

# 1<sup>ST</sup> ANNUAL REPORT 2017-18

The  
Beginning

## HOOGLHY COCHIN SHIPYARD LIMITED

(A Joint venture company of Cochin Shipyards Limited & Hooghly Dock & Port Engineers Limited)





Exchange of Shareholders Agreement in the presence of Shri Nitin Gadkari, Hon'ble Minister of Shipping, Road Transport & Highways – November 17, 2017



Nazirgunge - Project Layout

**BOARD OF DIRECTORS**

Shri Madhu S Nair  
Chairman, CSL Nominee Director

Shri D Paul Ranjan  
CSL Nominee Director

Shri N V Suresh Babu  
CSL Nominee Director

Shri Bejoy Bhasker  
CSL Nominee Director

Shri S Balaji Arunkumar  
HDPEL Nominee Director

Shri Chandra Mani Rout  
HDPEL Nominee Director

**MANAGEMENT TEAM – ON SECONDMENT BASIS**

Smt. Kala V  
Company Secretary, CSL – On secondment

Shri Rajesh Gopalakrishnan  
GM(BD&NP), CSL – On secondment

Shri Harikumar K  
DGM (NP), CSL - On secondment

Shri Sanil Peter  
AGM (NP), CSL - On secondment

Shri Najeeb E H  
SM (NP), CSL - On secondment

Shri Nitin Narayan  
SM (NP), CSL - On secondment

Smt. Bindu Krishna  
SM (Legal), CSL - On secondment

Shri Harikrishnan Namboodiri K K  
DM (NP), CSL - On secondment

Shri Sandeep K G  
DM (NP), CSL - On secondment

**REGISTERED OFFICE**

The Legacy, 25 A, Shakespeare Sarani,  
Level 1, Kolkata, West Bengal – 700 017  
CIN: U35900WB2017GOI223197

**STATUTORY AUDITORS**

M/s. Ghosal, Basu & Ray (CA0624), 8/2,  
Kiron Sankar Roy Road, 2nd Floor,  
Room No. 28, Kolkata,  
West Bengal – 700 001

**BANKERS**

State Bank of India  
Federal Bank Limited

**WORKS**

NAZIRGUNGE WORKS  
P.O. Danesh Sk. Lane, Howrah – 711 109,  
West Bengal, India

SALKIA WORKS  
6, Howrah Road, Salkia, Howrah – 711 106,  
West Bengal, India

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## CHAIRMAN'S ADDRESS

It gives me immense pleasure to welcome you all to the 01<sup>st</sup> Annual General Meeting of Hooghly Cochin Shipyard Limited (HCSL). I am fortunate to be designated as the Chairman of this Joint Venture Company by Cochin Shipyard Limited (CSL) and Hooghly Dock & Port Engineers Limited (HDPEL). This Company has been incorporated with the mission of tapping into the immense opportunities that will be unleashed by the Government of India's initiatives for developing the Inland and Coastal waterways in the country.



Madhu S. Nair, Chairman

The Ministry of Shipping, Government of India has played an important role in facilitating the formation of HCSL. On October 23, 2017 the Company was incorporated as a Joint Venture company between CSL and HDPEL for creating modern infrastructure, operational capabilities and systems at HDPEL's old facilities at Nazirgunge and Salkia in Kolkata by taking over the said facilities from HDPEL on 60 years lease. In this connection the Shareholders Agreement was executed on November 17, 2017 and the Concession Agreement and the Lease Deed were executed on January 19, 2018.

The Government of India has announced major initiatives in the Inland Waterways Transport (IWT) sector. In addition to the 5 existing National waterways additional 106 waterways have been declared as National waterways in April 2016. Preparatory works on making them navigable have been initiated. This coupled with major initiatives under the Sagarmala programme, has the potential to effect a major shift in the mode of transportation from road and rail to the waterways in future. As the Government develops more stretches and create facilities, it is expected that a new ecosystem will emerge wherein IWT will gain significant share as a

mode of transport for cargo and passenger movement since it's cheaper, safer and least polluting amongst all modes of transport.

The most notable initiative is the Jal Marg Vikas project being implemented in the NW1 (Ganga/ Hooghly) at a cost of approx. Rs. 5,400 crores with the technical assistance and investment support of the World Bank. The Inland Waterways Authority of India (IWAI) is developing 1,398 km of the NW1 from Varanasi to Haldia (Kolkata) by creating multi-modal terminals at Varanasi, Ghazipur, Barh, Sahibganj, Haldia with rail/ road connectivity, a critical navigational lock at Farakka, undertaking requisite dredging to provide Least Available Depth (LAD) of 2.5 M in the upstream segments, River Information Systems (RIS), Vessel Traffic Management Systems (VTMS), fuelling stations etc. Two Ship repairing units has been proposed, one near Patna and the other one at Haldia. It is expected that the development and operations of NW1 will provide alternative mode of environment friendly and cost-effective transport. The project will also contribute in bringing down the logistics cost in the country and reduce traffic burden and congestion on roads and railways. It will also give

impetus to socio-economic development and result in employment generation. It is expected that the Inland water traffic will increase from 3.5 million MT to 11.5 million MT in the first phase of development.

Similar initiatives are being implemented in NW2 (Brahmaputra), NW3 (Kerala), NW5 (Mahanadi in Odisha) etc. It is projected that these initiatives will result in significant demand for efficient Inland waterways and River-Sea Vessels (RSVs) for carrying various types of cargoes (bulk, liquids etc.), container vessels, Roll-on-Roll off (Ro-Ro) vessels, passenger ferries etc. There also exists a potential for river cruise vessels. Overall, the Company is of the view that the IWT sector holds enormous potential and HCSL aims to exploit these opportunities. The Company expects to play a pivotal role in bringing technologically sound, safe, environmentally friendly and cost-efficient vessels and solutions into this promising sector.

Since incorporation the Company has set the ball rolling for creating new facilities at the said sites. Towards this, M/s. KITCO Ltd. has been awarded the work of preparing a Detailed Project Report (DPR) which has been submitted by them on May 21, 2018. The Company is also in the process of recruiting the required talent pool for setting up the facility and spearheading the initial operations.

The Company believes in sustainable development through conservation of natural resources, economic and social development and environmental protection. The Company will be developing the sites at Nazirgunge and Salkia keeping this in mind and aim at using eco-friendly equipment, machineries and manufacturing processes for operating the business. The Company will also try to tap alternate and renewable sources of energy to minimize impact on the environment and the society.

As per the Office Memorandum (OM) F.No. 18(8)/2005-GM issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India on July 08, 2014, CPSEs not undertaking business operations are exempted from the compliance with the Guidelines on Corporate Governance. As the Company has been incorporated on October 23, 2017 and is presently focusing on putting in place required infrastructure and manpower and yet to commence the operations, the Company is exempted from compliance with the Corporate Governance Guidelines issued by the DPE. However, the Company is committed to comply with the Corporate Governance Guidelines once the Company commences its business operations.

I wish to express my gratitude towards the Hon'ble Minister of Shipping, officers of the Ministry of Shipping, Cochin Shipyard Limited, Hooghly Dock & Port Engineers Limited for their efforts taken for the establishment of Hooghly Cochin Shipyard Limited. The support received from various offices of the Government of West Bengal and the Kolkata Port Trust is sincerely acknowledged. I hope the Company would attain its objectives rapidly and would be able to cater to the needs of the Inland and Coastal waterways and thereby contribute to the economic development of India.

Thanking You

Jai Hind

**Madhu S. Nair**

Chairman

DIN: 07376798

July 18, 2018

## PROFILE OF DIRECTORS

### Shri Madhu S Nair

Shri Madhu S Nair is one of the first directors of the Company as per the Articles of Association of the Company. Shri Madhu S Nair is the Chairman and Managing Director of Cochin Shipyard Limited (CSL) from January 1, 2016 and represents CSL in the Board. He holds a Degree of Bachelor of Technology in Naval Architecture and Ship Building from Cochin University of Science and Technology, India and a Degree of Master in Engineering with specialisation in Naval Architecture and Ocean Engineering from Osaka University, Japan. He has completed a training course in Shipbuilding-Production Control at Ishikawajima Harima Heavy Industries Overseas Vocational Training Association organised by the Japan International Cooperation Agency under the International Cooperation Programme of the Government of Japan. Furthermore, he has also attended an intensive Japanese language course at Osaka International Centre. He is a member of the Royal Institution of Naval Architects, London. He has approximately 28 years of work experience across the Ship Building and Ship Repair industry.

### Shri D Paul Ranjan

Shri D Paul Ranjan is one of the first directors of the Company as per the Articles of Association of the Company. Shri D Paul Ranjan is the Director (Finance) and Chief Financial Officer of Cochin Shipyard Limited (CSL) from May 1, 2014 and represents CSL in the Board. He is a Chartered Accountant and has completed post qualification course in Information Systems Audit (ISA) from the Institute of Chartered Accountants of India. He has approximately 33 years of work experience across diverse field viz., financial management, strategic planning, risk management, forex management, budgeting and cost control.

### Shri N V Suresh Babu

Shri N V Suresh Babu is one of the first directors of the Company as per the Articles of Association of the Company. Shri N V Suresh Babu is the Director (Operations) of Cochin Shipyard Limited (CSL) from April 26, 2016 and represents CSL in the Board. He holds a degree of Bachelor of Engineering (Mechanical) from the University of Kerala. He holds a Diploma in Management from Indira Gandhi National Open University. He has completed one year Group Training Course in Shipbuilding, Repairing and Maintenance conducted by Overseas Shipbuilding Cooperation Centre under International Cooperation Programme of the Government of Japan under Colombo Plan. He has also undergone a practical training course with shipyard in Sekaide, Japan of Kawasaki Heavy Industries Limited. Furthermore, he has completed supplementary course in Japanese language held at Overseas Shipbuilding Cooperation Centre. He has approximately 31 years of work experience across various areas of the shipyard such as Ship Building, Materials and Ship Repair divisions.

### Shri Bejoy Bhasker

Shri Bejoy Bhasker has been inducted to the Board of HCSL as the Nominee of Cochin Shipyard Limited. He is the Director (Technical) of Cochin Shipyard Limited from April 05, 2018. He holds a Degree of Bachelor of Technology (Mechanical) from the University of Kerala with First Rank and Gold Medal. He also holds a Degree of Master of Technology (Mechanical) from the Indian Institute of Technology, Madras. He completed Advanced Diploma in Management from Indira Gandhi National Open University. He was awarded the "Manager of the Year" award in 2014 by Kerala Management Association. He has approximately 30 years of work experience across areas such as Ship Design, Ship Building, Outfit and Ship Repair.

**Shri S Balaji Arunkumar**

Shri S Balaji Arunkumar is one of the first directors of the Company as per the Articles of Association of the Company and represents Hooghly Dock & Port Engineers Limited (HDPEL) in the Board. Shri S Balaji Arunkumar is an IRTS officer of 1997 batch and he also holds a Bachelor Degree in Law from Madras University. Presently he is the Dy. Chairman of Kolkata Port Trust and the Chairman and Managing Director of Hooghly Dock & Port Engineers Limited. He has a vast experience of working in the operations, commercial and safety wings of the Indian Railways and was also involved in planning and project management of railway traffic infrastructure works like Railway gauge conversion, doubling and new siding works. He has also worked in Container Corporation of India, Chennai and has successfully piloted creation of LCL hub in CONCOR ICD, Chennai. He is also a Director in Bhor Sagar Port Limited and Kolkata Port Infrastructure Development Limited.

