

# In the path of **Transformation**



ANNUAL  
REPORT  
**2021-22**

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## Notice

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Shri Madhu S Nair**  
Chairman

**Shri Bejoy Bhasker**  
Non – Executive Director

**Shri Jose V J**  
Non – Executive Director

**Shri Sreejith K Narayanan**  
Non – Executive Director

**Shri Neelakandhan A N**  
Non – Executive Director

**Shri Rajesh Gopalakrishnan**  
Non – Executive Director

## COMPANY SECRETARY

**Shri Aswin Sarma M**

## LEADERSHIP TEAM

**Shri Harikumar A**  
Chief Executive Officer (CEO)

**Shri Shibu John**  
Chief Financial Officer (CFO)

## KEY PERSONNEL

**Shri Ambalavanan M**  
DGM (Operations)

**Shri Ram Mohan Baliga K V**  
AGM (Planning, BD and Design)

**Shri Billu C Rajan**  
AGM (U&M and Operations)

**Shri Sony Clement T M**  
AGM (Materials and Contract Cell)

**Shri L K Prabhakar**  
AGM (QC and HSE)

## REGISTERED OFFICE

S.No.377, Pazhamathur Village  
Pukathurai Post, Madurantakam Taluk  
Kancheepuram, Tamil Nadu – 603 116  
CIN: U27209TN1984GOI010994

## FACILITIES

Udupi, Karnataka  
Chengalpet, Tamil Nadu

## STATUTORY AUDITORS

**M/s. Shabbir and Ganesh**  
Chartered Accountants  
Balakrishna Towers, 1st Floor  
Kunjibettu 2nd Cross  
Udupi Manipal Road  
Near Mandavi Gokul, Udupi – 576 102

## SECRETARIAL AUDITORS

**M/s. SEP & Associates**  
Company Secretaries  
Building No. C.C 56/172  
K.C. Abraham Master Road  
Panampilly Nagar, Kochi – 682 036

## BANKERS

State Bank of India  
Union Bank of India

### Disclaimer

Some information in this report may contain forward-looking statements. We have based these forward-looking statements on our current beliefs, expectations and intentions as to facts, actions and events that will or may occur in the future. Such statements generally are identified by forward-looking words such as "believe", "plan", "anticipate", "continue", "estimate", "expect", "may", "will" or other similar words. A forward-looking statement may include a statement of the assumptions or basis underlying the forward-looking statement. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution you that forward-looking statements and assumed facts or bases almost always vary from actual results, and the differences between the results implied by the forward-looking statements and assumed facts or bases and actual results can be material, depending on the circumstances.

# ABOUT US

The Company has built a wide range of small and medium sized vessels from Tugs to large MPSVs and GTRVs for domestic and international clients and has been a known name in the shipbuilding industry for its quality standards and commitment levels.

Udupi Cochin Shipyard Limited (UCSL) was incorporated as 'Tebma Engineering Private Limited' on July 09, 1984 as a private non-government company. Subsequently, the Company became public and changed the name to 'Tebma Shipyards Limited'. In September 2018, due to Company's inability to meet the financial obligations, the Company was admitted to Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC). In compliance with the provisions of the statutory insolvency resolution process, Cochin Shipyard Limited (CSL), a premier public sector shipyard in India, acquired the Company and took over its management in September 2020, consequent to which the Company became a wholly owned subsidiary of CSL and a Government Company under the provisions of the Companies Act, 2013. Subsequently, on April 22, 2022 the name of the Company was changed from Tebma Shipyards Limited to Udupi Cochin Shipyard Limited.

The Company has built a wide range of small and medium sized vessels from Tugs to large MPSVs and GTRVs for domestic and international clients and has been a known name in the shipbuilding industry for its quality standards and commitment levels. The Company has also been a key player in the offshore industry through the collaboration with Cochin Shipyard Limited (CSL) in 2004, under which the Company constructed 8 nos. of Platform Supply Vessels and 4 nos. of Anchor Handling Tugs at CSL, Kochi. The Company, besides being a leading shipbuilder, has also made significant contributions to the ship repair business in India.

UCSL has two facilities; one in Udupi, Karnataka and the other in Chengalpet, Tamil Nadu. The Company's facility at Udupi possesses a high-end infrastructure including an equally modern Steel Fabrication unit which is considered as one of the best in the country amongst medium sized shipyards.

# OPERATIONAL CAPABILITY

UCSL possesses a high-end infrastructure including an equally modern Steel Fabrication unit which is considered as one of the best in the country amongst medium sized shipyards.

The Company's facilities are spread across Udupi, Karnataka and Chengalpet, Tamil Nadu, as follows:

## Udupi

### (a) Malpe Harbour Complex

- 55,000 sqm facility for Hull erection and launching
- Capacity to construct up to 4 midsize vessels simultaneously in covered shed
- 165 m x 46 m covered shed with clear height of 30 m for construction of vessels

- 4,000 sqm of open bay for vessel construction
- Wet basin of 128 m x 35 m for outfit and commissioning
- Humidity Controlled Marine Coating Shop
- Equipped with a transfer bay and Winch assisted cradle system capable of launching the vessels of size 90 m x 20 m up to a launching weight of 3,500 T

### (b) Hangarkatta

- 25,000 sqm facility for Steel preparation and block fabrication
- Capacity 1,200 T per month
- Plasma Cutting machines (2 nos.)

- 275 T and 375 T Bending machines
- Template cutting machine
- Covered shops with 13 cranes to handle the blocks up to 50 T

### (c) Babuthotta

4,000 sqm covered store and design centre

### Chengalpet

Facility for manufacturing structural outfitting items, rudders, hydrophore units etc.

# BUSINESS SEGMENT



# CHAIRMAN'S ADDRESS



## Dear shareholders,

I am very glad to welcome you all to the 38th Annual General Meeting of Udupi Cochin Shipyard Limited (UCSL).

The fiscal year 2021-22 witnessed the second wave of COVID Pandemic posing extreme challenges for many people, communities and the businesses. It is pertinent to commend the relentless and selfless efforts of the medical and health care fraternity in tackling the difficulties caused by the Pandemic. The Company also took several pro-active measures to address these adversities.

Despite the Pandemic, the Company continued to work towards operationalising its facilities at Udupi, Karnataka, which was non-operational for several years due to the insolvency process. During the year, the Company commenced its operations at the Hangakatta facility and made operational the warehousing facility at Babuthotta. The process of revamping the Malpe Harbour Complex facility was streamlined. It is also worth mentioning that the Company could successfully onboard new employees with the requisite skillsets in a time bound manner and as on March 31, 2022, the Company has a total of 63 employees consisting of 22 executives, 10 supervisors and 31 workmen. The Company has and continues to receive the expert services of the employees of the holding company as well.

It is very heart-warming to state that the Company could exhibit its capability right from the first order itself and could successfully deliver a specialized vessel entrusted to it by the holding company, CSL. A total of eight Hybrid Electric Aluminium Catamaran Hull Vessels

for the Kochi Water Metro Project has been entrusted to the Company by CSL. The Company also garnered orders for building and repairs of vessels and the major one being construction of two Tugs for Ocean Sparkle Limited, a leading port operations and marine services company.

During the year 2021-22, the Company reported a total income of Rs. 1008.06 lakhs and a loss of Rs. 1294.13 lakhs, due to the fact that the Company has just started its business operations.

As the Company has become an integral part of the Cochin Shipyard family, it is only a natural consequence to adopt a new name for the Company and accordingly, the Company was renamed as Udupi Cochin Shipyard Limited with effect from April 22, 2022. Further, in April 2022, the Company has implemented one of the best available ERP solutions, the SAP S/4HANA, which is expected to improve the efficiency of business transactions considerably.

UCSL is very well focused to be a market leader in the small and medium vessels segment. The Company is also committed to contribute to the nation's larger objectives by taking part in Government of India's initiatives like 'AatmaNirbhar Bharat', Pradhan Mantri Matsya Sampada Yojana (PMMSY) etc. The Company foresees a good opportunity in the emerging tugs segment and is looking forward to execute the current tug order. Considering the ever changing business and regulatory environment, the Company is making itself ready to realise the emerging opportunities in the maritime space.

Pursuant to the Office Memorandum (OM) F. No. 18(8)/2005-GM issued by the

**The Company foresees a good opportunity in the emerging tugs segment and is looking forward to execute the current tug order. Considering the ever changing business and regulatory environment, the Company is making itself ready to realise the emerging opportunities in the maritime space.**

Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India on July 08, 2014, the Company, being in the process of revamping the infrastructure facilities for commencing its operations, had been exempt from the compliance with the Guidelines on Corporate Governance. During July, 2021, the Company commenced its shipbuilding operations at the Hangarkatta facility in spite of COVID related difficulties and the activities for fully operationalising the main facility at Malpe Harbour Complex is still progressing. The Company is giving utmost priority for fully operationalising the main facility at Malpe Harbour Complex and in executing the current

orders in hand, which follows stringent timelines. Nevertheless, the Company is committed to adopt the best Corporate Governance practices wherever possible and is putting in place the necessary systems to comply with the applicable DPE Guidelines on Corporate Governance. Further, the report on Corporate Governance prepared in compliance with the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the DPE is included in the Annual Report.

I would like to place on record my sincere thanks to the Hon'ble Minister of Ports, Shipping and Waterways, the Secretary and other officers of the Ministry of Ports, Shipping and Waterways, the Government of Karnataka, the Directors and Senior Management of Cochin Shipyard Limited (CSL) and my fellow Board members for their valuable support and guidance. I would also like to express my profound gratitude to the Leadership Team viz., the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) for steering the Company in the right direction. I would also like to acknowledge the efforts and contributions of the employees and business associates and expect their continued support and confidence for getting the Company to greater heights.

Thanking You

Jai Hind

**Madhu S Nair**  
Chairman  
DIN: 07376798

# BOARD OF DIRECTORS



**Shri Madhu S Nair**  
Chairman

Shri Madhu S Nair is one of the directors nominated by CSL pursuant to the takeover of the Company in September 2020 through the statutory insolvency resolution process. Shri Madhu S Nair is the Chairman and Managing Director of Cochin Shipyard Limited (CSL) from January 01, 2016. 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 is trained in shipbuilding systems at IHI Shipyard at Kure, Japan and undergone JICA Specialized training at Overseas Vocational Training Centre (OVTA), Tokyo and Osaka International Centre, Osaka, Japan and did research in Joining & Welding Research Institute, during Masters in Engineering at Osaka University, Japan. He is a member of various Professional bodies including The Royal Institution of Naval Architects, UK (RINA), Institution of Naval Architects, India and is presently serving as the President of Indo Japan Chamber of Commerce Kerala (INJACK). He has more than 34 years of work experience across the Ship Building and Ship Repair industry. He is also the Chairman of Hooghly Cochin Shipyard Limited (HCSL), the other wholly owned subsidiary of CSL.



**Shri Bejoy Bhasker**  
Non - Executive Director

Shri Bejoy Bhasker is one of the directors nominated by CSL pursuant to the takeover of the Company in September 2020 through the statutory insolvency resolution process. He is the Director (Technical) of Cochin Shipyard Limited (CSL) 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 has 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 more than 34 years of work experience across areas such as Ship Design, Ship Building, Outfit and Ship Repair. He is also a Director in Hooghly Cochin Shipyard Limited (HCSL), the other wholly owned subsidiary of CSL.



**Shri Jose V J**  
Non - Executive Director

Shri Jose V J is one of the directors nominated by CSL pursuant to the takeover of the Company in September 2020 through the statutory insolvency resolution process. He is the Director (Finance) and Chief Financial Officer of Cochin Shipyard Limited (CSL) from August, 2019. He is a member of the Institute of Cost Accountants of India and also holds a degree in Law from Government Law College, Ernakulam. He has approximately 31 years of work experience across diverse field viz., financial management, strategic planning, risk management, forex management, budgeting and cost control. He is also a Director in Hooghly Cochin Shipyard Limited (HCSL), the other wholly owned subsidiary of CSL.



**Shri Sreejith K Narayanan**  
Non-Executive Director

Shri Sreejith K Narayanan was inducted to the Board of UCSL with effect from May 03, 2022. He was the Chief General Manager (Ship Repair) of Cochin Shipyard Limited (CSL) and on July 21, 2022 was appointed as the Director (Operations) of CSL. He holds a degree in Bachelor of Technology (Mechanical) from Regional Engineering College, Calicut & Master of Business Administration from School of Management Studies, Cochin University of Science and Technology. He has approximately 34 years of work experience in the area of Ship Building, Ship Design and Ship Repair.



**Shri Neelakandhan A N**  
Non-Executive Director

Shri Neelakandhan A N was inducted to the Board of UCSL with effect from May 03, 2022. He is the Chief General Manager (Planning & Project Management) of Cochin Shipyard Limited (CSL). He holds a Degree of Bachelor of Technology in Naval Architecture and Ship Building and a Degree of Master in Business Administration, both from Cochin University of Science and Technology (CUSAT). He had completed a training course in Shipbuilding-Outfitting of Ishikawajima Harima Heavy Industries Overseas Vocational Training Association organized by the Japan International Cooperation Agency under International Cooperation Programme of Government of Japan. He has more than 34 years of work experience wherein he was involved in Ship Repair, Shipbuilding, Ship Design, Project Management, Material Procurement, Infrastructure Development, Utilities & Maintenance and Planning.



**Shri Rajesh Gopalakrishnan**  
Non-Executive Director

Shri Rajesh Gopalakrishnan was inducted to the Board of UCSL with effect from May 03, 2022. He is the Chief General Manager (Strategy & New Projects) of Cochin Shipyard Limited (CSL). He holds a Degree of Bachelor of Technology in Mechanical Engineering and a Degree of Master in Business Administration with specialisation in International Marketing. He has close to three decades of experience in the field of Ship Building, Ship Repairs & Conversion, covering the entire spectrum from Business Strategy, Business Build, Estimation, Contract Management, Procurement, Planning, Project Management, Invoicing, After Sales & Customer Relations. He was also the first CEO of Hooghly Cochin Shipyard Limited, the other wholly owned subsidiary of CSL.

# LEADERSHIP TEAM



**Shri Harikumar A**

Chief Executive Officer (CEO)

Shri Harikumar A took charge as the Chief Executive Officer (CEO) of the Company on January 28, 2021. Shri Harikumar A is a graduate in Production Engineering and has over three decades of experience in Shipbuilding and ship repair operations and project management. He has worked with various leading shipyards, both in public sector as well as private sector and has made significant contributions. He is a fellow of Institution of Engineers (India) and Institute of Marine Engineers (India).



**Shri Shibu John**

Chief Financial Officer (CFO)

Shri Shibu John was appointed as the Chief Financial Officer (CFO) of the Company on October 21, 2020. He is the General Manager (Finance) of Cochin Shipyard Limited (CSL) and was one of the core team members in the takeover process of the Company through the statutory insolvency resolution process. Shri Shibu John holds a Bachelor's Degree in Commerce and a Master's Degree in Business Administration. He is also a member of the Institute of Cost Accountants of India. He has approximately 28 years of work experience in the field of financial management, taxation, budgetary control, internal control etc. spread across various public as well as private sector companies. He has also been a member of the Commissioner's Regional Advisory Committee in the Central Excise & Service Tax Commissionerate, Ranchi.

# Directors' Report

Dear Shareholders,

1. Your Directors have immense pleasure in presenting the Thirty Seventh Annual Report of your Company together with the Audited Financial Statements for the year ended March 31, 2022 and the Report of the Statutory Auditors and the Comptroller and Auditor General of India (C&AG) thereon.

## Operations

2. Consequent to the takeover of the Company by Cochin Shipyard Limited (CSL) in September 2020, through the statutory insolvency resolution process, various activities were initiated for revamping the Company's infrastructure facilities for commencing the operations. During the financial year 2021-22, the revamping activities were streamlined despite COVID related difficulties and the Company commenced its shipbuilding operations at the Hangarkatta facility in July 2021. Necessary activities for fully operationalising the facility at Malpe Harbour Complex were also undertaken during the reporting period and is still progressing.
3. During the reporting period, the Company bagged orders from CSL for fabrication, outfitting and machinery installation of eight Hybrid Electric Aluminium Catamaran Hull Vessels for the Kochi Water Metro Project, of which two vessels have already been delivered; one in March 2022 and the other in April 2022. The work on other vessels are progressing at the Hangarkatta facility of the Company. Further, during March 2022, the Company has also signed contracts with Ocean Sparkle Limited (OSL), a leading port operations and marine services company, for building two Tugs and with a beneficiary from the state of Andhra Pradesh for construction of one Tuna Longliner Cum Gillnetter Fishing Boat under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)".

4. During the first quarter of FY 2022-23, the Company also received orders for:

- constructing one training vessel for Directorate of Incubation and Vocational Training in Fisheries, Ramanathapuram, Tamil Nadu, Dr. J. Jayalalithaa Fisheries University;
- constructing one Purse Seiner Deep Sea Fishing Boat for GKS Marine Exports Private Limited, Trivandrum; and
- Dry-docking and repairs of SBM of Mangalore Refinery and Petrochemicals Limited (MRPL).

5. The order book position of the Company as on March 31, 2022 is given below:

Order Description / Vessel Type	Nos.
Fabrication, outfitting and machinery installation of Hybrid Electric Aluminium Catamaran Hull Vessels for the Kochi Water Metro Project	07
Construction and delivery of Tug for Ocean Sparkle Limited	02
Construction and delivery of Tuna Longliner Cum Gillnetter Fishing Boat for the beneficiary from Andhra Pradesh under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)"	01

## Financial Performance

6. The Company has reported a loss of Rs. 1294.13 lakhs for the year ended March 31, 2022 as against the loss of Rs. 136.04 lakhs for the previous year. Further, the Company has reported total income of Rs. 1008.06 lakhs for the year ended March 31, 2022 as against Rs. 74.74 lakhs for the previous year.

