which is enabling better management control.

### Statutory Auditors

63. M/s. Krishnamoorthy & Krishnamoorthy (Firm Registration No. 0014885), Chartered Accountants, Ernakulam were reappointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India for the year 2015-16.

### Auditors' Report

64. M/s. Krishnamoorthy & Krishnamoorthy, Statutory Auditors have submitted their report on 14th July, 2016. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

### Comments of C&AG

65. The comments of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 are placed at Annexure-3.

### Cost Auditors

66. The Board has appointed M/s. Felix & Co (Firm Registration No. 100416), Cost Accountants, as the Cost Auditors for conducting the audit of cost records of the Company for the financial year 2015-16.

### Secretarial Auditor

67. The Board has appointed Shri P Sivakumar, SVJS & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure-4 to this Report.

### Extract of Annual Return

68. The extract of annual return in Form MGT 9 as per Rule 12(1) of the Companies (Management & Administration) Rules, 2014 is placed at Annexure-5.

### Investor Services

69. CSL is a fully owned Government of India enterprise and the shares of the Company are not presently listed in any of the recognized stock exchanges in India. The tax free Bonds issued by the Company in 2013-14 are fully dematerialized 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

70. Vigilance Department functions advocating transparency, equity and competitiveness in all procurement. Important CVC guidelines are discussed with Heads of Departments for its strict

compliance. Emphasis was given to vigilance sensitization among the Officers and Supervisors for preventive vigilance.

71. Vigilance Department has conducted a system study on the settlement of bills of contractors in Ship Building and Ship Repair Division and submitted a comprehensive report to the CVC. Based on the system study, Director (Finance) has issued an office order to ensure the principle of first come first serve in the settlement of bills of sub contractors.

72. The submission of Assets and Liabilities Statement of Officers was made through online and Vigilance has been provided with a link to see the returns filed by the employees for scrutiny.

73. Kerala state has secured the rolling trophy for the best vigilance study circle for the year 2015-16.

74. All reports to the Central Vigilance Commission are submitted in time and no reference is pending with CVC.

### Vigil Mechanism

75. The Whistle Blower Policy of CSL adopted by the Board of Directors at 198th Meeting held on 22nd February 2012 is functioning as Vigil Mechanism of CSL. The Whistle Blower Policy of CSL is available at the link [http://www.cochinshipyard.com/links/Whistle\\_Blower%20policy\\_CSL.pdf](http://www.cochinshipyard.com/links/Whistle_Blower%20policy_CSL.pdf)

### Details of frauds reported by auditors under Section 143

76. Nil.

### Particulars of loans, guarantees or investments

77. During the year under Report, the Company has not

a) given any loan to any person or other body corporate;

b) given any guarantee or provided security in connection with a loan to any other body corporate or person; and

c) acquired by way of subscription, purchase or otherwise, the securities of any other body corporate, as prescribed under Section 186 of the Companies Act, 2013.

### Material changes and commitments

78. No material changes and commitments, affecting the financial position of the Company, have occurred between the end of the financial year of the Company and the date of this Report.

### Details of change in nature of business

79. There has been no change in the nature of business of the Company during the year under report.

### Deposits

80. Your Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013.

### Significant and Material orders

81. No significant and material orders were passed by the regulators or any courts or tribunals impacting the going concern status of the Company and affecting its operations.

### Acknowledgment

82. The Board of Directors are extremely thankful for the continued patronage and support extended by the Hon'ble Prime Minister, 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 co-operation from various offices of the Government

of India, Government of Kerala, various local bodies, the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Cost 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 Ltd.

For and on behalf of the Board of  
Directors

**Madhu S Nair**

Chairman & Managing Director  
DIN: 07376798

Kochi  
12th July 2016

# Annexure-1

## Conservation of Energy

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Steps taken or impact on conservation of energy during the year 2015-16

### STEPS TAKEN

- Installed 250 KW grid connected solar power plant.
- Installed occupancy sensor tube light at various building staircases and bathrooms
- Electrification of new buildings is carried out with LED lights instead of conventional discharge lamps.
- Replaced conventional discharge lamp street lights with LED lights.
- Replacement/ new procurement of Air conditioning units are done 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 12:15Hrs. 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.
- Usage of energy efficient inverter type welding sets instead of conventional welding sets is promoted.
- Installation of turbine ventilators at various buildings

### IMPACT

- Energy saving is approx. 7.00 Lakhs units per annum with the implementation of measures specified above.
- CSL received Kerala State Energy Conservation Commendation Certificate 2015 in the category of Large Scale Energy Consumers from Power Department, Govt. of Kerala.

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Steps taken for utilizing alternate sources of energy

- Installed 250 KWp grid connected Solar Power plant at roof top of various building.

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Capital investment on energy conservation equipments

- An amount of approximately ₹ 215 Lakhs has been invested for conservation of energy
-

## B. Technology Absorption, Adaptation and Innovation

Efforts in brief towards technology absorption, adaptation and innovation

- i. Development of in-house basic design for double ended roll on roll off (RO-RO) vessels for the local administration. The vessels which would be used for transportation of trucks and cars would reduce the traffic congestion in the city.
- ii. Developed digitally, the hull and outfit/design models for Cargo Launch barge and double ended RO-RO vessel
- iii. Fluid Flow 3 software used for pipe sizing for the Cargo Launch barge and double ended RO-RO vessel. Piping diagrams were prepared based on the above and Class approval obtained.
- iv. In-house development of complete production engineering design for a Cargo Launch barge for a foreign client and RO-RO vessel in 3D hull and entire outfit modeling in Tribon.
- v. In-house 3D hull modeling, machinery and outfit modeling of Ship 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. In-house 3D modeling of Aviation Facilities like Aircraft Salvage Equipment, Cradles/Racks/Cross Bars for MIG-29K and Light Signaling System (Saturn) for integration of these equipments onboard Indigenous Aircraft Carrier based on the details received from M/s. Rosoboronexport Russia.
- vii. In-house 3D modeling of fire fighting system for Engine room and DA rooms of IAC and preparation of production drawings based on the details received for this system from foreign OEMs.
- viii. In-house 3D modeling of Aviation fuel (AVCAT) system for IAC and integration of the same in the ship based on the details received for this system from foreign OEMs.
- ix. In house 3D modeling of Integrate Platform Management System (IPMS), Ship Data Network (SDN) and Integrated Bridge System of IAC.
- x. In house development of Human Machine Interface (HMI) of IPMS system for control and monitoring of entire IAC with the help of M/s. BHEL.
- xi. In-house 3D modeling of Firefighting system for AVCAT system for IAC and preparation of production drawings based on the details received for this system from foreign OEMs.
- xii. Design of Rezistor E equipment and Aircraft Control /Aircraft Direction module software for Aviation Facility in IAC with the help of M/s. Rosoboronexport Russia.
- xiii. In house development of software for the cable scheduling and nesting in ship with integration to Tribon M3/3D software.
- xiv. Development of the structural design for the fabrication of a mock up and construction of mock up for obtaining the license for Mark-III from GTT, France. Obtaining the license was a crucial step towards establishing LNG carrier construction capability for the yard.
- xv. In house development and fabrication of special jigs and fixtures for the installation of long shafts of IAC.
- xvi. In house development of basic design and production drawings for spacer pontoons for berthing IAC.
- xvii. In house development of basic design and production drawings Conversion of buoyancy pontoon used for undocking of IAC to a spacer pontoon



## Disclosure of Particulars in respect of Absorption

- Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitutions etc.
- 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 design solutions.
  - 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. Considerable improvement in time for estimation of cables and optimal route design for cables.

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
  - i. Aviation Facilities Complex for Aircraft Carrier Project.
  - ii. Basic design, material and equipments for firefighting system for Engine room and DA rooms and AVCAT compartments for the Aircraft Carrier Project.
  - iii. Detailed design, material and equipments for AVCAT system Aircraft Carrier Project.
  - iv. NAPA software for basic design and Naval architecture calculation for Ships.
  - v. Fluid Flow 3 software for pipe flow analysis and sizing.
  - vi. Technology for cargo containment system for carriage of LNG.
- b. Year of import (2011-2016)
- c. Has the technology been fully absorbed
  - i. Use of NAPA software (functional) has been fully absorbed. Used for stability checks on various ships and for developing basic design for RO-RO vessel. Hence considered fully absorbed (100%).
  - ii. 90% for Aviation Facilities Complex (AFC) for Aircraft Carrier Project.
  - iii. Detailed engineering of AVCAT and fire fighting system has been fully absorbed (100%).
  - iv. Fluid Flow 3 has been used for pipe sizing in cargo launch barge and in the basic design of RO-RO vessel and hence considered fully absorbed (100%).
  - v. Cargo containment system for carriage of LNG fully absorbed (100%) and license obtained from GTT France.
- d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action
 

In case of Aviation Facilities Complex, deliverables for AFC are being received in phases and absorption would also follow accordingly.

### C. Foreign Exchange Earnings & Outgo

₹ In Lakhs

	2015-16	2014-15
<b>Income from Foreign Exchange</b>		
From Shipbuilding	11386.78	72.89
From Shiprepair	85.37	48.56
<b>Expenditure in Foreign Exchange</b>		
Materials (CIF Value)	45308.01	35914.15
Design & Documentation	9489.90	3201.60
Service Charge & Others	2984.82	3060.05

# Annexure-2

## 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 Social 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 of 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/links/CSL\\_CSR\\_14-15.pdf](http://www.cochinshipyard.com/links/CSL_CSR_14-15.pdf)
  - b) Overview of projects or programs proposed to be undertaken (As shown under 5 (a) below)
2. The Composition of the CSR Committee (Board Level) as on date:
  - i) Smt. Roopa Shekhar Rai (DIN 07565156) Independent Director and Chairman of the Committee
  - ii) Shri Radhakrishna Menon (DIN 07518727) Independent Director
  - iii) Shri Paul Ranjan D (DIN 06869452) Director (Finance)
  - iv) Shri Sunny Thomas (DIN 06882228) Director (Technical)
3. Average net profit of the Company for the last three financial years : ₹ 31136 lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 623.00 lakhs
5. Details of CSR spent during the financial year
  - a) Total amount to be spent for the financial year : ₹ 623 lakhs
  - b) Total amount spent : ₹ 627.16
  - c) Amount unspent, if any : Nil

### RESPONSIBILITY STATEMENT

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

**Madhu S Nair**  
(DIN: 07376798)  
Chairman & Managing Director

**Roopa Shekhar Rai**  
(DIN: 07565156)  
Chairman of CSR & SD Committee

Place : Kochi  
Date : 12th July 2016

**A CSR MAJOR PROJECTS (Budget > 10.00 Lakhs)**

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
1 Re-Roofing and Renovation of the L. P. School Building at Arayankavu, Amballur Panchayat	Cl. (ii) promoting education	Amballur Panchayat, Ernakulam District	25.00	23.00	23.00	PTA, L. P. School, Arayankavu	306 Students
2 Construction of a New Toilet Block at L. P. School- Arayankavu, Amballur Panchayat- Ernakulam District	Cl. Swachh Bharat Abhiyan of Gol	Amballur Panchayat, Ernakulam District	10.00	10.00	10.00	PTA, L. P. School, Arayankavu	306 Students
3 Construction of Toilet Blocks at RVUHS Cherai, GHSS Mattanchery, GHSS Kadamakkudy, GHS Kunnumpuram, Edappally North and GVHSS Njarakkal in Ernakulam District	Cl. Swachh Bharat Abhiyan of Gol	Cherai, Mattanchery, Kadamakkudy, Kunnumpuram, Njarackal Schools in Ernakulam District	50.00	42.75	50.31	Habitat Technology Group, Thiruvananthapuram	3500 Students
4 Construction of Toilet Blocks at GGHSS Mattanchery (Renovation), St. Joachims HS Kaloor, Govt UPS Vazhakulam in Ernakulam District	Cl. Swachh Bharat Abhiyan of Gol	Mattanchery, Kaloor, and Vazhakkulam Schools in Ernakulam District	30.00	17.01	27.70	Habitat Technology Group, Thiruvananthapuram	1400 Students

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
5 'Welding For Nation Building', Skill Development in Welding Technology for 50 Unemployed BPL/ Marginalized Youth under 'Skill India Mission'	Cl (ii) and (iii) livelihood enhancement projects and measures for reducing inequalities faced by Socially & economically backward groups	Different Districts of Kerala	28.35	13.67	25.00	Don Bosco Tech, Vaduthala, Ernakulam	50 students
6 Financial Support for Procuring and Installation of Latest Radio Therapy Equipment, 'Linear Particle Accelerator' At General Hospital, Ernakulam	Cl. (i) promoting health care including preventive health care	Ernakulam District	200.00	190.00	200.00	Hospital Development Committee, General Hospital, Ernakulam	1200 Patients / year
7 Jyothi Comprehensive Education Programme (JCEP) - Smart Classroom Project	Cl. (ii) promoting education	Ernakulam District	100.00	100.00	100.00	District Administration, Ernakulam in collaboration with Keltron	5000 students
8 Financial Support for Providing an Ultra Sound Scanner and Computed X-Ray Radiography Equipment for Ramakrishna Mission Sevashrama and Minor Renovation of the Dispensary Building	Cl. (i) promoting health care including preventive health care	Meenchanda area Kozhikode District	76.50	40.00	40.00	Sree Ramakrishna Mission Sevashrama, Kozhikode	150 Patients per day

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
9 Support for 'Pratibha Theeram' a program promoting Learning centers at coastal regions for fishermen folk's children	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward	Five villages in Alleppey District	141.15	71.00	71.00	District Administration, Alapuzha	1200 Coastal Students
10 Construction of Operation Theatre and Mother & Child Ward at Swami Vivekananda Medical Mission, Attappady	Cl. (i) promoting health care including preventive health care	In Attappady, Palakkad District, Kerala State	43.00	1.67	43.00	Implementing Agency- Swami Vivekananda Medical Mission, Attappady	200 Patients/day
11 Drinking Water Project at Chottanikkara Grama Panchayath	Cl. (i) making available safe drinking water	In Chottanikkara, Ernakulam District, Kerala State	56.25	30.00	56.25	Implementing Agency- Chottanikkara Grama Panchayath	750 Families
12 Financial support for construction of a permanent stage for performing chavittunatakam by traditional Muziris Maritime Art Centre by Sports & Arts club, Gothuruth Island, Ernakulam	Cl. (v) promotion and development of traditional arts & Cl. (ii) livelihood enhancement project	In Gothuruth Island, Ernakulam District, Kerala State	25.00	5.95	25.00	Implementing Agency- Muziris Maritime Art Centre by Sports & Arts club, Gothuruth Island, Ernakulam	200 Artists

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
13 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	5.87	22.14	Implementing Agency- Holy Cross Hospice, Perumpadappu, Ernakulam	50 Patients/ day
14 Lighting 75 Tribal Houses at Kunjippara Village at Kuttampuzha Panchayath	Cl. (x) rural development project Cl. (iii) measures for reducing inequalities faced by socially and economically backward group Cl. (iv) ensuring environmental sustainability through utilization of non-conventional energy	In Kunjippara Tribal Village at Kuttampuzha Panchayath, Ernakulam District, Kerala State	80.30	2.78	70.27	Implementing Agency- Samrudhi, social welfare society, Muvattupuzha	75 Tribal families
<b>Total</b>			<b>890.55</b>	<b>553.70</b>	<b>763.67</b>		

**B MINOR PROJECTS (Budget < 10 Lakhs)**

Name of Project with a brief	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 programs or projects were undertaken	Amount outlay (budget) project or program wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
1 Financial Support for Procuring a School Bus for Louis Braille Memorial Model School for the Blind, Kundayathoor, Thodupuzha	Cl. (ii) promoting special education and employment enhancing vocational skills especially among differently abled children	Thodupuzha in Ernakulam District	7.76	7.76	7.76	PTA, Louis Braille Memorial Model School for the Blind, Kundayathoor, Thodupuzha	138 blind students
2 Financial Support for World No Tobacco Day Activity - "Tobacco to Bucket Challenge"	Cl. (i) promoting health care including preventive health	Ernakulam District	1.71	1.50	1.50	Radio Mango 91.9 (Community FM Channel), Ernakulam District	(General Public)
3 SAUKHYAM 2015 - Super Speciality Medical Camp	Cl. (i) promoting health care including preventive health	Ernakulam District	10.00	6.00	6.00	National Rural Health Mission and Hospital Development Committee, General Hospital, Ernakulam District	60000 People
4 Financial Support for Procuring an Ambulance for Palliative Care Unit, PHC, Maneed Grama Panchayat, Ernakulam	Cl. (i) promoting health care including preventive health	Maneed Panchayat in Ernakulam District	9.23	9.23	9.23	Maneed Grama Panchayat, Ernakulam	5000 people
5 Financial Support for "Medi Press - 2015", A Super Speciality Medical Camp	Cl. (i) promoting health care including preventive health	Ernakulam District	2.00	2.00	2.00	Press Club, Ernakulam	1000 People



Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
6	Financial Support For Suchithwa Bodhana Yajnam For A "Nalla Ente Nadu, Nalla Nammude Nadu" - A competition for creating awareness about clean living practices.	Cl. (i) promoting sanitation & Swachh Bharat Abhiyan of Gol	1.07	0.09	1.07	Mithradham Renewable Energy Centre (NGO), Sahrudaya Services and Charities (NGO) and Rajagiri outREACH (NGO), Ernakulam District	10000 People
7	Making a short film of the Special Stage show called 'SHE' towards creating safety and security awareness among women in Kerala by Magical Planet situated at Kinfra Film and Video Park	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	5.00	5.00	5.00	Magical Planet (Magic Academy) situated at Kinfra Film and Video Park, Thiruvananthapuram	Women folk in general

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
8 57th World Disability Day Celebration	Cl. (i) promoting health care & Cl. (ii) promoting education and employment enhancing vocation skills especially among the differently abled	In Ernakulam District, Kerala State	4.15	1.50	1.50	District Social Justice Officer, Ernakulam District	1000 Differently abled people
9 Financial Support for Providing Educational Aids to the Poor SC/ST Students	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	In 13 schools in Ernakulam District, Kerala State	6.30	5.74	6.30	Federation of Central Government Schedule Caste and Schedule Tribe Employees (Kerala), Cochin Shipyard Unit, Ernakulam District	630 students

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
10 "Assistance for Vidyaposhanam – Poshakasamrdham Project (Mid-Day Meals for Students)"	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	5 Schools in Ernakulam District	5.75	5.75	5.75	Vidyadhanam Charitable Trust, Government Higher Secondary School (Elamakkara), C. C. P. L. M. Anglo-Indian Higher Secondary School (Perumanoor), St. Thomas Girls High School (Perumanoor), C. K. C. Lower Primary School (Ponnurunny, Vyttila), Government Higher Secondary School (Puthenthode) and St. Mary's High School (Chellanam)	2500 Children
11 Financial Support for Providing School Uniforms and Organizing Onam Feast for the Less Privileged Children of SOS Childrens Village, Aluva	Cl. (ii) promoting education & Cl. (iii) measures for reducing inequalities faced by socially and economically backward groups	Aluva in Ernakulam District	2.42	1.99	1.99	SOS Childrens Village, Aluva, Ernakulam District	130 Students
12 24th All Kerala Children's Festival (24th)	Cl. (v) promotion and development of traditional arts	In Ernakulam District, Kerala State	13.00	6.00	6.00	Cochin Shipyard Recreation Club, Cochin Shipyard Limited, Ernakulam District	5000 Students

Name of Project with a brief	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 wise (₹ Lakhs)	Amount spent on the projects or programs Sub-heads: (1)Direct expenditure on project or programs (2)Overheads (₹ Lakhs)*	Cumulative Expenditure up to the reporting period (₹ Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries	
13	Financial Assistance for the "Special Disability Camp-Jyothi" organized by District Administration, Ernakulam	Cl. (i) promoting health care including preventive health	Ernakulam District in Kerala State	4.00	4.00	4.00	District Administration, Ernakulam District	1400 Differently Abled Persons
<b>Total</b>			<b>72.39</b>	<b>56.56</b>	<b>58.10</b>			
<b>C INDIRECT EXPENSES</b>								
1	Overhead/Administrative Expenses		5.29	16.90	16.90			
<b>Total A + B + C</b>			<b>968.23</b>	<b>627.16</b>	<b>838.67</b>			

# Annexure-3

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF COCHIN SHIPYARD LIMITED, KOCHI FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of **Cochin Shipyards Limited** for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the 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 14 July 2016.

I, on 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 Shipyards Limited** for the year ended 31 March 2016. 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, CHENNAI**

Place : Chennai  
Date : 12.09.2016

# Annexure-4

## Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2016

[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 Building, 39/6080  
Cochin Shipyard Premises  
Perumanoor, M.G. Road  
Ernakulam, Kerala - 682015

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 the Company's 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 31st March 2016 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 31st March 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. 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 as amended;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (to the extent applicable);

(c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (to the extent applicable);

vi. As informed to us, the following other laws are specifically applicable to the Company:

1. The Factories Act, 1948;
2. The Environment (Protection) Act, 1986;
3. The Water (Prevention and Control of Pollution) Act, 1974;
4. The Air (Prevention and Control of Pollution) Act, 1981;

5. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
6. The Electricity Act, 2003 and Central Electricity Regulations 2010;
7. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
8. Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises;
9. The Central Vigilance Commission Act, 2003;
10. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
11. The Public Premises (Eviction of Unauthorized Occupants) Act, 1971 as amended.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards relating to Board (SS 1) and General Meetings (SS 2) issued by The Institute of Company Secretaries of India;
- (ii) 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 report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. 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 notices were 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.

All decisions of the Board were unanimous and the same was 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 instances of:

- i. Public/Right/Preferential issue of shares / debentures/sweat equity;
- ii. Redemption / buy-back of securities;
- iii. Major decisions taken by the members in pursuance to Section 180 of the Act;
- iv. Merger / amalgamation / reconstruction etc.;
- v. Foreign technical collaborations.

This Report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this Report.

**For SVJS & Associates**  
Company Secretaries

**P. Sivakumar**  
Managing Partner  
C.P. No. 2210

Kochi  
19.07.2016

# ANNEXURE A

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

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. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination is 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 2016 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.

**For SVJS & Associates**  
Company Secretaries

**P. Sivakumar**  
Managing Partner  
C.P. No. 2210

Kochi  
19.07.2016



# Annexure-5

## FORM NO. MGT 9

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2016

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

#### I. REGISTRATION & OTHER DETAILS:

1. CIN	U63032KL1972GOI002414
2. Registration Date	29th 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 Ph: +91 484-2501200 Fax: + 91 484-2370897 e-mail: secretary@cochinshipyard.com website: www.cochinshipyard.com
6. Whether listed company	Yes/ <del>No</del> 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 Ph: 022 - 2594 6970 Fax: 022-2594 6969 e-mail: rnt.helpdesk@linkintime.co.in website: www.linkintime.co.in

#### 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	81.34
2	Specialised Repair and maintenance of ships and floating structures	3315	18.41

#### 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

#### 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 01st April 2015]				No. of Shares held at the end of the year [As on 31st March 2016]				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
<b>(1) Indian</b>										
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	Nil
c) State Govt(s)	-	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil	Nil
<b>(2) Foreign</b>										
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Total shareholding of Promoter (A)(1)+ (A)(2)</b>	<b>Nil</b>	<b>11,32,80,000</b>	<b>11,32,80,000</b>	<b>100</b>	<b>Nil</b>	<b>11,32,80,000</b>	<b>11,32,80,000</b>	<b>100</b>	<b>Nil</b>	<b>Nil</b>
<b>B. Public Shareholding</b>										
<b>1. Institutions</b>										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2015]				No. of Shares held at the end of the year [As on 31st March 2016]				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	
i) Others (specify)	-	-	-	-	-	-	-	-	-	
<b>Sub-total (B)(1):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
<b>2. Non-Institutions</b>										
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	-	-	-	-	-	-	-	-	-	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-	
Foreign Nationals	-	-	-	-	-	-	-	-	-	
Clearing Members	-	-	-	-	-	-	-	-	-	
Trusts	-	-	-	-	-	-	-	-	-	
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-	
<b>Sub-total (B)(2):-</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	
<b>Grand Total (A+B+C)</b>	<b>Nil</b>	<b>11,32,80,000</b>	<b>11,32,80,000</b>	<b>100</b>	<b>Nil</b>	<b>11,32,80,000</b>	<b>11,32,80,000</b>	<b>100</b>	<b>Nil</b>	

**(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

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)-Nil**

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%

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

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:**

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				
Cmdr K Subramaniam (DIN: 01957227) (upto 31st December 2015)	100	-	100	-
Shri Paul Ranjan, Director Finance (DIN: 06869452)	100	-	100	-
Shri Barun Mitra, Nominee Director, Government of India (DIN: 07012558)	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	
	-	-	-	-
	-	-	-	-
At the end of the year				
Shri Paul Ranjan Director Finance (DIN: 06869452)	-	-	100	-
Shri Barun Mitra Nominee Director, Government of India (DIN: 07012558)	-	-	100	-

The Directors hold shares on behalf of the Government of India.

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

₹ Crores

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

## 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
		Cmde K Subramaniam Chairman & Managing Director (up to 31st Dec, 2015) DIN: 01957227	R S Sundar Director (Operations) (up to 31st Aug, 2015) DIN: 05115372	Paul Ranjan Director (Finance) DIN: 06869452	Sunny Thomas Director (Technical) DIN: 06882228	Madhu S Nair Chairman & Managing Director DIN: 07376798	
1	Gross Salary	43,46,410	24,62,619	29,49,818	29,56,962	7,13,533	134,29,341
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-	-
	(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	-	-	-	-	-	-
	<b>Total (A)</b>	<b>43,46,410</b>	<b>24,62,619</b>	<b>29,49,818</b>	<b>29,56,962</b>	<b>7,13,533</b>	<b>134,29,341</b>
	Ceiling as per the Act	In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5th June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.					

## B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		N Raghuram Non Official Part Time Director DIN: 03540241	S Mohan Non Official Part Time Director DIN: 02187956	G.C Gopala Pillai Non Official Part Time Director DIN: 00083936	Roopa Shekhar Rai Non Official Part Time Director DIN: 07565156	Radha Krishnan Menon Non Official Part Time Director DIN: 07518727	
1	Independent Directors						
	Fee for attending Board/Committee meetings	1,40,000	1,60,000	1,60,000	-	-	4,60,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>1,40,000</b>	<b>1,60,000</b>	<b>1,60,000</b>	<b>-</b>	<b>-</b>	<b>4,60,000</b>
2	Other Non-Executive Directors						
	Fee for attending Board/Committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B)=(1+2)</b>	<b>1,40,000</b>	<b>1,60,000</b>	<b>1,60,000</b>			<b>4,60,000</b>
	<b>Total Managerial Remuneration</b>						<b>1,38,89,341</b>
	Overall Ceiling as per the Act	In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5th June 2015; Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.					

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Kala V Company Secretary	Total
1	Gross salary	22,45,822	22,45,822
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify...	-	-
5	Others, please specify	-	-
	<b>Total</b>	<b>22,45,822</b>	<b>22,45,822</b>

**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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Kochi  
12th July 2016

**Madhu S Nair**  
Chairman & Managing Director  
DIN: 07376798



# 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 consistently for the last several years.

## 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 2016 was as follows:-

No	Name of Director	Director Identification Number (DIN)	Category of Directorship
1	Shri Madhu S Nair, Chairman & Managing Director*	07376798	Executive Director
2	Shri Paul Ranjan D	06869452	Executive Director
3	Shri Sunny Thomas	06882228	Executive Director
4	Shri Barun Mitra, IAS, Joint Secretary (Shipping), Ministry of Shipping, Govt. of India	07012558	Nominee of Government of India
5	Shri Elias George, IAS	00204510	Nominee of Government of Kerala
6	Smt. Roopa Shekhar Rai **	07565156	Non Official Part Time Director (Independent Director)
7	Shri Radhakrishna Menon **	07518727	Non Official Part Time Director (Independent Director)
8	Adv. Krishnadas E **	02731340	Non Official Part Time Director (Independent Director)

\* Ministry of Shipping vide letter No.SY-11011/1/2009-CSL dated 11 December 2015 appointed Shri Madhu S Nair as Chairman & Managing Director in place of Cmde K Subramaniam for a period of five years from assumption of charge of the post or till the date of superannuation or until further orders whichever is the earliest. Shri Madhu S Nair took the charge as Chairman & Managing Director with effect from 01st January 2016.

\*\* Ministry of Shipping vide letter No.SS-11012/05/2014-SY.II dated 21st March 2016 appointed Smt. Roopa Shekhar Rai, Shri. Radhakrishna Menon and Adv. Krishnadas E as Non Official Part Time Directors (Independent Directors).

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:

Name of Director	Attendance of meeting during 2015-16		No. of other Directorship(s)		Other Board Committees	
	Board Meetings	Last AGM	Chairman	Member	Chairman	Member
Shri Madhu S Nair *	1	-	-	-	-	-
Cmde K Subramaniam	6	Yes	-	-	-	-
Shri Barun Mitra, IAS	5	No	-	-	-	-
Shri Elias George, IAS	3	No	-	-	-	-
Capt. R S Sundar #	2	-	-	-	-	-
Shri Paul Ranjan D	7	Yes	-	-	-	-
Shri Sunny Thomas	5	Yes	-	-	-	-
Shri N Raghuram \$	5	Yes	-	-	-	-
Dr S Mohan \$	5	Yes	-	-	-	-
Dr G C Gopala Pillai \$	5	Yes	1	5	-	-
Smt. Roopa Shekhar Rai @	-	-	-	-	-	-
Shri Radhakrishna Menon @	-	-	-	-	-	-
Adv. Krishnadas E @	-	-	-	-	-	-

- 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.

\* Ministry of Shipping vide letter No.SY-11011/1/2009-CSL dated 11 December 2015 appointed Shri Madhu S Nair as Chairman & Managing Director in place of Cmde K Subramaniam for a period of five years from assumption of charge of the post or till the date of superannuation or until further orders whichever is the earliest. Shri Madhu S Nair took the charge as Chairman & Managing Director with effect from 01st January 2016.

# Capt R S Sundar has resigned from the Board of Directors of CSL with effect from 31st August 2015.

\$ Shri N Raghuram, Dr. S Mohan and Dr. G.C Gopala Pillai have demitted their office with effect from 26th November 2015 having completed tenure of three years from the date of appointment.

@ Ministry of Shipping vide letter No.SS-

11012/05/2014-SY.II dated 21st March 2016 appointed Smt. Roopa Shekhar Rai, Shri Radhakrishna Menon and Adv. Krishnadas E as Non Official Part Time Directors (Independent Directors) with effect from 21st March 2016.

Shri N V Sureshbabu took over charge as Director (Operations) on 26th April 2016.

#### Details of Board Meetings held during 2015-16

4. Seven Board Meetings were held during the year 2015-16 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	21 April 2015	9	8
2	13 May 2015	9	7
3	29 July 2015	9	7
4	25 September 2015	8	6
5	13 November 2015	8	7
6	22 December 2015	5	4
7	16 February 2016	5	5

### 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.
- 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 take 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 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 with

the consent of all directors present at the meeting.

#### **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 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. During the financial year 2015-16, the Board of CSL had four Committees viz. Audit Committee, Nomination & Remuneration Committee, Contracts & CAPEX Committee, Corporate Social Responsibility and Sustainability Development Committee. All the Independent Directors had vacated office with effect from 26th November 2015 after completing

their tenure of appointment by Government of India. Subsequently, three Independent Directors were appointed by Government of India on 21st March 2016. Subsequently, all statutory Committees were reconstituted at the 225th Board Meeting held on 07th May 2016.

#### **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 at the 225th Board Meeting held on 07th May 2016.

#### **Terms of reference of Audit Committee**

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.

- (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.

**Powers of the Audit Committee: -**

13. The Committee is entrusted with the following powers:
  - a) To investigate any activity within its terms of reference.
  - 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 Radhakrishna Menon, Non Official Part Time Director as Chairman, Adv. Krishnadas E, 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 the Committee.