**Shri Chandra Mani Rout**

Shri Chandra Mani Rout is one of the first directors of the Company as per the Articles of Association of the Company and represents Hooghly Dock & Port Engineers Limited (HDPEL) in the Board. He holds a Bachelor Degree in Civil Engineering and Post Graduate Diploma in Management and Remote Sensing from XIM, Bhubaneswar and IIRS, Dehradun respectively. He is currently working as the Director (IWT and Engg.), Ministry of Shipping, Government of India and has involved in the works pertaining to IWT sector of India including Bangladesh and Myanmar, Inland Water Authority of India (IWAI) and TAMP and ALHW and HDPEL along with the matter related to Development Wings of the Ministry of Shipping. He has more than 23 years of experience in Port and Harbor Engineering (Kolkata Port Trust), dredging in the river/estuary, River Hydraulics and R & D related areas. He has also visited several countries for the development of Inland waterways and Coastal Shipping of India. He is also a Director in Central Inland Water Transport Corpn Ltd.

## NOTICE

Notice is hereby given that the 01<sup>st</sup> Annual General Meeting of the Members of Hooghly Cochin Shipyard Limited will be held at 11.00 hrs on Wednesday, July 18, 2018 at the Registered Office of the Company at The Legacy, 25 A, Shakespeare Sarani, Level 1, Kolkata, West Bengal - 700017, to transact the following businesses:

### Ordinary Business

1. To consider and adopt the audited financial statements as on 31<sup>st</sup> March 2018, and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri N V Suresh Babu (DIN: 07482491), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Chandra Mani Rout (DIN: 06935852), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
4. 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 142 (1) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, (including any statutory modification(s) or re-enactment thereof for the time being in force), the remuneration of M/s. Ghosal, Basu & Ray (CA0624), Chartered Accountants, appointed by the Comptroller & Auditor General of India (C&AG) under Section 139 (7) of the Companies Act, 2013 as the statutory auditors of the Company for the financial year 2017-18 vide their letter no./CA. V/COY/CENTRAL GOVERNMENT,HCSL(1)/1745 dated 22/12/2017, be fixed at an amount of Rs. 50,000 (Rupees Fifty Thousand Only) plus applicable GST."

**"RESOLVED FURTHER THAT** pursuant to Section 142 (1) of the Companies Act, 2013, the remuneration of the Auditors of the Company appointed under Section 139 (5) of the Companies Act, 2013 be fixed by the Board of Directors from time to time as may be mutually decided between the Board and the auditor."

### Special Business

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 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 in this regard) to borrow on behalf of the Company, money from time to time by way of loans, debentures and other securities, 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 share capital of the Company, its free reserves and securities premium."

**PROVIDED 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 Rs. 200,00,00,000 (Rupees Two Hundred Crore Only).

**"RESOLVED FURTHER THAT** Shri Madhu S Nair (DIN: 07376798), Chairman, Shri D Paul Ranjan (DIN: 06869452), Director, Shri N V Suresh Babu (DIN: 07482491), Director and Shri Bejoy Bhasker (DIN: 08103825), Director be and are hereby jointly/severally authorised to take all such steps as it may deem necessary and to execute all documents as may be necessary, proper or expedient to give effect to the above resolution."

6. 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 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modifications (s) or re-enactment thereof, for the time being in force and subject to the provisions of the Memorandum and Articles of Association of the Company, and also subject to the Shareholders Agreement dated November 17, 2017, the Concession Agreement and Lease Deed dated January 19, 2018, consent

of the members be and is hereby accorded to the Board of Directors (hereinafter, referred to as the "Board", which term shall include the Committee constituted by the Board to exercise the powers conferred on the Board by this Resolution viz. Securities Offer Allotment and Transfer Committee) of the Company to create, issue, offer and allot securities other than equity shares including Non-Convertible Debentures ("NCDs") in one or more series/tranches upto Rs. 100,00,00,000 (Rupees One Hundred Crore Only) within the above limit of Rs. 200,00,00,000 (Rupees Two Hundred Crore Only) on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and consider proper and most beneficial to the Company including without limitation as to when the said securities/NCDs are to be issued, the consideration for the issue, mode of payment, coupon rate, redemption period, utilization of the issue proceeds and all matters connected therewith or incidental thereto."

**"RESOLVED FURTHER THAT** Shri Madhu S Nair (DIN: 07376798), Chairman, Shri D Paul Ranjan (DIN: 06869452), Director, Shri N V Suresh Babu (DIN: 07482491), Director and Shri Bejoy Bhasker (DIN: 08103825), Director be and are hereby jointly/severally authorised to take all such steps as it may deem necessary and to execute all documents as may be necessary, proper or expedient to give effect to the above resolution."

By the Order of the Board of Directors

For Hooghly Cochin Shipyard Limited

**D Paul Ranjan**

Director

(DIN: 06869452)

Place: Kochi

Date: July 02, 2018

**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 hereto.
2. A member who is entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. The instrument appointing the proxy should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than forty-eight (48) hours before the commencement of the Meeting. A Proxy Form (MGT -11) is annexed to this Notice.
3. A person can act as a proxy on behalf of the members not exceeding fifty (50) members and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. In case, a proxy is proposed to be appointed by a member holding more than ten percent of the total share capital of the Company carrying voting rights, then such person shall not act as a proxy for any other person or shareholder.
4. Members, Proxies and Authorized Representatives are requested to bring the duly filled attendance slip enclosed herewith along with their copy of Annual Report, to attend the Meeting. Corporate members intending to send their Authorized Representatives to attend the Meeting pursuant to Section 113 of the Act are requested to send to the Company, a certified copy of the Board Resolution or Power of Attorney or any other instrument authorizing their representative(s) to attend and vote on its behalf at the Meeting.
5. The registers maintained under the Companies Act, 2013 and all documents referred to in the Notice or in the accompanying Explanatory Statement are available for inspection by members at the Meeting.
6. The route map to the venue of the Meeting is enclosed with this notice.
7. This Meeting is proposed to be held at a shorter notice. The request for consenting to shorter Notice is enclosed along with this Notice and the Meeting will be held only if the consent is received from all the Members entitled to vote at this Meeting.

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

### Item No.5

The provisions of the 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 (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed aggregate of its paid up share capital, free reserves and securities premium, only with the consent of the Company by way of a special resolution. Presently, the Company has a paid up capital of Rs.22 crores and has no free reserves.

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 Rs. 200,00,00,000 (Rupees Two Hundred Crore Only) by way of a 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 a special resolution is required along with the approval of the Board of Directors to sell or dispose off substantial part of the undertaking of the Company. In this respect the Company would be required 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 Rs. 200,00,00,000 (Rupees Two Hundred Crore Only). Hence, under Section 180(1)(a) we would require the consent of the members by way of a special resolution for creation of mortgage / charge / lien on the assets for borrowing upto the above amount of Rs.200,00,00,000 (Rupees Two Hundred Crore 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. 5 of the Notice.

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 except to the extent of their shareholding in the Company. The Directors hold shares on behalf of the Promoters of the Company viz., CSL and HDPEL.

#### Item No.6

The Company is in requirement to augment funds for the purpose of the working capital requirements and to augment long term resources for financing, inter alia, for positioning ship building and ship repair infrastructure and for general corporate purposes. Hence the Board at its meeting held on February 05, 2018 decided to borrow money up to Rs.200,00,00,000 (Rupees Two Hundred Crore Only) and issue of securities other than equity shares upto Rs. 100,00,00,000 (Rupees One Hundred Crore Only) within the above said limit of borrowing.

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of

Securities) Rules, 2014 deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 states that in case of an offer or invitation to subscribe Non-Convertible Debentures ("NCDs") on private placement basis, the company shall obtain previous approval of its members by means of a special resolution only once in a year for all the offers or invitations for such debentures during the year. The Board, which term shall include Securities Offer, Allotment and Transfer Committee constituted by the Board, may at an appropriate time, offer or invite subscription for securities other than equity shares including NCDs, in one or more series/tranches on private placement basis at such price, terms and conditions as may be decided by it.

Accordingly, consent of the members is being sought for passing the special resolution as set out at Item No. 6 of the Notice. This resolution is an enabling resolution and authorizes the Board of Directors of the Company to create, issue, offer and allot securities other than equity shares including NCDs, as may be required by the Company, from time to time for a year from the date of passing this 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 except to the extent of their shareholding in the Company. The Directors hold shares on behalf of the Promoters of the Company viz., CSL and HDPEL.

By the Order of the Board of Directors  
For Hooghly Cochin Shipyard Limited

**D Paul Ranjan**

Director

(DIN: 06869452)

Place: Kochi

Date: July 02, 2018

#### Registered Office:

The Legacy, 25 A, Shakespeare Sarani, Level 1,  
Kolkata, West Bengal – 700 017

CIN: U35900WB2017GOI223197

Phone: +91 (33) 44000517, e-mail: secretary.hcsl@cochinshipyard.com

## ATTENDANCE SLIP

Venue of the Meeting : The Legacy, 25 A, Shakespeare Sarani, Level 1, Kolkata, West Bengal - 700 017.

Day, Date and Time : Wednesday, July 18, 2018 at 11.00 hrs.

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING VENUE**

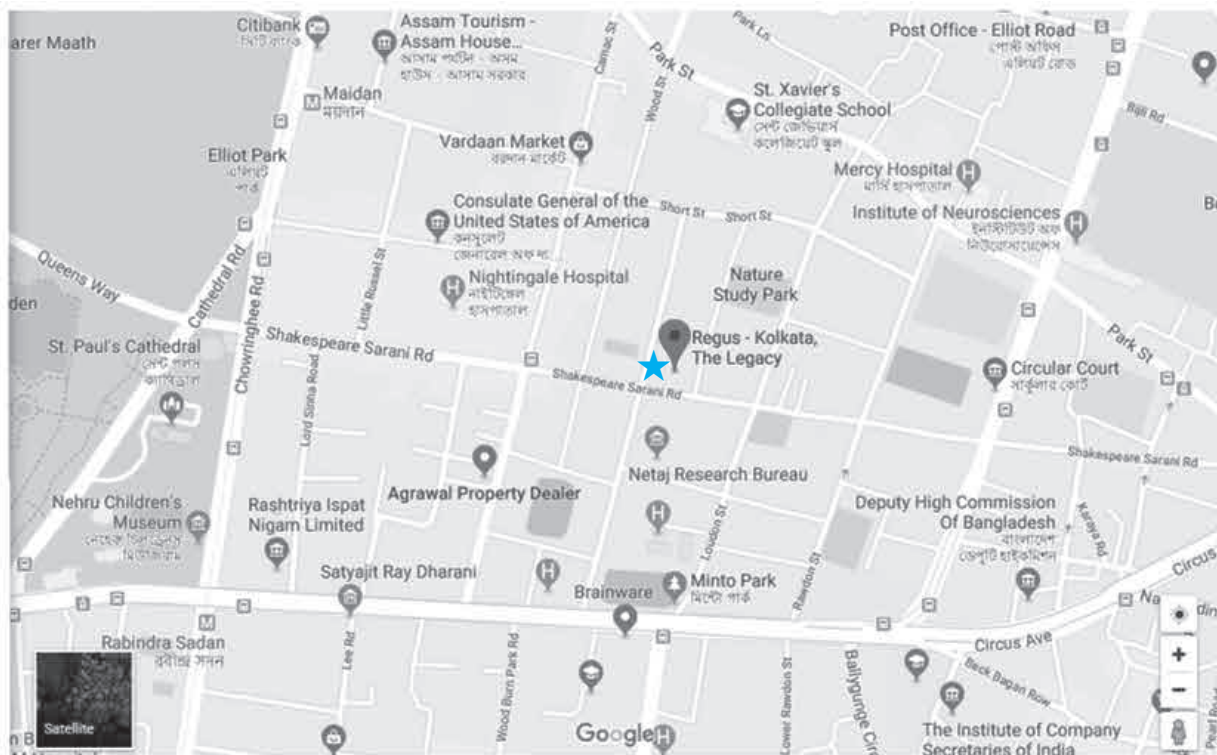
Name of the Shareholder(s)	
Registered Address	
Email ID	
Ledger Folio No.	
No. of shares held	

I certify that I am the registered shareholder(s)/proxy for the registered shareholder of the Company.