## Financial Highlights

(Rs. in Lakhs)

Sl. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i)	Total Income	1008.06	74.74
(ii)	Profit/(Loss) Before Finance cost, Depreciation & Tax	(128.83)	(101.84)
(iii)	Finance cost	53.45	23.14
(iv)	Depreciation & Amortisation expenses	1322.03	1284.46
(v)	Profit/(Loss) Before Tax	(1504.31)	(1409.44)
(vi)	Tax	(485.33)	(10.00)
(vii)	Exceptional Items	275.15	1263.40
(viii)	Net Profit/(Loss)	(1294.13)	(136.04)
(ix)	Net-worth	12431.53	13653.21

## Share Capital

7. The Authorised Share Capital of the Company is Rs. 215,00,00,000 (Rupees Two Hundred and Fifteen Crore Only) divided into 9,00,00,000 (Nine Crore Only) Equity Shares of Rs. 10 each and 12,50,00,000 (Twelve Crore Fifty Lakh Only) Preference shares of Rs. 10 each. The issued, subscribed and paid-up share capital of the Company is Rs. 65,00,00,000 (Rupees Sixty Five Crore Only) divided into 6,50,00,000 (Six Crore Fifty Lakh Only) Equity Shares of Rs. 10 each.

## Debentures

8. The Company has 1,00,000 (One Lakh Only) Unsecured Redeemable Non Convertible Debentures (Debentures) of face value of Rs. 1,000 (Rupees One Thousand Only) each outstanding as on March 31, 2022. The Debentures were issued in the month of November 2021 with a tenure of 84 months at a coupon rate of 6.00% per annum to CSL for an amount of Rs. 10,00,00,000 (Rupees Ten Crore Only). The Debentures are due for redemption in November 2028.

## Change of Name

9. The name of the Company has been changed from 'Tebma Shipyards Limited' to 'Udupi Cochin Shipyard Limited' with effect from April 22, 2022 for relating the Company more appropriately to the holding company Cochin Shipyard Limited (CSL).

## Dividend

10. No dividend is recommended due to the non-availability of divisible profits.

## Transfer to Reserves

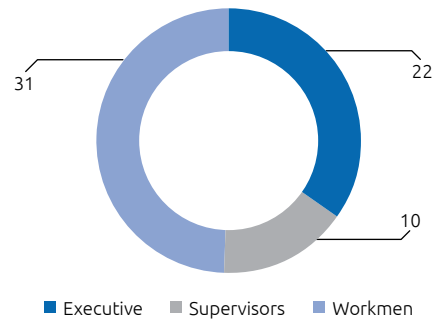
11. As the Company has incurred a loss during the financial year 2021-22, the Company is unable to transfer any amount to the Reserves.

## Contribution to Exchequer

12. The total contribution made during the financial year 2021-22 by way of Goods and Services Tax (GST) and Income Tax (TDS) was approximately Rs. 131 lakhs.

## Manpower Status

13. As on March 31, 2022, the Company has 63 employees consisting of 22 executives, 10 supervisors and 31 workmen. Apart from the above, employees of the holding company, Cochin Shipyard Limited (CSL), are also engaged on secondment basis.



## Particulars of Employees and Related Disclosures

14. The Company being a wholly owned subsidiary of Cochin Shipyard Limited, a CPSE, is a Government Company as per the provisions of the Companies Act, 2013. In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated June 05, 2015, Government Companies are exempted from Section 197 of the Companies Act, 2013 and its rules thereof.

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

15. The necessary activities for revamping the shipyard infrastructure facilities of the Company to commence the operations were undertaken, consequent to the takeover of the Company by CSL through the statutory insolvency resolution process in September 2020. The Company had given utmost importance to environment protection and conservation, adopting new technologies and energy efficient measures while considering the proposals for reviving and operationalising the facilities. Further, the Company had commenced its shipbuilding operations at the Hangarkatta facility in July 2021 by building the Hybrid Electric Aluminium Catamaran Hull Vessels for the Kochi Water Metro Project, which is one of its kind, modern, technologically advanced, energy efficient and environment friendly boat. The Company has bagged orders for fabrication, outfitting and machinery installation of eight such boats from CSL; of which two have already been delivered and the work on other vessels are progressing. With the execution of these orders, the Company has acquired necessary competencies for construction of Aluminium vessels and skills acquired specifically in:

- Development of welding procedures which ensure quality welds with almost nil NDT defects;
  - Better hull fabrication and outfitting processes for ensuring fit and finish of the hulls;
  - Competency to work with composite materials;
  - Development of competent vendors for undertaking various fabrication, erection and outfitting works in Aluminium; and
  - Identification of processes and development of vendors for surface preparation and painting of Aluminium hulls.
16. The Company believes in sustainable development and gives priority to environment friendly and energy efficient measures in conducting the business. The Company also strives to adopt latest available technology in its business processes and operations, wherever found feasible.
  17. In view of the fact that the Company had been focusing on reviving and operationalising the facilities, the Company has not made any capital investment on energy conservation equipments or incurred any expenditure towards technology import or R&D.
  18. During the reporting period, the Company has incurred an amount of Rs. 15.34 lakhs towards expenses in foreign currency. Further, no income in foreign currency have been earned during the reporting period.

## Risk Management

19. Post takeover of the Company by Cochin Shipyard Limited (CSL) in September 2020, through the statutory insolvency resolution process, the Company have been channelizing its resources to resume its business operations and in spite of COVID related difficulties, the Company commenced its shipbuilding operations at the Hangarkatta facility in July 2021. Necessary activities for fully operationalising the facility at Malpe Harbour Complex were also undertaken during the reporting period and is still progressing. The Board of Directors closely monitors the Company's operations as well as the progress of the Company's revamping activities and provides guidance as appropriate. The Company follows adequate risk management practices wherever necessary. Further, the Board at its 14th Meeting (Post CIRP) held on July 13, 2022 has adopted a Comprehensive Risk Management Policy for the Company.

## Health, Safety & Environment (HSE)

20. The Company gives utmost importance to the Health and Safety of the work force and the Environment in which the work is being done. The Company strives to set and maintain high standards for a positive health and safety culture across the organization. Towards this, the Company provides periodic HSE awareness programs for the work force and appropriate HSE training, wherever necessary. The Company has also appointed a Safety Officer for ensuring the safety of the work force. The HSE performance of the Company have been satisfactory during the reporting period.

## Board of Directors & Key Managerial Personnel

21. As on March 31, 2022, the Company had 3 directors, all of whom Non-Executive Directors and 3 Key Managerial Personnel viz., the CEO, CFO and the Company Secretary, the details of which are given below:

Sl. No.	Name	DIN	Designation
1.	Shri Madhu S Nair	07376798	Chairman
2.	Shri Bejoy Bhasker	08103825	Director
3.	Shri Jose V J	08444440	Director
4.	Shri Harikumar A	N.A.	Chief Executive Officer
5.	Shri Shibu John	N.A.	Chief Financial Officer
6.	Shri Aswin Sarma M	N.A.	Company Secretary

22. During the financial year 2021-22, Shri Sureshbabu N V (DIN: 07482491) ceased to be Director with effect from May 01, 2021 consequent to his retirement on superannuation from the post of Director (Operations) in Cochin Shipyard Limited (CSL), the holding company.
23. Shri Jose V J (DIN: 08444440), whose office as Director was liable to retire by rotation and being eligible was reappointed as the Director of the Company in the 37th Annual General Meeting held on September 15, 2021.
24. There were no other changes in the Directors and Key Managerial Personnel (KMP) during the financial year 2021-22.
25. Further, the following CSL officers were appointed on the Board of the Company as the nominees of CSL on May 03, 2022:
- (a) Shri Sreejith K Narayanan (DIN: 09543968), Director (Operations), CSL;
  - (b) Shri Neelakandhan A N (DIN: 09578936), Chief General Manager (Planning & Project Management), CSL; and
  - (c) Shri Rajesh Gopalakrishnan (DIN: 09576336), Chief General Manager (Strategy & New Projects), CSL.

### Details of Board Meetings held during 2021-22

26. Six Board Meetings have been held during the financial year 2021-22 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.	April 15, 2021	4	4
2.	May 07, 2021	3	3
3.	August 05, 2021	3	3
4.	November 08, 2021	3	3
5.	November 26, 2021	3	3
6.	February 03, 2022	3	3

27. The attendance record of each director in the Board Meetings held during the financial year 2021-22 is given below:

Sl. No.	Name	DIN	No. of Board Meetings attended
1.	Shri Madhu S Nair	07376798	6/6
2.	Shri Sureshbabu N V*	07482491	1/1
3.	Shri Bejoy Bhasker	08103825	6/6
4.	Shri Jose V J	08444440	6/6

\* Shri Sureshbabu N V (DIN: 07482491) ceased to be Director with effect from May 01, 2021 consequent to his retirement on superannuation from the post of Director (Operations) in Cochin Shipyard Limited (CSL), the holding company.

### Committees of the Board

28. No Committees of the Board have been constituted during the financial year 2021-22.

### Evaluation of Board's Performance

29. The Company being a wholly owned subsidiary of Cochin Shipyard Limited, a CPSE, is a Government Company as per the provisions of the Companies Act, 2013. The Ministry of Corporate Affairs vide notification no. GSR 463(E) dated June 05, 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

30. The Company has no Independent Directors on the Board as of now. The Company being a wholly owned subsidiary, is not required to appoint Independent Directors pursuant to the provisions of Rule 4(2) of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

## Directors' Responsibility Statement

31. Your Directors state that:
- (a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
  - (b) 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 2021-22 and of the loss of the Company for that period;
  - (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
  - (d) 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

32. During the financial year 2021-22, no Related Party Transactions have been entered into by the Company which attracted the provisions of Section 188 of the Companies Act, 2013. Further, your Directors draw attention to Note 41 to the financial statements which set out related party disclosures as per Indian Accounting Standard (Ind AS) 24.

## Corporate Governance

33. The report on Corporate Governance for the financial year 2021-22, prepared in compliance with 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.

## Management Discussion and Analysis

34. 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 DPE is presented in a separate section forming part of the Annual Report.

## Internal Financial Controls

35. The Company follows robust policies and procedures closely in line with that of the holding company, CSL, 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

36. 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

37. M/s. Shabbir and Ganesh (Firm Registration No. 009033S), Chartered Accountants, Udupi were appointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India (C&AG) for the financial year 2021-22.

## Statutory Auditors Report

38. M/s. Shabbir and Ganesh, Statutory Auditors have submitted their Report on the financial statements of the Company for the financial year ended March 31, 2022, on May 03, 2022, which forms part of the Annual Report. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

## Supplementary Audit

39. The Comptroller and Auditor General of India (C&AG) has entrusted the Supplementary Audit of the Company to the Director General of Commercial Audit, Indian Oil Bhavan, Level – 2, 139, Mahatma Gandhi Road, Chennai – 600 034.

## Comments of C&AG

40. The Comments of the Comptroller and Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of the Company for the year ended March 31, 2022, along with the Management's reply on the said comments is placed at **Annexure I** to this Report.

## Secretarial Auditors

41. M/s. SEP & Associates (Firm Registration No. P2019KE075600), Practicing Company Secretaries, Kochi were appointed as the Secretarial Auditors of the Company to conduct the Secretarial Audit under the Companies Act, 2013 for the financial year 2021-22.

## Secretarial Auditors Report

42. M/s. SEP & Associates, Secretarial Auditors have submitted their Report on May 03, 2022, which is placed at **Annexure II** to this Report. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

## Internal Auditors

43. M/s. AMNS & Associates (Firm Registration No. 018825S), Chartered Accountants, Kochi were appointed as the Internal Auditors of the Company to conduct the Internal Audit for the financial year 2021-22.

## Vigilance

44. There were no vigilance cases pending/disposed off during the financial year 2021-22.

## Right to Information Act, 2005

45. During the year under review, no requests were received by the Company under the Right to Information (RTI) Act, 2005.

## Annual Return

46. A copy of the Annual Return of the Company as per Section 92(3) of the Companies Act, 2013 is available at the Company's website at [www.tebma.co.in](http://www.tebma.co.in).

## Maintenance of Cost Records

47. The maintenance of cost records as required under Section 148(1) of the Companies Act, 2013 is not applicable for the reporting period.

## Corporate Social Responsibility (CSR)

48. The Company had been focusing on reviving and operationalising the facilities and hence did not undertake any CSR activities during the financial year 2021-22. Further, the Company does not fall within the purview of Section 135 of the Companies Act, 2013 which relates to CSR.

## Details of subsidiaries, joint ventures or associate companies

49. The Company does not have any subsidiaries, joint ventures or associate companies.

## Details of frauds reported by Auditors under Section 143

50. Nil.

## Material changes and commitments

51. 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

52. 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

53. There has been no change in the nature of business of the Company during the year under review.

## Deposits

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

### Significant and Material orders

55. 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.

### Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

56. During the financial year 2021-22, no cases have been filed / disposed off under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed there under.
57. The Company has constituted an Internal Complaints Committee in accordance with the guidelines and norms prescribed by the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

### Acknowledgement

58. The Board places its gratitude and appreciation for the guidance and support extended by the Hon'ble Minister of Ports, Shipping and Waterways, Cochin Shipyard Limited (CSL) and all officers of the Ministry of Ports, Shipping and Waterways (formerly known as Ministry of Shipping) and CSL. The Board also places on record its sincere appreciation for the support and co-operation from various offices of the Government of India, Government of Karnataka, various local bodies, the Comptroller & Auditor General of India, Auditors, Legal Counsels, Consultants, Suppliers and Sub-contractors. The Board would also like to express its sincere thanks to the Company's employees for their commitment and hard work during these testing times.

For and on behalf of the Board of Directors

Kochi  
August 04, 2022

**Madhu S Nair**  
Chairman  
DIN: 07376798

# Annexure I

## COMMENTS OF THE C&AG ALONG WITH MANAGEMENT'S REPLY

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UDIPI COCHIN SHIPYARD LIMITED FOR THE YEAR ENDED 31 MARCH 2022

### MANAGEMENT'S REPLY

The preparation of financial statements of Udupi Cochin Shipyard Limited for the year ended 31 March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03 May 2022.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Udupi Cochin Shipyard Limited for the year ended 31 March 2022 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report.

#### Comment on Notes to Financial Statements

##### 40.1 – Contingencies and Commitments

The company has not disclosed the existence of statutory liabilities though an amount of Rs. 1,311.55 lakh was disclosed as disputed claims towards different statutory dues, taxes, and duties in the last financial statements for the financial year 2016-17 prepared by erstwhile Tebma Shipyard Limited prior to acquisition by Cochin Shipyard Limited. Further National Company Law Tribunal Resolution Order dated 04.03.2020 also stated that the company had to file necessary applications to necessary forums/authority to claim relief from statutory dues. In view of this the above note to financial statements is inaccurate and inadequate as well.

Udupi Cochin Shipyard Limited (UCSL) (formerly Tebma Shipyards Limited) is a Company which was revived by Cochin Shipyard Limited in September 2020 through the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC). The amount of Rs. 1,311.55 lakh stated by the C&AG in its report is a liability appearing in the financial statements of the Company for the financial year 2016-17 (the period prior to the CIRP) for which no claims were raised by authorities concerned during the Corporate Insolvency Resolution Process (CIRP) under the Insolvency and Bankruptcy Code, 2016 (IBC). In terms of Section 31 of the IBC, the approved Resolution Plan (Clause (ee) of Schedule III) and the ratio of Supreme Court Judgments (Ghanashyam Mishra and Sons Pvt. Limited v. Edelweiss Asset Reconstruction Company Limited (2021 Supreme Court)), all such past claims including the statutory dues which have not been submitted during the CIRP stand extinguished. The directions of the Hon'ble National Company Law Tribunal (NCLT), Chennai for filing necessary application before the necessary forum/ authority in order to avail the necessary relief and concessions is only a procedural matter, which would be dealt with separately as and when the claims are raised by the authorities concerned. However, the above direction of the Hon'ble NCLT in no way implies that it would fasten a past liability on the Company.

Hence, the claims/dues of prior periods have not been specifically included in the Financial Statements of the Company.

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

**(DEVIKA NAYAR)**

**DIRECTOR GENERAL OF COMMERCIAL AUDIT, CHENNAI**

**For and on behalf of the  
Board of Directors**

**Madhu S Nair**

**Chairman**

**DIN: 07376798**

Place: Chennai  
Date: 15 July 2022

Kochi  
August 04, 2022

# Annexure II

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31.03.2022

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

To,  
The Members,  
**Udupi Cochin Shipyard Limited**  
S.No.377 Pazhamathur Village  
Pukathurai Post Madurantakam  
Taluk Kancheepuram TN 603116

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Udupi Cochin Shipyard Limited (CIN: U27209TN1984GOI010994)** (hereinafter called the "Company"). Secretarial Audit was conducted for the financial year ended on 31st March 2022 in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs due to the spread of the COVID-19 pandemic, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have conducted online verification and examination of the books, papers, minute books, forms and returns filed and other records facilitated by the Company

The Companies Act, 2013 (the Act) and the rules made thereunder;

- (i) As informed to us, the following other laws are specifically applicable to the Company:
  - a) The Factories Act, 1948;
  - b) The Environment (Protection) Act, 1986;
  - c) The Water (Prevention and Control of Pollution) Act, 1974;
  - d) The Air (Prevention and Control of Pollution) Act, 1981;
  - e) Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
  - f) The Electricity Act, 2003 and Central Electricity Regulations, 2010;

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

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

**We further report that:-**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors.

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

There were no dissenting views on any decisions of the Board, as recorded in the Minutes of Board meetings.

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

**We further report that** during the period under review, the Company has issued Non- Convertible Debentures through Private Placement aggregating to an amount of Rs. 10 Crores.

**We further report that during the audit period, except as mentioned above, there were no instances of:**

- i. Issuance of securities including Public/Right/Preferential issue.

- ii. Redemption/Buy-back of securities.
- iii. Foreign technical collaborations.
- iv. Merger / amalgamation / reconstruction etc.