**Audit Committee meetings held during 2015-16 and attendance:**

18. The Committee met five times during the year 2015-16 on 20th April 2015, 12th May 2015, 28th July 2015, 25th September 2015, and 13th November 2015. The necessary quorum was present at these meetings. Pending appointment of Independent Directors by Government of India, a Finance Sub Committee was constituted by the Board and a meeting was held on 16th February 2016. The attendance during the meeting was as follows:

**Audit Committee**

Name of the Director	20 Apr 15	12 May 15	28 Jul 15	25 Sep 15	13 Nov 15
Shri N Raghuram	√	√	√	√	√
Shri Elias George IAS	x	x	x	x	x
Dr. S Mohan	√	√	√	√	√
Dr. G C Gopala Pillai	√	√	√	√	√

**Finance Sub Committee**

Name of the Director	16 Feb 2016
Shri Elias George IAS, Official Part Time Director, Government of Kerala	√
Shri Sunny Thomas, Director (Technical)	√

**Nomination & Remuneration Committee**

19. The Remuneration Committee of Cochin Shipyard Limited was constituted vide Circular Resolution adopted on 13th December 2008 and was reconstituted 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.

**Terms of reference**

20. The following are the terms of reference of the Nomination & Remuneration Committee:
  - a) To identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
  - b) To recommend to the Board a policy, relating to the remuneration for the 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.

**Composition**

21. As on date, the Committee comprises of Shri Krishnadas E, Non Official Part Time Director as Chairman, Shri Elias George IAS, Official Part Time Director, Smt. Roopa Shekhar Rai, Non Official Part Time Director, as members.

### Nomination & Remuneration Committee meetings held during 2015-16 and attendance:

22. One meeting of the Nomination & Remuneration Committee was held during 2015-16 on 25th June 2015. The necessary quorum was present at the meeting. The attendance during the meeting was as follows:

Sl No	Name of the Member	25th June 2015
1	Shri N Raghuram \$	√
2	Dr. S Mohan \$	√
3	Dr. G C Gopala Pillai \$	√
4	Shri Paul Ranjan	√
5	Shri Barun Mitra IAS	x
6	Adv. Krishnadas E @	-
7	Shri Elias George @	-
8	Smt. Roopa Shekhar Rai @	-

\$ Shri N Raghuram, Dr. S Mohan and Dr. G.C Gopala Pillai have demitted their office with effect from 26th November 2015 having completed tenure of three years from the date of appointment.

@ Ministry of Shipping vide letter No.SS-11012/05/2014-SY.II dated 21st March 2016 appointed Smt. Roopa Shekhar Rai, Shri Radhakrishna Menon and Adv. Krishnadas E as Non Official Part Time Directors (Independent Directors) with effect from 21st March 2016. The Nomination & Remuneration Committee was reconstituted at the 225th Board Meeting held on 07th May 2016 by inducting Non Executive Directors.

### Remuneration Policy

23. 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 executives 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.

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

### Sitting fees

25. 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 2015-16 is as follows:

Sl No	Name	Fees (in ₹)
1	Shri N Raghuram	1,40,000
2	Dr. S Mohan	1,60,000
3	Dr. G C Gopala Pillai	1,60,000
<b>Total</b>		<b>4,60,000</b>

### Contracts & CAPEX Committee

26. 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 on 30th March 2015. The present committee was constituted by way of Circular Resolution No.02/2015 adopted on 30th March 2015.

### Composition

27. As on date, the Committee comprises of Shri Paul Ranjan D, Director (Finance), Shri Sunny Thomas, Director (Technical), as members. The Committee will be reconstituted after appointment of three more independent directors by Government of India.

### Terms of reference

28. 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:

29. Two meetings of the Contracts & CAPEX Committee were held during 2015-16 on 20th April 2015 and 13th November 2015. The necessary quorum was present at these meetings. The attendance during the meetings was as follows:

Sl No	Name of the Member	20th April 2015	13th November 2015
1	Dr. S Mohan	√	√
2	Dr. G C Gopala Pillai	√	√
3	Shri N Raghuram	√	√
4	Capt R S Sundar #	√	-
5	Shri Paul Ranjan	√	√
6	Shri Sunny Thomas	√	√

# Capt R S Sundar had resigned from the Board of Directors of CSL with effect from 31st August 2015.

### Corporate Social Responsibility & Sustainability Development Committee

30. 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 matters relating to Corporate Social Responsibility in CPSEs.
31. The Sustainability 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.
32. Company decided to merge the Corporate Social Responsibility

Committee and Sustainability Development Committee to decide the matters relating to CSR activities in line with the guidelines laid down under schedule VII of the Companies Act 2013. The present Corporate Social Responsibility Committee and Sustainability Development Committee was re-constituted at the 225th Board Meeting held on 07th May 2016.

### Composition

33. As on date, the Committee comprises of Smt. Roopa Shekhar Rai, Non Official Part Time Director as Chairman of the Committee, Shri Radhakrishna Menon, Non Official Part Time Director, Shri Paul Ranjan D, Director (Finance), Shri Sunny Thomas, Director (Technical), as members.

### Terms of reference

34. The following are the terms of reference of the Corporate Social Responsibility & Sustainability Development Committee:
- Recommend CSR and Sustainability Development policy to the Board.
  - Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and Sustainability development.
  - To recommend the Annual CSR and Sustainability Development Plan and Budget.
  - Periodic review of CSR & Sustainability Development policy, plan and budgets.

### CSR & SD Committee meetings held during the year and attendance

35. Three CSR & SD Committee Meetings were held during the year 2015-16 on 06th April 2015, 24th June 2015 and 03rd November 2015. The attendance during the meetings were as follows:

Sl No	Name of Director	06th April 2015	24th June 2015	03rd November 2015
1	Dr. G C Gopala Pillai	√	√	√
2	Dr. S Mohan	√	√	√
3	Shri Paul Ranjan	√	√	√
4	Shri Sunny Thomas	√	√	√
5	Shri N Raghuram	-	-	√

Shri N Raghuram was inducted in to the Committee vide Circular Resolution 03/2015 adopted on 25th June 2015.

### Meetings of Independent Directors

36. According to Schedule IV to the Companies Act, 2013 a separate meeting of the Independent Directors of the Company was held on 22nd January 2015 which was attended by Shri G C Gopala Pillai, Shri N Raghuram, Dr Seetharaman Mohan and VAdm (Retd) SKK Krishnan.

### General Body Meetings

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

Year	Date	Time	Venue	Special resolution passed
2014-15	25 Sep 2015	10.00 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin 682 015	Nil
2013-14	29 Sep 2014	15.00 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin 682 015	Nil
2012-13	25 Sep 2013	15.00 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 198th meeting held on 22nd February 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. During the period under report no personnel has been denied access to the Audit Committee.
- (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.

- (v) Details of Presidential Directives issued by Central Government and their compliance during the year and also in the last three years

The company has complied with all presidential directives issued by Central Government regarding the operation of PSUs.

- (vi) Items of expenditure debited in books of accounts, which are not for the purposes of the business.  
NIL
- (vii) Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.  
NIL
- (viii) The administrative and office expenditure of the company for the year 2015-16 was 2.42 % of the total expenditure as against 1.47 % in 2014-15. Financial expenditure stood at 0.71 % of the total expenditure in 2015-16, against 1.16 % in the previous year.

### Code of Conduct

38. 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 2015-16. 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 2015-16*

**Madhu S Nair**  
Chairman and Managing Director  
(DIN: 07376798)



## CEO/CFO Certification

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

### Risk Management Process

40. 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.

41. 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

42. 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 41st Audit Committee Meeting held on 11th July 2016 and 226th Board Meeting held on 12th July 2016.

### Share holding pattern

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

Sl No	Shareholder	Number of Equity Shares
(i)	The President of India	11,32,79,700
(ii)	Shri Barun Mitra, IAS, JS(S), Ministry of Shipping, GOI	100

Sl No	Shareholder	Number of Equity Shares
(iii)	Cmdr K Subramaniam, former Chairman & Managing Director	100
(iv)	Shri Paul Ranjan, Director (Finance)	100
<b>Total</b>		<b>11,32,80,000</b>

### Means of Communication

44. 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](http://www.cochinshipyard.com). The website of the company also displays all official news releases.

### Training Board Members

45. The Board members of CSL are 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

# Details of Managerial Remuneration

Amount in ₹

Name of the Director	Total of Basic Pay, DA, HRA & other perks & Allowances	Performance Related Payment	Performance Criteria	Details of Service Contracts, Notice period, severance fees	Stock Option details	Total
Cmde K Subramaniam, Chairman & Managing Director (Upto 31 December 2015)	24,54,919	18,91,491	Based on performance criteria laid down by DPE	Appointed vide MOS letter No.SY-11011/ 1/2009-CSL dated 31st 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	43,46,410
Shri Madhu S Nair Chairman & Managing Director (From 01 January 2016)	7,13,533	-	Same as above	Appointed vide MOS letter No. SY-11011/ 1/2009-CSL dated 11th December 2015 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 Madhu S Nair took charge as CMD on 01st January 2016.	NIL	7,13,533
Capt R S Sundar, Director (Operations) Upto 31st August 2015	11,34,687	13,27,932	Same as above	Appointed vide MOS letter No. SY-11012/ 2/2010-CSL dated 16th 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	24,62,619

Amount in ₹

Name of the Director	Total of Basic Pay, DA, HRA & other perks & Allowances	Performance Related Payment	Performance Criteria	Details of Service Contracts, Notice period, severance fees	Stock Option details	Total
Shri Paul Ranjan, Director (Finance)	24,80,238	4,69,580	Same as above	Appointed vide MOS letter No. SY-11012/ 1/2009-CSL Vol-II dated 07th July 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	29,49,818
Sunny Thomas, Director (Technical)	24,74,326	4,82,636	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	29,56,962

Performance Related Payment included above pertains to the period 2013-14 paid during 2015-16

# 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 31-03-2016, 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 and further the Letter of representation received from the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines except in the case of Audit Committee Meetings wherein the

gap between 40th Audit Committee Meeting and 41st Audit Committee Meeting exceeded four months as the Committee ceased to exist due to demission of office of all Independent Directors. In the absence of Independent Directors, the Company had constituted a Finance Sub Committee with the terms of reference of Audit- Committee, the meeting of which was held on 16th February 2016. The Audit Committee was later on reconstituted on 7th May 2016 with the induction of Independent Directors.

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.

**M.C. SAJUMON**, M.COM, ACMA, ACS, ACIS  
Practising Company Secretary  
ACS: 9868, CPN: 2385

Place: Kochi-18  
Date: 05.08.2016

Enclosure III

# 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 2016 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;
4. We have indicated to the Auditors and the Audit Committee that:
  - (i) There is no significant changes, in internal control over financial reporting during the year;
  - (ii) There is no significant changes, in accounting policies made during the year and;
  - (iii) There is no 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.

**Paul Ranjan**  
Director (Finance)  
(DIN: 06869452)

**Madhu S Nair**  
Chairman and Managing Director  
(DIN: 07376798)

Kochi  
12th July 2016

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

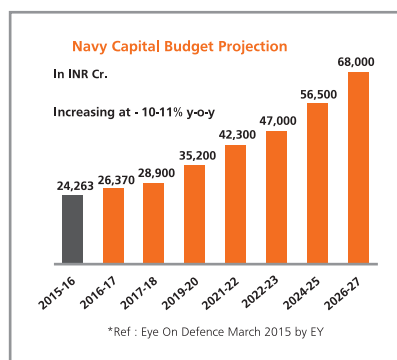
## Government Policy on Shipbuilding and Shiprepair :

1. The “Make in India” policy of the Government of India and its initiatives were the high points of the Industry outlook during the year. The Government of India’s stated vision is to increase the share of Indian shipyards in Global Shipbuilding from 0.4% to 2% in the next 5 years. Towards the above objective, a number of initiatives were taken during the year to improve the competitive strength of the Industry. On 08 April 2016, shipyards were conferred with the infrastructure status vide notification issued by the Department of Economic Affairs, Ministry of Finance. This would entitle the shipyards to avail cheaper long term capital. GOI has also exempted the excise duty on the raw materials and spares used for ship repair as also for capital goods for ship repair. Various procedures for availing customs and central excise exemption for shipbuilding have been simplified.
2. The GOI has also approved a shipbuilding financial assistance policy for Indian shipyards to support the industry and boost its growth. Policies have been approved for extending the right of first refusal to the Indian shipyards for government orders for Shipbuilding/shiprepair under certain conditions. The above measures would give a big impetus to the prospects of the Indian Shipbuilding and shiprepair Industry.

## Indian Shipbuilding and Shiprepair Industry

### Defence Shipbuilding

3. The Indian Defense Shipbuilding market looked promising with the published reports indicating a growth of 10% CAGR in Navy outlay during the period 2000-2014. As per published report the estimated defense sector opportunity in shipbuilding in the next 10 years is above ₹4,00,000 crores.



### Commercial Shipbuilding

4. Indian commercial shipbuilding market is expected to open up opportunities in the sectors of Large LNG carriers, Small and Coastal LNG vessels, Vessels for Inland waterways, Coastal Shipping, Dredgers etc. LNG fuelled vessels also present an exciting area of interest.
5. Promotion of Coastal Shipping / Inland Water ways is one of the focus areas of the Government of India. In the Vision document

for Coastal Shipping, Tourism and Regional Development, the GOI has set a target of 10% increase in coastal cargo by the year 2020 and has identified number of key measures in immediate, short term, medium term and long term interventions for facilitating and encouraging the Coastal Shipping. Some of the major immediate and short term interventions identified by GOI include funding/ financial support, waiver of duties in certain cases, simplification of customs regulations, cabotage relaxation for certain vessels etc. With the encouragement of Coastal Shipping, a domestic demand growth in the next five years is expected.

6. The new Inland waterways bill passed by the parliament in March 2016 aims to convert an additional 106 inland waterways into National waterways (in addition to the 5 National waterways at present). The promotion of coastal shipping and inland waterways would require the necessary dredging and this would give a boost to the dredging sector as well as other cargo carriers.
7. As stated earlier, owing to the GAIL tender for 9 LNG carriers (LNGC) out of which 3 are slated to be built in India, exciting possibility has been opened up for India to join the league of countries constructing such LNGC’s. To successfully construct LNGC’s substantial technical and project management challenges are to be surmounted. This would however

lead to substantial development of capabilities, capacities and an overall improvement of the shipbuilding culture in the country. Apart from the requirement for M/s GAIL, requirements for medium/ small sized LNG carriers are also anticipated.

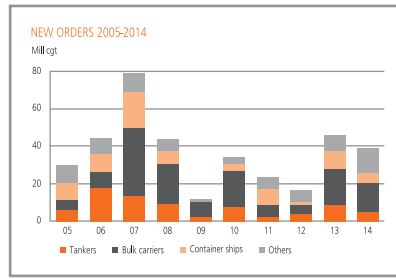
### Shiprepair

8. The overall growth in Indian EXIM trade and major investments being planned in the Port sector will lead to substantially more number of vessels calling on Indian ports in the near future. Support to coastal and inland waterways is also expected to boost the domestic demand for shiprepair. The demand growth coupled with the shortage of adequate shiprepair capacity may lead to a spurt in revenues in the short to medium term. Cochin Shipyard continues to be the biggest player in the Indian Shiprepair market. The Government's "Make in India" policy and as an offshoot, the policy of "the right of first refusal" to Indian yards for government projects, exemptions on excise duty for materials for repairs and capital investments in shiprepair etc would be a big boost to the domestic shiprepair industry.
9. The rapid expansion of the Indian Naval and the Indian Coast guard fleets would lead to substantially more vessels being considered for outsourced refits, which augur well for the shiprepair industry.

### Global Industry Scenario

#### MERCHANT VESSELS

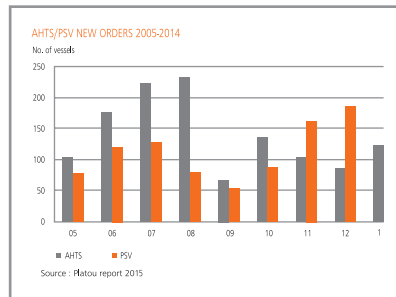
10. The global shipbuilding industry marginally recovered in 2014 after the downturn in 2007. The global merchant fleet which was slated to grow by 4-5% in 2015, however, did not show the expected growth.



11. As per the report published by Clarksons Research the overall contracting of new vessels in 2015 dropped by 40% to 1,306 units from 2,162 in 2014, with estimated new build investment falling from \$113bn to \$69bn. The overall new building price index fell by 5% over the year.