I hereby record my presence at the FIRST ANNUAL GENERAL MEETING of the Company on Wednesday the 18<sup>th</sup> day of July, 2018 at 11.00 hrs. at the Registered office of the Company at The Legacy, 25 A, Shakespeare Sarani, Level 1, Kolkata, West Bengal - 700 017.

Signature of the shareholder or proxy

## ROUTE MAP TO THE VENUE OF THE MEETING



★ HCSL Registered Office (Venue of the Meeting)

**Form No. MGT-11****Proxy form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Venue of the Meeting : The Legacy, 25 A, Shakespeare Sarani, Level 1, Kolkata, West Bengal - 700 017.  
Day, Date and Time : Wednesday, July 18, 2018 at 11.00 hrs.

Name of Member(s)	
Registered Address	
Email ID	
Ledger Folio No.	

I/We, being the member(s) of Hooghly Cochin Shipyard Limited holding \_\_\_\_\_ shares, hereby appoint:

1.

Name:	
Address:	
E-mail Id:	
Signature	

or failing him/her

2.

Name:	
Address:	
E-mail Id:	
Signature	

or failing him/her

3.

Name:	
Address:	
E-mail Id:	
Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the first Annual General Meeting of members of the Company, to be held on Wednesday the 18<sup>th</sup> day of July, 2018 at 11.00 hrs. at the Registered office of the Company at The Legacy, 25 A, Shakespeare Sarani, Level 1, Kolkata, West Bengal - 700 017, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
<b>Ordinary Resolution</b>			
1.	To consider and adopt the audited financial statements as on 31 <sup>st</sup> March 2018, and the Reports of the Board of Directors and Auditors' thereon.		
2.	To appoint a Director in place of Shri N V Suresh Babu (DIN: 07482491), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To appoint a Director in place of Shri Chandra Mani Rout (DIN: 06935852), who retires by rotation and being eligible, offers himself for re-appointment.		
4.	To fix the remuneration of Auditors appointed under Section 139 of the Companies Act, 2013.		
<b>Special Resolution</b>			
5.	To approve borrowing limits under section 180 of the Companies Act, 2013.		
6.	To approve private placement of securities other than equity shares including NCDs.		

Signed this ..... day of..... 2018

Affix  
Revenue  
Stamp

Signature of Shareholder

Signature of Proxy holder(s)

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**

**The Companies Act, 2013**  
**Consent of shareholder for shorter notice**

[Pursuant to Section 101 (1)]

To  
The Board of Directors,  
Hooghly Cochin Shipyard Limited,  
The Legacy, 25 A, Shakespeare Sarani,  
Level 1, Kolkata, West Bengal – 700 017.

I, \_\_\_\_\_, son of \_\_\_\_\_,  
resident of \_\_\_\_\_  
\_\_\_\_\_, holding \_\_\_\_\_ equity shares of Rs. 10 each in the Company,  
hereby give consent, pursuant to Section 101 (1) of the Companies Act, 2013, to hold the 01st Annual General Meeting (AGM) of the Company on July 18, 2018 at a shorter notice.

Signature:

Name:

Place:

Date:

## DIRECTORS' REPORT

### Dear Shareholders,

1. Your Directors have immense pleasure in presenting the 01<sup>st</sup> Annual Report of your Company together with the financial statements for the year ended 31<sup>st</sup> March 2018, the Report of the Statutory Auditors and the comments of the Comptroller and Auditor General of India (C&AG) under Section 143 (6) (b) of the Companies Act, 2013.

### Background

2. The Company has been formed as a Joint Venture between Cochin Shipyard Limited (CSL) and Hooghly Dock & Port Engineers Limited (HDPEL) under the aegis of the Ministry of Shipping, Government of India. The Ministry of Shipping ('the Ministry') vide their letter no. SY-11018/1/2010-HDPE dated March 29, 2017 granted the initial approval for formation of joint venture partnership between CSL and HDPEL. Moving forward, subsequent approvals were granted vide Ministry's letter nos. SY-11018/1/2010-HDPE and SY-12016/1/2014-HDPE dated 30<sup>th</sup> June, 2017 and 19<sup>th</sup> September, 2017 respectively and on October 23, 2017 the Company in the name of Hooghly Cochin Shipyard Limited (HCSL) having its registered office at Kolkata was incorporated as a Private Limited Company under the Companies Act, 2013 for upgradation and modernization of shipbuilding infrastructure at HDPEL's facilities in Salkia and Nazirgunge in Kolkata by taking over on lease the said facilities from HDPEL.

3. The Company has been established based on three agreements viz. Shareholders Agreement, Concession Agreement and the Lease Deed. The Shareholders Agreement between the Company, CSL and HDPEL was executed on November 17, 2017. The Concession Agreement and the Lease Deed between the Company and HDPEL was executed on January 19, 2018.

4. The Company was incorporated with an initial paid-up equity share capital of Rs. 800/- comprising of 80 equity shares of Rs. 10 each. During December, 2017 the paid-up equity share capital of the Company was augmented to Rs. 22 crore by issuing 1,62,79,940 equity shares to CSL for cash at the face value of Rs. 10 per share aggregating to Rs. 16,27,99,400 and 57,19,980 equity shares of face value of Rs. 10 each aggregating to Rs. 5,71,99,800 to HDPEL for consideration other than cash viz. agreeing to enter into Concession Agreement and related agreements in connection with the Company. Out of the said equity share capital 74% is held by CSL and 26% by HDPEL.

### Promoter Companies

#### Cochin Shipyard Limited (CSL)

5. Cochin Shipyard Limited (CSL) is a Government of India enterprise under the Ministry of Shipping having its Registered Office at Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi – 682 015, Kerala, India. CSL was incorporated in the year 1972 as a fully owned Government Company. In the last three decades CSL has emerged as a front runner in the Indian Shipbuilding & Ship repair Industry. CSL can build ships up to 1,10,000 DWT and repair ships upto 1,25,000 DWT. CSL has many a feather on its cap like it has delivered two of India's largest double hull Aframax tankers each of 95,000 DWT, has built various types of vessels including Tankers, Bulk Carriers, Port Crafts, Passenger Vessels etc. CSL has secured shipbuilding orders from internationally renowned companies from Europe & the Middle East and has exported about 45 ships. CSL was legally incorporated in the year 1972. It is the only yard which has undertaken drydock repairs to India's Aircraft Carriers. CSL commenced the shipbuilding operations in 1975, ship repair in 1978, Marine Engineering Training in 1993 and Offshore upgradation in 1999. CSL has

undertaken repairs of all types of vessels including upgradation of ships of oil exploration industry as well as periodical lay-up repairs and life extension of ships of Navy, UTL, Coast Guard, Fisheries and Port Trust besides merchant fleet. CSL has, over the years, developed adequate capabilities to handle complex and sophisticated repair jobs.

### Hooghly Dock & Port Engineers Limited (HDPEL)

6. Hooghly Dock & Port Engineers Limited (HDPEL), situated at Kolkata in the State of West Bengal, India, is one of the oldest shipyards in India. It was established in the year 1819 in the private sector and named as Hooghly Docking & Engineering Company Limited. Subsequently, Port Engineering Works (PEW), which was a part of the Andrew Yule & Company Limited, was merged with Hooghly Docking & Engineering Company Limited leading to the formation of HDPEL. With the objective of infusing capital in HDPEL, carrying out modernization of its facilities and developing India's ship building and repairing capacity, the Government of India through an act of Parliament titled "The Hooghly Docking & Engineering Company Limited (Acquisition and Transfer of Undertaking) Act, 1984", nationalized the Company. The nationalized Company named as Hooghly Dock & Port Engineers Limited remained with the Ministry of Industry till 27.07.1986 and thereafter was transferred to the Ministry of Surface Transport. Presently, HDPEL is under Administrative Control of the Ministry of Shipping, Government of India and its Registered Office is situated at Martin Burn House, 2<sup>nd</sup> Floor, 1 R. N. Mukherjee Road, Kolkata – 700 001.

### About the Project

7. HDPEL has two units ideally located at Salkia and Nazirgunge on the banks of river Hooghly in the city of Howrah (in the State of West Bengal, India), which is well connected with city of Kolkata. Both these units of HDPEL have the required potential for construction of various types of vessels, viz. Tugs, Dredgers, Floating Dry dock, Fire Float, Fishing Trawlers, Grab Hopper and Surface Dredgers, Light House Tender Vessels, Oil Pollution Control Vessel, Passenger Vessel, etc.

8. Large developments are expected in east coast including the development of NW-1 for Inland water transportation. The same offers opportunities for ship building and ship repair in the east coast. Towards capitalizing the above mentioned emerging opportunities, major revamping and augmentation of facilities at HDPEL is needed. To undertake the development at minimal cost and to have a better utilization of facilities, vessel having tonnage in the range of 1500 - 2000 DWT are considered as design vessels.

9. Cochin Shipyard had entrusted M/s. KITCO Ltd. to conduct the "Preliminary Engineering Feasibility Study for Development of Dry Dock/Ship Repair Facility at Hooghly Dock & Port Engineers Ltd, Kolkata" vide the letter No. PROJ/40/2017 dated 21<sup>st</sup> Feb 2017.

10. M/s. KITCO Ltd. has carried out detailed site investigations and has presented their feasibility study report and their observations were as follows:

- Since the facilities at Nazirgunge and Salkia were not in use for more than four years, most of the equipments including cranes are beyond economic repair. Also, the various buildings are in poor condition due to lack of maintenance. It was also observed that various equipments are of very old make, making it very difficult to obtain spares. The technology of these equipments are also obsolete.
- Other major observations are:

#### Nazirgunge

- a. Inadequacy of existing slipway;
- b. Facilities inside the workshops are inadequate; and
- c. Poor condition of workshop buildings.

#### Salkia

- a. Dry dock in poor condition;
- b. Dock gate leaks; and
- c. No outfitting bay.

11. Hence, based on the preliminary investigation, modernization and new infrastructure is required to operationalize the facility.



### Project way ahead and status

12. A Detailed Project Report (DPR) has to be prepared for development of Nazirgunge and Salkia. The work for DPR was awarded to M/s. KITCO Ltd. in Feb 17. M/s. KITCO Ltd. has also been awarded the Project Management Consultancy for the work. M/s. KITCO Ltd. submitted the DPR for Restructuring and Augmentation of HCSL on May 21, 2018. The award of construction contract for rebuilding and developing the facility is under process.

### Financial Details

13. The Company is in the process of operationalizing the facilities at Salkia and Nazirgunge units. The infrastructure for undertaking the ship building and ship repair activities is being positioned at the sites and the work is progressing in a swift pace. The Company being in the project implementation stage has reported a loss of Rs. 37.07 lakh during the financial year 2017-18. The total capital expenditure incurred in the financial year 2017-18 amounted to Rs. 26.81 lakh.