This report is to be read with Annexure A of even date and the same forms an integral part of this report.

Further we report that Company has changed its Name from Tebma Shipyards Limited to Udupi Cochin Shipyard Limited upon the Approval of the Central Government on 22.04.2022. The name of the Company during the Audit period was Tebma Shipyards Limited. Based on the aforesaid change in records of the Registrar of Companies, Chennai the Audit Report is being issued in the name of Udupi Cochin Shipyard Limited.

For **SEP & Associates**

Company Secretaries  
(ICSI Unique Code: P2019KE075600)  
UDIN: F003050D000258602

**CS Puzhankara Sivakumar**

Managing Partner  
FCS: F3050, COP No. 2210

Date : 03.05.2022

Place: Kochi

## Annexure A to the Secretarial Audit Report of Even Date

To  
The Members  
**Udupi Cochin Shipyard Limited**  
S.No.377 Pazhamathur Village  
Pukathurai Post Madurantakam  
Taluk Kancheepuram TN 603116

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

1. The compliance of the provisions of all laws, rules, regulations, standards applicable to Udupi Cochin Shipyard Limited (hereinafter called the "Company") is the responsibility of management of the Company. Our examination was limited to the verification of the records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of the Secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to issue Secretarial Audit Report, based on the audit of the relevant record maintained and furnished to us by the Company, along with explanations where so required.
3. During the audit, we have followed the practices and process as were appropriate, to obtain reasonable assurance about the correctness of the contents of the Secretarial and other records, legal compliance mechanism and corporate conduct. We believe that the process and practices we followed provide a reasonable basis for our Secretarial Audit Report.
4. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.
5. We have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc., wherever required. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2022 but before issue of the Report.
7. We have considered actions carried out by the Company based on independent legal/professional opinion as being in compliance with law, wherever there was scope for multiple interpretations.

For **SEP & Associates**  
Company Secretaries  
(ICSI Unique Code: P2019KE075600)  
UDIN: F003050D000258602

**CS Puzhankara Sivakumar**  
Managing Partner  
FCS: F3050, COP No. 2210

Date : 03.05.2022  
Place: Kochi

For and on behalf of the Board of Directors

Kochi  
August 04, 2022

**Madhu S Nair**  
Chairman  
DIN: 07376798

# Report on Corporate Governance

## Company's Philosophy on Corporate Governance

1. Udupi Cochin Shipyard Limited (formerly known as Tebma Shipyards Limited) ("UCSL"/ "Company"), a wholly owned subsidiary of Cochin Shipyard Limited (CSL), endeavors to integrate the corporate governance value system in all its activities. The management strives to put in place good corporate governance practices and aims to promote transparency, fairness, accountability and stakeholder engagement while conducting business. This 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. As per the approval of the Ministry of Ports, Shipping and Waterways (formerly known as Ministry of Shipping), Government of India, the Chairman and Managing Director (CMD) of CSL shall be the Chairman and the other directors on the Board will be nominated by the CMD, CSL from amongst the Whole-time Directors and officers of CSL not below the rank of General Manager, as Part Time Directors on ex-officio basis.

3. As on March 31, 2022, the Board of the Company consists of three non-executive directors. The Company has a non-executive Chairman. The composition of the Board as on March 31, 2022 is as follows:

Sl. No.	Name	DIN	Category of Directorship
1.	Shri Madhu S Nair	07376798	Non-Executive Chairman
2.	Shri Bejoy Bhasker	08103825	Non-Executive Director
3.	Shri Jose V J	08444440	Non-Executive Director

4. During the financial year 2021-22, Shri Sureshbabu N V (DIN: 07482491) ceased to be Director with effect from May 01, 2021 consequent to his retirement on superannuation from the post of Director (Operations) in Cochin Shipyard Limited (CSL), the holding company.
  - (a) Shri Sreejith K Narayanan (DIN: 09543968), Director (Operations), CSL;
  - (b) Shri Neelakandhan A N (DIN: 09578936), Chief General Manager (Planning & Project Management), CSL; and
  - (c) Shri Rajesh Gopalakrishnan (DIN: 09576336), Chief General Manager (Strategy & New Projects), CSL.
5. Shri Jose V J (DIN: 08444440), whose office as Director was liable to retire by rotation and being eligible was reappointed as the Director of the Company in the 37th Annual General Meeting held on September 15, 2021.
6. There were no other changes in the Directors during the financial year 2021-22.
7. Further, the following CSL officers were appointed on the Board of the Company as the nominees of CSL on May 03, 2022:
  8. The profile of the Directors who are on the Board of the Company as on the date of this report including the nature of their expertise in specific functional areas is given in the first part of the Annual Report. The details of directorships and committee positions held by the Directors as on March 31, 2022, are provided under the heading 'Directorships and Committee positions' below.
  9. Disclosure of relationship between Directors inter-se: Nil

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

10. Six Board Meetings have been held during the financial year 2021-22 and the gap between two meetings did not exceed 120 days. The 37th AGM of the Company was held on September 15, 2021. The details of attendance of Directors at the said Board Meetings and AGM are given below:

Name of the Director	Board Meeting						AGM
	2021					2022	Sep 15, 2021
	Apr 15	May 07	Aug 05	Nov 08	Nov 26	Feb 03	
Shri Madhu S Nair	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri Sureshbabu N V*	Yes	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Shri Bejoy Bhasker	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri Jose V J	Yes	Yes	Yes	Yes	Yes	Yes	Yes

\*Shri Sureshbabu N V (DIN: 07482491) ceased to be Director with effect from May 01, 2021 consequent to his retirement on superannuation from the post of Director (Operations) in Cochin Shipyard Limited (CSL), the holding company.

## Directorships and Committee positions

11. The total number of Directorship(s)/Chairmanship(s) held by Directors and the positions of Membership/Chairmanship on Committees including Udupi Cochin Shipyard Limited (formerly known as Tebma Shipyards Limited), as on March 31, 2022, are given below:

Name of the Director	No. of Directorship		Board Committees	
	Chairman	Member	Chairman	Member
Shri Madhu S Nair	3	3	-	-
Shri Bejoy Bhasker	-	3	-	1
Shri Jose V J	-	3	-	1

- The Directorships held by Directors as mentioned above does not include Alternate Directorships and Directorships in Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013.
- Memberships/ Chairmanships of only the Audit Committees and Stakeholders Relationship Committees of all Public Limited Companies and Government Companies have been considered.

## Board Committees

12. The Company being a wholly owned subsidiary, is not required to constitute Audit Committee and Nomination and Remuneration Committee pursuant to Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Rule 4(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

## General Body Meetings

13. The date, time and venue of the last three Annual General Meetings (AGM) are given below:

Year	Date & Time	Venue	Special Resolution passed
2018-19*	December 17, 2020 at 10.40 hrs.	CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015	No
2019-20*	December 17, 2020 at 10.50 hrs.	CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015	No
2020-21	September 15, 2021 at 11.20 hrs.	Not Applicable since the meeting was held through electronic mode	No

\*As no Annual General Meetings (AGM) of the Company for the financial years 2018-19 and 2019-20 were convened by the erstwhile Management/RP, the new Board of Directors convened the AGMs for the said years on December 17, 2020 in order to regularize the pending Companies Act compliances of the Company prior to the takeover by CSL, to the extent possible.

14. Further, the Company has also conducted an Extra Ordinary General Meeting (EGM) during the financial year 2021-22, the details of which are given below:

Date & Time	Venue	Special Resolution passed
September 28, 2021 at 11.00 hrs.	CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015	Yes*

\*Special Resolutions for amendment of Memorandum of Association and adoption of new set of Articles of Association were passed in the said EGM.

15. The 38th AGM of the Company is scheduled to be held on September 19, 2022 at 11.20 hrs. at CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015.

## Code of Conduct

16. The Board has prescribed a Code of Conduct ('Code') for all the Board Members and Senior Management of the Company as required under the DPE Guidelines on Corporate Governance. All Board Members and Senior Management Personnel have confirmed compliance with the Code for the financial year ended March 31, 2022. A declaration signed by the Chief Executive Officer of the Company in this regard is given below:

Pursuant to the Department of Public Enterprises (DPE) Guidelines on Corporate Governance, it is hereby declared that all the Board Members and Senior Management Personnel of Udupi Cochin Shipyard Limited (UCSL) (formerly known as Tebma Shipyards Limited) have affirmed compliance with the Code of Business Conduct and Ethics for Board Members and Senior Management for the financial year ended March 31, 2022.

(Sd/-)

**Harikumar A**

Chief Executive Officer

## Remuneration to Directors

17. The Directors of the Company are the Functional Directors of Cochin Shipyard Limited (CSL), the holding company, who are appointed as Non-Executive Directors on ex-officio basis. Accordingly, no remuneration including performance linked incentives are payable to the Directors. Further, there have been no pecuniary relationship or transactions between the Directors and the Company during the reporting period.

## Other Disclosures

### (i) Related Party Transactions

18. During the year under review, the Company has not entered into any materially significant related party transactions that had or may have conflict with the interests of the Company at large.

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

19. There were no cases of non-compliance by the Company and no penalties/strictures were imposed on the Company by any statutory authority on any matter related to any guidelines issued by Government, during the period since the completion of the insolvency resolution process of the Company.

### (iii) Whistle Blower Policy

20. The Company has an effective Whistle Blower Policy which provides the 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. The Whistle Blower and Fraud Prevention Policy adopted by Cochin Shipyard Limited (CSL), the holding company, is applicable on the Company and acts as the Whistle Blower Policy/Vigil Mechanism of Udupi Cochin Shipyard Limited (formerly known as Tebma Shipyards Limited). The said Policy has been hosted on the website of CSL and can be accessed at [https://cochinshipyard.in/investor/investor\\_titles/68](https://cochinshipyard.in/investor/investor_titles/68). During the period under report no personnel has been denied access to the Audit Committee of CSL.

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

21. Pursuant to 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, the Company, being in the process of revamping the infrastructure facilities for commencing its operations, had been exempt from the compliance with the Guidelines on

Corporate Governance. During July, 2021, the Company commenced its shipbuilding operations at the Hangarkatta facility in spite of COVID related difficulties and the activities for fully operationalising the main facility at Malpe Harbour Complex is still progressing. The Company is giving utmost priority for fully operationalising the main facility at Malpe Harbour Complex and in executing the current orders in hand, which follows stringent timelines. Parallely, the Company is also putting in place the necessary systems to comply with the DPE Guidelines on Corporate Governance, wherever applicable.

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

22. The Company became a wholly owned subsidiary of Cochin Shipyard Limited (CSL), a CPSE under the administrative control of the Ministry of Ports, Shipping and Waterways (formerly known as Ministry of Shipping), Government of India in September 2020 through the statutory insolvency resolution process. The Company has been complying with the Presidential Directives issued by Central Government with respect to the Public Sector Undertakings (PSU), wherever applicable.

**(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 2021-22 were 9.62% (7.07% PY) of the total expenses. The financial expenses stood at 2.12% (1.55% PY) of the total expenses in the year 2021-22.**

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

23. 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. However, the consolidated financial results (quarterly/half yearly/annual) of Cochin Shipyard Limited (CSL), the holding company which takes into account the financial results of the Company as well is published as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Annual

Reports and the official news releases of the Company are placed at the Company's website at [www.tebma.co.in](http://www.tebma.co.in). Further, the Annual Reports of the Company are also hosted on the website of CSL viz., [www.cochinshipyard.in](http://www.cochinshipyard.in).

**(x) Audit Qualifications**

24. The Report submitted by the Statutory Auditors, M/s. Shabbir and Ganesh, with respect to the financial statements of the Company for the financial year 2021-22 does not contain any qualifications/adverse remark. The Company strives to adopt best practices to ensure regime of unqualified financial statements. However, the Comptroller and Auditor General of India (C&AG) has made a comment under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of the Company for the financial year 2021-22. The C&AG comments along with the Management's reply on the same is placed at Annexure I to the Directors Report, which forms part of the Annual Report.

**(xi) Training of Board Members**

25. The Directors of the Company are the Functional Directors of Cochin Shipyard Limited (CSL), the holding company and also have a very vast, wide and varied experience in the areas of education, industry, defence, management, human resource management and administration. CSL imparts training to the Directors, wherever considered necessary and has also adopted a policy regarding training of Directors.

**Address for Correspondence**

Udupi Cochin Shipyard Limited  
(formerly known as Tebma Shipyards Limited)  
S.No.377, Pazhamathur Village  
Pukathurai Post, Madurantakam Taluk  
Kancheepuram – 603 116.  
e-mail: [secretary.tsl@cochinshipyard.in](mailto:secretary.tsl@cochinshipyard.in)  
Website: [www.tebma.co.in](http://www.tebma.co.in)

For and on behalf of the Board of Directors

Kochi  
August 04, 2022

**Madhu S Nair**  
Chairman  
DIN: 07376798

# 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 Udupi Cochin Shipyard Limited (formerly known as Tebma Shipyards Limited) ("UCSL" 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", "UCSL", "Group" are with respect to Udupi Cochin Shipyard Limited (formerly known as Tebma Shipyards Limited) and its holding company.

## Global Shipbuilding Industry

3. The COVID-19 outbreak has impacted the shipbuilding industry in several countries and has caused delays in shipyard projects such as new construction, maintenance and conversion. The drop in production rates caused by pandemic-induced interruptions has hindered the market

growth and is expected to continue for this year as well. Though the shipbuilding market is facing a tough time, it is expected to grow in the near future due to increasing seaborne trade and economic growth, rising energy consumption, the demand for eco-friendly ships and shipping services, and the advent of robotics in shipbuilding. Further, the rising development of the latest technologies in the shipbuilding sector is likely to result in the growth of the shipbuilding market.

4. Marine transport is the backbone of globalized trade and the manufacturing supply chain, as more than four-fifths of the world's merchandise trade by volume is carried out through the marine route. There has been an increase in demand for maritime transport over the years, which has caused a subsequent rise in the number of imports and exports across the world. The demand for the trade lane has been improving steadily since the peak of COVID-19, which is pushing several port operators for expansion. The gradual rise in international seaborne trade or maritime transport is expected to boost demand for tankers, cargo ships and bulk carriers, which further reinforces the shipbuilding industry outlook.
5. Due to the sheer increased requirement for import and export commodities, as a result of globalization, shipbuilding has become an essential strategic industry. Although, Europe remains an important market for cruise ship manufacture, the East Asian area dominates shipbuilding, with China, Japan and South Korea being the world's top shipbuilding nations.

## Indian Shipbuilding Industry

6. India comprises a significant size maritime sector with 12 Major and 200+ Non-Major Ports situated along its 7500 km long coastline and a vast network of navigable waterways. The country's consumption profile for international goods and natural resources combined with the renewed effort to boost exports, provides an ideal platform to develop the shipbuilding industry. Over the last several years, India has been slowly and steadily augmenting its shipbuilding capacity and technical expertise in key areas to be able to expand its footprint in the global as well as domestic shipbuilding industry.

7. The global downturn in the shipbuilding industry significantly impacted the Indian shipyards and India's share in the Global markets has declined to less than 1%. One of the primary issues in Indian shipbuilding is high cost disadvantage as compared globally. Future of shipbuilding is expected to be driven by green technology, autonomous vessels and cost-efficient technologies.
8. The Government of India has initiated several policy measures for turnaround of the shipbuilding industry such as:
  - (a) Financial Assistance Policy on Shipbuilding (2016);
  - (b) Grant of Infrastructure Status (2016);
  - (c) Atmanirbhar Bharat Policy (Revised in 2020);
  - (d) SOP for chartering/procurement of tugs (2020); and
  - (e) Pradhan Mantri Matsya Sampada Yojna (2020).
9. The vast network of navigable waterways and coastline coupled with pro-active Government schemes is expected to spur demand for Ocean, Coastal and Inland Waterways vessels. This will give a fillip to the domestic shipbuilding industry and will lead to a positive growth trajectory in the coming years.

## Operations

10. Consequent to the takeover of the Company by Cochin Shipyard Limited (CSL) in September 2020, through the statutory insolvency resolution process, various activities were initiated for revamping the Company's infrastructure facilities for commencing the operations. During the financial year 2021-22, the revamping activities were streamlined

despite COVID related difficulties and the Company commenced its shipbuilding operations at the Hangarkatta facility in July 2021. Necessary activities for fully operationalising the facility at Malpe Harbour Complex were also undertaken during the reporting period and is still progressing.

11. During the reporting period, the Company bagged orders from CSL for fabrication, outfitting and machinery installation of eight Hybrid Electric Aluminium Catamaran Hull Vessels for the Kochi Water Metro Project, of which two vessels have already been delivered; one in March 2022 and the other in April 2022. The work on other vessels are progressing at the Hangarkatta facility of the Company. Further, during March 2022, the Company has also signed contracts with Ocean Sparkle Limited (OSL), a leading port operations and marine services company, for building two Tugs and with a beneficiary from the state of Andhra Pradesh for construction of one Tuna Longliner Cum Gillnetter Fishing Boat under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)".
12. During the first quarter of FY 2022-23, the Company also received orders for:
  - constructing one training vessel for Directorate of Incubation and Vocational Training in Fisheries, Ramanathapuram, Tamil Nadu, Dr. J. Jayalalithaa Fisheries University;
  - constructing one Purse Seiner Deep Sea Fishing Boat for GKS Marine Exports Private Limited, Trivandrum; and
  - Dry-docking and repairs of SBM of Mangalore Refinery and Petrochemicals Limited (MRPL).