### OFFSHORE MARKET

12. Considering the increasing production activities offshore, the demand of PSVs were expected to rise in 2015-16, but did not show much improvement. Drop in oil prices have slowed down the offshore industry activities which affected Offshore vessel market adversely.



### Operations

13. CSL's performance in the previous year on both the shipbuilding and shiprepair front has been commendable. The company could maintain the shipbuilding income at ₹1623.55 crores, marginally less than the previous years figure of ₹1643.00 crores. The yard delivered one Buoy tender vessel to the

Directorate General of Lighthouses and Lightships (DGLL) and six FPVs to the Indian Coast Guard during the year. The yard is also progressing well on the Indigenous Aircraft Carrier (IAC) project. The shafting work on the ship has been completed. Significant progress on major piping work below fourth deck has been completed, HVAC ducting work and the cabling work is in progress. The work on deck machinery like the anchor capstan and mooring capstan has been completed and setting to work will commence shortly. The part of the accommodation work has also been commenced. However, delays in delivery of certain bought out equipment on the IAC project is a matter of concern which is being addressed with due priority. The hull fabrication facilities have operated at peak levels for the large jacket launch barge which the yard is constructing for NPCC Abudhabi.

14. The highlight of the company's operations was the outstanding performance of the Shiprepair department which posted a turnover of ₹ 367.49 crores as compared to ₹ 195.95 crores last year. The company's strategy to have a mix of major defence orders on competitive tender and forging MOUs with DCI and LDCL for their ships contributed to the stellar performance.
15. The company is looking into possibilities on high ended/ defence repairs such as submarines/Aircraft Carriers/ weapon platforms where there could be opportunities if the navy decides to outsource refits. The ship repair revenue from ships of DCI/LDCL etc for which the Company has forged MOU arrangements are also an important component for the Yard.

## Financial Information

16. The financial information of the company pertaining to the last decade is given below:

Years	Paid up capital	Nominal value of shares (₹ per share)	Capital employed	Net worth	Profit Before Tax	Tax on Profits paid	Net Profits	EPS	Dividend	Payout ratio
15-16	113.28	10	1611.84	1732.15	424.08	149.05	275.03	24.28	86.65	0.32
14-15	113.28	10	1621.24	1561.00	367.56	132.49	235.07	20.56	16.99	0.07
13-14	113.28	10	1389.98	1352.41	290.96	96.71	194.24	17.15	16.99	0.08
12-13	113.28	10	970.84	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	232.42	1000	496.60	323.45	85.77	27.66	58.11	513	Nil	Nil

### Proposed/ Declared Dividend

17. As per Office Memorandum F.No. 5/2/2016-Policy dated 27th May 2016 issued by Department of Investment and Public Asset Management (DIPAM), every CPSE have to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Accordingly, your Directors are pleased to recommend a dividend of ₹ 7.65 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 ₹ 104.29 crores.

### Segment wise/ Product wise performance

18. 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-I to this report.

### SWOT

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

#### Strengths:

- 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.
- A well planned and laid out shipyard enabling smooth work flow.
- A modern "State of the Art" Design Centre manned by highly trained, experienced and competent Naval Architects/ Engineers, draftsman etc.
- Highly evolved shipbuilding processes and practices permitting modular construction of ships.
- A very good product mix compatibility comprising of defence ships, commercial ships, offshore support ships.

- Availability of quality sub contractors and good supply chain network.
- 'State of art' facilities especially in terms of craneage, transporters, covered mobile shops, covered marine coating facility, high quality welding equipment, international standard hull fabrication facilities substantial material storage facilities etc.
- The shipyard has the ability to constantly innovate to resolve technical problems.

#### Weakness

- Virtually nonexistent indigenous ancillary industries and consequential non availability of major equipment /raw materials in India.
- Infrastructure constraints due to non availability of large sized dock to build and repair ships beyond 1,10,000 DWT and 1,25,000 DWT respectively. (This will be overcome with the proposed new drydock )



- c. Comparatively higher social and employee overheads and certain restrictive labour practices especially for contracting labour.

### Opportunity

- a. Projected increase in requirement of ships for the domestic commercial segment, owing to the new GOI policy to encourage "Make in India".
- b. Projected demand in the defence sector Indian Navy's requirement for a second Aircraft Carrier.
- c. Indian Navy, Coast Guard and other maritime security agencies have embarked on an ambitious expansion programme which will open new opportunities.
- d. Potential Opportunities in construction of LNG ships based on the GAIL tender for shipping LNG which stipulates that 3 ships should be built in India. Opportunities also likely for small / coastal LNG vessels.
- e. LNG fuelled vessels, both deep sea and coastal.
- f. Emerging opportunities in the Inland waterways and Coastal shipping sector in India.

### Threat

- a. Distress pricing policies of competitors. Yards in financial stress have resorted to unviable pricing and delivery commitments. 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.
- b. Adverse reputational impact on the Indian Shipbuilding industry due to under performance by Indian yards.
- c. Rising cost of labour.

### Strategic Plan

20. 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 set for 2015-16 has been achieved.

- (a) The Company secured orders for one Technology Demonstration vessel from DRDO and four passenger ships for the Andaman and Nicobar islands. The total value of these 5 shipbuilding contracts is about ₹1650 crores.
- (b) The yard has entered into technology agreements with M/s Samsung Heavy Industries, Korea for the LNG vessels for GAIL. The Yard has successfully completed evaluation by GTT France and have obtained the license from them for constructing LNG vessels with containment tanks using their patented Mark III Flex membrane systems.
- (c) The Company has received the approval of the Cabinet Committee on Economic Affairs (CCEA) to issue 3,39,84,000 equity shares of ₹ 10 each consisting of fresh issue of shares and sale of shares by the government . This would help in funding the expansion projects conceived to strengthen the Yards capabilities.

21. The following further action plans are underway to overcome certain weaknesses and to consolidate the Company's strength

- i. The project for setting up of the International Shiprepair Facility at Cochin Port Trust

premises is underway. The new facility would strengthen the Company's position in the segment and would be a major step towards positioning Kochi as a major shiprepair hub. Government clearance subject to final environmental clearance has been accorded. The proceedings for obtaining environmental clearance are at a very advanced stage.

- ii. CSL is planning to construct one more large dry dock of size 310 x 75/60 x 13 M in its existing premises at Kochi to enable the Yard to build large ships viz. LNG vessels, large merchant vessels, new generation aircraft carrier etc. The dock will also enable CSL to undertake repairs of these vessels as also Jack up Rigs, semi submersibles etc. The Public Investment Board (PIB) has granted in principle clearance and approval from the GOI is in advanced stages. The proceedings for obtaining environmental clearance is progressing.
- iii. Identification of suitable alliances for specialist outsourcing. Developing a 'hub' for such specialist marine firms.
- iv. Strengthening the Design capabilities by setting up a full fledged Basic Design and R&D group.
- v. Consolidating, strengthening and furthering the skilling and training activities of CSL under a 'Skill Academy'.

### Product Diversification

22. CSL has identified construction of large LNG carriers, smaller LNG carriers and LNG fuelled vessels as a major area of product diversification and has forged

technology agreements with M/s Samsung Heavy Industries, Korea. Necessary license has been obtained from M/s GTT, France for the membrane containment systems for LNG carriers. CSL is also working towards creating capabilities for small/ coastal LNG carriers.

### Review of Strategic Plan

23. The Strategic plan will be reviewed by the top management of CSL every year and the strategies refined, according to the changes in the business environment to achieve the vision of CSL. A strategic visioning exercise was conducted at IIM Kozhikode with the participation of key personnel of CSL on 11th and 12th July 2016.

### Internal Control

24. 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. A review of the internal control procedures was undertaken by M/s Varma and Varma , Internal Auditors as a separate exercise during the year.

### Human Resource Development

25. 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.

26. The Shipyard places a lot of emphasis on safety. The Shipyard conforms to ISO 18001 -2001 OSHAS certified by DNV-GL. 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

27. 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 woman 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.
28. Maternity leave has been enhanced from 90 days to 180 days.

### Industrial Relations

29. 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.

30. 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 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 contractor's 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

31. CSL continuously strives for conservation and upgradation of technology to remain competitive in the global shipbuilding market. Towards this the Company has taken the following initiatives.

- i. Development of in-house basic design for double ended roll on roll off (RO-RO) vessels for the local administration. The vessels which would be used for transportation of trucks and cars would reduce the traffic congestion in the city.
- ii. Developed digitally, the hull and outfit/design models for Cargo Launch barge and double ended RO-RO vessel.
- iii. Fluid Flow 3 software used for pipe sizing for the Cargo Launch barge and double ended RO-RO vessel. Piping diagrams were prepared based on the above and Class approval obtained.
- iv. In-house development of complete production engineering design for a Cargo Launch barge for a foreign client and RO-RO vessel in 3D hull and entire outfit modeling in Tribon.
- v. In-house 3D hull modeling, machinery and outfit modeling of Ship 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. In-house 3D modeling of Aviation Facilities like Aircraft Salvage Equipment, Cradles/Racks/Cross Bars for MIG-29K and Light Signaling System (Saturn) for integration of

these equipments onboard Indigenous Aircraft Carrier based on the details received from M/s Rosoboronexport Russia.

- vii. In-house 3D modeling of fire fighting system for Engine room and DA rooms of IAC and preparation of production drawings based on the details received for this system from foreign OEMs.
- viii. In-house 3D modeling of Aviation fuel (AVCAT) system for IAC and integration of the same in the ship based on the details received for this system from foreign OEMs.
- ix. In house 3D modeling of Integrated Platform Management System (IPMS), Ship Data Network (SDN) and Integrated Bridge System of IAC.
- x. In house development of Human Machine Interface (HMI) of IPMS system for control and monitoring of entire IAC with the help of M/s BHEL.
- xi. In-house 3D modeling of fire fighting system for AVCAT system for IAC and preparation of production drawings based on the details received for this system from foreign OEMs.
- xii. Design of Rezistor E equipment and Aircraft Control /Aircraft Direction module software for Aviation Facility in IAC with the help of M/s Rosoboronexport Russia.
- xiii. In house development of software for the cable scheduling and nesting in ship with integration to Tribon M3/ 3D software.
- xiv. Development of the structural design for the fabrication of

a mock up and construction of mock up for obtaining the license for Mark III from GTT, France. Obtaining the license was a crucial step towards establishing LNG carrier construction capability for the yard.

- xv. In house development and fabrication of special jigs and fixtures for the installation of long shafts of IAC.
- xvi. In house development of basic design and production drawings for spacer pontoons for berthing IAC.
- xvii. In house development of basic design and production drawings Conversion of buoyancy pontoon used for undocking of IAC to a spacer pontoon

## Corporate Social Responsibility (CSR) and Sustainability

32. The CSR initiatives in CSL received much impetus during the year 2015-16, thanks to the more focused and streamlined implementation of CSR Policy and Plan for the year. A dedicated CSR Cell manned by three full time CSR professionals coupled with CSR oriented CSL Board leadership added pace to bring in desired impact and result for the judiciously identified CSR projects of CSL. In all CSL sanctioned 17 major projects (with project cost more than ₹ 10 Lakhs per project) and 13 minor projects (with project cost less than ₹ 10 Lakhs per projects), with total estimated outlay of ₹ 627.16 Lakhs. The projects spread at length and breadth of Kerala covering the most common fields of CSR interventions appearing in Schedule VII of Companies Act, 2013. However, the major focus areas of CSL CSR continued to be health, education, capacity building, sanitation and drinking water for the economically poor

and weaker sections of the society including the differently abled ones, senior citizens etc.

33. Statutory CSR budget approved and allocated by the Board was ₹ 623.00 Lakhs. Taking into the cumulative carried forward CSR unallocated fund since 2010-11 onwards, ₹ 984.11 lakhs was available for CSR for the year under reckoning. Out of the same approximately ₹ 938.00 Lakhs was allocated and committed for various CSR projects approved during the financial year. During the year, though the Company was mandated to spend the minimum targeted CSR spend of ₹ 623.00 Lakhs, CSL could actually spend ₹ 627.16 Lakhs for the various ongoing and completed CSL CSR projects and related indirect expenses. For more details, please refer the annual report on CSR

activities placed at Annexure-2 to Directors' Report.

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

34. 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.
35. 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

36. 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-I

(₹ in lakhs)

	SHIP BUILDING	SHIP REPAIR	UNALLOCATED	TOTAL
EXTERNAL SALES	162839.51	36749.03	1452.29	201040.83
INTEREST			9936.14	9936.14
TOTAL REVENUE	162839.51	36749.03	11388.43	210976.97
ACCRETION(-)/ (DECRETION) TO WORK IN PROGRESS	2575.60	(931.48)	0.00	1644.12
SEGMENT RESULT	37722.91	4042.79	642.35	42408.05
TAX (NET)				14904.93
NET PROFIT				27503.12
<b>OTHER INFORMATION</b>				
SEGMENT ASSETS	131758.42	83880.22	134523.80	350162.44
SEGMENT LIABILITIES	170960.25	17407.89	161794.30	350162.44
CAPITAL EXPENDITURE	1205.37	1487.43	784.93	3477.73
DEPRECIATION	1641.28	927.09	881.42	3449.79

# INDEPENDENT AUDITORS' REPORT

To the Members of Cochin Shipyard Limited

## Report on the Financial Statements

We have audited the accompanying financial statements of COCHIN SHIPYARD LIMITED ('the Company'), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## 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 thereunder.

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. 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 audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, 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 31 March, 2016, 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.20 to the financial statements regarding the basis on which the Company has recognized revenue from ship building/ship repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income;

- ii) Note No: 35 to the financial statements regarding balances under trade receivables, deposits, claims and sundry creditors which are subject to confirmation/reconciliation and consequent adjustment, if any.

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, 2016 ("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 the books and records of the Company and based on the information and explanations given to us, we give in Annexure B, our report on the directions and sub-directions respectively, 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 adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C ; and
- g. 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 31, 32 and 33 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: 0014885

**C. Krishnamoorthy**  
Senior Partner  
Membership number: 05957

Cochin - 16  
14th July, 2016

Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the financial statements of Cochin Shipyard Limited for the year ended 31st March 2016

**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.
  - c) According to the information and explanation given to us and on the basis of our examination of the records of the Company and the confirmation from the Bond Trustees in respect of title deeds deposited with them and based on the details of land and buildings furnished to us by the company, the title deeds of immovable properties are held in the name of the Company.
- ii) We are informed that the physical verification of inventory has been conducted at reasonable intervals by the management and that no material discrepancies were noticed on such verification.
- iii) According to the information and explanation given to us and the records of the Company examined by us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly the reporting requirement under clauses 3(iii) (a), (b) and (c) of the Order are not applicable.
- iv) According to the information and explanation given to us and the records of the Company examined by us, the Company has not given any loans, investments, guarantees, or security as per the provisions of section 185 and 186 of the Act. Accordingly the reporting requirement under clause 3(iv) of the Order is not applicable.
- 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 the Reserve Bank of India and the provisions of Sections 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 not, however, 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 and on the basis of examination of the books of accounts. in respect of Statutory dues:
  - (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities. There were no undisputed material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
  - (b) There are no dues of Duty of Excise which have not been deposited with the appropriate authorities on account of any dispute. The dues of Income tax, Sales tax, Value added tax, Service Tax and Duty of Customs that have not been deposited by the Company on account of disputes, are as per Annexure-D.
- viii) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company does not have any loans or borrowings from any financial institution, banks or government during the year. In respect of Bonds, the Company has not defaulted in payment of any dues.
- ix) According to the information and explanations given to us and the records of the Company examined by us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly the reporting requirement under paragraph 3(ix) of the Order is not applicable.

- x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees have been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) The Company is not a Nidhi company. Accordingly, the reporting requirement under paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standard.
- xiv) According to the information and explanation given to us and the records of the Company examined by us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable.
- xv) According to the information and explanation given to us and the records of the Company examined by us, the Company has not entered into non-cash transactions with directors or persons connected with directors. Accordingly, the reporting requirement under paragraph 3(xv) of the Order is not applicable.
- xvi) According to the information and explanation given to us and the records of the Company examined by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, the reporting requirement under paragraph 3(xvi) of the Order is not applicable.