### Financial Highlights

Sl. No.	Particulars	As at March 31, 2018 (Rs. in Lakh)
(i)	Gross Income	18.57
(ii)	Profit Before Finance cost, Depreciation & Tax	(49.92)
(iii)	Finance Costs	-
(iv)	Depreciation & Write off	-
(v)	Profit Before Tax	(49.92)
(vi)	Tax Expense	(12.85)
(vii)	Net Profit/(loss)	(37.07)

### Share Capital

14. The Authorised Share Capital of the Company is Rs. 25,00,00,000 (Rupees Twenty Five Crore only) divided into 2,50,00,000 (Two Crore Fifty Lakh) Equity Shares of face value of Rs. 10 (Rupees Ten only) each. The paid-up equity share capital of the Company as on March 31, 2018 is Rs. 22,00,00,000 (Rupees Twenty Two Crore only) divided into 2,20,00,000 (Two Crore Twenty Lakh) equity shares of face value of Rs. 10 (Rupees Ten only) each.

### Dividend

15. No dividend is recommended as the Company is currently in the project implementation stage and the Company has incurred a loss during the financial year 2017-18.

### Transfer to Reserves

16. As the Company is in the project implementation stage and has incurred a loss during the financial year 2017-18, the Company is unable to transfer any amount to the Reserves.

### Contribution to Exchequer

17. The total contribution made during the year by way of Goods and Services Tax (GST), Income Tax and Customs Duty was approximately Rs. 7.88 lakh.

### Manpower Status

18. The Company is in the process of developing the required human resource structure for operationalising the facilities at Salkia and Nazirgunge. However, Cochin Shipyard Limited has employed a total of 8 officers on secondment basis exclusively for undertaking the activities of the Company till such time the required human resource structure is in place.

### Particulars of Employees and Related Disclosures

19. In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5<sup>th</sup> June, 2015, Government Companies are exempted from Section 197 of the Companies Act, 2013 and its rules thereof. Hence, details of remuneration of directors need not be included in the Board's report.

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

20. The Company has been putting in considerable efforts for implementing energy efficient and latest technology machineries and equipments at the facilities at Salkia and Nazirgunge and the positioning of infrastructure at the said sites is progressing. The company is in the process of installing the infrastructure, technology absorption would be achieved on commencement of operations.

21. Since the Company is in its project implementation stage there are no foreign exchange earnings and outgo.

## Risk Management

22. The Company is in the process of setting up the infrastructure for upgradation and modernization of facilities in Salkia and Nazirgunge and will be putting in place a comprehensive Risk Management Policy for achieving the objects of the Company efficiently and effectively.

## Health, Safety & Environment (HSE)

23. The Company gives utmost importance to the Health and Safety of the work force and the Environment in which the work is being done. Once the construction work is awarded the Company will put in place a comprehensive system of health, safety and environment.

## Industrial Security

24. The physical security of the Company is being entrusted to the Central Industrial Security Force (CISF) and an agreement in this regard is under finalization.

## Board of Directors & Key Managerial Personnel

25. The Board of the Company comprises of 6 directors, all of whom are Non-Executive Directors.

26. The Composition of the Board as on March 31, 2018 and attendance record of directors for the financial year 2017-18 is given below:

Sl. No.	Name	DIN	Designation	No. of Board Meetings attended
1.	Shri Madhu S Nair	07376798	Chairman	3/3
2.	Shri D Paul Ranjan	06869452	CSL Nominee Director	3/3
3.	Shri Sunny Thomas*	06882228	CSL Nominee Director	3/3
4.	Shri N V Suresh Babu	07482491	CSL Nominee Director	2/3
5.	Shri S Balaji Arunkumar	07526368	HDPEL Nominee Director	3/3
6.	Shri Chandra Mani Rout	06935852	HDPEL Nominee Director	3/3

\*Shri Bejoy Bhasker, Director (Technical), Cochin Shipyard Limited (CSL) was appointed as the nominee director of CSL in place of Shri Sunny Thomas with effect from April 25, 2018.

27. At present the Company does not have a Managing / Whole-Time Director or a Chief Executive Officer or a Chief Financial Officer or a Company Secretary.

28. There were no changes in Directorship of the Company during the financial year 2017-18.

### Details of Board Meetings held during 2017-18

29. Three Board Meetings were held during the financial year 2017-18 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held and the attendance of Directors in the said meetings are as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1.	November 17, 2017	6	6
2.	December 14, 2017	6	5
3.	February 05, 2018	6	6

### Committees of the Board

30. The Company has constituted a Share Allotment and Transfer Committee of the Board, which was renamed as Securities Offer, Allotment and Transfer Committee. The Composition of the Committee as on March 31, 2018 and attendance record of members for the financial year 2017-18 is given below:

Sl. No.	Name	DIN	Designation	No. of Meetings attended
1.	Shri Madhu S Nair	07376798	Chairman	1/1
2.	Shri D Paul Ranjan	06869452	Member	1/1
3.	Shri N V Suresh Babu	07482491	Member	1/1

31. One Meeting of the Committee was held during the financial year 2017-18 on December 18, 2017 and all the members were present at the said meeting.

### Evaluation of Board's Performance

32. As the paid up share capital of the Company as at March 31, 2018 is less than twenty five crore rupees, the statement indicating the manner in which formal annual evaluation has been made by the Board of its own

performance and that of its committees and individual directors is not disclosed in the Board's Report. However, the Ministry of Corporate Affairs vide notification GSR 463(E) dated 5th June, 2015 has exempted Government Companies from complying with certain provisions of the Companies Act, 2013 which *inter-alia* provides that Section 134(3)(p) regarding statement on formal annual evaluation shall not apply to Government Companies in case the directors are evaluated by the Ministry which is administratively in-charge of the company as per its own evaluation methodology. Further, the said exemption notification also exempts the Government Companies from the provisions of Sub-Sections (2), (3) & (4) of Section 178 of the Companies Act, 2013 regarding appointment, performance evaluation and remuneration of Directors.

### Declaration by Independent Directors

33. The Company has no Independent Directors on the Board as of now.

### Directors' Responsibility Statement

34. Your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had 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 at the end of the financial year and of the profit and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis; and

- e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Contracts and Arrangements with Related Parties

35. During the year under report, the Company has entered into contracts or arrangements with related parties, which were in the ordinary course of business and on an arm's length basis. These transactions are not falling under the provisions of Section 188(1) of the Companies Act, 2013. Further, your Directors draw attention to Note 19 to the financial statements which set out related party disclosures as per Indian Accounting Standard (Ind AS) 24.

### Corporate Governance

36. As per the Office Memorandum (OM) F. No. 18(8)/2005-GM issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India on 08<sup>th</sup> July, 2014, CPSEs not undertaking business operations are exempted from the compliance with the Guidelines on Corporate Governance. As the Company has been incorporated on October 23, 2017 and is focusing on putting in place required infrastructure and manpower and yet to commence the operations, the Company is exempted from compliance with the Corporate Governance Guidelines issued by the DPE. However, the report on Corporate Governance prepared in compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the DPE is presented in a separate section forming part of the Annual Report.

### Management Discussion and Analysis

37. The Management Discussion and Analysis Report for the year under review, as per the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE) is presented in a separate section forming part of the Annual Report.

### Internal Financial Controls

38. The Board has adopted robust policies and procedures to ensure the orderly and efficient conduct

of the Company's business by safeguarding its assets, preventing and detecting errors and frauds, ensuring the accuracy and completeness of the accounting records and the timely preparation and submission of reliable financial disclosures.

### Secretarial Standards of ICSI

39. Pursuant to the approval from the Ministry of Corporate Affairs, the Institute of Company Secretaries of India (ICSI) has on April 23, 2015, notified the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) effective July 01, 2015. The Company is complying with the same.

### Statutory Auditors

40. M/s. Ghosal, Basu & Ray (CA0624), Chartered Accountants, Kolkata were appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG) for the financial year 2017-18.

### Auditors Report

41. M/s. Ghosal, Basu & Ray, Statutory Auditors have submitted their report on May 03, 2018. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

### Comments of C&AG

42. The comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 is placed at **Annexure I**.

### Extract of Annual Return

43. 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 II**.

### Vigilance

44. There were no vigilance cases pending/disposed off during the financial year 2017-18.

### Supplementary Audit

45. The Comptroller & Auditor General of India (C&AG) has entrusted the Supplementary/Test Audit of the

Company to the Office of The Principal Director of Commercial Audit & Ex-officio Member Audit Board II, Old Nizam Palace, 234/4, Acharya Jagadish Chandra Bose Road, Kolkata – 700 020. However no audit objections have been raised by the said office.

#### RTI Matters

46. No request under the Right to Information Act, 2005 has been sought from the Company till date.

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

47. Nil.

#### Material changes and commitments

48. 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.

#### Particulars of loans, guarantees or investments

49. 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.

#### Details of change in nature of business

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

#### Deposits

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

#### Significant and Material orders

52. 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.

#### Other Disclosures

53. No cases have been filed / disposed off during the financial year 2017-18 under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under.

#### Acknowledgment

54. The Board of Directors is extremely thankful for the continued patronage and support extended by the Hon'ble Prime Minister, Hon'ble Minister of Shipping, Cochin Shipyard Limited (CSL), Hooghly Dock & Port Engineers Limited (HDPEL) and all officers of the Ministry of Shipping, CSL and HDPEL. The Board would also like to express its grateful appreciation for the support and co-operation from various offices of the Government of India, Government of West Bengal, various local bodies, the Comptroller & Auditor General of India, Statutory Auditors, Legal Counsels, Consultants, Suppliers, Sub-contractors and Company's Bankers.

For and on behalf of the Board of Directors

Place : Kochi  
Date : July 02, 2018

**Madhu S Nair**  
Chairman  
DIN: 07376798

# Annexure I

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HOOGHLY COCHIN SHIPYARD LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of financial statements of Hooghly Cochin Shipyard Limited for the year ended 31 March 2018 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 auditor appointed by the Comptroller and Auditor General of India under section 139(7) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with 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 03.05.2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Hooghly Cochin Shipyard Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor 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 comments upon or supplement to statutory auditors' report.

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

**(Reena Saha)**

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT  
& EX-OFFICIO MEMBER, AUDIT BOARD-II KOLKATA

Kolkata  
Dated: 23.05.2018

For and on behalf of the Board of Directors

**Madhu S Nair**

Chairman

DIN: 07376798

Place : Kochi  
Date : July 02, 2018

## Annexure II

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018  
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	U35900WB2017GOI223197
2.	Registration Date	October 23, 2017
3.	Name of the Company	Hooghly Cochin Shipyard Limited
4.	Category/Sub-category of the Company	Private Company/ Limited by Shares
5.	Address of the Registered office & contact details	The Legacy, 25 A, Shakespeare Sarani, Level 1 Kolkata – 700 017 West Bengal, India. Ph: +91 (33) 44000517 e-mail: secretary.hcsl@cochinshipyard.com
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

#### 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
Not Applicable since the Company is in project stage and yet to start its operations.			