13. The Company has reported a loss of Rs. 1294.13 lakhs for the year ended March 31, 2022 as against the loss of Rs. 136.04 lakhs for the previous year. Further, the Company has reported total income of Rs. 1008.06 lakhs for the year ended March 31, 2022 as against Rs. 74.74 lakhs for the previous year. The financial highlights for the reporting period are given below:

		(Rs. in Lakhs)	
Sl. No.	Particulars	Year ended March 31, 2022	Year ended March 31, 2021
(i)	Total Income	1008.06	74.74
(ii)	Profit/(Loss) Before Finance cost, Depreciation & Tax	(128.83)	(101.84)
(iii)	Finance cost	53.45	23.14
(iv)	Depreciation & Amortisation expenses	1322.03	1284.46
(v)	Profit/(Loss) Before Tax	(1504.31)	(1409.44)
(vi)	Tax	(485.33)	(10.00)
(vii)	Exceptional Items	275.15	1263.40
(viii)	Net Profit/(Loss)	(1294.13)	(136.04)
(ix)	Net-worth	12431.53	13653.21

## Proposed Dividend

14. No dividend is recommended due to the non-availability of divisible profits.

## Segment wise/ product wise performance

15. During the reporting period the Company had just commenced its shipbuilding operations and hence, shipbuilding is considered as reportable segment for the purpose of segment reporting. The performance of the Company in the shipbuilding segment for the reporting period is given below:

(Rs. in Lakhs)

Particulars	As at March 31, 2022
<b>Segment Assets</b>	
Shipbuilding	7742.24
Others	9382.06
<b>Total</b>	<b>17124.30</b>
<b>Segment Liabilities</b>	
Shipbuilding	741.68
Others	4692.77
<b>Total</b>	<b>5434.45</b>
<b>Segment Revenue</b>	
Shipbuilding	641.98
Unallocated	366.08
<b>Total</b>	<b>1008.06</b>
<b>Segment Result</b>	
Shipbuilding	27.40
Unallocated	(1531.70)
<b>Total</b>	<b>(1504.30)</b>

Since the Company had no operations during the previous year 2020-21, segment wise/ product wise performance for the said period is not provided.

## SWOT

16. The Company has high end infrastructure & facilities that has built a wide range of small and medium sized vessels from Tugs to large MPSVs and GTRVs for domestic and international clients. Further, the highly committed and dedicated work force capable of executing the assigned tasks as planned is one of the major strengths of the Company. UCSL being a wholly owned subsidiary of CSL, one of the premier shipyards in India, the expertise and experience of CSL in building and repairing various kinds of vessels will add on to the capabilities of the Company significantly. The Company considers the stagnant growth of indigenous ancillary industries and consequent non-availability of major equipment/raw materials as a major weakness in achieving the Company's objectives as planned.
17. Government's emphasis on developing shipbuilding industry and the emerging segments viz., technologically advanced fishing vessels, Tugs, Port crafts, small dredgers, cargo vessels, compact specialised crafts etc., is expected to provide abundant opportunity and the Company looks forward to tap such opportunities, wherever found feasible.
18. The major threats foreseen by the Company in achieving its objectives are rapidly changing technology, rising cost of labour, stringent government regulations on procurement, distress pricing policies of competitors etc.

## Risks and concerns

19. The Company commenced its shipbuilding operations at the Hangarkatta facility in July 2021. Necessary activities for fully operationalising the main facility at Malpe Harbour Complex is still progressing. The practical difficulties in removing the excluded ship (Tug) and other scrap from the site is the major challenge faced by the Company presently. The Company is taking all possible steps to clear the site and start full-scale operations as soon as possible.
20. The facilities of the Company at Malpe Harbour Complex and Hangarkatta had been set up in the land leased by the Government. The lease agreement for Malpe will expire in 2023, while the lease period for Hangarkatta has already expired in 2019. However, the Company continues to pay the lease rents. Discussions with the Government of Karnataka to renew the lease are in the advanced stages and is expected to frutify soon.

## Internal Control

21. 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.

## Human Resource Development and Industrial Relations

22. As on March 31, 2022, the Company has 63 employees consisting of 22 executives, 10 supervisors and 31 workmen. Apart from the above, employees of the holding company, Cochin Shipyard Limited (CSL), are also engaged on secondment basis. The Company is giving utmost priority for fully operationalising the main facility at Malpe Harbour Complex and in executing the current orders in hand, which follows stringent timelines. The Company provides training to its work force in various fields as per the job requirements. During the reporting period the Company maintained cordial industrial relations.

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

23. The necessary activities for revamping the shipyard infrastructure facilities of the Company to commence the operations were undertaken, consequent to the takeover of the Company by CSL through the statutory insolvency resolution process in September 2020. The Company had given utmost importance to environment protection and conservation, adopting new technologies and energy efficient measures while considering the proposals for reviving and operationalising the facilities. Further, the Company had commenced its shipbuilding operations at the Hangarkatta facility in July 2021 by building the Hybrid Electric Aluminium Catamaran Hull Vessels for the Kochi Water Metro Project, which is one of its kind, modern, technologically advanced, energy efficient and environment friendly boat. The Company has bagged orders for fabrication, outfitting and machinery installation of eight such boats from CSL; of which two have already been delivered and the work on other vessels are progressing. With the execution of these orders, the Company has acquired necessary competencies for construction of Aluminium vessels and skills acquired specifically in:

- Development of welding procedures which ensure quality welds with almost nil NDT defects;

- Better hull fabrication and outfitting processes for ensuring fit and finish of the hulls;
- Competency to work with composite materials;
- Development of competent vendors for undertaking various fabrication, erection and outfitting works in Aluminium; and
- Identification of processes and development of vendors for surface preparation and painting of Aluminium hulls.

24. The Company believes in sustainable development and gives priority to environment friendly and energy efficient measures in conducting the business. The Company also strives to adopt latest available technology in its business processes and operations, wherever found feasible.

25. During the reporting period, the Company has incurred an amount of Rs. 15.34 lakhs towards expenses in foreign currency. Further, no income in foreign currency have been earned during the reporting period.

## Corporate Social Responsibility

26. The Company had been focusing on reviving and operationalising the facilities and hence did not undertake any CSR activities during the financial year 2021-22. Further, the Company does not fall within the purview of Section 135 of the Companies Act, 2013 which relates to CSR.

## Cautionary statement

27. 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

Kochi  
August 04, 2022

**Madhu S Nair**  
Chairman  
DIN: 07376798



# **Financial Statements**

# Independent Auditors' Report

To

The members of **UDUPI COCHIN SHIPYARD LIMITED**  
(Formerly TEBMA SHIPYARDS LIMITED)

## Report on the Audit of Ind AS Financial Statements

### AUDITOR'S OPINION

We have audited the accompanying Ind AS financial statements of Udupi Cochin Shipyard Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the Ind AS Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("The Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022 and its loss (including Other Comprehensive Loss), changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the

Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

### Emphasis of Matter

We draw attention to the following matters in the notes to the Ind AS financial statements

1. Note 48 - As regards the management's evaluation of COVID-19 impact on the future performance of the company. Our opinion is not modified in respect of this matter.
2. Note 3 - The value of Land at Kulpi (Kolkata- 230 cents) which has not been recognized in accounts due to pending verification & valuation of the same and Hangarkatta Land lease which has expired in 2019.

Our Opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report:

#### Key audit matter

As described in Note No. 2.19(a) of the financial statements, the Company recognises revenue from contracts with customers when it satisfies its performance obligations.

There are significant accounting judgements in estimating revenue to be recognised on contracts with customers, including estimation of transaction price allocation to the completed performance obligations and determining the timing of revenue recognition

#### How our audit addressed the key audit matter

##### Our key audit procedures included:

- Assessing the Company's process to identify the impact of revenue accounting standard.
- Testing of the design and operating effectiveness of the internal controls and substantive testing as follows:
  - Evaluating the design of internal controls relating to implementation of the revenue accounting standard.

Key audit matter	How our audit addressed the key audit matter
<p>The Company recognises revenue based on transaction price, which is the fair value of consideration received or receivable. Revenue is recognized when the company satisfies performance obligations by transferring promised goods and services to the customer over a period of time using output method based on measurement of physical performance completed to date in respect of contracts with customers for ship building.</p>	<ul style="list-style-type: none"> <li>• Selecting a sample of continuing contracts, and testing the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price and carrying out a combination of procedures involving enquiry and observation and inspection of evidence in respect of operation of these controls.</li> <li>• Testing the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the revenue accounting standard.</li> <li>• Selecting a sample of continuing and contracts and performing the following procedures: <ul style="list-style-type: none"> <li>• Reading, analysing and identifying the distinct performance obligations in these contracts.</li> <li>• Comparing these performance obligations with that identified and recorded by the Company.</li> <li>• Considering the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul> </li> </ul>
<p>Refer to the accounting policies in "Note 2.23 to the Financial Statements: Significant Accounting Policies –Income Tax" and "Note 7 to the Financial Statements: Deferred Tax Assets"</p> <p>Significant estimate and judgement involved in the recognition of deferred tax assets require a determination of future taxable income based on the Company's expectations. The assessment of realizability of deferred tax assets is based on a reasonable and supportable evidences and certainty test, depending on the composition of the deferred tax assets.</p> <p>Given the Company's recent financial performance, we identified recognition of deferred tax assets as a key audit matter because of the significant management judgement and assumptions involved in estimating the future taxable income based on the income forecasts approved by the Company's Board of Directors.</p>	<p><b>Our key audit procedures included:</b></p> <ul style="list-style-type: none"> <li>• Assessing the design, implementation and operating effectiveness of management's key internal financial controls over the recognition of deferred tax assets.</li> <li>• Obtaining details of different components of deferred tax assets and details of estimates of taxable incomes for future periods as approved by the Board of Directors.</li> <li>• Obtaining confirmation where the future forecasts were approved in the meetings of the Board of Directors.</li> <li>• Evaluating the management assessment relating to the amendment in Income Tax Act and its consequential impact on items that qualify for recognition of deferred tax assets.</li> <li>• Evaluating the management assessment for estimating availability of future taxable profits for determination of recognition of deferred tax assets.</li> <li>• Assessing the period over which the deferred tax assets would be recovered against future taxable income.</li> <li>• Evaluating the Company's actual performance vis-à-vis the budgets for the current and past years and discussed with management their basis and assumptions in respect of evidence to support that there will be sufficient taxable income to absorb the deferred tax asset.</li> </ul>

**Key audit matter**

Refer to the accounting policies in “Note 2.27 to the Financial Statements: Significant Accounting Policies–Exceptional Items” and “Note 36 to the Financial Statements: Exceptional Items”

The new management has reviewed the recoverability of all assets and accordingly the Company has recorded impairment allowance / write offs in respect of Property, plant and equipments – Rs 454.51 lakhs in the financial statements.

**How our audit addressed the key audit matter****Our key audit procedures included:**

- Assessing the valuation methodology applied in determining the value in use.
- Assessing key assumptions applied to arrive at the value in use by involving internal valuation specialists.
- Assessing the accounting for impairment made in the financial statements in accordance with Ind-AS.

**Information Other than the Financial Statements and Auditor’s Report Thereon**

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Ind AS financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we are not expressing any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company’s Board of Directors responsible for the matters stated in Section 134(5) the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection

and application of appropriate accounting policies; making judgements 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks,

and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of

the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we have given in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. Based on the verification of Records of the Company and based on the information and explanations given to us, we give in **Annexure B** a report on the Directions and Sub-Directives issued by the Comptroller and Auditor General of India in terms of Sec 143(5) of the Companies Act, 2013.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 (including Other Comprehensive Income), the Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.
  - e. In view of the exemption given vide notification no. G.S.R 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, we offer no comments as the Company is exempted from the provisions of Section 197 vide notification no. G.S.R. 463(E) dated June 5, 2015.
- h. 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 40.1 to the Financial Statements.
  - ii. The Company has long-term contracts as at March 31, 2022 for which there were no material foreseeable losses. The Company does not have long term derivative contracts as at March 31, 2022.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 42 to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"),

with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) of Companies (Audit and Auditors) Rules 2014, as provided under (a) and (b) above, contain any material misstatement.
- v. The company has not declared any dividend during the year.

For **SHABBIR AND GANESH.**  
Chartered Accountants  
Firm Regn. No. 009033S

**CA GANESH YERMAL**  
Partner

Place:- Udupi  
Date:-03.05.2022

Membership No. 207231  
UDIN: 22207231AISTVR3455

# Annexure A

## to the Independent Auditors' Report

**The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date.**

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The physical verification of all the Property, Plant and Equipment was conducted by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification.
  - (c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date. The Hangarkatta yard lease has expired in 2019.
  - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
  - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The inventory has been physically verified by the management during the year in accordance with the inventory verification procedure adopted by the Management which in our opinion is reasonable having regard to the size of the Company and nature of its business and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such verification.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. The Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the provisions of clause (iii) (a), (b), (c), (d), (e) and (f) of the Order are not applicable to the Company.
- iv. The Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185. The Company has not given any loan or made any investment covered under Section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, the provision of Clause 3(v) of the Order is not applicable to the Company.
- vi. The maintenance of cost records as required under Section 148(1) of the Companies Act, 2013 is not applicable for the reporting period. Hence the question of our reporting under this clause does not arise.
- vii. (a) The company has generally been regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- (b) As mentioned in Note 36 to the financial statements, pursuant to the implementation of the Resolution Plan, there are no dues in respect of statutory dues referred to in sub-clause (a) that have not been deposited with the appropriate authorities on account of any dispute.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not defaulted on any loans or other borrowings or in the payment of interest thereon to any lender.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not borrowed any term loans during the year and the outstanding term loans at the beginning of the year were applied for the purpose for which the loans were obtained.
- (d) The Company has not raised any funds on short term basis during the year and hence, reporting under clause 3(ix)(d) of the Order is not applicable.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) The Company has not adopted any whistle blower policy during the year and no whistle blower complaints have been reported during the year (and upto the date of this report).
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has incurred cash losses of Rs 163.39 lakhs during the financial year covered by our audit and Rs. 124.98 lakhs during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. Further, the Company does not have any borrowings whose repayment fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the

audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The provisions of Section 135 of the Companies Act, 2013 is not applicable for the reporting period. Hence the question of our reporting under this clause does not arise.

For **SHABBIR AND GANESH.**

Chartered Accountants  
Firm Regn. No. 009033S

**CA GANESH YERMAL**

Partner  
Membership No. 207231  
UDIN: 22207231AISTVR3455

Place:- Udupi  
Date:-03.05.2022

# Annexure B

## to the Independent Auditors' Report

**Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements of our Independent Auditors report of even date on the IND AS financial statements of Udupi Cochin Shipyard Ltd for the year ended 31 March, 2022**

### Directions under Section 143(5) of the Companies Act, 2013 for the year ended 31 March, 2022

We give below our report on the matters referred therein:

#### A. General Directions

- a) **Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.**

In our opinion, the company has a system in place to process all the accounting transactions through IT system except inventory management. Based on the information and explanations given to us, and based on procedures performed by us, we are of the opinion that the company has an adequate internal control system to prevent and detect processing of accounting transactions outside the IT system. As per information provided to us, there has been no such instance reported during the year.

- b) **Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company).**

The Company was subject to Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 and the Resolution Plan was

approved by NCLT-Division Bench-I, Chennai on March 04, 2020 as per which out of the total admitted debt of the lender banks aggregating to Rs.602.39 Crores, 9.74% pay amounting to Rs.58.65 Crores was approved and paid to lenders during September 2020. The financial effect for write back of liabilities was given in FY 2019-20. As per the Resolution plan the financial creditors are also eligible for the proceeds of Excluded Ships and Excluded Financial Assets. Apart from this, there has not been any restructuring of any existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company during the year.

- c) **Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from central/ state Government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.**

In our opinion, and based on the information and explanations given to us, the funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per their terms and conditions.

#### B. Sub Directions

No Sub Directions were issued for the period under audit.

For **SHABBIR AND GANESH.**  
Chartered Accountants  
Firm Regn. No. 0090335

**CA GANESH YERMAL**  
Partner

Place:- Udupi  
Date:-03.05.2022

Membership No. 207231  
UDIN: 22207231AISTVR3455

# Annexure C

## to the Independent Auditors' Report

**The Annexure referred to in our Independent Auditors' Report to the members of Udupi Cochin Shipyard Limited on the audit of Ind AS financial statements for the year ended 31st March 2022**

### Report on the Internal Financial Controls Over Financial Reporting 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 Udupi Cochin Shipyard Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS 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 (The "Guidance Note"). 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 ("the Act").

### 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 and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS 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 and to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting were operating effectively as at March 31,

2022, 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 ICAI.