For **Krishnamoorthy &  
Krishnamoorthy**  
Chartered Accountants  
Firm's registration number: 0014885

**C. Krishnamoorthy**  
Senior Partner  
Membership number: 05957

Cochin - 16  
14th July, 2016



Annexure B referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the financial statements of Cochin Shipyard Limited for the year ended 31st March 2016

**Directions/Sub-Directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 indicating the areas to be examined by the Statutory Auditors.**

We give below our report on the matters referred therein:

**A. Directions**

1. Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available.

Based on our examination of the records of the Company and according to the information and explanations given to us and the confirmation from Bond Trustees in respect of title deeds deposited with them and based on the details of land and buildings furnished to us by the Company, the title / lease deeds for freehold and lease hold land respectively are held in the name of the Company.

2. Whether there are any cases of waiver/write off debts/loans/ interest etc., if yes, the reasons therefore and the amount involved.

During the year, the Company has written off balance due from sundry debtors amounting to ₹9.47 lakhs. As per the policy followed by the company, liquidated damages, where the levies depend on decisions regarding force majeure condition of contract, are accounted for on completion of contract and/or when final decision is taken. Based

on our examination of the records of the Company and according to the information and explanations given to us, Liquidated damages accounted for has not been waived /written off during the year. Based on the explanation given to us, the Company does not have the practice of claiming interest on delayed payment from customers though certain contracts provide for the same.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.

Based on our examination of the records as we considered appropriate and further based on the information and explanations given to us, the Company is maintaining proper records of inventory sent out during the year and lying with third parties. The Company has not received any assets as gift or grant(s) from Government or other authorities.

**B. Sub- Directions**

1. Whether all opening and closing balances were transferred from RAMCO software to SAP system.

Based on our examination of the books and records of the Company and based on the Report on Migration Audit conducted by an External Agency, all closing balances as at 1st July 2014, have been transferred from RAMCO Software to SAP System.

2. Whether revenue expenses which are routed through Asset Settlement Account (200736680) for IAC and (20073670) for others are capitalized? If so, the same may be commented with financial impact.

Based on our examination of the books and records of the Company and according to the information and explanations given to us,

we have not come across any instance of revenue expenses routed through Asset Settlement Account (20073680) for IAC and (20073670) for others nor has it been capitalized.

- 3.a. Whether any expenses disallowed by Navy was accounted for.

Based on our examination of the books and records of the Company, during the financial year 2015-16, claims disallowed by the Indian Navy amounting to ₹10.03 lakhs have been adjusted against income in the books of accounts and claims disallowed amounting to ₹107.76 lakhs have been resubmitted and pending approval, this has not been adjusted in the Statement of Profit and Loss.

- 3.b. Whether Management fee, profit and handling charges due on Cost plus Scope of work in respect of IAC have been correctly billed.

To the best of our knowledge and according to the information and explanation given to us, management fee, profit and handling charges due to Cost plus Scope of work in respect of IAC have been correctly billed and disallowances, if any, has been appropriately adjusted in the books of accounts.

For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm's registration number: 0014885

**C. Krishnamoorthy**  
Senior Partner  
Membership number: 05957

Cochin - 16  
14th July, 2016

Annexure C referred to in paragraph 3 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the financial statements of Cochin Shipyard Limited for the year ended 31st March 2016

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Cochin Shipyard Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our

audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by

the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**C. Krishnamoorthy**  
Senior Partner  
Membership number: 05957

Cochin - 16  
14th July, 2016

Annexure D referred to under clause vii (b) to Annexure A

**Details of dues outstanding with respect to Income tax, Sales tax, Value added tax, Service Tax and Duty of Customs on account of disputes**

(₹ in lakhs)

Name of Statute	Nature of the dues	Amount* (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	63.27	AY 2000-01	Assessing Authority (Case remanded by Income Tax Appellate Tribunal)
Income Tax Act, 1961	Income Tax	8.28	AY 2002-03	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.27	AY 2003-04	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	288.60	AY 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	412.59	AY 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	546.14	AY 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	221.37	AY 2013-14	Commissioner of Income Tax (Appeals)
Kerala General Sales Tax Act, 1963	Sales Tax	49.03	1996-97	Deputy Commissioner (Appeals)
Kerala General Sales Tax Act, 1963	Sales Tax	58.03	1999-00	Assessing Authority, Commercial Taxes (Remanded back to Assessing Officer by the Kerala Sales Tax Appellate Tribunal)
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)
Finance Act, 1994	Service Tax	615.36	Apr 2003- Mar 2007	Custom Excise & Service Tax Appellate Tribunal Bangalore
Finance Act, 1994	Service Tax	46.27	Apr 2007- Dec 2008	Commissioner of the Central Excise (Appeals)
Finance Act, 1994	Service Tax	28.49	Jan 2009- Sep 2009	Commissioner of the Central Excise (Appeals)
Finance Act, 1994	Service Tax	35.87	Oct 2009- Sep 2010	Commissioner of the Central Excise (Appeals)
Finance Act, 1994	Service Tax	43.30	Oct 2010- Sep 2011	Commissioner of the Central Excise (Appeals)
Finance Act, 1994	Service Tax	28.95	Oct 2011- Jun 2012	Commissioner of the Central Excise (Appeals)

(₹ in lakhs)

Name of Statute	Nature of the dues	Amount* (₹)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	4.10	Jul 2012- Sep 2013	Commissioner of the Central Excise (Appeals)
Finance Act, 1994	Service Tax	45.93	Jul 2012- Mar 2013	Commissioner of the Central Excise (Appeals)
Finance Act, 1994	Service Tax	5.37	Oct 2013- Mar 2015	Commissioner of the Central Excise (Appeals)
Customs Act, 1962	Duty of Customs	23.31 (Interest on addl. Duty)	1992-1993	Custom Excise & Service Tax Appellate Tribunal Bangalore
Customs Act, 1962	Duty of Customs	14891.38	2010-2015	Hon'ble High Court of Kerala
Customs Act, 1962	Duty of Customs	27.46 (Interest on addl. Duty)	1984-1990	Custom Excise & Service Tax Appellate Tribunal Bangalore
Customs Act, 1962	Duty of Customs	22.12 (Interest on addl. Duty)	2013-2014	Custom Excise & Service Tax Appellate Tribunal Bangalore

\*Amount mentioned net of taxes paid.

For **Krishnamoorthy & Krishnamoorthy**  
Chartered Accountants  
Firm's registration number: 0014885

**C. Krishnamoorthy**  
Senior Partner  
Membership number: 05957

Cochin - 16  
14th July, 2016

# Balance Sheet

as at 31<sup>st</sup> March 2016

(₹ in lakhs)

Particulars	Note No	As at 31st March 2016	As at 31st March 2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share capital	2	11328.00	11328.00
Reserves and surplus	3	161886.97	144778.68
<b>2 Non-current liabilities</b>			
Long term borrowings	4	12300.00	12300.00
Other long term liabilities	5	261.22	261.22
Long term provisions	6	1896.50	1932.17
<b>3 Current liabilities</b>			
Trade payables :	7		
(i) Outstanding dues of Micro Enterprises and Small Enterprises		1333.82	1030.97
(ii) Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		19653.88	16161.96
Other current liabilities	8	93675.75	80689.58
Short-term provisions	9	47826.30	33042.15
<b>Total</b>		<b>350162.44</b>	<b>301524.73</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
Fixed assets	10		
(i) Tangible assets		29643.54	29678.03
(ii) Intangible assets		7378.00	8065.99
(iii) Capital work in progress		2344.19	1277.83
Non-current investments	11	9.18	19.18
Deferred tax asset (Net)	12	3206.03	1773.03
Long-term loans and advances	13	3822.62	3609.01
Other non-current assets	14	19450.39	3075.05
<b>2 Current assets</b>			
Inventories	15	23163.80	30309.60
Trade receivables	16	46249.98	58505.94
Cash and bank balances	17	182041.36	141944.68
Short-term loans and advances	18	19581.90	17873.88
Other current assets	19	13271.45	5392.51
<b>Total</b>		<b>350162.44</b>	<b>301524.73</b>
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

**MADHU S NAIR**  
Chairman and Managing Director  
DIN - 07376798

Kochi, dated 12th July 2016

Per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy.,**  
Chartered Accountants  
(Firm Registration No.0014885)

**C KRISHNAMOORTHY**  
Senior Partner  
(Membership Number 05957)

Kochi, dated 14<sup>th</sup> July 2016

# Statement of Profit and Loss

for the year ended 31<sup>st</sup> March 2016

(₹ in lakhs)

Particulars	Note No	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>I.</b> Revenue from operations	20	199588.54	185951.49
<b>II.</b> Other income	21	11388.43	9345.14
<b>III. Total revenue (I + II)</b>		<b>210976.97</b>	<b>195296.63</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	22	105432.15	100080.77
Changes in inventories of work-in-progress	23	(1644.12)	(1922.54)
Sub contract and other direct expenses	24	19404.49	16204.11
Employee benefits expense	25	22850.16	23672.51
Finance costs	26	1201.21	1832.16
Depreciation and amortisation expense	27	3719.25	3832.39
Other expenses	28	14347.51	11273.75
Provision for anticipated losses and expenditure	29	3258.27	3567.04
<b>Total expenses</b>		<b>168568.92</b>	<b>158540.19</b>
<b>V Profit before tax (III-IV)</b>		<b>42408.05</b>	<b>36756.44</b>
<b>VI Tax expense:</b>			
Current tax		16403.97	14397.43
Deferred tax	12	(1433.00)	(1457.00)
Prior year tax adjustment		(66.04)	309.38
<b>VII Profit for the year</b>		<b>27503.12</b>	<b>23506.63</b>
<b>VIII Earnings per equity share</b> (Face value of ₹ 10 each):	<b>30</b>		
Basic and Diluted (in ₹)		24.28	20.75
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

**MADHU S NAIR**  
Chairman and Managing Director  
DIN - 07376798

Kochi, dated 12th July 2016

Per our report attached to Balance Sheet

For **M/s Krishnamoorthy & Krishnamoorthy.**,  
Chartered Accountants  
(Firm Registration No.0014885)

**C KRISHNAMOORTY**  
Senior Partner  
(Membership Number 05957)

Kochi, dated 14<sup>th</sup> July 2016

# Cash Flow Statement

For the year ended 31<sup>st</sup> March 2016

(₹ in lakhs)

Particulars	For the year ended 31 Mar 2016	For the year ended 31 Mar 2015
<b>A. Cash flow from Operating Activites</b>		
Net profit before tax	<b>42408.05</b>	<b>36756.44</b>
Adjustments for :		
Depreciation and amortisation	3449.79	3532.15
Write back of Depreciation	(74.52)	0.00
Value of surrendered land written off	5.61	0.00
Interest expense	1104.18	1727.92
Interest income	(9936.14)	(5354.86)
Rental income	(100.13)	(328.05)
Dividend income	(0.54)	(1.09)
Loss on sale of fixed assets	6.27	7.67
Profit on sale of fixed assets	(1.71)	0.00
Loss on derivative contracts (Net)	69.73	(533.96)
Unrealised loss/(gain) on derivative contracts (Net)	1.25	(33.86)
Exchange difference from FE transactions	(22.83)	(734.38)
Diminution in carrying cost of investment	10.00	0.00
Operating cash flow before working capital changes	36919.01	35037.98
Adjustments for working capital changes:		
Inventories	7145.80	9327.13
Trade and other receivables	(47741.38)	(35656.59)
Trade and other payables	20141.15	65162.34
Cash generated from operation before Income Tax	16464.58	73870.86
Income tax paid	13341.80	7485.38
Net cash generated from Operating Activities (A)	<b>3122.78</b>	<b>66385.48</b>



(₹ in lakhs)

Particulars	For the year ended 31 Mar 2016	For the year ended 31 Mar 2015
<b>B. Cashflow from Investing Activities</b>		
Purchase of assets	(3477.73)	(3525.91)
Capital Work In Progress	(1066.37)	(521.31)
Sale or withdrawal of fixed assets	814.72	-
Interest received	9183.25	5227.81
Rent received	100.13	328.05
Net cash from investing operation (B)	<b>5554.00</b>	<b>1508.64</b>
<b>C. Cashflow from Financing Activities</b>		
Short term borrowings	0.00	(21091.84)
Loss/profit on derivative contracts (Net)	(69.73)	533.96
Loss on exchange difference from FE transactions	22.83	734.38
Dividend paid	(1699.20)	(1699.20)
Dividend tax paid	(345.92)	(288.78)
Interest paid	(1097.26)	(1727.92)
Net cash from financing activities (C)	<b>(3189.28)</b>	<b>(23539.40)</b>
<b>D. Net Increase in Cash &amp; Cash Equivalent (A)+(B)+(C)</b>	<b>5487.50</b>	<b>44354.72</b>
Cash and cash equivalent at the beginning of the year	45659.68	1304.96
Cash and cash equivalent at the end of the year	51147.18	45659.68
Net cash increase/ (decrease)	<b>5487.50</b>	<b>44354.72</b>

For and on behalf of Board of Directors

<b>V KALA</b> Company Secretary	<b>SUNNY THOMAS</b> Director (Technical) DIN - 06882228	<b>D PAUL RANJAN</b> Director (Finance) & Chief Financial Officer DIN - 06869452	<b>MADHU S NAIR</b> Chairman and Managing Director DIN - 07376798
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Kochi, dated 12th July 2016

Per our report attached

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

**C KRISHNAMOORTHY**  
Senior Partner  
(Membership Number 05957)

Kochi, dated 14<sup>th</sup> July 2016

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### 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 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 and depreciation

Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment if any. Cost comprises of purchase

price, inward freight, duties, taxes and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance. Capital work in progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

Depreciation on fixed assets is provided on straight-line method based on useful life of the asset as prescribed in Schedule II to the Companies Act, 2013 except in respect of the following items:- For the assets acquired from Cochin Port Trust for International Ship Repair Facility (ISRF), depreciation is provided on the basis of useful life as assessed by technical experts.

#### 1.4 Intangible Asset and amortisation

Cost incurred on Design Development which are not directly chargeable on a product are capitalized as 'Intangible Asset' and amortised on a straight-line basis over a period of five years. Cost of software which is not an integral part of the

related hardware acquired for internal use is capitalised as intangible asset and amortised on a straight-line basis over a period of three years.

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

Cost of internally generated software is capitalized as 'Intangible Asset' and amortised on a straight-line basis over a period of three years.

#### 1.5 Impairment of Assets

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

#### 1.6 Investments

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

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

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.

### 1.7 Revenue Recognition

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

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

- b) Construction of Defence vessels

Income from the construction of vessels which are on fixed price basis is recognized on percentage of completion method, in proportion to the

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

- c) Construction of Indigenous Aircraft Carrier

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.

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

e) Excise Duty

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

f) Liquidated damages and interest on advances

No income has been recognized on account of (a) interest on advances given and (b) liquidated damages, where the levies depend on decisions regarding force majeure condition of contract. These are accounted for on completion of contracts and / or when final decisions are taken.

g) Others

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

### 1.8 Inventories

- (a) Raw materials, components, stores and spares are valued at weighted average cost method or net realisable value whichever is lower. Provision for obsolescence / non-usability / deterioration is determined on the basis of technical assessment made by the management. Goods in transit is valued at cost. Stock of

materials in respect of construction of defence vessels wherein the cost incurred is reimbursed by the owner are shown as reduction from the advances paid by the owner for construction of the vessel.

(b) Work in progress:

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

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

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

providing for loss on revaluation estimated at 30% of book value.

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

### 1.9 Advance/progress payments received

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

### 1.10 Employee benefits

- a) Liability in respect of defined benefit plan is provided on the basis of actuarial valuation as on the date of Balance Sheet. The method of actuarial valuation adopted is the Projected Unit Credit method.
- b) Liability for payment of gratuity is determined by actuarial valuation as per Accounting Standard 15 (Revised) and funded to Employees Group Gratuity Trust as per Rules.

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

- 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).

### 1.11 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.

### 1.12 Prior period adjustment

Prior period adjustments and extra ordinary items having material impact on the financial affairs of the Company are disclosed.

### 1.13 Foreign Currency Transactions

- a. Foreign Currency Transactions:  
Foreign exchange transactions are recorded

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

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in reserves is transferred to the Statement of Profit and Loss.