#### 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.	Cochin Shipyard Limited Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin, Ernakulam - 682 015, Kerala, India.	U63032KL1972GOI002414	Holding	74	2(46)

## 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 23 <sup>rd</sup> October 2017]				No. of Shares held at the end of the year [As on 31 <sup>st</sup> March 2018]				% 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	-	10	10	12.5	-	10	10	-*	(12.5) <sup>®</sup>
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	70	70	87.5	-	2,19,99,990	2,19,99,990	100 <sup>#</sup>	12.5 <sup>®</sup>
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	-	80	80	100	-	2,20,00,000	2,20,00,000	100	-
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total shareholding of Promoter (A)(1) + (A)(2)</b>	-	<b>80</b>	<b>80</b>	<b>100</b>	-	<b>2,20,00,000</b>	<b>2,20,00,000</b>	<b>100</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	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



<b>(2) Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non Resident Indians	-	-	-	-	-	-	-	-	-
ii) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
iii) Foreign Nationals	-	-	-	-	-	-	-	-	-
iv) Clearing Members	-	-	-	-	-	-	-	-	-
v) Trusts	-	-	-	-	-	-	-	-	-
vi) Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(2)</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Public Share holding (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>80</b>	<b>80</b>	<b>100</b>	-	<b>2,20,00,000</b>	<b>2,20,00,000</b>	<b>100</b>	-

\* The percentage of shares held by the Central Govt. is 0.00004545. The percentage is not shown in the above table as it is negligible in terms of the total shares of the Company.

# The percentage of shares held by Bodies Corporate comes to 99.99995455. Hence it is rounded off to 100.

© The % Change during the year is rounded off to 12.50.

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 23 <sup>rd</sup> October 2017]			Shareholding at the end of the year [As on 31 <sup>st</sup> March 2018]			% change in share holding 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	Cochin Shipyard Limited (CSL)	60	75	-	1,62,80,000	74	-	(1)
2	Hooghly Dock & Port Engineers Limited (HDPEL)	10	12.5	-	57,19,990	26 <sup>#</sup>	-	13.5
3	Ministry of Shipping, Government of India	10	12.5	-	10	_*	-	(12.5) <sup>@</sup>

**Note:** 60 shares (10 shares each) are held by CSL Representative and Nominees on behalf of CSL and 10 shares each are held by representatives of HDPEL and Ministry of Shipping, Govt. of India.

\* The percentage of shares held by the Ministry of Shipping, Government of India is 0.00004545. The percentage is not shown in the above table as it is negligible in terms of the total shares of the Company.

# The percentage of shares held by HDPEL comes to 25.99995455. Hence it is rounded off to 26.

@ The % Change in shareholding during the year is rounded off to 12.50.

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

Sl. No.	Particulars			Shareholding at the beginning of the year [As on 23 <sup>rd</sup> October 2017]		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 [As on 23 <sup>rd</sup> October 2017]			80	100	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):						
	Date	Name	Reason				
	18/12/2017	CSL	Allotment	1,62,79,940	74*	1,62,80,000	74
	18/12/2017	HDPEL	Allotment	57,19,980	26*	57,19,990	26*
	At the end of the year [As on 31 <sup>st</sup> March 2018]			-	-	2,20,00,000	100

\* The % figures shown in the above table have been rounded off to the nearest one.

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

The Company does not have any shareholders other than promoters.

**(v) Shareholding of Directors and Key Managerial Personnel**

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year [As on 23 <sup>rd</sup> October 2017]		Cumulative Shareholding during the year [As on 31 <sup>st</sup> March 2018]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year [As on 23<sup>rd</sup> October 2017]</b>				
1.	Shri Madhu S Nair, Chairman & CSL Nominee Director (DIN: 07376798)	10	12.5		
2.	Shri D Paul Ranjan, CSL Nominee Director (DIN: 06869452)	10	12.5		
3.	Shri Sunny Thomas, CSL Nominee Director (DIN: 06882228)	10	12.5		
4.	Shri N V Suresh Babu, CSL Nominee Director (DIN: 07482491)	10	12.5		
5.	Shri S Balaji Arunkumar, HDPEL Nominee Director (DIN:07526368)	10	12.5		
6.	Shri Chandra Mani Rout, HDPEL Nominee Director (DIN: 06935852)	10	12.5		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	<b>At the end of the year [As on 31<sup>st</sup> March 2018]</b>				
1.	Shri Madhu S Nair, Chairman & CSL Nominee Director (DIN: 07376798)	-	-	10	-
2.	Shri D Paul Ranjan, CSL Nominee Director (DIN: 06869452)	-	-	10	-
3.	Shri Sunny Thomas, CSL Nominee Director (DIN: 06882228)	-	-	10	-
4.	Shri N V Suresh Babu, CSL Nominee Director (DIN: 07482491)	-	-	10	-
5.	Shri S Balaji Arunkumar, HDPEL Nominee Director (DIN:07526368)	-	-	10	-
6.	Shri Chandra Mani Rout, HDPEL Nominee Director (DIN: 06935852)	-	-	10	-

**Note:** Shri Madhu S Nair, Shri D Paul Ranjan, Shri Sunny Thomas and Shri N V Suresh Babu have been allotted shares for subscribing to the Memorandum of Association (MoA) and Articles of Association (AoA) of the Company on behalf of CSL. Shri S Balaji Arunkumar has been allotted shares for subscribing to the MoA and AoA of the Company as the representative of HDPEL. Shri Chandra Mani Rout has been allotted shares for subscribing to the MoA and AoA of the Company as the representative of Ministry of Shipping, Government of India. Since the % of total shares held by the Directors at the end of the year is negligible, it is not shown in the above table.

Wherever the reference of the word "year" has been made in this report, the same is to be taken from 23<sup>rd</sup> October, 2017 i.e. the date of incorporation of the Company.

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

**V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager – **Nil**

The Company does not have a Managing Director/Whole Time Director or Manager.

B. Remuneration to other directors – **Nil**

Nominee Directors are not paid any remuneration by the Company.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD – **Nil**

The Company does not have any Key Managerial Personnel as defined under the Companies Act, 2013 and the Rules made there under.

**VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES - Nil**

For and on behalf of the Board of Directors

Place : Kochi  
Date : July 02, 2018

**Madhu S Nair**  
Chairman  
DIN: 07376798

# REPORT ON CORPORATE GOVERNANCE

## Company's Philosophy on Corporate Governance

1. Hooghly Cochin Shipyard Limited ("HCSL/Company") believes that good Corporate Governance facilitates effective and prudent management that can deliver the long-term success of the Company. Considering this, HCSL strives for good governance practices through transparency, fairness, accountability and stakeholder engagement. The report on Corporate Governance has been prepared in compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE).

## Board of Directors

2. The Company has been formed as a Joint Venture between Cochin Shipyard Limited (CSL) and Hooghly Dock & Port Engineers Limited (HDPEL) and a shareholders' agreement in this regard has been entered into between the Company, CSL and HDPEL. The Board of Directors of the Company has been constituted as per the said agreement, which has been approved by Government of India (GOI) vide letter no. SY-12016/1/2014-HDPE dated 19<sup>th</sup> September 2017.

3. As per the Articles of Association of the Company and based on the Shareholders agreement as approved by the GOI, the Board shall comprise of not more than 11 persons. HDPEL shall have the right to nominate such number of Directors as is proportionate to its shareholding in the Company subject to a minimum of two so long as the shareholding of HDPEL is maintained at a minimum of 10% in the Company. CSL shall have the right to nominate the remaining Directors subject to a minimum of 3 Directors, who shall be nominated for appointment on behalf of CSL by the Chairman and Managing Director of CSL.

4. As on March 31, 2018, the Board of the Company consisted of six non-executive directors, 4 nominated by CSL and 2 by HDPEL. The Company has a non-executive Chairman. The composition of the Board as on March 31, 2018 is as follows:-

Sl. No.	Name of the Director	Director Identification Number (DIN)	Category of Directorship
1.	Shri Madhu S Nair	07376798	CSL Nominee Director
2.	Shri D Paul Ranjan	06869452	CSL Nominee Director
3.	Shri Sunny Thomas*	06882228	CSL Nominee Director
4.	Shri N V SureshBabu	07482491	CSL Nominee Director
5.	Shri S Balaji Arunkumar	07526368	HDPEL Nominee Director
6.	Shri Chandra Mani Rout	06935852	HDPEL Nominee Director

\* Shri Bejoy Bhasker, Director (Technical), Cochin Shipyard Limited (CSL) was appointed as the nominee director of CSL in place of Shri Sunny Thomas with effect from April 25, 2018.

5. Disclosure of relationship between Directors *inter-se*: Nil

## Attendance of Directors at Board Meetings and last Annual General Meeting (AGM)

6. Three Board Meetings were held during the year under review. The gap between any two meetings has been less than one hundred and twenty days. As the Company has been incorporated on October 23, 2017, no AGM has been

held till date. The 01<sup>st</sup> AGM of HCSL is scheduled to be held on July 18, 2018. The details of attendance of Directors at the said Board Meetings are given below:-

### Attendance of Directors at Board Meetings held during 2017-18

Name of the Director	November 17, 2017	December 14, 2017	February 05, 2018
Shri Madhu S Nair	YES	YES	YES
Shri D Paul Ranjan	YES	YES	YES
Shri Sunny Thomas	YES	YES	YES
Shri N V Suresh Babu	YES	No	YES
Shri S Balaji Arunkumar	YES	YES	YES
Shri Chandra Mani Rout	YES	YES	YES

### Directorships and Committee positions

7. The total number of Directorship(s)/Chairmanship(s) held by Directors and the positions of Membership/Chairmanship on Committees including Hooghly Cochin Shipyard Limited, as on 31<sup>st</sup> March 2018, are given below:

Name of the Director	No. of Directorship		Board Committees	
	Chairman	Member	Chairman	Member
Shri Madhu S Nair	2	-	-	-
Shri D Paul Ranjan	-	2	-	1
Shri Sunny Thomas*	-	1	-	-
Shri N V Suresh Babu	-	2	-	1
Shri S Balaji Arunkumar	-	5	-	-
Shri Chandra Mani Rout	-	3	-	-

- 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 Stakeholders Relationship Committees of all Public Limited Companies and Government Companies have been considered.
- \*Shri Bejoy Bhasker, Director (Technical), Cochin Shipyard Limited (CSL) was appointed as the nominee director of CSL in place of Shri Sunny Thomas with effect from April 25, 2018.

### Board Committees

8. As per the Office Memorandum (OM) F. No. 18(8)/2005-GM issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India on 08<sup>th</sup> July, 2014, CPSEs not undertaking business operations are exempted from the compliance with the Guidelines on Corporate Governance. As the Company has been incorporated on October 23, 2017 and is focusing on putting in place required infrastructure and manpower and yet to commence the operations, the Company is exempted from compliance with the Corporate Governance Guidelines issued by the DPE. The Company will constitute the Audit Committee and Nomination and Remuneration Committee only after the Company commences its operations.

9. The Company has constituted a Share Allotment and Transfer Committee of the Board, which was renamed as Securities Offer, Allotment and Transfer Committee. The Composition of the Committee and attendance record of

members for the financial year 2017-18 is given below:

Sl. No.	Name	DIN	Designation	No. of Meetings attended
1.	Shri Madhu S Nair	07376798	Chairman	1/1
2.	Shri D Paul Ranjan	06869452	Member	1/1
3.	Shri N V Suresh Babu	07482491	Member	1/1

10. One Meeting of the Committee was held during the financial year 2017-18 on December 18, 2017 and all the members were present in the meeting.

### General Body Meetings

11. The Company was incorporated on October 23, 2017 and hence no Annual General Meetings (AGMs) were held during the last three years. The first AGM of the Company is scheduled to be held on July 18, 2018 at 11.00 hrs. at the Registered Office of the Company at The Legacy, 25 A, Shakespeare Sarani, Level 1, Kolkata, West Bengal - 700017. However, an Extra Ordinary General Meeting (EGM) of the Company was held on Thursday, the 14<sup>th</sup> of December, 2017 at 17.00 hrs at the Registered Office of the Company. A special resolution for issue of shares to CSL and HDPEL was passed in the said EGM.