Place:- Udupi  
Date:-03.05.2022

For **SHABBIR AND GANESH.**  
Chartered Accountants  
Firm Regn. No. 009033S

**CA GANESH YERMAL**  
Partner  
Membership No. 207231  
UDIN: 22207231AISTVR3455

# Balance Sheet

as at March 31, 2022

(Rs in Lakhs)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	3	8,700.50	9,956.20
(b) Capital work-in-progress	4	470.45	103.61
(c) Intangible assets	5	14.35	8.96
(d) Income tax assets (net)	6	30.40	11.95
(e) Deferred tax assets (net)	7	4,474.85	3,989.52
(f) Other non-current assets	8	-	-
<b>Total Non-Current assets</b>		<b>13,690.55</b>	<b>14,070.24</b>
<b>Current assets</b>			
(a) Inventories	9	992.21	188.92
(b) Financial Assets			
(i) Trade receivables	10	97.51	6.52
(ii) Cash and cash equivalents	11	1,580.51	2,526.99
(iii) Bank balances other than (ii) above	12	100.88	0.81
(iv) Other Financial assets	13	4.53	0.67
(c) Other current assets	14	644.52	93.94
<b>Total Current assets</b>		<b>3,420.16</b>	<b>2,817.85</b>
Assets held For Sale	15	13.59	-
<b>Total Assets</b>		<b>17,124.30</b>	<b>16,888.09</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	16	6,500.00	6,500.00
(b) Other equity	17	5,931.53	7,153.21
<b>Total Equity</b>		<b>12,431.53</b>	<b>13,653.21</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18	1,500.00	500.00
(ii) Lease liabilities	19	61.90	75.39
(b) Provisions	20	8.03	-
<b>Total Non-Current Liabilities</b>		<b>1,569.93</b>	<b>575.39</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings			
(ii) Lease liabilities	21	14.96	8.44
(iii) Trade payables			
Total outstanding dues of Micro Enterprises and Small Enterprises		373.22	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	22	64.19	0.83
(iv) Other financial liabilities		1,449.64	1,432.30
(b) Other current liabilities	24	209.76	7.14
(c) Provisions	25	1,011.07	1,210.78
<b>Total Current Liabilities</b>		<b>3,122.84</b>	<b>2,659.49</b>
<b>Total Equity and Liabilities</b>		<b>17,124.30</b>	<b>16,888.09</b>

Corporate overview and Significant Accounting Policies

1 - 2

Notes to the Financial Statements

3 - 50

The accompanying notes are an integral part of these financial statements

## For and on behalf of Board of Directors

### ASWIN SARMA M

Company Secretary

M. No. A41969

Kochi, dated May 03, 2022

### SHIBU JOHN

Chief Financial Officer

### HARIKUMAR A

Chief Executive Officer

### JOSE V J

Director

DIN - 08444440

### MADHU S NAIR

Chairman

DIN - 07376798

## For M/s Shabbir and Ganesh

Chartered Accountants

Firm Regn. No.: 0090335

### CA GANESH YERMAL

Partner

Membership No.: 207231

UDIN: 22207231AISTVR3455

Udupi, Date: May 03, 2022

# Statement of Profit and Loss

For the Year ended March 31, 2022

(Rs in Lakhs)

Sl. No.	Particulars	Note No.	Year ended March 31, 2022	Year ended March 31, 2021
	<b>Income</b>			
I	Revenue from Operations	26	641.98	-
II	Other Income	27	366.08	74.74
<b>III</b>	<b>Total Income (I+II)</b>		<b>1008.06</b>	<b>74.74</b>
	<b>Expenses</b>			
	Cost of materials consumed	28	389.73	-
	Changes in Inventories of Work-in-Progress	29	(352.31)	-
	Sub contract and other direct expenses	30	387.09	-
	Employee Benefits Expense	31	451.72	71.60
	Finance costs	32	53.45	23.14
	Depreciation and Amortisation Expense	33	1322.03	1284.46
	Other expenses	34	241.77	104.98
	Provision for anticipated losses and expenditure	35	18.89	-
	<b>Total expenses (IV)</b>		<b>2512.37</b>	<b>1484.18</b>
<b>V</b>	<b>Profit/ (Loss) before exceptional items and tax (III-IV)</b>		<b>(1504.31)</b>	<b>(1409.44)</b>
<b>VI</b>	<b>Exceptional Items</b>	36	<b>275.15</b>	<b>(1263.40)</b>
VII	Profit/ (Loss) before Tax (V-VI)		(1779.46)	(146.04)
<b>VIII</b>	<b>Tax expense</b>			
	(1) Current tax		-	-
	(2) Deferred tax	7	(485.33)	(10.00)
<b>IX</b>	<b>Profit/(Loss) for the period/year(VII-VIII)</b>		<b>(1294.13)</b>	<b>(136.04)</b>
<b>X</b>	<b>Other comprehensive income</b>			
	A) Items that will not be reclassified to profit or loss		-	-
	B) Items that will be reclassified to profit or loss		-	-
	<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>XI</b>	<b>Total Comprehensive Income for the year (IX+X)</b>		<b>(1294.13)</b>	<b>(136.04)</b>
<b>XII</b>	<b>Paid up equity share capital (Face value - Rs 10 each)</b>		<b>6500.00</b>	<b>6500.00</b>
	Earnings per equity share of Rs 10 each	37		
	(1) Basic (Rs)		(1.99)	(0.21)
	(2) Diluted (Rs)		(1.99)	(0.21)
			Annualised	Annualised

Corporate overview and Significant Accounting Policies

1 - 2

Notes to the Financial Statements

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## For and on behalf of Board of Directors

### ASWIN SARMA M

Company Secretary  
M. No. A41969  
Kochi, dated May 03, 2022

### SHIBU JOHN

Chief Financial Officer

### HARIKUMAR A

Chief Executive Officer

### JOSE V J

Director  
DIN - 084444440

### MADHU S NAIR

Chairman  
DIN - 07376798

## For M/s Shabbir and Ganesh

Chartered Accountants  
Firm Regn. No.: 0090335

### CA GANESH YERMAL

Partner  
Membership No.: 207231  
UDIN: 22207231AISTVR3455  
Udupi, Date: May 03, 2022

# Statement Of Changes In Equity

For the year ended March 31, 2022

## A. Share Capital

(Rs in Lakhs)

As at April 01, 2021	Changes in equity share capital during the year	As at March 31, 2022
6,500.00	0.00	6,500.00

(Rs in Lakhs)

As at April 01, 2020	Changes in equity share capital during the year	As at March 31, 2021
20,236.15	-13,736.15	6,500.00

## B. Other Equity

(Rs in Lakhs)

	Reserves and Surplus			Total
	Securities Premium	General Reserve	Retained Earnings	
<b>Balance as at April 01, 2021</b>	-	7,289.25	(136.04)	7,153.21
Add : Hangarkatta land accounted at fair value	-	72.45	-	72.45
Profit for the year	-	-	(1,294.13)	(1,294.13)
Other comprehensive income for the year	-	-	-	-
<b>Balance as at March 31, 2022</b>	-	<b>7,361.70</b>	<b>(1,430.17)</b>	<b>5,931.53</b>

(Rs in Lakhs)

	Reserves and Surplus			Total
	Securities Premium Reserve	General Reserve	Retained Earnings	
<b>Balance as at April 01, 2020</b>	12,194.71	228.33	(29,203.96)	(16,780.92)
Adjustment on account of cancellation of capital	(12,194.71)	12,194.71	-	-
Cancellation of Share capital	-	20,236.15	-	20,236.15
Add :Fair valuation made to Thenkasi land and Vehicles	-	194.83	-	194.83
Add: Opening DTA	-	-	3,979.52	3,979.52
Less : Cancellation of MAT credit and Provision created against TDS receivable	-	-	(340.33)	(340.33)
Transfer from retained earnings to General reserve	-	(25,564.77)	25,564.77	-
Profit for the year	-	-	(136.04)	(136.04)
<b>Balance as at March 31, 2021</b>	-	<b>7,289.25</b>	<b>(136.04)</b>	<b>7,153.21</b>

Corporate overview and Significant Accounting Policies

1 - 2

Notes to the Financial Statements

3 - 50

The accompanying notes are an integral part of these financial statements

### For and on behalf of Board of Directors

#### ASWIN SARMA M

Company Secretary  
M. No. A41969  
Kochi, dated May 03, 2022

#### SHIBU JOHN

Chief Financial Officer

#### HARIKUMAR A

Chief Executive Officer

#### JOSE V J

Director  
DIN - 084444440

#### MADHU S NAIR

Chairman  
DIN - 07376798

### For M/s Shabbir and Ganesh

Chartered Accountants  
Firm Regn. No.: 0090335

#### CA GANESH YERMAL

Partner  
Membership No.: 207231  
UDIN: 22207231AISTVR3455  
Udupi, Date: May 03, 2022

# Statement of Cash Flow

For the year ended March 31, 2022

(Rs in Lakhs)

Particulars	For Year Ended March 31, 2022	For Year Ended March 31, 2021
<b>A. Cash flows from operating activities</b>		
Profit before tax	(1,779.46)	(146.04)
Adjustments:		
Depreciation and amortisation	1,322.03	1,284.46
Write off of Assets	454.51	-
Interest expense	46.93	14.69
Interest income	(75.68)	(6.26)
Net (gain) /loss on foreign currency transactions	(0.36)	-
Operating cash flow before working capital changes	(32.03)	1,146.85
Movements in working capital :		
(Increase) / decrease in inventories	(804.01)	(188.92)
(Increase) / decrease in trade, other receivables and assets	(660.01)	(87.73)
Increase / (decrease) in trade and other payables	450.67	735.66
	<b>(1,045.38)</b>	<b>1,605.85</b>
Income taxes paid (Net of Refunds)	-	-
<b>Net cash flows from operating activities (A)</b>	<b>(1,045.38)</b>	<b>1,605.85</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(466.67)	(68.61)
(Increase) / decrease in capital work In progress	(365.55)	(103.61)
(Increase) / decrease in Term deposits with maturity above three months	(100.07)	-
Interest received	71.82	6.26
<b>Net cash flows from investing activities (B)</b>	<b>(860.47)</b>	<b>(165.96)</b>
<b>C. Cash flows from financing activities</b>		
Repayment of borrowings	-	(5,965.00)
Net gain /loss on foreign currency transactions	0.36	-
Borrowing of Debt	1,000.00	500.00
Issue of Capital	-	6,500.00
Interest Expense	(27.50)	(14.69)
Repayment of lease liability	(13.49)	(20.51)
<b>Net cash flows from financing activities (C)</b>	<b>959.37</b>	<b>999.80</b>
<b>D. Net Increase in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>(946.48)</b>	<b>2,439.70</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>2,526.99</b>	<b>87.29</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,580.51</b>	<b>2,526.99</b>
<b>Components of cash and cash equivalents (refer note 11)</b>		
Cash on hand	-	-
Balances with banks		
- in current accounts	1,580.51	2,526.99
<b>Total cash and cash equivalents</b>	<b>1,580.51</b>	<b>2,526.99</b>

Corporate overview and Significant Accounting Policies

1 - 2

Notes to the Financial Statements

3 - 50

The accompanying notes are an integral part of these financial statements

## For and on behalf of Board of Directors

### ASWIN SARMA M

Company Secretary  
M. No. A41969  
Kochi, dated May 03, 2022

### SHIBU JOHN

Chief Financial Officer

### HARIKUMAR A

Chief Executive Officer

### JOSE V J

Director  
DIN - 08444440

### MADHU S NAIR

Chairman  
DIN - 07376798

## For M/s Shabbir and Ganesh

Chartered Accountants  
Firm Regn. No.: 0090335

### CA GANESH YERMAL

Partner  
Membership No.: 207231  
UDIN: 22207231AISTVR3455  
Udupi, Date: May 03, 2022

# Notes to Financial Statements

for the year ended March 31, 2022

## 1. CORPORATE OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

### 1.1. Corporate information

Udupi Cochin Shipyard Limited (UCSL), a company engaged in manufacturing and repair of commercial ships for domestic and international clients and warships for Indian Navy, was founded on July 09, 1984. UCSL was incorporated as 'Tebma Engineering Private Limited', became public as 'Tebma Engineering Limited' and subsequently the name was changed to 'Tebma Shipyards Limited'. In September 2020, the Company was taken over by Cochin Shipyard Limited (CSL), a CPSE under the administrative control of the Ministry of Ports, Shipping & Waterways, Government of India, through the statutory insolvency resolution process. Consequently, on April 22, 2022, the name of the Company was changed to 'Udupi Cochin Shipyard Limited'.

The Registered Office of the Company is situated at S.No.377, Pazhamathur Village, Pukathurai Post, Madurantakam Taluk, Kancheepuram – 603 116. UCSL has two yards; One in Malpe – Karnataka and the other one in Chengalpet – Tamil Nadu. It has a major fabrication unit in Hangarkatta (about 20 km from the Malpe yard). The Company has been known for its quality standards and commitment levels in the shipbuilding industry.

The financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorised for issue on May 03, 2022.

UCSL experienced financial difficulties due to the cancellation of Orders and in 2010, the Company entered into a Capital Debt Restructuring Agreement with the Consortium of bankers and Master Restructuring Agreement (MRA) was signed in April 2011. Further, consequent to the Company's failure in honouring its financial commitments, one of the operational creditors filed an insolvency petition under the Insolvency and Bankruptcy Code, 2016 against the Company in 2018. The National Company Law Tribunal (NCLT), Chennai vide its Order dated September 25, 2018 allowed the petition and the Company was placed under the Corporate Insolvency Resolution Process (herein after referred to as "Resolution Process").

During the Resolution Process, Cochin Shipyard Limited (CSL), a CPSE under the administrative control of the Ministry of Ports, Shipping & Waterways, Government of

India, submitted its Resolution Plan for acquiring UCSL and the NCLT, Chennai vide its Order dated March 04, 2020 approved the said Resolution Plan. Consequently, the Resolution Plan implementation process was initiated and a Monitoring Committee consisting of CSL Nominees, the Resolution Professional and the CoC Nominee was constituted for monitoring the implementation of the Resolution Plan and intermittent management of UCSL from the date of NCLT Order till the payment of bid amount. On September 15, 2020, CSL paid the bid amount for takeover of the Company consequent to which the Company became a wholly owned subsidiary of CSL and the new Board of Directors nominated by CSL took charge of the Company. Further, all claims/dues/liabilities of the Company got fully extinguished except to the extent mentioned in the approved Resolution Plan and the NCLT Order. With this the Resolution Process of the Company came to a close.

## 2. Significant Accounting Policies

### 2.1 Functional & Presentation Currency

The financial statements are presented in Indian Rupees ("INR"), which is the functional currency and presentation currency of the Company.

### 2.2 Statement of Ind AS compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other Accounting Principles generally accepted in India.

### 2.3 Basis of preparation of Financial Statements

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, PPE and RoU Assets 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.

# Notes to Financial Statements

for the year ended March 31, 2022

## 2.4 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.

## 2.5 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.

### Valuation of deferred tax assets / liabilities

The Company reviews the carrying amount of deferred tax assets / liabilities at the end of each reporting period. Significant judgements are involved in determining the elements of deferred tax items.

### Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgements in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialised nature of the leased asset.

### Impairment of unquoted investments

The Company reviews its carrying value of investments annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

### 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.

### Provision towards Guarantee repairs

A provision is made towards guarantee repairs/claims in respect of newly built ships/small crafts delivered and repaired ships on the basis of the technical estimation done by the Company. The guarantee claims received from the ship owners are reviewed every year till settlement of the same. In case of a shortfall in the provision made earlier, additional provisions are made.

### Contingencies and commitments

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

# Notes to Financial Statements

for the year ended March 31, 2022

## Recoverability of advances / receivables

The Company makes provisions for expected credit loss based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and expenses on account of provision for doubtful debts in the period in which such estimate has been changed. At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

## Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

## Provision for inventories

Management reviews the inventory ageing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether a provision is required to be made in the financial statements for any obsolete and slow-moving items and that adequate provision for obsolete and slow-moving inventories has been made in the financial statements.

## Liquidated Damages

Claims for liquidated damages against the Company are recognized in the financial statements based on the management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

## Revenue Recognition

The Company exercises significant judgement in measuring progress of performance obligations satisfied over time for recognition of revenue from contracts with customers. Provision for estimated losses if any, on the uncompleted part of the contracts are provided in the period in which such losses become probable based on the expected contract estimates at the reporting date. Claims for liquidated damages against the Company are recognized based on the management's assessment of the probable outcome with reference to the available information supplemented by experience of similar transactions.

## Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the Government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post employment benefit obligations.

## 2.6 Property , Plant and Equipment (PPE)

Property, Plant and Equipments are stated at cost less accumulated depreciation (other than free hold land which are stated at cost) and impairment losses, if any. 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.

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.

# Notes to Financial Statements

for the year ended March 31, 2022

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.

The Company had elected to consider the fair value of the assets as on the transition date as the deemed cost of assets at the time of transition.

## 2.7 Capital work in progress and intangible assets under development:

Capital work in progress and intangible assets 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.

## 2.8 Intangible Assets

Design development: Cost incurred on Design Development which are not directly chargeable on a product are capitalized as Intangible Asset and amortised on a straight-line basis over a period of five years.

Software: Cost of software which is not an integral part of the related hardware acquired for internal use is capitalised as intangible asset and amortised on a straight-line basis over a period of three years.

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

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

## 2.9 Leases

Indian Accounting Standard (Ind AS 116) "Leases" became effective from April 01, 2019 and the Company has adopted the same using modified retrospective transition method, where at the date of initial application, the lease liability is measured at the present value of remaining lease payments. Accordingly, the comparatives have not been retrospectively adjusted

### As a Lessee:

The Company's leased asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a lease liability and a corresponding right-of-use ("RoU") asset for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straightline basis or another systematic basis over the term of the lease. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets. Lease liability and RoU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

# Notes to Financial Statements

for the year ended March 31, 2022

## As a lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis or another systematic basis over the term of the relevant lease. The difference between the amount recognised as lease rental income and actual cashflows payable as per the lease agreement is adjusted in ("Accrued Lease Rental asset").

## 2.10 Depreciation

Depreciation on property, plant and equipment is provided on straight-line method based on useful life of the asset.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain/loss arising on derecognition of the asset is included in the Statement of profit and loss when the asset is derecognised. Fully depreciated assets still in use are retained in financial Statements at residual value. Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Management believes that useful life of assets are same as those prescribed in Schedule II to the Act, except for certain types of buildings and equipments wherein based on technical evaluation, useful life has been estimated to be different from that prescribed in Schedule II of the Act. Useful life considered for calculation of depreciation for various assets class are as follows:

Asset Class	Useful Life
Buildings	3-60 years
Plant and equipment	5-15 years
Furniture and fixtures	8-10 years
Office equipment	3-10 years
Electrical Installation/ Fittings	10 years
Vehicles	8- 10 years
Data Processing Equipments	3-6 years

Leasehold land is amortised over the period of lease. Leasehold improvements including certain buildings, and slipway are depreciated over the lower of remaining estimated useful lives and the lease period. Individual assets costing less than Rs 5,000/- are depreciated at 100% in the year of purchase.

## 2.11 Impairment of Assets

The Company assesses the impairment of assets with reference to each cash generating unit, at each Balance Sheet date. If events or changes in circumstances based on internal and external factors indicate that the carrying value may not be recoverable in full, the loss on account and the recoverable amount, is accounted for accordingly. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

## 2.12 Non-current assets held for sale

Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction. This condition is regarded as met only when the asset is available for immediate sale in its present condition and its sale is highly probable.