### 1.14 Earnings Per Share

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

### 1.15 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year computed in accordance with the provisions of the Income Tax Act, 1961. Deferred tax liability or assets is recognized at subsequently enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognized only to the extent there is reasonable certainty that sufficient future taxable

income will be available, except that deferred tax asset that arising due to unabsorbed depreciation and losses are recognized if there is a virtual certainty that sufficient future taxable income will be available to realized the same.

### 1.16 Provision, Contingent Liabilities and Contingent assets

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

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

Contingent liability is disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will

not be required to settle the obligation.

Contingent assets are neither recognized nor disclosed in the accounts.

### 1.17 Segment Reporting

Identification of segments: The Company's operating businesses are organized and managed separately according to the nature of products and services provided.

Unallocated items : Unallocated items include general income and expense items which are not allocated to any business segment.

### 1.18 Cash flow statement

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

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 2 : Share Capital

Particulars	As at 31st March 2016		As at 31st March 2015	
	Number	₹ in lakhs	Number	₹ in lakhs
<b>Authorised</b>				
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
<b>Issued, Subscribed and Fully paid up</b>				
Equity shares of ₹ 10 each fully paid up	113280000	11328.00	113280000	11328.00
<b>Total</b>	<b>113280000</b>	<b>11328.00</b>	<b>113280000</b>	<b>11328.00</b>

### 2.1 Reconciliation of number of shares and amounts outstanding

Particulars	Equity Shares			
	As at 31st March 2016		As at 31st March 2015	
	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 31st March 2016		As at 31st March 2015	
	Number of Shares held	% of holding	Number of Shares held	% of holding
The President of India	113280000	100	113280000	100

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 proposed/declared by the Board of Directors is subject to approval/regularisation by the share holders in the Annual General meeting. 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 31<sup>st</sup> March 2016

## Note 3 : Reserves and Surplus

(₹ in lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>Capital Reserves</b>		
Balance as at the beginning and end of the year	<b>263.56</b>	<b>263.56</b>
<b>Capital Redemption Reserve</b>		
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	<b>11914.20</b>	<b>11914.20</b>
<b>Securities Premium Reserve</b>		
Premium on Tax Free Bonds		
Balance as at the beginning of the year	1.23	1.23
Less: Amortisation of premium	0.26	-
Balance as at the end of the year	<b>0.97</b>	<b>1.23</b>
<b>Debenture Redemption Reserve</b>		
Balance as at the beginning of the year	<b>370.95</b>	<b>82.61</b>
Add: Current year transfer	288.33	288.34
Balance as at the end of the year	<b>659.28</b>	<b>370.95</b>
<b>Other Reserves</b>		
<b>General Reserve</b>		
Balance as at the beginning of the year	6322.75	5147.42
Add: transfer from surplus in Statement of Profit and Loss	0.00	1175.33
Balance as at the end of the year	<b>6322.75</b>	<b>6322.75</b>
<b>Hedge Reserve</b>		
As per last Balance Sheet - gain/(loss)	-	222.88
Add: Net gain/(loss) during the year	35.53	(222.88)
Closing balance - gain/(loss)	<b>35.53</b>	-
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as at the beginning of the year	125905.99	106293.20
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)	0.00	385.05



# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

(₹ in lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
	125905.99	105908.15
Add : Net Profit for the current year	27503.12	23506.63
	153409.11	129414.78
Less :		
Transfer to Debenture Redemption Reserve	288.33	288.34
Transfer to Reserves	0.00	1175.33
Proposed dividend	8665.92	1699.20
Tax on dividend	1764.18	345.92
Balance as at the end of the year	<b>142690.68</b>	<b>125905.99</b>
<b>Total:</b>	<b>161886.97</b>	<b>144778.68</b>

### 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 55 of the Companies Act 2013, 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.

### Securities Premium Reserve

**3.2** Premium on tax free bonds is amortised on straight line basis over the period of bonds.

### Debenture Redemption Reserve

**3.3** 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 ₹ 659.28 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 31.03.2016.

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

**3.5.** (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.

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

- (ii) The outstanding effective/ineffective derivative contracts, which have been designated as cash flow hedges, as on 31<sup>st</sup> March, 2016 are as follows:

(₹ in Lakhs)

Particulars	31st March 2016		31st March 2015	
	Notional amount of contracts	Fair value gain/(loss)	Notional amount of contracts	Fair value gain/(loss)
Forward contracts (Effective)	975.77	35.53	0.00	0.00
Forward contracts (In effective)	2920.20	38.68	7217.69	39.93
<b>Total</b>	<b>3895.97</b>	<b>74.21</b>	<b>7217.69</b>	<b>39.93</b>

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 ₹ 2920.20 Lakhs (Previous year ₹ 7217.69 Lakhs). Fair value determination of these contracts as on 31<sup>st</sup> March 2016 results in a profit of ₹ 38.68 Lakhs (Previous year profit ₹ 39.93 Lakhs).

- (iii) The movement in hedge reserve during the year ended 31<sup>st</sup> March, 2016 for derivatives designated as cash flow hedges are as follows:

(₹ in Lakhs)

	Year ended 31st March 2016	Year ended 31st March 2015
(1) Balance at the beginning of the year Cr/(Dr)	0.00	222.88
(2) Gains/(Losses) on hedge transactions (effective hedges) recognized during the year	35.53	0.00
(3) Changes in the fair value of effective portion of outstanding cash flow derivatives (Net) (2-1)	35.53	(222.88)
(4) Net derivative gain/(losses) related to a discounted cash flow hedge	0.00	0.00
(5) Gains/(Losses) transferred to Statement of Profit and Loss on recognition of financial asset	0.00	0.00
(6) Balance at the end of the year	35.53	0.00

### Note 4 : Long Term Borrowings

(₹ in Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
Tax Free Secured Redeemable Non Convertible Bonds -Series 2013-14	12300.00	12300.00
<b>Total</b>	<b>12300.00</b>	<b>12300.00</b>

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### 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 ares (487.00 cents) made up of 34.30 ares in Sy No. 713/11, 23.57 ares in Sy No. 713/12, 59.12 ares in Sy No. 713/13, 50.18 ares in Sy No. 714/06, 10.12 ares in Sy No. 714/2, 8.90 ares in Sy No. 714/4 and 10.93 ares in Sy No. 714/5 of land all are lying contiguously in Elamkulam village, Kanayannur taluk, Ernakulam Dist.
- 4.3 Utilisation :** Out of the issue proceeds of ₹12300 lakhs received, the Company has fully utilised/adjusted funds towards various expenditure incurred on International Ship Repair Facility (ISRF) project.

### Note 5 : Other long term Liabilities

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
Trade payables	-	-
Others	261.22	261.22
<b>Total</b>	<b>261.22</b>	<b>261.22</b>

- 5.1** To the extent, the Company has received intimation from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details of trade payables are provided as under:

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
Amount Due and Payable at the year end		
Principal	0.00	0.00
Interest on above Principal	0.00	0.00
Payment made during the year after the due date		
Principal	0.00	0.00
Interest	0.00	0.00
Interest due and payable for Principal already paid	0.00	0.00
Total Interest accrued and remained unpaid at year end	0.00	0.00
The interest payable to such vendors, if any, is not likely to be material.		

### Note 6 : Long term provisions

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
Provision for employee benefits		
Leave entitlement	1896.50	1932.17
<b>Total</b>	<b>1896.50</b>	<b>1932.17</b>

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### Note 7 : Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
Trade payables (Unsecured)		
Outstanding dues of Micro, Small and Medium Enterprises	1333.82	1030.97
Outstanding dues of creditors other than Micro, Small and Medium Enterprises	19653.88	16161.96
<b>Total</b>	<b>20987.70</b>	<b>17192.93</b>

7.1 To the extent, the Company has received intimation from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details of trade payables are provided as under:

(₹ in Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
Amount Due and Payable at the year end		
Principal	1333.82	1030.97
Interest on above Principal	0.00	0.00
Payment made during the year after the due date		
Principal	0.00	0.00
Interest	0.00	0.00
Interest due and payable for Principal already paid	0.00	0.00
Total Interest accrued and remained unpaid at year end	0.00	0.00
The interest payable to such vendors, if any, is not likely to be material.		

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 8 : Other Current Liabilities

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
Advance for Indigenous Aircraft Carrier (Cost plus)	429540.86	357006.14
Less: Indigenous Aircraft carrier inventory in stock	39793.43	30867.81
Less: Material issued	268901.01	206257.50
Less: Design and other direct expenses	30011.43	28578.93
Less: Advance for purchase of materials	15346.63	18818.22
Less: Other expenses against cost plus activities	44159.07	34784.73
	<b>31329.29</b>	<b>37698.95</b>
Advance for Indigenous Aircraft Carrier fixed price contract	226587.84	181504.00
Less : income recognised so far	234674.49	192114.00
	<b>(8086.65)</b>	<b>(10610.00)</b>
Advance for Indigenous Aircraft Carrier infrastructure	22965.92	19177.06
Less: Assets on infrastructure	22187.83	19232.36
	<b>778.09</b>	<b>(55.30)</b>
Advance outstanding for Indigenous Aircraft Carrier works (Net)	<b>24020.73</b>	<b>27033.65</b>
Advances for other ship building contracts	52909.92	38351.65
Advances for ship repair and others	278.21	130.76
Interest accrued but not due	281.98	281.98
Income received in advance	21.18	20.17
Other Payables		
Security and other deposits	875.84	784.65
Statutory dues	426.58	817.19
Other liabilities	14861.31	13269.53
<b>Total</b>	<b>93675.75</b>	<b>80689.58</b>

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

- 8.1. (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. The contract for Phase II construction activities was concluded on 16 Dec 2014 for an amount of ₹284800 lakhs. Out of the total price of ₹284800 lakhs under Phase II, the Company has received stage payments amounting to ₹110588 lakhs (Previous year ₹65504 lakhs).
- (ii) An amount of ₹ 429540.86 lakhs (Previous year ₹ 357006.14 lakhs) has been received as advance towards the cost plus part of the contract. Details are as follows:

(₹ in Lakhs)

Details	2015-16	2014-15
I <b>Advance from Indian Navy</b>	<b>429540.86</b>	<b>357006.14</b>
(a) Amount adjusted by Indian Navy for materials	245371.50	200028.27
(b) Other expenditure adjusted by Indian Navy	64289.41	56149.73
II Total expenditure adjusted by Navy (a+b)	<b>309660.91</b>	<b>256178.00</b>
III Expenditure yet to be adjusted by Navy	88550.66	63129.19
IV <b>Total Expenditure (II+III)</b>	<b>398211.57</b>	<b>319307.19</b>
V Balance of funds (Cost Plus)(I-IV)	<b>31329.29</b>	<b>37698.95</b>
VI Phase II income accrued but not due	<b>(8086.65)</b>	<b>(10610.00)</b>
VII Infrastructure Fund(balance)	<b>778.09</b>	<b>(55.30)</b>
VIII Balance of funds (V+VI+VII)	<b>24020.73</b>	<b>27033.65</b>

- (iii) The details of materials procured, issued and balance remaining as on 31.03.2016 under Cost plus contract is as below:
- (₹ in Lakhs)

Materials/Consumables	2015-16	2014-15
Purchases ( till date)		
Steel	49988.25	49421.94
Other Direct material	258706.19	187703.37
<b>Total</b>	<b>308694.44</b>	<b>237125.31</b>
Issued ( till date)		
Steel	45575.67	44183.57
Other Direct material	223325.34	162073.93
<b>Total</b>	<b>268901.01</b>	<b>206257.50</b>
Closing stock		
Steel	4412.58	5238.37
Other Direct material	35380.85	25629.44
<b>Total</b>	<b>39793.43</b>	<b>30867.81</b>

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

- (iv) Allocation for augmentation of infrastructure facilities for the construction of Indigenous Air craft carrier (IAC) project has been revised by GOI from ₹19177.06 lakhs to ₹31000.00 lakhs. Out of the same, ₹22965.92 lakhs (previous year ₹ 19177.06 lakhs) has been received from Indian Navy and the Company has spent ₹ 22187.83 lakhs (previous year ₹19232.36 lakhs) till date. Of this amount, ₹18316.06 lakhs (previous year ₹16749.56 lakhs) has been adjusted by Indian Navy and the balance amount of ₹3871.77 lakhs (previous year ₹2482.80 lakhs) is pending for adjustment by Indian Navy.
- (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	2015-16	2014-15
Buildings and civil structures	1488.69	1474.45
Data processing equipment	1186.57	1186.57
Furniture and Office equipments	207.70	207.70
Plant and machinery	15433.10	13880.84
<b>Total</b>	<b>18316.06</b>	<b>16749.56</b>

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

(₹ in Lakhs)

Details	2015-16	2014-15
Buildings and civil structures	2461.81	285.70
Data processing equipment	99.44	74.74
Plant and machinery	1310.52	2122.36
<b>Total</b>	<b>3871.77</b>	<b>2482.80</b>

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

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 9 : Short Term Provisions

(₹ in Lakhs)

Particulars	As at		As at	
	31st	March 2016	31st	March 2015
<b>Provision for Employee benefits</b>				
Gratuity		279.07		310.18
Leave entitlement		661.16		671.23
Others		16.00		53.50
		<b>956.23</b>		<b>1034.91</b>
<b>Other Provisions</b>				
For taxation		16521.53		14522.20
For provision for shipbuilding loss		810.00		0.00
For proposed dividend		8665.92		1699.20
For dividend tax		1764.18		345.92
For taxes and duties		252.39		251.65
For KGST/KVAT		128.06		189.06
For guarantee repairs		1077.55		933.18
For liquidated damages		452.62		555.74
For expenditure / contingencies		3906.76		4968.30
For subcontract		13289.89		8540.82
Conveyance loan Reserve		1.17		1.17
		46870.07		32007.24
<b>Total</b>		<b>47826.30</b>		<b>33042.15</b>

### 9.1 The movement in the provision for KGST/KVAT is as follows :

(₹ in Lakhs)

Particulars	As at		As at	
	31st	March 2016	31st	March 2015
Balance at the beginning		189.06		538.64
Add: Provision made / (Reversal of provision) for the year (net)		(61.00)		82.00
Less: Payments/Debits		0.00		431.58
Balance at the end		<b>128.06</b>		<b>189.06</b>



# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### 9.2 The movement in the provision for guarantee repairs is as follows :

(₹ in Lakhs)

Particulars	As at		As at	
	31st	March 2016	31st	March 2015
Balance at the beginning		933.18		893.29
Add: Provision made / (Reversal of provision) for the year (net)		163.20		299.89
Less: Payments/Debits		18.83		260.00
Balance at the end		<b>1077.55</b>		<b>933.18</b>

### 9.3 The movement in the provision for liquidated damages is as follows :

(₹ in Lakhs)

Particulars	As at		As at	
	31st	March 2016	31st	March 2015
Balance at the beginning		555.74		1669.95
Add: Provision made / (Reversal of provision) for the year (net)		0.00		107.01
Less: Payments/Debits		103.12		1221.22
Balance at the end		<b>452.62</b>		<b>555.74</b>

### 9.4 The movement in the provision for expenditure / contingencies is as follows :

(₹ in Lakhs)

Particulars	As at		As at	
	31st	March 2016	31st	March 2015
Balance at the beginning		4968.30		2678.79
Add: Provision made / (Reversal of provision) for the year (net)		580.81		2876.16
Less: Payments/Debits		1642.35		586.65
Balance at the end		<b>3906.76</b>		<b>4968.30</b>

### 9.5 The movement in the provision for subcontract is as follows :

(₹ in Lakhs)

Particulars	As at		As at	
	31st	March 2016	31st	March 2015
Balance at the beginning		8540.82		4561.58
Add: Provision made / (Reversal of provision) for the year (net)		18168.55		4032.15
Less: Payments/Debits		13419.49		52.91
Balance at the end		<b>13289.89</b>		<b>8540.82</b>