### Other Disclosures

#### (i) Related Party Transactions

12. During the year under review, there were no materially significant related party transactions that had or may have conflict with the interest of the Company at large.

#### (ii) Non-compliance by the Company

13. No penalties/strictures have been imposed on the Company by any other statutory authority on any matter related to any guidelines issued by Government, during the last three years.

#### (iii) Whistle Blower Policy

14. The Company is focusing on putting in place required infrastructure and manpower to commence the operations. Once the infrastructure is in place and the company commences its operation, it will formulate and put in place a Whistle Blower Policy to provide a framework for Stakeholders to report to the management, instances of illegal or unethical practices, unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

#### (iv) Compliance with DPE Guidelines on Corporate Governance

15. As per the Office Memorandum (OM) F. No. 18(8)/2005-GM issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India on 08<sup>th</sup> July, 2014, CPSEs not undertaking business operations are exempted from the compliance with the Guidelines on Corporate Governance. As the Company has been incorporated on October 23, 2017 and is focusing on putting in place required infrastructure and manpower and yet to commence the operations, the Company is exempted from compliance with the Corporate Governance Guidelines issued by the DPE. However, the Company is committed to comply with the Corporate Governance Guidelines once the Company commences its business operations.

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

16. The Company being a new company which came into existence on October 23, 2017 is in the process of setting up ship building infrastructure at Salkia and Nazirgunge in Kolkata. No Presidential Directives have been issued to the Company by the Central Government till date.

**(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 expenses of the Company for the year 2017-18 were 45.45% of the total expenses. The financial expenses stood at 0% of the total expenses in the year 2017-18.**

**(ix) Means of communication of results**

17. The Company, a newly incorporated unlisted Joint Venture between CSL and HDPEL where 74% shares are held by CSL and 26% by HDPEL is in the process of operationalising the facilities at Salkia and Nazirgunge units. As the Company's shares are not listed in any of the stock exchanges, there is no statutory requirement for publishing the quarterly/half yearly/annual results. The Annual Report of the Company shall be uploaded to the Company's website once the website of the Company is operational. The official news release of the Company shall also be displayed in the Company's website.

**(x) Audit Qualifications**

18. The Report submitted by the Statutory Auditors, M/s. Ghosal, Basu & Ray, with respect to the financial statements of the Company for the financial year 2017-18 does not contain any qualification, reservation or adverse remark or disclaimer.

**(xi) Training of Board Members**

19. Presently, the Company is focusing on putting in place required infrastructure and manpower to commence the operations at the units at Salkia and Nazirgunge and in the course of time the Board members will be provided training in various areas for the success of the business.

**Address for Correspondence:**

The Legacy, 25 A, Shakespeare Sarani,  
Level 1, Kolkata, West Bengal - 700017  
Tel: +91 (33) 44000517,  
Email: secretary.hcsl@cochinshipyard.com

For and on behalf of the Board of Directors

**Madhu S Nair**  
Chairman  
DIN: 07376798

Place : Kochi  
Date : July 02, 2018



# Management Discussion and Analysis Report

## Forward looking statements

1. Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include government's strategy relating to acquisition of naval platforms, changes in government regulations, tax laws, economic developments within the country and such other factors globally. The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013 (the "Act") and comply with the Accounting Standards specified under Section 133 of the Act. The management of Hooghly Cochin Shipyard Limited ("HCSL" or "the Company") has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs for the year.

2. The following discussions on our financial condition and result of operations should be read together with our audited financial statements and the notes to these statements included in the annual report. Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company",

"Hooghly Cochin Shipyard", "HCSL", "Group" are to Hooghly Cochin Shipyard Limited and its holding company.

## Global Shipbuilding Industry

3. As per the report of Norwegian Ship Owners Association, Shipbuilding industry is still going through a downturn which is likely to continue for the next year. The chief factor which contributed for this was the decline in oil prices. A marginal improvement in oil price has not provided a relief in the interim.

## Indian Shipbuilding Industry

4. The opportunities in the defence and inland waterways segments were the highlights of the Indian Shipbuilding Industry. The government's focus on development of Inland and Coastal Waterways infrastructure is expected to spur demand for this sector. It is estimated that around 140 vessels per year may be required to carry cargo in national waterways once it is commissioned.

## Government of India (GOI) Initiatives in Inland Waterways

5. The GOI has taken initiative to develop the National Waterway No. 1 (NW-1) under the Jal Marg Vikas Project with technical and financial assistance of the World Bank.

6. The Proposed Project - Jal Marg Vikas aims at improvement of navigation in entire stretch of 1620 km. of NW-1 (Haldia to Allahabad). The GOI has availed World Bank fund for the development of the Inland Waterway No. 1 between Haldia and Varanasi. The Government's initiative to develop inland waterways is a big business opportunity for the Indian Shipbuilding

Industry in the form of future orders in building various vessels such as Ro Pax vessels, Dredgers, Multipurpose & Mini Bulk Carriers, Inland Cruise Vessels, Petroleum Product Carriers etc.

### Global Ship Repair Industry

7. As per published reports, India has very high potential in Ship Repair segment, even though presently its share in global ship repair market is negligible. India's strategic position along the east bound and west bound international trade routes offers an opportunity to cater to vessels plying on these routes.

### Indian Ship Repair Industry

8. The captive market for shiprepair in India is estimated at around Rs. 2,500 crore. It is estimated that only 15% of the potential is being tapped presently. Lack of infrastructure and weak ancillary support are the main reasons for failure to tap the above opportunities. As a part of the Sagarmala project, government has embarked on a programme for full utilisation of existing drydock in major ports for providing ship repair services.

### Operations

9. The Company has been incorporated on October 23, 2017 and is focusing on putting in place required infrastructure and manpower to commence the operations at the units at Salkia and Nazirgunge. The infrastructure for undertaking the ship building and ship repair activities is being positioned at the sites and the work is progressing in a swift pace. The Company being in the project implementation stage has reported a loss of Rs. 37.07 lakh during the financial year 2017-18. The total capital expenditure incurred in the financial year 2017-18 amounted to Rs. 26.81 lakh.

### Proposed Dividend

10. No dividend is recommended as the Company is in the project implementation stage and the Company has incurred a loss during the financial year 2017-18.

### Segment wise/ product wise performance

11. The Company is in the project implementation stage and has not commenced its operations.

### SWOT

12. Hooghly Cochin Shipyard Limited is in the early stages of its project implementation and hence is not in a position to describe the Strength, Weakness, Opportunities and Threats. However the Company foresees a major opportunity in the emerging Inland waterways and Coastal shipping sector in India.

### Risks and concerns

13. The Company is focusing on putting in place required infrastructure and manpower to commence the operations at the units at Salkia and Nazirgunge. The existing facilities and the equipments at the sites are inadequate and obsolete. The workshop buildings at the sites are in poor condition. Hence, the Company needs to remove all these and install technologically advanced equipments, construct state of the art facilities and workshop building for achieving the objects of the Company. The implementation of the project and commencement of operations for building vessels for inland waterways without time and cost overrun is a major risk to the Company.

14. The availability of experienced and talented workforce for undertaking the works at the sites also possess a risk for the smooth implementation of the project. The project implementation is also subject to inherent risks such as equipment defects, malfunctions and failures, equipment misuse and disasters that can result in fires and explosions. The Company is in the process of taking insurance cover for mitigating the above said risk.

### Internal Control

15. The Company has adopted robust policies and procedures to ensure the orderly and efficient conduct of the Company's business by safeguarding its assets,

preventing and detecting errors and frauds, ensuring the accuracy and completeness of the accounting records and the timely preparation and submission of reliable financial disclosures.

### **Human Resource Development and Industrial Relations**

16. The Company is in the process of developing the required human resource structure to commence the operations at the units at Salkia and Nazirgunge.

### **Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation**

17. The Company has been putting in considerable efforts for implementing environment friendly, energy efficient and latest technology machineries and equipments at the facilities at Salkia and Nazirgunge and the positioning of infrastructure at the said sites is progressing. The Company has not incurred any expenses in foreign currency during the year 2017-18.

### **Corporate Social Responsibility**

18. Since the Company is in its early stages of project implementation no attempt has been taken for Corporate Social Responsibility. In the course of time efforts will be put in for contributing towards Corporate Social Responsibility.

### **Cautionary statement**

19. 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.

For and on behalf of the Board of Directors

Place : Kochi  
Date : July 02, 2018

**Madhu S Nair**  
Chairman  
DIN: 07376798

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF HOOGLHY COCHIN SHIPYARD LIMITED

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of **HOOGLHY COCHIN SHIPYARD LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone 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 standalone 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 of 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 standalone 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 auditor considers 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 standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

standalone 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<sup>st</sup> March, 2018, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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 Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone 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) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2018 taken on record by the Board of Directors, none of the directors is disqualified

as on 31<sup>st</sup> March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) Our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls is given in a separate report annexed hereto.
2. 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 Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
3. 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:
- (a) the Company does not have any pending litigations which would impact its financial position;
  - (b) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (c) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and

For **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.: 315080E)

**Apratim Ray**  
Partner  
(Membership No.: 52204)

Place of signature: Kolkata,  
Date: 3<sup>rd</sup> May, 2018

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF HOOGLHY COCHIN SHIPYARD LIMITED

### **[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 **HOOGLHY COCHIN SHIPYARD LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 ICAI. 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, 2018, 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 **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.: 315080E)

**Apratim Ray**  
Partner  
(Membership No.: 52204)

Place of signature: Kolkata,  
Date: 3<sup>rd</sup> May, 2018

## Annexure to Auditors' Report

### HOOGHLY COCHIN SHIPYARD LIMITED

#### Matters to be included in the auditor's report Under Companies (Auditors' Report) Order, 2016

- (i) The Company does not have any plant, property and equipment, and hence the question of our reporting under this clause does not arise.
- (ii) The Company does not have any inventories, and hence the question of our reporting under this clause does not arise.
- (iii) 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 Companies Act, 2013.
- (iv) The Company has not given any loans that attract the provisions of sec. 185 and 186 of the Companies Act, 2013; hence the question of our reporting under this clause does not arise.
- (v) The company has not accepted deposits of the nature that attracts the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Hence, the question of our reporting under this clause does not arise.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013; hence the question of our reporting under this clause does not arise.
- (vii) (a) The company is regular in depositing undisputed applicable statutory dues, which comprise income-tax, sales-tax, service tax, goods & services tax, cess to the appropriate authorities;
- (b) there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or goods & services tax that have not been deposited on account of any dispute; hence, the question of our reporting under this clause does not arise.
- (viii) The Company has not taken any loans or borrowing from financial institutions, banks, Government or debenture holders; hence the questions of defaulting on repayment and our reporting under this clause do not arise.
- (ix) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and term loans; hence the question of their application or the question of our reporting under this clause does not arise.
- (x) No fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid or provided for any managerial remuneration during the year; hence the question of complying with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013 does not arise.
- (xii) This Company is not a Nidhi Company; hence the question of our reporting under this clause does not arise.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or



partly convertible debentures during the year under review; hence the question of our reporting under this section does not arise.

(xv) The company has not entered into any non-cash transactions with directors or persons connected

with them and, hence, the question of our reporting under this clause does not arise.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained.