Non-current assets including discontinued operations, classified as held for sale are measured at the lower of the carrying amounts and fair value less costs to disposal and presented separately in the financial statements. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any profit or loss arising from the sale or re-measurement of discontinued operations is presented as part of a single line item in statement of profit and loss

## 2.13 Inventories

- Raw materials, components, stores and spares are valued at weighted average cost method or net realisable value whichever is lower. However materials and other supplies held for use in the production /services are not written down below cost if the finished products/ supply of services in which they will be incorporated are expected to be sold at or above cost. Provision for obsolescence / non- usability / deterioration is determined on the basis of technical assessment made by the management. Goods in transit are valued at lower of cost and net realisable value.

# Notes to Financial Statements

for the year ended March 31, 2022

- (b) Loose tools in stock are valued at cost after providing for loss on revaluation estimated at 30% of book value.
- (c) Stock of scrap is valued at net realizable value after adjusting customs duty, if any, payable on the scrap.
- (d) Work In Progress (WIP) other than construction contracts have been valued at lower of cost and net realisable value.
- (e) Finished goods are valued at cost or net realisable value which ever is lower

## 2.14 Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### 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 statement of profit and 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 statement of profit and loss.

### 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.

### Investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Investment in a 'debt instrument' is measured at the amortised cost if both the following conditions are met: The asset is held within a business model whose objective is -

- (1) To hold assets for collecting contractual cash flows, and
- (2) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

### Trade Receivables

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as contract asset. A receivable is a right to consideration that is unconditional and only the passage of time is required before the payment of that consideration is due.

# Notes to Financial Statements

for the year ended March 31, 2022

The Company assesses at each Balance Sheet date whether a financial asset or a Company of financial asset is impaired. Ind AS 109 requires expected credit loss to be measured through a loss allowance.

The Company recognises lifetime expected credit losses for all trade receivables that do not constitute a financing transaction. Impairment loss allowance is based on a simplified approach as permitted by Ind AS 109. As a practical expedient, the company uses a provision matrix to determine the impairment loss on the portfolio of its trade receivables.

Full provision is made for all trade receivables considered doubtful of recovery when the debt is more than three years or if it is probable / certain that the debt is not recoverable. Where debts are disputed in legal proceedings, provision is made if any decision is given against the company even if the same is taken up on appeal to higher authorities/courts. Impairment loss allowance (or reversal) that is required to be recognised at the reporting date is recognised as an impairment loss or gain in the Statement of Profit & Loss Account.

## Financial liabilities

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

## Equity Instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments are recognised at the proceeds received net of direct issue cost.

## Offsetting of financial instruments

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

## 2.15 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.

## 2.16 Contract Assets

Where the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset. A contract asset is Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. Contract assets are reviewed for impairment in accordance with Ind AS 115.

## 2.17 Contract Liabilities

Where the Company receives consideration, or the Company has a right to an amount of consideration that is unconditional (ie a receivable), before the Company transfers a good or service to the customer, the Company presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier). A contract liability is Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

## 2.18 Provisions , 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.

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

# Notes to Financial Statements

for the year ended March 31, 2022

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, the Company treats them as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements. Although there can be no assurance regarding the final outcome of the legal proceedings, Company does not expect them to have a materially adverse impact on our financial position or profitability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset but discloses its existence in the financial statements where an inflow of economic benefits is probable.

## 2.19 Revenue Recognition

### a) Revenue from Operations

Revenue from contracts with customers is measured based on transaction price, which is the fair value of consideration received or receivable. Revenue is recognized when the company satisfies performance obligations by transferring promised goods and services to the customer over a period of time using output method based on measurement of physical performance completed to date in respect of contracts with customers for ship building.

Other Operating Revenue is recognized at the point of time when the company satisfies performance obligations by transferring promised goods and services to the customer.

In circumstances, where the Company may not be able to reasonably measure the outcome of a performance obligation, but the Company expects to recover the costs incurred in satisfying the performance obligation, the Company recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. Where current estimates of total contract costs and

revenue indicate a loss, provision is made for the entire loss, irrespective of the amount of work done.

Contract modifications are accounted when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the stand alone selling price. Where the goods or services added are not distinct, adjustment to revenue is made on a cumulative catch up basis. Where the goods or services added are distinct, and such additional goods or services are priced at standalone selling prices, the contract modification is accounted for as a separate contract; whereas if the modification is not priced at standalone selling price, the same is accounted as a termination of the existing contract and creation of a new contract.

If the consideration promised in a contract includes variable amounts like discounts, rebates, refunds, credits, price concessions, liquidated damages or other similar items, the Company estimates the net amount of consideration to which the Company is entitled in exchange for transferring the promised goods or services to a customer and accounts for the same.

### b) Other Income

#### i) Government Grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses, the related costs for which the grants are intended to compensate. Where the Grant relates to an asset value, it is recognised as deferred income, and amortised over the expected useful life of the asset. Other grants are recognised in the statement of Profit & Loss concurrent to the expenses to which such grants relate/ are intended to cover.

# Notes to Financial Statements

for the year ended March 31, 2022

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in statement of profit & loss in the period in which they become receivable.

## ii) Liquidated damages and interest on advances

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

In the case of contracts entered into for execution of capital works having long gestation period, where the extant commercial terms of the contract provides for provision of extending interest bearing mobilisation advance to the service provider for mobilising various resources for timely execution, mobilisation advances are paid and interest is accounted on accrual basis

## iii) Accounting for insurance claims

### (a) Warranty/Builder Risk claims

In the case of guarantee defects covered under warranty insurance policies or claims under Insurance Policies taken for ship building and ship repair works, the insurance claims lodged are recognized in the financial statements in the year in which the survey is completed and the probable amount of settlement intimated by the insurance Company.

### (b) Other Insurance Policies

In the case of other Insurance Policies like Asset Insurance, Transit Insurance, Marine Insurance, Cash Insurance etc., the claims are recognized in the the financial statements on settlement of the claims by way of receipt of the amount from the Insurance Company.

In the case of Medical insurance, claims are recognized on due basis, based on the claims submitted with the insurance company.

## (iv) Interest Income

In case of fixed deposits, interest is accounted when it accrues to the Company by applying interest rate as applicable to each fixed deposit.

(v) Scrap income with respect to Ship building and Ship Repair are treated as Operating income and other than that is considered as Other income.

(vi) Charter hire charges income is accounted on time period basis

## 2.20 Employee benefits

Employee benefits consist of salaries and wages, contribution to provident fund, superannuation fund, gratuity fund, towards medical assistance, which are short term in nature and contribution towards compensated absences, which is long term in nature.

Provident fund: Contributions to provident fund (a defined contribution plan) are made to the Regional Provident Fund Commissioner and are charged to the profit and loss account. The Company has no further obligations for future provident fund benefits other than its monthly contributions.

### Defined benefit plans

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The liability or asset recognised in the balance sheet in respect of its defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated periodically by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have terms approximating the terms of the related liability.

# Notes to Financial Statements

for the year ended March 31, 2022

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or asset is recognised in the Statement of Profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in Statement of profit and loss as past service cost.

## 2.21 Borrowing cost

General and specific borrowing costs directly attributable to acquisition/ construction or production of qualifying assets (net of income earned on temporary deployment of funds) are capitalized as part of cost of such assets upto the date when such assets are ready for the intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs

## 2.22 Prior period adjustment

Prior period adjustments due to errors, having material impact on the financial affairs of the Company, are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.

## 2.23 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 utilised.

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.

# Notes to Financial Statements

for the year ended March 31, 2022

## 2.24 Earnings Per Share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

## 2.25 Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Chairman & Managing Director.

The Company has identified business segments (industry practice) as reportable segments. The business segments comprise: 1) Ship Building and 2) Others.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

## 2.26 Statement of cash flows

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 statement of cash flow, 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, if any, are disclosed within borrowings in current liabilities in the Balance Sheet

## 2.27 Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the financial statements and also as per Guidance note on Ind AS III.

## 2.28 Current versus Non-current classification

The assets and liabilities in the Balance Sheet are based on current/non-current classification.

The classification of assets and liabilities, wherever applicable, are based on normal operating cycles of different business activities of the Company, which are as under:

- (a) In case of Shipbuilding and Ship repair, normal operating cycle is considered vessel wise, as the time period from the effective date of contract to the date of expiry of guarantee period.
- (b) In case of other business activities, normal operating cycle is 12 months.

An asset is classified as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non - current.

A liability is classified as current when it is:

- i. Expected to be settled in normal operating cycle,
- ii. Held primarily for the purpose of trading,
- iii. Due to be settled within twelve months after the reporting period, or

# Notes to Financial Statements

for the year ended March 31, 2022

- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non – current liabilities.

Deferred tax assets and liabilities are classified as non -current assets and liabilities.

## 2.29 Foreign currency transactions

The financial statements are prepared in Indian Rupees being the functional currency.

Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

## 2.30 Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below.

Ind AS 16– Property Plant and equipment - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

Ind AS 37– Provisions, Contingent Liabilities and Contingent Assets –The amendment specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 3 : Property, Plant and Equipment

(Rs in Lakhs)

Particulars	Gross carrying amount			Depreciation			Net Carrying amount	
	As at April 01, 2021	Additions/ (Deletions)	Disposal/ adjustments during the year	As at March 31, 2022	For the year	Adjustment/ (withdrawal)	As at March 31, 2022	As at March 31, 2021
<b>Tangible assets</b>								
Land - freehold	2,607.87	72.45	-	2,680.32	-	-	2,680.32	2,607.87
Building	2,062.96	99.13	8.10	2,153.99	190.53	8.01	1,783.17	1,874.66
Plant and machinery	4,679.23	266.54	770.39	4,175.38	566.45	335.42	2,854.57	3,589.45
Office equipments	40.82	3.01	19.42	24.41	6.85	10.23	19.58	32.61
Furniture and fittings	27.93	-	9.91	18.02	4.98	7.19	9.86	17.56
Computers	18.06	43.57	17.26	44.37	8.09	11.00	36.48	7.26
Electrical Installation	-	27.57	-	27.57	0.15	-	27.42	-
Electrical Fittings	14.21	5.37	-	19.58	1.74	-	17.76	14.13
Vehicles	7.33	-	-	7.33	1.39	-	5.25	6.64
<b>Sub Total</b>	<b>9,458.41</b>	<b>517.64</b>	<b>825.08</b>	<b>9,150.97</b>	<b>780.18</b>	<b>371.85</b>	<b>7,434.41</b>	<b>8,150.18</b>
<b>Assets held on Leased Premises</b>								
Building	1,830.40	-	20.76	1,809.64	281.53	5.87	784.95	1,081.37
Slipway	1,108.00	9.99	-	1,117.99	227.65	-	436.94	654.60
Right of Use Assets (IND AS 116)	95.90	-	-	95.90	25.85	-	44.20	70.05
<b>Sub Total</b>	<b>3,034.30</b>	<b>9.99</b>	<b>20.76</b>	<b>3,023.53</b>	<b>535.03</b>	<b>5.87</b>	<b>1,266.09</b>	<b>1,806.02</b>
<b>Total</b>	<b>12,492.71</b>	<b>527.63</b>	<b>845.84</b>	<b>12,174.50</b>	<b>1,315.21</b>	<b>377.72</b>	<b>8,700.50</b>	<b>9,956.20</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 3 : Property, Plant and Equipment

(Rs in Lakhs)

Particulars	Gross carrying amount			Depreciation		Net Carrying amount	
	As at April 01, 2020	Additions/ (Deletions)	Disposal/ adjustments during the year	As at March 31, 2021	For the year Adjustment/ (withdrawal)	As at March 31, 2021	As at March 31, 2020
<b>Tangible assets</b>							
Land - freehold	2,420.37	187.50	-	2,607.87	-	2,607.87	2,420.37
Building	2,060.41	2.55	-	2,062.96	94.02	1,874.66	1,966.13
Plant and machinery	4,657.45	21.78	-	4,679.23	544.53	3,589.45	4,112.19
Office equipments	19.42	21.40	-	40.82	4.40	32.61	15.62
Furniture and fittings	20.06	7.87	-	27.93	5.19	17.56	14.88
Computers	17.26	0.80	-	18.06	5.14	7.26	11.59
Electrical Fittings	-	14.21	-	14.21	0.08	14.13	-
Vehicles	-	7.33	-	7.33	0.69	6.64	-
<b>Sub Total</b>	<b>9,194.97</b>	<b>263.44</b>	<b>-</b>	<b>9,458.41</b>	<b>654.05</b>	<b>8,150.18</b>	<b>8,540.79</b>
<b>Assets held on Leased Premises</b>							
Building	1,830.40	-	-	1,830.40	374.00	1,081.37	1,455.38
Slipway	1,108.00	-	-	1,108.00	226.39	654.60	880.99
Right of Use Assets (IND AS 116)	-	95.90	-	95.90	25.85	70.05	-
<b>Sub Total</b>	<b>2,938.40</b>	<b>95.90</b>	<b>-</b>	<b>3,034.30</b>	<b>626.24</b>	<b>1,806.02</b>	<b>2,336.36</b>
<b>Total</b>	<b>12,133.37</b>	<b>359.34</b>	<b>-</b>	<b>12,492.71</b>	<b>1,280.29</b>	<b>9,956.20</b>	<b>10,877.15</b>

UCSL has entered into agreements with Kundapura Port & Govt of Karnataka for lands taken on lease at Malpe and Hangarkatta. The lease agreement for Malpe will expire in 2023, while the lease period for Hangarkatta land has already expired in 2019. Discussions are currently underway with the Government of Karnataka to renew the lease licenses. Meanwhile Company paid during the year an amount of Rs. 13.49 Lakhs towards Malpe lease rent and Rs 1.67 lakhs towards Hangarkatta Lease rent. Ind AS 116 is applied only for Malpe leasehold land.

78.05 cents of land at Hangarkatta has been valued at Rs 72.45 lakhs and same been recognized in General reserve. The value of Land at Kulpi (Kolkata- 230 cents) have not been recognized in accounts due to pending verification & valuation of the same

Assets which cannot be detached and transported for alternate use ("Non Removable Assets") constructed on leasehold land at Malpe yard are amortized/ depreciated over the lower of the period of lease and useful life of those assets.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 4 : Capital work -in -progress

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Plant and machinery, Buildings and Civil works	470.45	103.61
<b>Total</b>	<b>470.45</b>	<b>103.61</b>

(Rs in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	456.32	14.13	-	-	470.45
Projects temporarily suspended	-	-	-	-	-

None of the projects under work in progress are overdue in respect of budgeted time and cost and hence overdue CWIP schedule not applicable.

## Note 5 : Other Intangible assets

(Rs in Lakhs)

Particulars	Gross carrying amount				Amortisation				Net Carrying amount	
	As at April 01, 2021	Additions/ (Deletions)	Disposal/ adjustments during the year	As at March 31, 2022	As at April 01, 2021	For the year	Adjustment/ (withdrawal)	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	-	11.49	-	11.49	-	1.29	-	1.29	10.20	-
Right to Use - land	16.68	-	-	16.68	7.72	4.81	-	12.53	4.15	8.96
<b>Total</b>	<b>16.68</b>	<b>11.49</b>	<b>-</b>	<b>28.17</b>	<b>7.72</b>	<b>6.10</b>	<b>-</b>	<b>13.82</b>	<b>14.35</b>	<b>8.96</b>

(Rs in Lakhs)

Particulars	Gross carrying amount				Amortisation				Net Carrying amount	
	As at April 01, 2020	Additions/ (Deletions)	Disposal/ adjustments during the year	As at March 31, 2021	As at April 01, 2020	For the year	Adjustment/ (withdrawal)	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Right to Use - land	16.68	-	-	16.68	3.55	4.17	-	7.72	8.96	13.13
<b>Total</b>	<b>16.68</b>	<b>-</b>	<b>-</b>	<b>16.68</b>	<b>3.55</b>	<b>4.17</b>	<b>-</b>	<b>7.72</b>	<b>8.96</b>	<b>13.13</b>

The Right to use of land shown under Intangible Assets represents the upfront fee paid to Port Officer Kundapura towards using Malpe leasehold land, which is amortised over the lease period.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 6 : Income tax assets / liability (net)

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Non current tax assets</b>		
Income Tax Assets	30.40	11.95
<b>Total</b>	<b>30.40</b>	<b>11.95</b>

## Note 7 : Deferred tax assets (net)

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax liabilities	489.22	817.69
Deferred tax assets	(4,964.07)	(4,807.21)
<b>Total</b>	<b>(4,474.85)</b>	<b>(3,989.52)</b>

### Deferred tax liabilities/(assets) in relation to 2021-22

(Rs in Lakhs)

Particulars	Opening Balance recognised in Retained Earnings	Recognised in Statement of Profit and Loss	Closing Balance
Provisions	(314.80)	49.83	(264.97)
Property, plant and equipment	814.56	(325.34)	489.22
Carry forward losses	(4,492.42)	(198.18)	(4,690.60)
Others	3.15	(11.65)	(8.50)
<b>Total</b>	<b>(3,989.52)</b>	<b>(485.33)</b>	<b>(4,474.85)</b>

### Deferred tax liabilities/(assets) in relation to 2020-21

(Rs in Lakhs)

Particulars	Opening Balance recognised in Retained Earnings	Recognised in Statement of Profit and Loss	Closing Balance
Provisions	(325.00)	10.20	(314.80)
Property, plant and equipment	971.29	(156.73)	814.56
Carry forward losses	(4,625.81)	133.39	(4,492.42)
Others	-	3.15	3.15
<b>Total</b>	<b>(3,979.52)</b>	<b>(10.00)</b>	<b>(3,989.52)</b>

As at March 31, 2022, the company has assessed recognition of deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections which have been approved by the Management, to absorb the deferred tax asset.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 8 : Other non-current assets

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured, considered good</b>		
Subsidy Receivable	-	179.36
Less : Provision for Subsidy receivable	-	(179.36)
<b>Total</b>	<b>-</b>	<b>-</b>

## Note 9 : Inventories

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Raw Materials	3,286.63	2,816.76
Work in Progress	352.31	-
Less: Provision for inventory	(2,646.73)	(2,627.84)
<b>Total</b>	<b>992.21</b>	<b>188.92</b>

## Note 10 : Trade Receivables-Current

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade Receivables considered good - Unsecured	97.51	6.52
<b>Total</b>	<b>97.51</b>	<b>6.52</b>

Trade receivables are non-interest bearing and receivable in normal operating cycle. Since the Trade receivables are due for less than one year, no expected credit loss allowance is made under Ind AS 109.