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

	GROSS BLOCK		DEPRECIATION		NET BLOCK			
	As at 1st April 2015	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 1st April 2015	For the year	Adjustment/ (with-drawal)	As at 31st March 2016	As at 31st March 2015
<b>i. Tangible assets</b>								
Land (Freehold)	593.15	-	5.61	-	-	-	587.54	593.15
Buildings	12829.99	867.23	86.66	4216.97	470.59	(3.67)	4683.89	8613.02
Plant and equipment	26125.18	2101.96	184.47	12281.12	1500.61	(45.75)	13735.98	13844.06
Furniture and fixtures	750.04	164.18	11.28	312.84	75.90	(9.42)	379.32	437.20
Vehicles	767.12	30.29	0.99	570.13	53.18	(0.94)	622.37	196.99
Office equipment	195.90	69.63	11.77	107.38	37.81	(10.41)	134.78	88.52
Others								
Docks and quays	10391.80	-	140.02	5823.18	355.57	(50.41)	6128.34	4568.62
Railway sidings	22.09	-	-	20.99	-	-	20.99	1.10
Electrical installation	2479.47	184.66	502.90	1169.74	225.94	(72.68)	1323.00	1309.73
Drainage and water supply	133.45	-	-	126.78	0.00	-	126.78	6.67
Vessels	158.85	18.60	-	139.88	1.02	-	140.90	18.97
Books	13.20	-	-	13.20	-	-	13.20	0.00
	<b>54460.24</b>	<b>3436.55</b>	<b>943.70</b>	<b>24782.21</b>	<b>2720.62</b>	<b>(193.28)</b>	<b>27309.55</b>	<b>29643.54</b>
								<b>29678.03</b>
<b>ii. Intangible Assets</b>								
Internally generated weld procedure	0.00	27.67	-	0.00	1.52	-	1.52	0.00
Computer software	1723.64	13.51	-	657.65	477.65	-	1135.30	1065.99
Right to use - land and ship repair facility	7500.00	-	-	500.00	250.00	-	750.00	7000.00
	9223.64	41.18	0.00	9264.82	1157.65	729.17	1886.82	8065.99
<b>Total (i+ii)</b>	<b>63683.88</b>	<b>3477.73</b>	<b>943.70</b>	<b>25939.86</b>	<b>3449.79</b>	<b>(193.28)</b>	<b>29196.37</b>	<b>37744.02</b>
Previous year	60238.10	3525.91	80.12	63683.89	21896.84	4115.48	25939.87	38341.26

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### Note 10 : Fixed Assets

#### iii. Capital Work in Progress

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
Plant and machinery, Buildings and Civil works	2,222.73	945.09
Construction materials	121.46	322.86
Capital goods in transit	-	9.88
<b>Total</b>	<b>2,344.19</b>	<b>1,277.83</b>

- 10.1. 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).
- 10.2. 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.
- 10.3. 32 cents of land returned to GCDA vide a settlement reached at the level of Secretary, Local Self Govt, Govt of Kerala for formation of road from the total area of 1305 cents(apprx) allotted by GCDA to CSL in 1976 and the proportionate cost of ₹5.61 Lakhs has been reduced.
- 10.4. 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.
- 10.5. 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.
- 10.6. 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.
- 10.7. 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 in the previous year 2014-15.

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 11 : Non Current Investments

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
UNQUOTED AT COST (NON TRADE)		
Investment in		
Cochin Shipyard Employees Consumer Co-operative Society Limited - 2175 'B Class' shares of ₹100 each	2.18	2.18
Kerala Enviro Infrastructure Limited 70000 equity shares of ₹10 each fully paid up	7.00	7.00
Cochin Waste to Energy Private Limited -100000 equity shares of ₹10 each fully paid up	10.00	10.00
Less diminution in value of Investment		
Cochin Waste to Energy Private Limited	(10.00)	0.00
<b>Total</b>	<b>9.18</b>	<b>19.18</b>

Considering the indicators of the value of an investment such as investee's assets, results etc. a decline, other than temporary, in the value of investment in Cochin Waste to Energy (P) Ltd is noticed. The carrying amount of the investment is reduced to the fullest extent to recognise this decline.

## Note 12: Deferred Tax Asset (Net)

The break-up of deferred tax assets and liabilities as on 31st March 2016 as against 31st March 2015 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 ₹1433.00 lakhs (Previous Year: ₹1457.00 lakhs)

(₹ in Lakhs)

	Deferred tax asset/ liability as at 31st March 2015	Current year Charge/(credit) 2015-16	Deferred tax asset/ liability as at 31st March 2016
<b>Deferred Tax Asset :</b>			
Unpaid statutory liabilities/provision for compensated absences debited to the statement of Profit and Loss	1071.50	17.40	1088.90
Other items giving rise to timing differences	4624.70	1698.25	6322.95
<b>Total</b>	<b>A</b>	<b>1715.65</b>	<b>7411.85</b>
<b>Deferred Tax Liability:</b>			
Difference between book and tax depreciation	3923.17	282.65	4205.82
<b>Total</b>	<b>B</b>	<b>282.65</b>	<b>4205.82</b>
<b>Deferred Tax Asset (Net)</b>	<b>1773.03</b>	<b>1433.00</b>	<b>3206.03</b>

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 13 : Long Term Loans & Advances

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
<b>Unsecured, considered good</b>		
Capital advances	191.32	157.09
Security deposit	591.36	585.56
Others		
<b>(Secured, considered good *)</b>		
Employee advances	100.63	92.15
<b>(Unsecured, considered good)</b>		
Deposits with Customs department	272.91	272.91
Advance Income Tax (Net of provision)	2666.40	2501.30
<b>Total</b>	<b>3,822.62</b>	<b>3,609.01</b>

\* Secured by hypothecation of movable assets

## Note 14 : Other Non Current Assets

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
<b>Unsecured</b>		
<b>Long term trade receivables</b>		
Considered good	2897.39	3075.05
Considered doubtful	5113.94	4405.11
Less: Provision for doubtful debts	(5113.94)	(4405.11)
<b>Bank deposits with more than 12 months maturity</b>		
Considered good	16553.00	0.00
<b>Total</b>	<b>19450.39</b>	<b>3075.05</b>

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

**Note 15 : Inventories (As taken, valued and certified by the Management)**

(₹ in Lakhs)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>At lower of weighted average cost or net realisable value</b>		
Raw Materials and components	5903.33	21949.12
Less : Provision for obsolescence, non-usability, deterioration and reduction in value of inventory	(463.28)	(403.31)
Goods-in transit	1109.80	318.03
	<b>6549.85</b>	<b>21863.84</b>
Work-in-progress (Valued at cost)	7399.34	5755.21
Work-in-progress (Valued at realisable value)	7724.56	1139.09
	<b>15123.90</b>	<b>6894.30</b>
<b>At lower of weighted average cost or net realisable value</b>		
Stores & Spares	517.03	486.08
Less : Provision for obsolescence, non-usability, deterioration and reduction in value of inventory	(18.61)	(47.34)
Goods-in transit	64.35	0.16
	<b>562.77</b>	<b>438.90</b>
<b>Loose Tools (Valued at cost)</b>	<b>819.65</b>	<b>908.57</b>
<b>Scrap (Valued at net realisable value)</b>	<b>107.63</b>	<b>203.99</b>
<b>Total</b>	<b>23163.80</b>	<b>30309.60</b>

15.1. Inventory does not include stock of raw materials and bought out components procured under "cost plus" part of the IAC contract amounting to ₹39793.43 lakhs (previous year ₹30867.81 lakhs) held on behalf of Indian Navy lying with the Company. This has been shown as reduction against the advance received from Indian Navy.

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

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### Note 16 : Trade Receivables

(₹ in Lakhs)

Particulars	As at	
	31st March 2016	31st March 2015
<b>Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they were due for payment	2025.61	3480.09
Outstanding for a period less than six months from the date they were due for payment	44224.37	55025.85
<b>Total</b>	<b>46249.98</b>	<b>58505.94</b>

16.1 Trade receivables include debts amounting to ₹ 34141.10 lakhs (previous year ₹ 38096.17 lakhs) on account of income recognized under proportionate completion method pertaining to incomplete vessels, against which stage payments received amounting to ₹ 21297.22 lakhs (previous year ₹ 36174.32 lakhs) for completed stages is shown as advance under current liabilities.

16.2 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 17 : Cash and Bank balances

(₹ in Lakhs)

Particulars	As at	
	31 March 2016	31 March 2015
Cash on hand	1.24	1.80
Balance with Banks:		
In current account	41795.94	42682.88
Demand deposits with banks with original maturity of less than three months	9350.00	2975.00
<b>Cash and Cash Equivalents</b>	<b>51147.18</b>	<b>45659.68</b>
Balance with Banks:		
Deposits with banks with maturity upto 12 months	130894.18	96285.00
<b>Other Bank balances</b>	<b>130894.18</b>	<b>96285.00</b>
<b>Total</b>	<b>182041.36</b>	<b>141944.68</b>

17.1 Bank balances in current account includes ₹ 41697.34 lakhs (Previous year ₹42582.36 lakhs) received from Indian Navy for the construction of Indigenous Aircraft Carrier and held in separate account.

17.2 Out of deposits with banks with maturity upto 12 months, ₹ 66.18 lakhs is lien marked in favour of The Registrar of High Court of Kerala.

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 18 : Short-term Loans and Advances

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
Other than to related parties		
Secured, considered good Employee advance*	40.34	43.48
Unsecured, considered good		
Advance income tax	14826.17	11907.44
Others	4715.39	5922.96
Unsecured, considered doubtful Others	478.68	478.68
	<b>20060.58</b>	<b>18352.56</b>
Less: Provision for doubtful advances	478.68	478.68
<b>Total</b>	<b>19581.90</b>	<b>17873.88</b>

\* Secured by hypothecation of movable asset

## Note 19 : Other Current Assets

(₹ in Lakhs)

Particulars	As at 31 March 2016	As at 31 March 2015
Interest accrued on bank deposits/others	3904.39	3155.10
Interest accrued on employee advances	46.18	48.54
Others (Including claims receivable)	1227.16	2008.63
Balances with Customs, Port Trust and Excise	114.87	133.72
Forward contract	74.21	39.93
Fixed Deposit with HDFC Ltd	7899.00	0.00
Other deposits	5.64	6.59
<b>Total</b>	<b>13271.45</b>	<b>5392.51</b>



# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### Note 20 : Revenue from operations

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>Sale of products</b>		
Ship building:		
Indigenous Aircraft Carrier (IAC)	115906.86	103869.89
Vessels other than IAC	46417.47	60345.41
Engineering works	30.59	83.94
	<b>162354.92</b>	<b>164299.24</b>
<b>Sale of services</b>		
Ship repairs	36749.03	19595.17
	<b>36749.03</b>	<b>19595.17</b>
<b>Other operating revenue</b>	484.59	2057.08
<b>Total</b>	<b>199588.54</b>	<b>185951.49</b>

### 20.1 Disclosure as required by Accounting Standard 7 - Accounting for Construction Contracts

- Shipbuilding income of ₹ 162324.33 lakhs (previous year ₹164215.30 lakhs) includes revenue recognized under percentage of completion method amounting to ₹147316.51 lakhs (previous year ₹ 139199.05 lakhs) against incomplete vessels.
- Method of revenue recognition - Percentage of completion method
- 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.
- For contracts in progress as at the end of the year.

(₹ in Lakhs)

	2015-16	2014-15
(i) Contract revenue recognized in the period	147316.51	139199.05
(ii) Contract cost incurred and recognized profits (less recognized losses) up to the reporting period	599416.31	490484.88
(iii) Advance received from customers	607965.78	477953.03
(iv) Gross amount due to customers	29561.32	4493.96
(v) Gross amount due from customers	21011.85	17025.82

**20.2** Ship repair income includes income recognised under proportionate completion method amounting to ₹ 15180.00 lakhs (previous year ₹ 1603.00 lakhs)

**20.3** Income from ship repair is net of actual / anticipated reductions amounting to ₹440.80 lakhs (previous year ₹1091.63 lakhs).

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 21 : Other Income

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Training facilities	340.88	424.32
Income from sale of scrap and stores	134.69	445.85
Profit on sale of fixed assets	1.71	0.00
Income from laboratory services	35.78	29.76
Rent received	128.56	342.60
Hire charges received	3.31	4.54
Interest on bank deposits	9912.63	5311.50
Interest from others	23.51	43.36
Dividend income	0.54	1.09
Net gain /(loss) on foreign currency transactions	22.83	734.38
Provision of earlier years no longer required	637.14	1644.63
Write back of Depreciation	74.52	0.00
Miscellaneous income	72.33	363.11
<b>Total</b>	<b>11388.43</b>	<b>9345.14</b>

21.1 Income from sale of scrap and stores is net of import duty amounting to ₹101.67 lakhs (previous year ₹ 81.77 lakhs) on sale of bonded scrap and stores.

## Note 22 : Cost of Materials Consumed

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>Raw Materials</b>		
Steel	8196.76	1782.97
Pipe	1186.31	536.96
Paint	1705.90	1214.91
Bought out components	94343.18	96545.93
<b>Total</b>	<b>105432.15</b>	<b>100080.77</b>

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### Note 23 : Changes in Inventories of Work-in-Progress

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

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>Work -in-progress at cost:</b>		
At the beginning of the year	5755.21	3832.67
Less: at the end of the year	7399.33	5755.21
Decretion/(Accretion) to work-in-progress	<b>(1644.12)</b>	<b>(1922.54)</b>

### Note 24 : Sub Contract and Other Direct Expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Sub contract and off loaded jobs	13837.23	9918.02
Hull insurance	209.76	196.91
Other direct expenses	5357.50	6089.18
<b>Total</b>	<b>19404.49</b>	<b>16204.11</b>

### Note 25 : Employee Benefits Expense

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Salaries, wages, bonus/exgratia and allowances	20162.59	20945.26
Contribution to Provident Fund and Family Pension Fund	1166.52	1190.98
Gratuity	292.79	380.16
Staff welfare expenses	1228.26	1156.11
<b>Total</b>	<b>22850.16</b>	<b>23672.51</b>

25.1. Includes provident fund inspection and administration charges ₹ 14.79 lakhs ( previous year ₹14.84 lakhs )

25.2. Includes provision for encashment of Half pay leave for workmen amounting to ₹34.98 lakhs (previous year ₹157.21 lakhs)

25.3. 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.

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### 25.4. 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 ₹ 39.75 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.**

(₹ in lakhs)

Particulars	2015-16		2014-15	
	Leave entitlement (Unfunded) 31/03/2016	Gratuity entitlement (Funded) 31/03/2016	Leave entitlement (Unfunded) 31/03/2015	Gratuity (Funded) 31/03/2015
Discount rate	8.00%	8.00%	7.80%	7.80%
Salary escalation rate	3.00%	3.00%	3.00%	3.00%
Expected rate of return on plan assets	0.00%	9.00%	0.00%	9.00%

### Movement in the present value of defined benefit obligation

(₹ in lakhs)

Particulars	2015-16		2014-15	
	Leave entitlement (Unfunded) 31/03/2016	Gratuity entitlement (Funded) 31/03/2016	Leave entitlement (Unfunded) 31/03/2015	Gratuity (Funded) 31/03/2015
Present value of obligation as the beginning of the year	2603.40	5152.38	2614.80	6085.47
Interest cost	175.36	349.59	198.54	473.87
Current service cost	185.96	90.23	106.33	85.77
Benefits paid / provision withdrawn	(710.19)	(1340.79)	(866.02)	(1756.29)
Past service cost	0.00	0.00	0.00	0.00
Actuarial (gain) /loss on obligations	303.13	233.14	549.75	263.56
<b>Present value of obligation as at the end of the year</b>	<b>2557.66</b>	<b>4484.55</b>	<b>2603.40</b>	<b>5152.38</b>

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Movement in the Fair Value of plan assets

(₹ in lakhs)

Particulars	2015-16		2014-15	
	Leave entitlement (Unfunded) 31/03/2016	Gratuity entitlement (Funded) 31/03/2016	Leave entitlement (Unfunded) 31/03/2015	Gratuity (Funded) 31/03/2015
Fair value of plan assets as at the beginning of the year	0.00	4842.19	0.00	5975.08
Expected return on plan assets	0.00	389.42	0.00	466.75
Actuarial gain/(loss)	0.00	4.49	0.00	(21.73)
Contributions:	710.19	310.18	866.02	178.39
Benefits paid	(710.19)	(1340.79)	(866.02)	(1756.30)
Fair value of plan assets as at the end of the year	<b>0.00</b>	<b>4205.49</b>	<b>0.00</b>	<b>4842.19</b>

## Expenses recognized in the Statement of Profit and loss

(₹ in lakhs)

Particulars	2015-16		2014-15	
	Leave entitlement (Unfunded) 31/03/2016	Gratuity entitlement (Funded) 31/03/2016	Leave entitlement (Unfunded) 31/03/2015	Gratuity (Funded) 31/03/2015
Current service cost	185.96	90.23	106.33	85.77
Interest cost	175.36	349.59	198.54	473.88
Expected return on plan assets	0.00	(389.42)	0.00	(466.75)
Net actuarial (gain)/loss recognized in the year	303.13	228.66	549.75	285.29
Past service cost	0.00	0.00	0.00	0.00
Expenses recognized in statement of profit and loss	<b>664.45</b>	<b>279.06</b>	<b>854.62</b>	<b>378.19</b>

Gratuity expenses includes ₹ 13.73 lakhs (previous year ₹ 1.97 lakhs), being amount paid towards insurance premium (Risk cover) and service cost.