For **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.: 315080E)

**Apratim Ray**  
Partner  
(Membership No.: 52204)

Place of signature: Kolkata,  
Date: 3<sup>rd</sup> May, 2018

# Balance Sheet

as at March 31, 2018

(Rs in lakhs)

Particulars	Note No.	As at 31.03.2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Capital work-in-progress	3	601.81
(b) Deferred tax assets (net)	4	12.85
(c) Other non-current assets	5	9.02
		<b>623.68</b>
<b>Current assets</b>		
(a) Financial assets		
(i) Cash and cash equivalents	6	1,504.69
(ii) Other financial assets	7	1.60
(b) Current tax assets (net)	8	1.86
(c) Other Current assets	9	48.71
		<b>1,556.86</b>
<b>Total Assets</b>		<b>2,180.54</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity :</b>		
(a) Equity Share capital	10	2,200.00
(b) Other Equity	11	(37.07)
		<b>2,162.93</b>
<b>Liabilities :</b>		
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Other financial liabilities	12	0.97
(b) Provisions	13	16.64
		<b>17.61</b>
<b>Total Equity and Liabilities</b>		<b>2,180.54</b>

Corporate overview and Significant Accounting Policies

1-2

Notes to the Financial Statements

3-25

The accompanying notes are an integral part of these financial statements

As per our report attached  
For **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.315080E)

For and on behalf of Board of Directors

**MADHU S NAIR**

Chairman

DIN - 07376798

Kochi, 25 April, 2018

**D PAUL RANJAN**

Director

DIN - 06869452

**APRATIM RAY**

Partner

(Membership Number : 052204)

Kolkata, 03 May, 2018

# Statement of Profit and loss

for the year ended March 31, 2018

(Rs in lakhs)

	Particulars	Note No.	For the year ended 31.03.2018
<b>I</b>	<b>Income</b>		
	Other income	14	18.57
	<b>Total Income</b>		<b>18.57</b>
<b>II</b>	<b>Expenses:</b>		
	Other expenses	15	68.49
	<b>Total expenses</b>		<b>68.49</b>
<b>III</b>	<b>Profit before tax</b>		<b>(49.92)</b>
<b>IV</b>	<b>Tax expense:</b>		
	(1) Current tax		-
	(2) Deferred tax	4	(12.85)
<b>V</b>	<b>Profit for the year</b>		<b>(37.07)</b>
<b>VI</b>	<b>Other comprehensive income</b>		-
<b>VII</b>	<b>Total Comprehensive Income for the year</b>		<b>(37.07)</b>
<b>VIII</b>	<b>Earnings per equity share of Rs 10 each:</b>	16	
	(1) Basic (Rs)		<b>(0.17)</b>
	(2) Diluted (Rs)		<b>(0.17)</b>

Corporate overview and Significant Accounting Policies

1-2

Notes to the Financial Statements

3-25

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For and on behalf of Board of Directors

As per our report attached  
For **Ghosal, Basu & Ray**  
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**APRATIM RAY**

Partner

(Membership Number : 052204)

Kolkata, 03 May, 2018

# Statement of Cash Flows

for the year ended March 31, 2018

(Rs in lakhs)

Particulars	For the year ended 31 Mar 2018
<b>A. Cash flow from operating activities</b>	
<b>Profit before tax</b>	<b>(49.92)</b>
Adjustments for :	
Interest income	(18.57)
<b>Operating cash flow before working capital changes</b>	<b>(68.49)</b>
Movements in working capital :	
(Increase) / decrease in trade and other receivables	(59.59)
Increase / (decrease) in trade and other payables	17.61
	(110.47)
<b>Net cash flows from operating activities (A)</b>	<b>(110.47)</b>
<b>B. Cash flow from investing activities</b>	
(Increase) / decrease in capital work In progress	(29.81)
Interest received	16.97
<b>Net cash flows from investing activities (B)</b>	<b>(12.84)</b>
<b>C. Cash flow from financing activities</b>	
Proceeds from Share issue	1,628.00
<b>Net cash flows from financing activities (C)</b>	<b>1,628.00</b>
<b>D. Net Increase in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>1,504.69</b>
<b>Cash and cash equivalent at the beginning of the Year</b>	-
<b>Cash and cash equivalent at the end of the Year</b>	
Cash on hand	-
Balance with Banks in current account and deposit account	1,504.69
<b>Cash and cash equivalents (as per Note 6)</b>	<b>1,504.69</b>

## Notes:

Corporate overview and Significant Accounting Policies

1-2

Notes to the Financial Statements

3-25

The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

As per our report attached  
For **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.315080E)

**MADHU S NAIR**

Chairman

DIN - 07376798

Kochi, 25 April, 2018

**D PAUL RANJAN**

Director

DIN - 06869452

**APRATIM RAY**

Partner

(Membership Number : 052204)

Kolkata, 03 May, 2018

# Statement of Changes in Equity

for the year ended March 31, 2018

## A. Equity Share Capital

(Rs in lakhs)

As at 01.04.2017	Changes in equity share capital during the year	As at 31.03.2018
0.00	2,200.00	2,200.00

## B. Other Equity

(Rs in lakhs)

	Reserves and Surplus				Capital Redemption reserve	Debenture redemption reserve	Effective portion of Cash Flow Hedges	Revaluation Surplus	FVTOCI - Equity instruments	Total
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings						
Balance as at 01 Apr 2017	-	-	-	-	-	-	-	-	-	-
Changes in accounting policy or prior period errors				-						-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-
Profit for the year				(37.07)						(37.07)
Other comprehensive income for the year				-						-
(ii) Other financial assets				(37.07)			-			(37.07)
Dividends (including taxes)				-						-
Transfer from retained earnings				-			-			-
Amortisation of premium			-							-
<b>Balance at the end of the reporting period</b>	-	-	-	<b>(37.07)</b>	-	-	-	-	-	<b>(37.07)</b>

As per our report attached  
For **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.315080E)

For and on behalf of Board of Directors

**MADHU S NAIR**

Chairman

DIN - 07376798

Kochi, 25 April, 2018

**D PAUL RANJAN**

Director

DIN - 06869452

**APRATIM RAY**

Partner

(Membership Number : 052204)

Kolkata, 03 May, 2018

# Notes

## To Financial Statements for the year ended 31st March 2018

### 1. CORPORATE OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

#### 1.1. Corporate information

Hooghly Cochin Shipyard Limited is incorporated under the provisions of the Companies Act, 2013 applicable in India on October 23, 2017 as a Subsidiary company of Cochin Shipyard Ltd having the character of Private Limited Company. The Company is domiciled in India and having registered office at Kolkata, West Bengal. Pursuant to a resolution passed at the EOGM of the Company held on December 14, 2017, the Company has allotted its equity shares to the promoter subscribers of the Company namely M/s Cochin Shipyard Ltd having decisive majority holding and Hooghly Docks Ports Engineers Limited as per the Share Holder's Agreement. dated November 17, 2017 signed between M/s Cochin Shipyard Ltd., M/s Hooghly Docks and Ports Engineers Ltd and the Company. The Company is proposed to be mainly in the business of construction of vessels of various types viz ships, tugs, dredgers, fishing trawlers, passenger vessels and repairs there of. The financial statements for the year ended March 31, 2018 is the first set of financial statements being prepared by the Company approved by the Board of Directors on April 25, 2018 and being first year of its incorporation, there are no previous year figures to represent.

### 2. Significant Accounting Policies

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

In accordance with the notification issued by the Ministry of Corporate Affairs, the holding Company, M/s Cochin Shipyard Ltd has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. The company HCSL has prepared its financial statements in accordance with Indian Accounting Standards (referred to as "Ind AS") as applicable to its holding company M/s Cochin Shipyard Ltd which has decisive majority of its equity share capital.

#### 2.2 Basis of preparation of Financial Statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### 2.3 Use of estimates and judgements

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are

based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### **2.4 Critical Accounting estimates and judgements:**

The application of significant accounting policies that require critical accounting estimates involving complex and subjective judgements and the use of assumptions in the financial statements have been disclosed below:

##### **Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. Assumptions are also made as to whether an item meets the description of asset so as to warrant its capitalisation and which component of the asset may be capitalised. Reassessment of life may result in change in depreciation expense in future periods.

##### **Recognition and measurement of deferred tax assets**

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. Significant judgements are involved in determining the elements of deferred tax items. Also, in this connection note no.2.11 on Deferred tax may be referred to.

##### **Recognition and measurement of provisions**

The recognition and measurement of provisions are based on the assessment of the probability of an outflow of resources and on past experience and circumstance known at the balance sheet date. The actual outflow of resources at a future date may therefore vary from the figure included in provisions.

##### **Contingencies and commitments**

In the normal course of business, contingent liabilities may arise from litigations and other claims against the Company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, we treat them as contingent liabilities.

#### **2.5 Property, Plant and Equipment (PPE)**

PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including non refundable duties and taxes net of any trade discounts and rebates. The cost of PPE also includes interest on borrowings (borrowing cost directly attributable to acquisition, construction or production of qualifying assets) upto initial recognition. PPE are stated at cost less accumulated depreciation (other than free hold land which are stated at cost) and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items are material and can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

## 2.6 Capital work in progress

Capital work in progress under development are property, plant and equipment that are not yet ready for their intended use at the reporting date, which are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

## 2.7 Intangible Assets

Up-front fees and/or other consideration 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 for which the right is acquired, commencing from the date on which the right becomes capable of being exercised.

## 2.8 Financial instruments

### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if

these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

### Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest rate method.

### Off setting of financial instruments

Financial assets and financial liabilities are off set and the net amount is reported in financial statements if there is a currently enforceable legal right to off set the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 2.9 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 (excluding retirement benefits and compensated leave) are not discounted to its present value and are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. These are reviewed at each reporting date adjusted to reflect the current best estimates.



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 not disclosed in the financial statements unless an inflow of economic benefits is probable.

## 2.10 Revenue Recognition

### (i) Others

Other income earned is recognised on accrual basis.

## 2.11 Leases

### As a lessee:

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

### (i) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed or unless the lease agreement explicitly states that increase is on account of inflation.

### (ii) Finance Lease:

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the

present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

## 2.12 Taxes on Income

### Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

### Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

### Deferred tax

Deferred income tax is recognised using the Balance Sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

### 2.13 Earnings Per Share

Basic and Diluted Earnings per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity shares/dilutive potential equity shares outstanding as at the end of the reporting period as the case may be.

### 2.14 Cash flow statement

Cash Flows are reported using the Indirect Method, whereby profit/loss before tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financial cash flows. Cash flows from operating, investing and financial activities of the Company are segregated based on the available information.

For the purpose of cash flow statement, Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts, if any. Bank overdrafts are disclosed within borrowings in current liabilities in the Balance Sheet.

#### Note 3 : Capital work-in-progress (Rs in lakhs)

Particulars	As at 31.03.2018
Project Management fees and miscellaneous capital expenditure	26.81
Intangible assets under development	575.00
<b>Total</b>	<b>601.81</b>

The Company has availed services of personnel from its holding company, Cochin Shipyard Ltd on secondment basis towards activities carried out for the proposed augmentation of the project. The Company accounts for the cost incurred on the above persons on a Cost To Company (CTC) basis which is to be reimbursed to the service provider. Since these costs are exclusively for refurbishment of the existing facilities such costs are taken to Capital work in Progress under the head Employee Manpower costs which will be capitalised on completion of the capital project.