(Rs in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	97.51	-	-	-	-	97.51
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 11 : Cash and Cash equivalents

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	-	-
Balance with Banks		
In current account	96.35	276.65
Fixed deposits		
Term deposits with original maturity of less than three months	1,484.16	2,250.34
<b>Total</b>	<b>1,580.51</b>	<b>2,526.99</b>

Pursuant to resolution plan submitted by the Cochin Shipyard Limited, for Udupi Cochin Shipyard Limited the bid amounts have been paid to the banks under the approved resolution plan and all security charges, encumbrances, created or suffered to exist in relation to credit facilities extended to UCSL, stands released, discharged in terms of the resolution plan. Consequently the Bank guarantees stands discharged and margin money shall be released to Udupi Cochin Shipyard Limited. However, the margin monies (aggregating approx. Rs.351.115 lakhs) have not yet been actually released by the banks to the Company as they hold the same as lien for the Bank Guarantees issued by them earlier which has been disputed by the UCSL. Therefore, on a prudent basis, the company will recognize the Fixed deposits, in the period in which the banks actually release the margin money deposits.

## Note 12 : Bank balances other than cash and cash equivalents

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lien Marked Term deposits with original maturity of less than three months*	100.00	-
Term Deposits with banks with original maturity more than 3 months and less than 12 months	0.88	0.81
<b>Total</b>	<b>100.88</b>	<b>0.81</b>

\*Deposits with banks with maturity less than three months represents lien marked deposits in favour of State Bank of India for maintaining cash margin towards the Non-Fund based credit facilities granted to the Company.

## Note 13 : Other Financial Assets - Current

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued on fixed deposits	4.53	0.67
<b>Total</b>	<b>4.53</b>	<b>0.67</b>

## Note 14 : Other Current Assets

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance paid to suppliers and others	2.08	13.84
Contract Assets	260.85	-
Miscellaneous deposits	8.89	1.42
Prepaid expenditure	3.46	25.39
Other Receivables	54.32	24.17
Input Tax Credit on GST	314.92	29.12
<b>Total</b>	<b>644.52</b>	<b>93.94</b>

Other receivables represents the amount to be recovered from Committee of Creditors (CoC) on account of expenses incurred towards the excluded ships from the CIRP Account operated by Resolution Professional currently.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 15 : Assets held for Sale

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Asset held for Sale	13.59	-
<b>Total</b>	<b>13.59</b>	<b>-</b>

On physical verification of the assets of the company undertaken by management during Q4 2021-22, it was found that various assets of the company aggregating to Rs. 468.10 Lakhs were in a dilapidated condition or has become obsolete due to shutdown of the operations of the yard and passage of time. As these assets are beyond economic repairs and occupying considerable space, it was proposed to dispose off these assets at the earliest, which is considered appropriate for optimum utilization of the available Yard space to ensure smooth business operations. These class of assets subject to disposal has been regrouped as Assets held for sale and has been retained in books at its fair value less cost to disposal and the asset shall be disposed off within 12 months. The difference between the WDV and the NRV of the assets has been charged to P&L as exceptional items.

## Note 16 : Equity Share Capital

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Rs in lakhs	Number	Rs in lakhs
<b>Authorised</b>				
Equity shares of ₹ 10/- each	9,00,00,000	9,000.00	9,00,00,000	9,000.00
Preference shares of ₹ 10/- each	12,50,00,000	12,500.00	12,50,00,000	12,500.00
<b>Issued, Subscribed and Fully paid up</b>				
Equity shares of ₹ 10 each fully paid up	6,50,00,000	6,500.00	6,50,00,000	6,500.00
<b>Total</b>	<b>6,50,00,000</b>	<b>6,500.00</b>	<b>6,50,00,000</b>	<b>6,500.00</b>

### 16.1 Reconciliation of number of shares and amounts

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Rs in lakhs	Number	Rs in lakhs
Equity Shares outstanding at the beginning of the year	6,50,00,000	6,500.00	7,73,61,505	7,736.15
Add : shares issued during the year	-	-	6,50,00,000	6,500.00
Less : Shares cancelled during the year	-	-	7,73,61,505	7,736.15
Equity Shares outstanding at the end of the year	<b>6,50,00,000</b>	<b>6,500.00</b>	<b>6,50,00,000</b>	<b>6,500.00</b>

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number	Rs in lakhs	Number	Rs in lakhs
Preference Shares outstanding at the beginning of the year	-	-	12,50,00,000	12,500.00
Add : shares issued during the year	-	-	-	-
Less : Shares cancelled during the year	-	-	12,50,00,000	12,500.00
Preference Shares outstanding at the end of the year	-	-	-	-

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 16 : Equity Share Capital (Contd..)

### 16.2 Details of shares held by Holding company

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Cochin Shipyard Limited	6,50,00,000	100%	6,50,00,000	100%
<b>Total</b>	<b>6,50,00,000</b>	<b>100%</b>	<b>6,50,00,000</b>	<b>100%</b>

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Cochin Shipyard Limited	6,50,00,000	100%	6,50,00,000	100%

### 16.4 Shares held by promoters at the end of the year

Promoter name	No. of Shares	% of total shares
Cochin Shipyard Limited	6,50,00,000	100.00%

## Note 17 : Other Equity

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
General Reserve	7,361.70	7,289.25
Retained Earnings	(1,430.17)	(136.04)
<b>Total</b>	<b>5,931.53</b>	<b>7,153.21</b>

Movement of each item in Other Equity is detailed in Statement of Changes in Equity

General reserve is primarily created to comply with the requirements of section 123(1) of the Companies Act, 2013. This is a free reserve and can be utilised for any general purpose like issue of bonus shares, payment of dividend, buy back of shares etc. The Company created a General reserve in earlier years pursuant to the provisions of the Companies Act, 1956 where in certain percentage of profits were required to be transferred to General reserve before declaring dividends. As per the Companies Act 2013, the requirements to transfer profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

Retained earnings represent the amount of accumulated earnings of the Company

## Note 18 : Borrowings - Non Current

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Unsecured</b>		
Redeemable Non Convertible debentures issued to Holding company @ 6%	1,000.00	-
Loan from Holding Company @5.5% p.a	500.00	500.00
<b>Total</b>	<b>1,500.00</b>	<b>500.00</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 18 : Borrowings - Non Current (Contd..)

- a) Redeemable Non Convertible debentures issued for Rs 1000 Lakhs :- In order to meet the revival and general corporate requirements of UCSL, 1 Lakh NCDs of face value Rs 1000 each have been issued by UCSL to CSL, through private placement. The coupon rate is 6% and the interest needs to be paid on yearly basis. NCDs are redeemable at par at the end of 84 months i.e; on 26th November 2028.
- b) Loan of Rs 500 Lakhs :- In order to meet the expenses arising during operational phase of UCSL, Holding company Cochin Shipyard Limited infused Rs 500 lakhs as unsecured loan carrying an interest rate of 5.5% p.a on 18.09.2020. The principal amount to be repaid at the end of 5 years from the date of disbursement i.e; on 17th September 2025. Interest repayments to be made on yearly basis from the date of disbursement.

## Note 19 : Lease liabilities

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease Liabilities under Ind AS 116	61.90	75.39
<b>Total</b>	<b>61.90</b>	<b>75.39</b>

## Note 20 : Provisions - Non Current

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits - Gratuity	8.03	-
<b>Total</b>	<b>8.03</b>	<b>-</b>

## Note 21 : Lease liabilities

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Lease Liabilities under Ind AS 116	14.96	8.44
<b>Total</b>	<b>14.96</b>	<b>8.44</b>

## Note 22 : Trade Payables

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables (Unsecured)		
Total outstanding dues of Micro enterprises and Small Enterprises	373.22	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	64.19	0.83
<b>Total</b>	<b>437.41</b>	<b>0.83</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 22 : Trade Payables (Contd..)

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Amount remaining unpaid to supplier at the end of each accounting year;		
Principal	373.22	Nil
Interest on above Principal	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small, and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small, and Medium Enterprises Development Act, 2006;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small, and Medium Enterprises Development Act, 2006;	Nil	Nil

## Trade Payables ageing schedule

(Rs in Lakhs)

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	373.22	-	-	-	373.22
(ii) Others	64.19	-	-	-	64.19
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

## Note 23 : Other Financial Liabilities - Current

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	31.86	13.59
Security and other deposits	74.04	-
Others Payables	1,343.74	1,418.71
<b>Total</b>	<b>1,449.64</b>	<b>1,432.30</b>

Other payables includes Rs 1253.84 lakhs payable to CoC i.e; 50% of the Subsidy received during the year from Ministry under Ship Building Subsidy Scheme.

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 24 : Other Current Liabilities

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance received from customers	58.55	-
Statutory dues	68.45	7.14
Contract Liability for Engineering works	82.76	-
<b>Total</b>	<b>209.76</b>	<b>7.14</b>

## Note 25 : Provisions - Current

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
<b>Provision for Employee benefits</b>		
Gratuity	0.03	-
	<b>0.03</b>	<b>-</b>
<b>Other Provisions</b>		
Expenditure/ Contingencies	1,011.04	1,210.78
<b>Total</b>	<b>1,011.07</b>	<b>1,210.78</b>

In order to meet the contingent expenditure to operationalise the facility as per the resolution plan, a provision for contingency of Rs 1250 lakhs has been provided in books as on 31/3/2020. During the year, we have adjusted an amount of Rs. 201.54 lakhs and the balance has been reviewed and retained.

## Note 26 : Revenue from operations

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Sale of products</b>		
<b>Ship building:</b>		
Vessels	67.34	-
Engineering works	574.64	-
<b>Total</b>	<b>641.98</b>	<b>-</b>

## Note 27 : Other Income

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Income from sale of scrap and stores	161.34	-
Interest Income from Bank Deposits	75.68	6.26
Miscellaneous Income	1.76	-
Provision no longer required / Liabilities written back	51.40	-
Income from Charter Hire	75.90	68.48
<b>Total</b>	<b>366.08</b>	<b>74.74</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 28 : Cost of materials consumed

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Raw Materials</b>		
Steel	294.33	-
Pipe	0.14	-
Paint	3.90	-
Bought out components	91.37	-
<b>Total</b>	<b>389.73</b>	<b>-</b>

## Note 29 : Changes in Inventories of Work-in-Progress

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

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Work -in-progress at cost:</b>		
At the beginning of the year	-	-
Less: at the end of the year	(352.31)	-
<b>Total</b>	<b>(352.31)</b>	<b>-</b>

## Note 30 : Sub Contract and Other Direct Expenses

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Sub contract and off loaded jobs	313.47	-
Other direct expenses	73.62	-
<b>Total</b>	<b>387.09</b>	<b>-</b>

## Note 31 : Employee Benefits Expense

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Salaries, wages, bonus/exgratia and allowances	402.82	66.81
Contribution to Provident Fund and Family Pension Fund	12.56	1.84
Gratuity	8.06	-
Staff welfare expenses	28.28	2.95
<b>Total</b>	<b>451.72</b>	<b>71.60</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 31 : Employee Benefits Expense (Contd..)

### Defined Benefit Plan-Gratuity

The principal assumptions used for the purpose of actuarial valuation were as follows:

Particulars	For the Year ended March 31, 2022
Discount Rate (p.a)	6.20%
Rate of increase in compensation levels	3.00%
Expected Rate of Return on Asset	5.00%

Amount recognised in the Statement of Profit and Loss/Other comprehensive income in respect of defined benefit plans are as follows:-

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022
<b>Service Cost:</b>	
Current Service Cost	8.06
Past Service Cost	-
Net Interest expense	-
<b>Components of defined benefit costs recognised in statement of profit and loss</b>	8.06
Remeasurement of the net defined benefit liability:	
Actuarial (Gain)/Loss on Plan Obligations	-
Difference between Actual Return and Interest income on Plan assets (gain)/loss	-
<b>Components of defined benefit costs recognised in Other Comprehensive Income</b>	-

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plan is as follows:-

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022
Present Value of Defined Benefit Obligation at end of the year	8.06
Less: Fair Value of Plan Assets at the end of the year	-
Net Liabilities /(Assets) recognized in the Balance Sheet	8.06

Movements in present value of the defined benefit obligation are as follows:-

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022
Defined Benefit Obligation at beginning of the year	-
Current Service Cost	8.06
Current Interest Cost	-
Past Service Cost	-
Actuarial (Gain)/ Loss	-
Benefits paid	-
Defined Benefit Obligation at end of the year	8.06

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 31 : Employee Benefits Expense (Contd..)

Movements in the fair value of the plan assets are as follows:

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022
Fair Value of Plan Assets at the beginning of the year	-
Expected Return on Plan Assets	-
Actuarial (Gain)/ Loss	-
Contributions from the employer	-
Benefits paid	-
Fair Value of the Assets at the end of the year	-

## Expected Contributions in Following Years [mid-year cash flows]

(Rs in Lakhs)

Year	UCSL
Year 1	NA
Year 2	NA
Year 3	NA
Year 4	NA
Year 5	NA
Next 5 Years	NA

"NA " denoted " Not Available"

## Expected Benefit Payments in Following Years [mid-year cash flows]

(Rs in Lakhs)

Year	UCSL
Year 1	-
Year 2	-
Year 3	-
Year 4	1.11
Year 5	6.95
Next 5 Years	-

## Sensitivity Analysis

(Rs in Lakhs)

Particulars	UCSL
A. Discount Rate + 100 BP	7.20%
Defined Benefit Obligation [PVO]	7.73
Variation	-4.09%
B. Discount Rate - 100 BP	5.20%
Defined Benefit Obligation [PVO]	8.40
Variation	4.30%
C. Salary Escalation Rate + 100 BP	4.00%
Defined Benefit Obligation [PVO]	8.37
Variation	3.89%
D. Salary Escalation Rate - 100 BP	2.00%
Defined Benefit Obligation [PVO]	7.75
Variation	-3.78%
BP denotes "Basis Points"	

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 32 : Finance Costs

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Interest on Loan	27.50	14.69
Interest on Lease liability	6.52	8.44
Interest on Non convertible debentures	19.43	-
<b>Total</b>	<b>53.45</b>	<b>23.14</b>

## Note 33 : Depreciation and Amortisation Expense

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Depreciation on property, plant and equipments	1,315.21	1,280.29
Depreciation on Right of use asset	4.81	4.17
Amortisation of other intangible asset	1.29	-
<b>Total</b>	<b>1,321.31</b>	<b>1,284.46</b>
Add : Loss on revaluation of tools	0.72	-
<b>Total</b>	<b>1,322.03</b>	<b>1,284.46</b>

## Note 34 : Other Expenses

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Yard Maintenance and other expenses	0.22	0.03
Consumption of spares	0.03	-
Rates and taxes	9.25	4.73
Power and fuel	63.26	12.11
Water Charges	2.74	0.72
Repairs and maintenance:		
- Plant and machinery	10.99	-
- Others	51.50	23.75
Maintenance dredging	0.20	-
Transport and stores handling	-	-
Travelling and conveyance expenses	8.78	3.55
Printing and stationery	6.68	0.74
Postage, telephone and telex	0.50	0.12
Advertisement	0.25	0.02
Lease rent	1.67	2.00
Legal and professional charges	2.06	18.11
Hire charges	5.49	-
Insurance	13.80	0.16
Security expenses	38.64	20.72
Auditors remuneration	3.00	3.00
Auditors remuneration for other services	2.40	3.15

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 34 : Other Expenses (Contd..)

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Fee for statutory compliances	1.02	2.72
Business Development expenses	4.84	-
Bank charges	0.84	4.13
Net gain /(loss) on foreign currency transactions	(0.36)	-
Miscellaneous Expenses	13.97	5.25
<b>Total</b>	<b>241.77</b>	<b>104.98</b>

## Auditors remuneration, Auditors remuneration for other services and include:

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
For Audit Fees	3.00	3.00
For Limited Review/other services	2.40	3.15
<b>Total</b>	<b>5.40</b>	<b>6.15</b>

## Note 35 : Provision for Anticipated Losses and Expenditure

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Provision for:		
Non moving / perpetual inventory verification	18.89	-
<b>Total</b>	<b>18.89</b>	<b>-</b>

## Note 36 : Exceptional Items

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Provision for Inventory and Subsidy receivable written back	-	(188.92)
Write off of property, plant and equipments	454.51	-
Provision for Subsidy Receivable written back / (Provision for subsidy receivable)	(179.36)	(1,074.48)
<b>Total</b>	<b>275.15</b>	<b>(1,263.40)</b>

## Note 37 : Earnings per Equity Share

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Net Profit after tax (Rs in lakhs)	(1,294.13)	(136.04)
Number of Equity Shares	65000000	65000000
Basic and Diluted Earnings Per Share (EPS) (in Rs)	(1.99)	(0.21)
Face value per equity (in Rs)	10.00	10.00

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 38 : Additional Disclosures under Ind AS 115-"Revenue from Contract with Customers"

### Disclosures of Disaggregated revenue as per IND AS 115

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Revenue from Contracts with customers</b>		
<b>A. Revenue from goods or services transferred over time</b>		
<b>(i) Sale of products</b>		
Ship building:		
Fishing vessels	67.34	-
<b>(ii) Sale of services</b>		
Engineering works	574.64	-
<b>Total</b>	<b>641.98</b>	<b>-</b>

### Details of transaction price allocated to unsatisfied/ partially satisfied performance obligations:

Aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period amounts to Rs 800.37 lakhs and will be recognised as revenue during FY 2022-23.