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

<b>Description of Plan Assets</b>		(₹ in lakhs)	
<b>Particulars</b>	<b>31/03/2016</b>	<b>31/03/2015</b>	
Government of India Securities	29.91%	29.00%	
State Government Securities	14.93%	12.00%	
High Quality Corporate Bonds	0.00%	34.00%	
Equity shares of listed companies	0.28%	0.00%	
Property	0.00%	0.00%	
Special Deposit Scheme	0.00%	0.00%	
Funds managed by Insurer	19.21%	25.00%	
Others (to specify)	35.67%	0.00%	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	

<b>Net Asset / Liability recognised in the Balance Sheet (Gratuity)</b>		(₹ in lakhs)				
<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	
Present value of the obligation	4484.55	5152.38	6085.47	6836.08	7517.60	
Fair value of plan assets	4205.49	4842.19	5975.08	6280.80	7658.96	
Difference	279.06	310.18	110.39	555.28	(141.36)	
Unrecognised transitional liability	0.00	0.00	0.00	0.00	141.36	
Unrecognised past service cost - non vested benefits	0.00	0.00	0.00	0.00	141.36	
Liability recognized in the balance sheet	279.06	310.18	110.39	555.28	141.36	

<b>Net Asset / Liability recognised in the Balance Sheet (Leave entitlement)</b>		(₹ in lakhs)				
<b>Particulars</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	
Present value of the obligation	2557.66	2603.40	2614.80	2733.41	2460.72	
Fair value of plan assets	0.00	0.00	0.00	0.00	0.00	
Difference	2557.66	2603.40	2614.80	2733.41	2460.72	
Unrecognised transitional liability	0.00	0.00	0.00	0.00	0.00	
Unrecognised past service cost - non vested benefits	0.00	0.00	0.00	0.00	0.00	
Liability recognized in the balance sheet	2557.66	2603.40	2614.80	2733.41	2460.72	

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 26 : Finance Costs

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Bank interest	45.71	676.36
Interest others	7.18	0.00
Interest under Income Tax Act	97.02	104.24
Interest on tax free bonds	1051.30	1051.56
<b>Total</b>	<b>1201.21</b>	<b>1832.16</b>

## Note 27 : Depreciation and Amortisation Expense

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Depreciation on tangible assets	2720.62	3505.40
Amortisation of intangible asset	729.17	610.08
<b>Total</b>	<b>3449.79</b>	<b>4115.48</b>
Add : Loss on revaluation of tools	269.46	300.23
Less : Adjusted against opening balance of surplus	0.00	583.32
<b>Total</b>	<b>3719.25</b>	<b>3832.39</b>

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 28: Other Expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Consumption of stores	1954.33	1185.64
Consumption of spares	186.05	211.08
Rates and taxes	47.67	102.69
Power	1738.79	1513.04
Fuel	785.40	757.47
Water	257.30	190.47
Repairs and maintenance:		
Building and roads	496.97	533.94
Plant and machinery	349.56	278.37
Others	1304.42	1329.20
Maintenance dredging	855.76	509.04
Transport and stores handling	189.09	183.58
Travelling and conveyance expenses	514.17	410.10
Printing and stationery	75.54	57.49
Postage, telephone and telex	73.75	53.10
Advertisement and publicity	365.05	243.17
Lease rent	606.40	584.88
Hire charges	263.99	185.60
Insurance	323.46	243.09
Security expenses	1067.92	789.46
Auditors remuneration	8.66	5.62
Auditors remuneration for other services	2.87	1.12
Training	571.97	295.06
Legal expenses	62.11	51.89
Liquidated damages	62.85	1038.63
Consultancy	137.06	119.34
Bank charges	52.18	59.55
Net loss /(gain) on derivative contracts	70.99	(567.83)
Corporate social responsibility (Refer Note no.36)	627.16	532.34
Prior period expenses	0.00	(112.48)
Write off of stores and spares	0.00	113.89
Loss on sale and write off of fixed assets	6.27	7.67
Diminution in value of Investment	10.00	0.00
Miscellaneous expenses	1279.77	367.54
<b>Total</b>	<b>14347.51</b>	<b>11273.75</b>



# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## Note 29 : Provision for Anticipated Losses and Expenditure

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>Provision for:</b>		
Doubtful debts / advances	822.07	633.07
Non moving inventory	59.98	23.04
Liquidated damages	0.00	107.01
Expenses and contingencies	1566.22	2803.92
Provision for loss on Ship Building	810.00	0.00
<b>Total</b>	<b>3258.27</b>	<b>3567.04</b>

## Note 30 : Earnings per Equity Share

(₹ in Lakhs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Net Profit after tax (₹ in lakhs)	27503.12	23506.63
Number of Equity Shares	113280000	113280000
Basic and Diluted Earnings Per Share (EPS) ( in ₹)	24.28	20.75

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## 31 : CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As on 31st March 2016 (₹ in Lakhs)	As on 31st March 2015 (₹ in Lakhs)	Brief Description of the nature and obligation
<b>A CONTINGENT LIABILITY</b> (To the extent not provided for)			
<b>a Claims against the Company not acknowledged as debt</b> (Other than mentioned in the Notes)			
<b>i</b> M/s Vigil Marine Services	<b>0.00</b>	<b>4401.60</b>	The arbitration has been awarded in favour of M/s Vigil Marine Services but the Company has preferred an appeal against the order. However an amount of ₹ 11.50 Crs provision has been created.
<b>b Guarantees</b>			
<b>i</b> Letters of credit	<b>14003.08</b>	<b>27124.06</b>	Represents LC opened by the Company in various banks for procurement of materials/assets
<b>c Other money for which the company is contingently liable</b>			
<b>i</b> Greater Cochin Development Authority	<b>69.06</b>	<b>69.06</b>	Claim raised by GCDA for the land acquired for the Company is settled. However 8 land acquisition revision petition cases (Valued at ₹ 69.06 lakhs) filed by evictees is pending with the Hon' Supreme Court and High Court.
<b>ii</b> Customs duties	<b>22011.22</b>	<b>23691.39</b>	Customs duty for materials under Bond and indigenous vessels delivered. Includes an amount of ₹ 69.83 lakhs, being Customs duty refund granted by CESTAT, Bangalore, against which an appeal is pending before the Hon' High Court of Kerala.
<b>iii</b> Demand for KGST/KVAT for the Asst Years 2001-02,2004-05, 2005-06 & 2007-08 mainly due to levy of KVAT on the export turnover of ships	<b>1396.30</b>	<b>1396.30</b>	2000-01 - ₹ 111.93 Lakhs 2001-02 - ₹ 73.44 Lakhs 2004-05 - ₹ 202.22 Lakhs 2005-06 - ₹ 652.24 Lakhs 2007-08 - ₹ 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

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

Particulars	As on 31st March 2016 (₹ in Lakhs)	As on 31st March 2015 (₹ in Lakhs)	Brief Description of the nature and obligation
<b>iv</b> Income Tax	<b>1540.52</b>	<b>1319.15</b>	Demand relating to Assessment Years: AY 2000-01 - ₹ 63.27 Lakhs AY 2002-03 - ₹ 8.28 Lakhs AY 2003-04 - ₹ 0.27 Lakhs AY 2010-11 - ₹ 288.60 Lakhs AY 2011-12 - ₹ 412.59 Lakhs AY 2012-13 - ₹ 546.14 Lakhs AY 2013-14 - ₹ 221.37 Lakhs (Detailed notes in 29.1.I)
<b>v</b> Service Tax	<b>1647.47</b>	<b>1647.47</b>	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>376.67</b>	<b>376.67</b>	Refund claim on the Service Tax on IAC pending before Commissioner (Appeals).
	<b>2339.64</b>	<b>0.00</b>	Show cause notice issued for levy of Service Tax on Ship Repair without allowing deduction of materials and disallowance of cenvat credit. Show cause notice is under reply.
	<b>1885.60</b>	<b>0.00</b>	Levy of Service Tax on LDCL Vessels due to disallowance of the benefit of Notification No.25/2012-ST ef 20.06.12 for the repair of LDCL vessel. The Show cause notice is under reply.
<b>B COMMITMENTS (To the extent not provided for)</b>			
<b>a</b> Estimated amount of contracts remaining to be executed on capital account and not provided for:	<b>681.52</b>	<b>435.85</b>	

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

### 31.1 CONTINGENCIES AND COMMITMENTS

#### (I) Income Tax Assessments

The Income Tax Assessment of the company have been completed up to AY 2013-14. Demands raised as per the assessment orders totaling to ₹1540.52 lakhs for the Assessment Years 2000-01, 2002-03, 2003-04, 2010-11, 2011-12, 2012-13 and 2013-14 are shown under contingent liability pending disposal of the appeals filed before the Commissioner of Income Tax (Appeals). The demands are mainly due to disallowance of certain genuine claims.

#### (II) Sales Tax Assessment under KGST Act

The Sales Tax assessments under Kerala General Sales Tax Act up to the assessment year 2004-05 have been completed and orders were issued for all the years except for the year 2002-03 & 2003-04. Due to apparent mistake in the orders issued for the year 2000-01 and 2001-02, applications have been filed for rectification of the orders. Pending rectification to the assessment orders the demands thereto have been shown under contingent liabilities. For the Assessment year 2004-05, against the demand for ₹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. However probable demand on fresh assessment has been shown under contingent liabilities.

#### (III) Sales Tax Assessments under KVAT Act

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.

32. 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.

33. 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.

34. 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.

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

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

# NOTES

## To Financial Statements for the year ended 31<sup>st</sup> March 2016

those specified in Schedule VII of the Companies Act 2013. The utilisation of CSR funds are done through direct spending as per the recommendations of CSR committee. Details of amount required to be spend and the amount utilised are given below:

- (a) **Gross amount required to be spent by the company during the year** ₹ **627.16 lakhs**  
 (b) **Amount spent during the year** (₹ in Lakhs)

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	557.01	0.00	557.01
(ii) On purposes other than (i) above	70.15	0.00	70.15

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.

	SHIP BUILDING	SHIP REPAIR	UNALLOCATED	TOTAL
EXTERNAL SALES	162839.51	36749.03	1452.29	201040.83
INTEREST	0.00	0.00	9936.14	9936.14
TOTAL REVENUE	162839.51	36749.03	11388.43	210976.97
ACCRETION(-)/ (DECRETION) TO WORK IN PROGRESS	2575.60	(931.48)	0.00	1644.12
SEGMENT RESULT	37722.91	4042.79	642.35	42408.05
TAX (NET)				14904.93
NET PROFIT				27503.12
<b>OTHER INFORMATION</b>				
SEGMENT ASSETS	131758.42	83880.22	134523.80	350162.44
SEGMENT LIABILITIES	170960.25	17407.89	161794.30	350162.44
CAPITAL EXPENDITURE	1205.37	1487.43	784.93	3477.73
DEPRECIATION	1641.28	927.09	881.42	3449.79

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## 40. Value of imports on CIF basis

(₹ in Lakhs)

Particulars	2015-16	2014-15
Raw materials	9555.85	20584.70
Components & Spares	35182.63	15076.56
Capital goods	569.53	252.89
	<b>45308.01</b>	<b>35914.15</b>

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

Particulars	2015-16		2014-15	
	Value (₹ in lakhs)	%	Value (₹ in lakhs)	%
<b>Raw Materials</b>				
Imported	7463.51	67.31	1190.84	33.69
Indigenous	3625.46	32.69	2344.00	66.31
	<b>11088.97</b>	<b>100.00</b>	<b>3534.84</b>	<b>100.00</b>
<b>Bought out components</b>				
Imported	69294.92	73.45	59630.76	61.76
Indigenous	25048.26	26.55	36915.17	38.24
	<b>94343.18</b>	<b>100.00</b>	<b>96545.93</b>	<b>100.00</b>
<b>Spares</b>				
Imported	43.82	23.55	19.77	9.37
Indigenous	142.23	76.45	191.31	90.63
	<b>186.05</b>	<b>100.00</b>	<b>211.08</b>	<b>100.00</b>

## 42. Expenditure in foreign currency (on payment basis) other than those in item 40 above

(₹ in Lakhs)

Particulars	2015-16	2014-15
Payments to foreign consultants	573.38	349.05
Commissioning and installation charges	208.66	1219.08
Brokerage and commission	0.00	1032.64
Advance payments to suppliers	2174.62	134.39
Design and documentation charges	9489.90	3201.60
Others	28.16	324.89

# NOTES

To Financial Statements for the year ended 31<sup>st</sup> March 2016

## 43. Earnings in foreign exchange (on due basis)

(₹ in Lakhs)

Particulars	2015-16	2014-15
Income from shipbuilding	11386.78	72.89
Income from ship repair	85.37	48.56

## 44. Related party disclosure as per AS 18

Name of the transacting related party	Relationship between the parties	Name of transaction	2015-16 (₹ in lakhs)	2014-15 (₹ in lakhs)
Shri. Madhu S Nair	Chairman & Managing Director (w.e.f 01 Jan 2016)	Remuneration	7.14	-
Shri. Paul Ranjan D	Director (Finance)	Remuneration	29.50	26.13
Shri. Sunny Thomas	Director (Technical)	Remuneration	29.57	26.26
CMDE. Subramaniam K	Chairman & Managing Director (upto 31 Dec 2015)	Remuneration	43.46	45.71
Capt Sundar R S	Director (Operations) (upto 31 Aug 2015)	Remuneration	24.62	38.15
Smt V Kala	Company Secretary	Remuneration	22.45	20.32

## 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

<b>V KALA</b> Company Secretary	<b>SUNNY THOMAS</b> Director (Technical) DIN - 06882228	<b>D PAUL RANJAN</b> Director (Finance) & Chief Financial Officer DIN - 06869452	<b>MADHU S NAIR</b> Chairman and Managing Director DIN - 07376798
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Kochi, dated 12th July 2016

Per our report attached to Balance Sheet

For **M/s Krishnamoorthy & Krishnamoorthy.,**  
Chartered Accountants  
(Firm Registration No.0014885)

**C KRISHNAMOORTY**  
Senior Partner  
(Membership Number 05957)

Kochi, dated 14<sup>th</sup> July 2016

## DETAILS OF MAINTENANCE ON TOWNSHIP AND OTHER SOCIAL OVERHEADS

(₹ in Lakhs)

	2015-16	2014-15
1. Township expenses (Net including depreciation)	105.25	109.53
2. Medical expenses	373.52	321.76
3. Canteen subsidy	298.99	288.02
4. Leave Travel Concession	23.64	32.58
5. Liveries & Uniforms	59.22	84.63
6. Workmens Compensation	4.66	3.83
7. Death Benevolent Fund/ Contribution to mutual and public welfare	22.30	21.35
8. Interest Subsidy to employee	34.96	35.32
9. Group personal accident insurance	13.18	9.78
10. Other Welfare expenses	315.22	285.01
<b>TOTAL</b>	<b>1250.95</b>	<b>1191.81</b>

## STATEMENT SHOWING EXPENDITURE ON PUBLIC RELATIONS AND PUBLICITY

(₹ in Lakhs)

	2015-16	2014-15
1. Advertisement	149.50	109.41
2. Publicity	124.13	98.01
3. Entertainment	43.98	25.09
4. Guest house expenses	2.86	6.00





COCHIN SHIPYARD LTD





## **COCHIN SHIPYARD LIMITED**

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