#### Note 4: Deferred Tax Assets (Rs in lakhs)

Particulars	As at 31.03.2018
Deferred Tax Assets	12.85
<b>Total</b>	<b>12.85</b>

#### Note 5: Other non-current assets (Rs in lakhs)

Particulars	As at 31.03.2018
<b>Unsecured, considered good</b>	
Advances other than capital advances: Security deposits	9.02
<b>Total</b>	<b>9.02</b>

**Note 6 : Cash and Cash equivalents** (Rs in lakhs)

Particulars	As at 31.03.2018
Balance with Banks	
In current account	14.69
Term deposits with original maturity of less than three months	1,490.00
<b>Total</b>	<b>1,504.69</b>

**Note 7 : Other Financial Assets** (Rs in lakhs)

Particulars	As at 31.03.2018
Interest accrued on Term Deposit with Bank	1.60
<b>Total</b>	<b>1.60</b>

**Note 8 : Current tax assets (net)** (Rs in lakhs)

Particulars	For the year ended 31.03.2018
<b>Current tax assets</b>	
Tax Deducted at source	1.86
<b>Total</b>	<b>1.86</b>

**Note 9 : Other Current Assets** (Rs in lakhs)

Particulars	As at 31.03.2018
Unsecured advances	
Miscellaneous deposits (Unutilised GST Input Credit)	7.88
Advance towards Security deposit	40.00
Prepaid expenditure	0.83
<b>Total</b>	<b>48.71</b>

**Note 10 : Equity Share Capital** (Rs in lakhs)

Particulars	As at 31.03.2018	
	Number	Rs in lakhs
<b>Authorised</b>		
Equity shares of Rs. 10/- each	22000000	2,200.00
<b>Issued, Subscribed and Fully paid up (Rs. 10 each fully paid up)</b>		
For Cash	16280000	1,628.00
For Consideration other than cash	5720000	572.00
<b>Total</b>	<b>22000000</b>	<b>2,200.00</b>

**10.1 Reconciliation of number of shares and amounts outstanding**

Particulars	As at 31.03.2018	
	Number	Rs in lakhs
Equity Shares outstanding at the beginning of the year	-	-
Add : shares issued during the year	22000000	2,200.00
Equity Shares outstanding at the end of the year	22000000	2,200.00

Terms & Rights attached to Equity shares: The Company has only one class of equity shares having a face value of Rs. 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.

**10.2 Details of shares held by holding company**

Particulars	As at 31.03.2018	
	Number of Shares held	Rs in lakhs
Cochin Shipyard LTD (Holding Company) 16280000 equity shares of Rs 10 each	16280000	1,628.00
<b>Total</b>	<b>16280000</b>	<b>1,628.00</b>

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

Particulars	As at 31.03.2018	
	Number of Shares held	% of holding
Cochin Shipyard LTD (Holding Company)	16280000	74
Hooghly Docks and Ports Engineers Ltd	5720000	26
<b>Total</b>	<b>22000000</b>	<b>100</b>

**10.4 Details of shares issued for consideration other than cash**

Particulars	As at 31.03.2018	
	Number of Shares held	% of holding
Hooghly Docks and Ports Engineers Ltd	5720000	26

**Note 11: Other Equity** (Rs in lakhs)

Particulars	As at 31.03.2018
<b>Retained Earnings</b>	
Balance at the beginning of the year	-
Add Profit/(Loss) for the period	(37.07)
<b>Balance at the end of the year</b>	<b>(37.07)</b>

**Note 12: Other Financial Liabilities** (Rs in lakhs)

Particulars	As at 31.03.2018
Security and other deposits	0.82
Statutory dues	0.01
Others Payables	0.14
<b>Total</b>	<b>0.97</b>

**Note 13: Provisions**

(Rs in lakhs)

Particulars	As at 31.03.2018
<b>Other Provisions</b>	
for Expenditure	16.64
	16.64

**Note 14 : Other Income**

(Rs in lakhs)

Particulars	For the year ended 31.03.2018
Interest on bank deposits	18.57
<b>Total</b>	<b>18.57</b>

**Note 15 : Other Expenses**

(Rs in lakhs)

Particulars	For the year ended 31.03.2018
Repairs and maintenance:	
Building and roads	0.35
Plant and machinery	1.81
Rates & Taxes	20.90
Transport and stores handling	0.99
Travelling and conveyance expenses	0.04
Printing and stationery	0.07
Postage, telephone and telex	0.05
Hire charges	3.71
Auditors remuneration	0.50
Consultancy	7.17
Bank charges	0.01
Miscellaneous expenses	0.18
Pre incorporation expenses	32.71
<b>Total</b>	<b>68.49</b>

**Auditors remuneration, Auditors remuneration for other services and Miscellaneous expenses include:**

Particulars	For the year ended 31.03.2018
For Statutory Audit	0.50
<b>Total</b>	<b>0.50</b>

**Note 16 : Earnings per Equity Share**

Particulars	For the year ended 31.03.2018
Net Profit after tax (Rs. in lakhs)	-37.07
Number of Equity Shares	22,000,000
Basic and Diluted Earnings Per Share (EPS) (in Rs.)	-0.17
Face value per equity (in Rs.)	10

**17. Contingencies and Commitments****(I) Income Tax Assessments**

(a) Since the Company is in its first year of existence after incorporation, no Income Tax assesment has been made so far as at the end of reporting period.

**(II) Goods & Services Tax Assessment under GST Act**

a) Since the Company is in its first year of existence after incorporation, no assesment under GST Act has been made so far as at the end of reporting period.

**18. Corporate Social Responsibility (CSR)**

Since the Company is in its first year of existence after incorporation and does not have any profit from its operations, the Company is not required to comply with the provisions of Sec 135 of the Companies Act, 2013.

**19. Related Party disclosure as per Ind AS 24**

Related Party	Nature of Relationship
	2017-18
Shri. Madhu S Nair Chairman	Key Managerial Personnel (KMP)
Shri. Paul Ranjan D Director	Key Managerial Personnel (KMP)
Shri. Sunny Thomas Director	Key Managerial Personnel (KMP)
Shri. Suresh Babu N V Director	Key Managerial Personnel (KMP)
Shri. S Balaji Arunkumar Director	Key Managerial Personnel (KMP)
M/s Cochin Shipyard Ltd	Holding Company
M/s Hooghly Docks and Ports Engineers Ltd	Associate Company

**Nature of transaction-Remuneration to KMP**

Particulars	As at 31.03.2018
Short term benefits to KMP	Nil
Post employment Benefit to KMP	Nil
<b>Total</b>	<b>Nil</b>

**Nature of transaction-Loans: There are no transactions in the nature of remuneration/loans and advances with the above Key managerial personnel**

**Nature of transaction**

Particulars	As at 31.03.2018 Rs Lakhs
Employee Manpower Services to M/s Cochin Shipyard Ltd.	11.95
Shares issued for consideration other than cash to M/s HDPEL	572.00

**20. Financial Instruments**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level I inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level II inputs - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level III inputs - unobservable inputs for the asset or liability

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Financial assets/ financial liabilities	Fair value as at 31 Mar 2018 Rs Lakhs	Fair Value hierarchy
Financial Assets		
Current		
(i) Cash & Cash equivalents	1,504.69	Level II
(ii) Other financial assets	1.60	Level II
<b>Total Financial Assets</b>	<b>1,506.29</b>	
Financial Liabilities		
Current		
(i) Other financial liabilities	0.97	Level II
<b>Total Financial Liabilities</b>	<b>0.97</b>	

Note:

There were no transfers between Level 1 and 2 in the period.

#### Financial Instruments by category *(Rs in lakhs)*

	31st March 2018		
	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>			
Cash & Cash equivalents			1,504.69
Other financial assets			1.60
<b>Total Financial Assets</b>			<b>1,506.29</b>
<b>Financial liabilities</b>			
Other financial liabilities			0.97
<b>Total Financial Liabilities</b>			<b>0.97</b>

#### 21. Lease arrangements *(Rs in lakhs)*

Particulars	As at 31.03.2018
a) Premises taken on operating lease:	
The Company has operating leases for facility at Nazirgunge and Salkia facilities. These lease arrangements with Hooghly Docks & Ports Engineers Ltd are for 60 years, which is non-cancellable leases. With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:	
For a period not later than one year	40.00
For a period later than one year and not later than five years	183.34
For a period later than five years	5868.57

#### 22. Segment Reporting

The Company has identified two major operating segments viz, Shipbuilding and Repair of ships/ offshore structures. Since commercial operations are yet to begin, the Company expects to undertake segment wise analysis to be made on the above segments and amounts to be allocated on a reasonable basis as and when it starts to earn revenue.

#### 23. Capital Management

The Company's objective when managing capital are to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

For the purpose of capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The Company is not subject to any externally imposed capital requirements.

To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings (including bonds).

*(Rs in lakhs)*

Particulars	31.03.2018
Long term borrowings	
Net Debt	
Equity Share Capital	2200.00
Other equity	-37.07
Total Equity	2162.93
Gearing Ratio	0.00%

The Company follows the basis adopted by its holding company M/s Cochin Shipyard Ltd as regards the objectives, policies or processes for managing capital during the years ended March 31, 2018 and since this is the initial year of its existence, the question of any change in objectives, policies or processes for managing capital as on March 31, 2018 does not arise.

24. As the Company do not have any long term material capital contracts/other long term commitments as on March 31, 2018 the provisioning towards material foreseeable losses wherever required does not arise. Also, the Company do not have any long term derivative contracts for which there were any material foreseeable losses.

25. Figures in brackets denote negative figures

For and on behalf of Board of Directors

As per our report attached  
For **Ghosal, Basu & Ray**  
Chartered Accountants  
(Firm Registration No.315080E)

**MADHU S NAIR**  
Chairman  
DIN - 07376798  
Kochi, 25 April, 2018

**D PAUL RANJAN**  
Director  
DIN - 06869452

**APRATIM RAY**  
Partner  
(Membership Number : 052204)  
Kolkata, 03 May, 2018

## CHRONOLOGICAL SEQUENCE OF MAJOR EVENTS

Date	Event
July 14, 2016	Tender was floated by HDPEL for selection of JV partner.
December 20, 2016	CSL submitted the tender documents to HDPEL for the selection of JV partner.
March 29, 2017	The Ministry of Shipping granted the initial approval for formation of joint venture partnership between CSL and HDPEL.
April 27, 2017	The Board of Directors of CSL granted approval for formation of joint venture partnership between CSL and HDPEL.
May 11, 2017	The Board of Directors of HDPEL granted approval for formation of joint venture partnership between CSL and HDPEL.
June 05, 2017	Inauguration of site office.
June 30, 2017	The Ministry of Shipping granted approval for usage of the name of HDPEL for the JV Company, the Governing Structure and the location of the registered office to be at Kolkata.
September 19, 2017	The Ministry of Shipping granted approval for the Shareholders Agreement, Concession Agreement and Lease deed and the name of the Joint Venture Company to be 'Hooghly Cochin Shipyard Limited'.
September 22, 2017	Application submitted to the Ministry of Corporate Affairs (MCA) seeking approval for the availability of name 'Hooghly Cochin Shipyard Limited' for the JV Company and received approval for the same.
October 13, 2017	Application submitted to MCA for incorporation of Hooghly Cochin Shipyard Limited.
October 23, 2017	Received Certificate of Incorporation from the MCA incorporating Hooghly Cochin Shipyard Limited with CIN: U35900WB2017GOI223197.
November 01, 2017	Established the Registered Office of the Company at Kolkata.
November 01, 2017	Tender floated for selection of Project Management Consultants.
November 17, 2017	Executed the Shareholders Agreement between CSL, HDPEL and HCSL.
January 19, 2018	Executed the Concession Agreement and Lease Deed between HDPEL and HCSL.
February 16, 2018	Project Management Consultancy agreement was signed with KITCO Ltd.
May 21, 2018	KITCO Ltd. submitted the DPR for Restructuring and Augmentation of HCSL.





Visit of Shri Gopal Krishna, IAS, Secretary, Shipping - December 14, 2017