- Revenue is recognized when the company satisfies performance obligations by transferring promised goods and services to the customer over a period of time using output method based on measurement of physical performance completed to date in respect of contracts with customers for ship building. Physical performance is calculated using various technical parameters used in ship building industry.
- If the consideration promised in a contract includes variable amounts like discounts, rebates, refunds, credits, price concessions, liquidated damages or other similar items, the Company estimates the net amount of consideration to which the Company is entitled in exchange for transferring the promised goods or services to a customer and accounts for the same. The payment terms are based on milestones specified in the respective contracts with customers. On achieving the specified milestones these payments are released. Warranty period is agreed in the contract for which necessary provision has been made.

### Reconciliation of contracted price with revenue during the year

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
<b>Opening contracted price of orders</b>	-	-
<b>Add:</b>		
Fresh orders/change orders received (net)	1371.96	-
Increase due to additional consideration including Shipbuilding Financial assistance	70.39	-
Increase due to exchange rate movements (net)	-	-
<b>Less:</b>		
Other deductions including variations, change orders etc.	-	-
Orders completed during the year	178.22	-
<b>Closing contracted price of orders</b>	<b>1264.13</b>	<b>-</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## Note 38 : Additional Disclosures under Ind AS 115-"Revenue from Contract with Customers" (Contd..)

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Total Revenue recognised during the year:	641.98	-
Less: Revenue out of orders completed during the year	178.22	-
Revenue out of orders under execution at the end of the year (I)	463.76	-
Revenue recognised upto previous year (from orders pending completion at the end of the year) (II)	-	-
Decrease due to exchange rate movements (net) (III)	-	-
Balance revenue to be recognised in future viz. Order book (IV)	800.37	-
<b>Closing contracted price of orders (I+II+III+IV)</b>	<b>1264.13</b>	<b>-</b>

## Note 39 : Additional Disclosures under Ind AS 116-"Leases"

Rent and Hire charges Expense includes expense incurred for the year ended 31.03.2022 relating to Short term leases and leases of low value assets amounting to Rs.1.67 lakhs ( PY :-Rs.1.86 lakhs)

Total Cash outflow for leases for the year ended March 31, 2022 including outflow for short term and low value leases is Rs 15.16 lakhs (PY:- Rs 22.37 lakhs)

The details of the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis are as follows

(Rs in Lakhs)

Particulars	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Less than one year	61.02	40.59
One to two years	21.98	55.90
<b>Total</b>	<b>83.00</b>	<b>96.49</b>

## 40. Contingent Liabilities and Commitments

### A CONTINGENT LIABILITY (To the extent not provided for)

#### a. Guarantee

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021	Brief description of the nature and obligation
Bank Guarantee (BG)	56.00	Nil	Bank Guarantees represent guarantees issued by various banks on behalf of the Company to its customers.

# Notes to Financial Statements

for the year ended March 31, 2022

## 40.1 Contingencies and Commitments

For the period after Resolution Plan Approval - Nil

For the period prior to the Resolution Plan Approval – The Company has been receiving various notices from various statutory authorities such as Income tax, Customs, Karnataka VAT, Provident Fund, ESI etc. In line with the NCLT order dated March 04, 2020 approving the resolution plan, all these liabilities stand extinguished and the recent decision of the Supreme Court in other matters also upholds such extinguishment of all past period liabilities. Accordingly, the company is in the process of responding to all these notices appropriately on these lines.

## 41. Related Party disclosure as per Ind AS 24

Related Party	Nature of Relationship 2021-22	Nature of Relationship 2020-21
Shri Madhu S Nair, Chairman	Key Managerial Personnel	Key Managerial Personnel
Shri Suresh Babu N V, Director (Upto April 30, 2021)	Till April 30, 2021	Key Managerial Personnel
Shri Bejoy Bhasker, Director	Key Managerial Personnel	Key Managerial Personnel
Shri Jose V J, Director	Key Managerial Personnel	Key Managerial Personnel
Shri Harikumar A, Chief Executive Officer	Key Managerial Personnel	Key Managerial Personnel
Shri Shibu John, Chief Financial Officer	Key Managerial Personnel	Key Managerial Personnel
Shri Aswin Sarma M, Company Secretary	Key Managerial Personnel	Key Managerial Personnel
Cochin Shipyard Limited (Principal place of Business: Cochin)	Holding Company	Holding Company
Hoogly Cochin Shipyard Limited (Principal place of Business: Kolkata)	Fellow Subsidiary Company	Fellow Subsidiary Company

### Nature of transaction - Remuneration to Key Managerial Person\*

(Rs in Lakhs)

Particulars	As at March 31, 2022
Short term benefit	32.56
Post employment Benefit - Gratuity	0.58
<b>Total</b>	<b>33.14</b>

### Nature of transaction - Loans/advances

(Rs in Lakhs)

Name of Related Party	Opening Balance as on April 01, 2021	Loans advances Taken during 2021-22	Repayment	Balance as on March 31, 2022	Interest accrued as on March 31, 2022
MADHU S NAIR	Nil	Nil	Nil	Nil	Nil
SURESH BABU N V	Nil	Nil	Nil	Nil	Nil
BEJOY BHASKER	Nil	Nil	Nil	Nil	Nil
JOSE V J	Nil	Nil	Nil	Nil	Nil
HARIKUMAR A	Nil	Nil	Nil	Nil	Nil
SHIBU JOHN	Nil	Nil	Nil	Nil	Nil
ASWIN SARMA M	Nil	Nil	Nil	Nil	Nil

# Notes to Financial Statements

for the year ended March 31, 2022

## 41. Related Party disclosure as per Ind AS 24 (Contd..)

(Rs in Lakhs)

Name of Related Party	Opening Balance as on April 01, 2020	Loans/ advances Taken during 2020-21	Repayment	Balance as on March 31, 2021	Interest accrued as on March 31, 2021
MADHU S NAIR	Nil	Nil	Nil	Nil	Nil
SURESH BABU N V	Nil	Nil	Nil	Nil	Nil
BEJOY BHASKER	Nil	Nil	Nil	Nil	Nil
JOSE V J	Nil	Nil	Nil	Nil	Nil
HARIKUMAR A	Nil	Nil	Nil	Nil	Nil
SHIBU JOHN	Nil	Nil	Nil	Nil	Nil
ASWIN SARMA M	Nil	Nil	Nil	Nil	Nil

Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	Nil	Nil
Directors	Nil	Nil
KMPs	Nil	Nil

## Nature of transaction - Transaction with Related parties

(Rs in Lakhs)

Particulars	As at March 31, 2022	As at March 31, 2021
Secondment to subsidiary - Cochin Shipyard Ltd.	-	13.05
Redeemable non convertible debentures issued to Cochin Shipyard Ltd	1,000.00	-
Interest on Loan	27.50	14.69
Interest on NCD	20.71	-
Revenue on Engineering works	574.64	-
Advance collected from CSL as stage payments for KMRL work order	456.16	-
Loan from Holding company	-	500.00

Shares held by Nominees in TSL on behalf of CSL	As at March 31, 2022	As at March 31, 2021
MADHU S NAIR, Chairman	10	10
SURESH BABU N V, Director	0	10
BEJOY BHASKER, Director	10	10
JOSE V J, Director	10	10
HARIKUMAR A, CEO	10	0
SHIBU JOHN, CFO	10	10
ASWIN SARMA M, Company Secretary	10	10

# Notes to Financial Statements

for the year ended March 31, 2022

**42.** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 43. 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 are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level III inputs are 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)

(Rs in Lakhs)

Financial assets/ financial liabilities	Fair value as at		Fair Value hierarchy
	As at March 31, 2022	As at March 31, 2021	
<b>Financial Assets</b>			
<b>Non Current</b>			
Current			
(i) Trade Receivables	97.51	6.52	Level II
(ii) Cash & Cash equivalents	1,580.51	2,526.99	Level II
(iii) Bank Balances other than (ii)	100.88	0.81	Level II
(iv) Loans	-	-	Level II
(v) Others	4.53	0.67	Level II
<b>Total Financial Assets</b>	<b>1,783.43</b>	<b>2,534.99</b>	
<b>Financial Liabilities</b>			
<b>Non Current</b>			
(i) Borrowings	1,500.00	500.00	Level II
(ii) Other financial liabilities	61.90	75.39	Level II
<b>Current</b>			
(i) Trade Payables	437.41	0.83	Level II
(ii) Other financial liabilities	1,464.60	1,440.74	Level II
<b>Total Financial Liabilities</b>	<b>3,463.91</b>	<b>2,016.96</b>	

### Note:

- Loans, Borrowings are at the market rates and therefore the carrying value is the fair value.
- The carrying amount of trade receivables, trade and other payables and short term loans are considered to be the same as their fair value due to their short term nature.

# Notes to Financial Statements

for the year ended March 31, 2022

## 43. FINANCIAL INSTRUMENTS (Contd..)

Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented

### Financial Instruments by category

(Rs in Lakhs)

	March 31, 2022			March 31, 2021		
	FVTPL	FVTOCI	Amortised Cost/At Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial Assets</b>						
Trade receivables	-	-	97.51	-	-	6.52
Cash & Cash equivalents	-	-	1,580.51	-	-	2,526.99
Bank Balances	-	-	100.88	-	-	0.81
Other Financial Assets	-	-	4.53	-	-	0.67
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>1,783.43</b>	<b>-</b>	<b>-</b>	<b>2,534.99</b>
<b>Financial liabilities</b>						
Borrowings	-	-	1,500.00	-	-	500.00
Trade payables	-	-	437.41	-	-	0.83
Other financial liabilities	-	-	1,526.50	-	-	1,516.13
<b>Total Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>3,463.91</b>	<b>-</b>	<b>-</b>	<b>2,016.96</b>

## 44. Segment Reporting

Segment reporting is not applicable for the previous year 2020-21, since the company had not commenced operation.

(Rs in Lakhs)

Particulars	As at March 31, 2022
<b>Segment Assets</b>	
Ship building	7,742.24
Others	9,382.06
<b>Total</b>	<b>17,124.30</b>
<b>Segment Liability</b>	
Ship building	741.68
Others	4,692.77
<b>Total</b>	<b>5,434.45</b>
<b>Segment Revenue</b>	
Ship building	641.98
Unallocated	366.08
<b>Total</b>	<b>1,008.06</b>
<b>Segment Result</b>	
Ship building	27.40
Unallocated	(1,531.70)
<b>Total</b>	<b>(1,504.31)</b>

# Notes to Financial Statements

for the year ended March 31, 2022

## 45. 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 parent. 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 on 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	As at March 31, 2022	As at March 31, 2021
Long term borrowings	1500.00	500.00
Net Debt	1500.00	500.00
Equity Share Capital	6500.00	6500.00
Other equity	5931.53	7153.21
Total Equity	12431.54	13653.22
Gearing Ratio	12.07%	3.66%

## 46. Ratios

Ratio	Numerator	Denominator	2021- 22	2020- 21	% Variance	Reason for variance
Current Ratio	Current Assets	Current Liabilities	1.10	1.06	3%	NA
Debt – Equity Ratio	Total Debt	Shareholder's Equity	0.12	0.04	229%	Company issued Non convertible debentures to its holding company for Rs 1000 lakhs
Debt Service Coverage Ratio	Profit before exceptional items+ Depreciation+ Finance cost	Debt Service	(2.41)	(4.40)	45%	Company's PBT is at loss as operations has resumed during the year whereas finance cost has doubled due to issue of NCDs
Return on Equity (ROE)	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	(0.10)	(0.02)	-524%	Due to Exceptional items in current & previous year
Inventory Turnover Ratio	Cost of goods sold OR sales	Average Inventory	1.09	-	NA	No comparable figures for PY as company has resumed its operations in this FY only
Trade receivables turnover ratio	Net Credit Sales	Avg. Accounts Receivable	-	-	NA	No credit sales during the year
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	4.65	2.30	102%	Company resumed its operations during the current financial year only
Net capital turnover ratio	Net Sales	Working Capital	2.16	-	NA	No comparable figures for PY as company has resumed its operations in this FY only
Net profit ratio	Net Profit	Net Sales	(2.02)	-	NA	No comparable figures for PY as company has resumed its operations in this FY only

# Notes to Financial Statements

for the year ended March 31, 2022

## 46. Ratios (Contd..)

Ratio	Numerator	Denominator	2021-22	2020-21	% Variance	Reason for variance
Return on capital employed (ROCE)	Earning before interest and taxes	Capital Employed	(0.10)	(0.10)	-6%	NA
Return on investment	PAT	Sum invested	(16.18)	(1.94)	-732%	Decrease in Net profit during the year

**47.** The National Company Law Tribunal, Chennai (NCLT) vide its Order dated September 25, 2018 initiated the Corporate Insolvency Resolution Process (CIRP) of Udupi Cochin Shipyard Limited (UCSL) formerly Tebma Shipyards Limited (TSL) under the Insolvency and Bankruptcy Code, 2016 (IBC). Cochin Shipyard Limited (CSL) submitted the Resolution Plan for acquisition of UCSL to the Committee of Creditors (CoC) in October 2019. The Hon'ble NCLT declared CSL as the Successful Resolution Applicant vide its order dated March 04, 2020. The bid amount of Rs. 65 crs was paid by CSL and a major part of the resolution plan was implemented and accounted for the in the books of Account in FY 2019-20 & 2020-21.

The Ships which are excluded assets under the resolution plan is under process for sale. The Committee of Creditors have identified a buyer for the Y 123 and the vessel has been towed out of UCSL under the direction of the Committee of Creditors on April 20, 2022.

**48.** The COVID-19 pandemic with the first and the second wave has been a global pandemic with considerable impact worldwide on the state of economy and commerce due to the severe social disruptions. It still continues to be a matter of major concern for all the business organizations with the ever looming third wave. The vaccine programs have substantially reduced the risks associated with the covid but the concerns still persist. The initial period lockdowns announced by the Central and State Governments to contain the spread of Covid- 19 did affect the revival of the yard to an extent. Inspite of challenges of covid, the Company managed to revive the Hangarkatta facility and make it operational from August 2021. But still, the revival of Malpe is underway. However, the ecosystem has not completely come out of the scars of covid and the challenges continue to persist although to lesser extent than before on operation front.

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered.

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

**50.** Figures in brackets denote negative figures.

### For and on behalf of Board of Directors

**ASWIN SARMA M**  
Company Secretary  
M. No. A41969  
Kochi, dated May 03, 2022

**SHIBU JOHN**  
Chief Financial Officer

**HARIKUMAR A**  
Chief Executive Officer

**JOSE V J**  
Director  
DIN - 08444440

**MADHU S NAIR**  
Chairman  
DIN - 07376798

**For M/s Shabbir and Ganesh**  
Chartered Accountants  
Firm Regn. No.: 009033S

**CA GANESH YERMAL**  
Partner  
Membership No.: 207231  
UDIN: 22207231AISTVR3455  
Udupi, Date: May 03, 2022

# NOTICE

Notice is hereby given that the 38th Annual General Meeting of the Members of Udupi Cochin Shipyard Limited will be held at 11.20 hrs. on Monday, September 19, 2022 at CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682015, to transact the following businesses:

## Ordinary Business

1. To consider and adopt the audited financial statements as on 31st March 2022, and the Reports of the Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Shri Madhu S Nair (DIN: 07376798), who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To authorize the Board of Directors to fix the remuneration of the Auditors appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2022-23.

By the Order of the Board of Directors  
For **Udupi Cochin Shipyard Limited**

Kochi  
September 06, 2022

**Aswin Sarma M**  
Company Secretary  
M. No. A41969

**Notes:**

1. 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.
2. A person can act as a proxy on behalf of the members not exceeding fifty (50) 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.
3. 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 Companies Act, 2013 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.
4. The registers maintained under the Companies Act, 2013 and all documents referred to in the Notice are available for inspection by members at the Meeting.
5. The route map to the venue of the Meeting is enclosed with this Notice.
6. This Meeting is proposed to be held outside the local limits of the Registered Office at CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015, at a shorter notice. The request, pursuant to Section 96 and 101 of the Companies Act, 2013, for consenting to conduct the Meeting outside the local limits of the Registered Office at a 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 the Meeting.
7. The brief details of the Director, who is seeking re-appointment, are annexed to this Notice as per the requirements of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI).

By the Order of the Board of Directors  
For **Udupi Cochin Shipyard Limited**

**Aswin Sarma M**

Company Secretary

M. No. A41969

Kochi

September 06, 2022

**Registered Office**

S.No.377, Pazhamathur Village  
Pukathurai Post, Madurantakam Taluk  
Kancheepuram – 603 116  
CIN: U27209TN1984GOI010994  
e-mail: secretary.tsl@cochinshipyard.in

**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 : CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015.

Day, Date and Time : Monday, September 19, 2022 at 11.20 hrs.

Name of Member(s) \_\_\_\_\_  
 Registered Address \_\_\_\_\_  
 E-mail Id \_\_\_\_\_  
 Ledger Folio No. \_\_\_\_\_

I/We, being the member(s) of Udupi 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 38TH ANNUAL GENERAL MEETING of members of the Company, to be held on Monday the 19th day of September, 2022 at 11.20 hrs. at CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015, and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
<b>Ordinary Business</b>			
1.	To consider and adopt the audited financial statements as on 31st March 2022, and the Reports of the Board of Directors and Auditors' thereon.		
2.	To appoint a Director in place of Shri Madhu S Nair (DIN: 07376798), who retires by rotation and being eligible, offers himself for re-appointment.		
3.	To authorize the Board of Directors to fix the remuneration of the Auditors appointed by the Comptroller and Auditor General of India (C&AG) for the financial year 2022-23.		

Signed this ..... day of..... 2022

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.**

## ATTENDANCE SLIP

Venue of the Meeting : CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015.

Day, Date and Time : Monday, September 19, 2022 at 11.20 hrs.

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

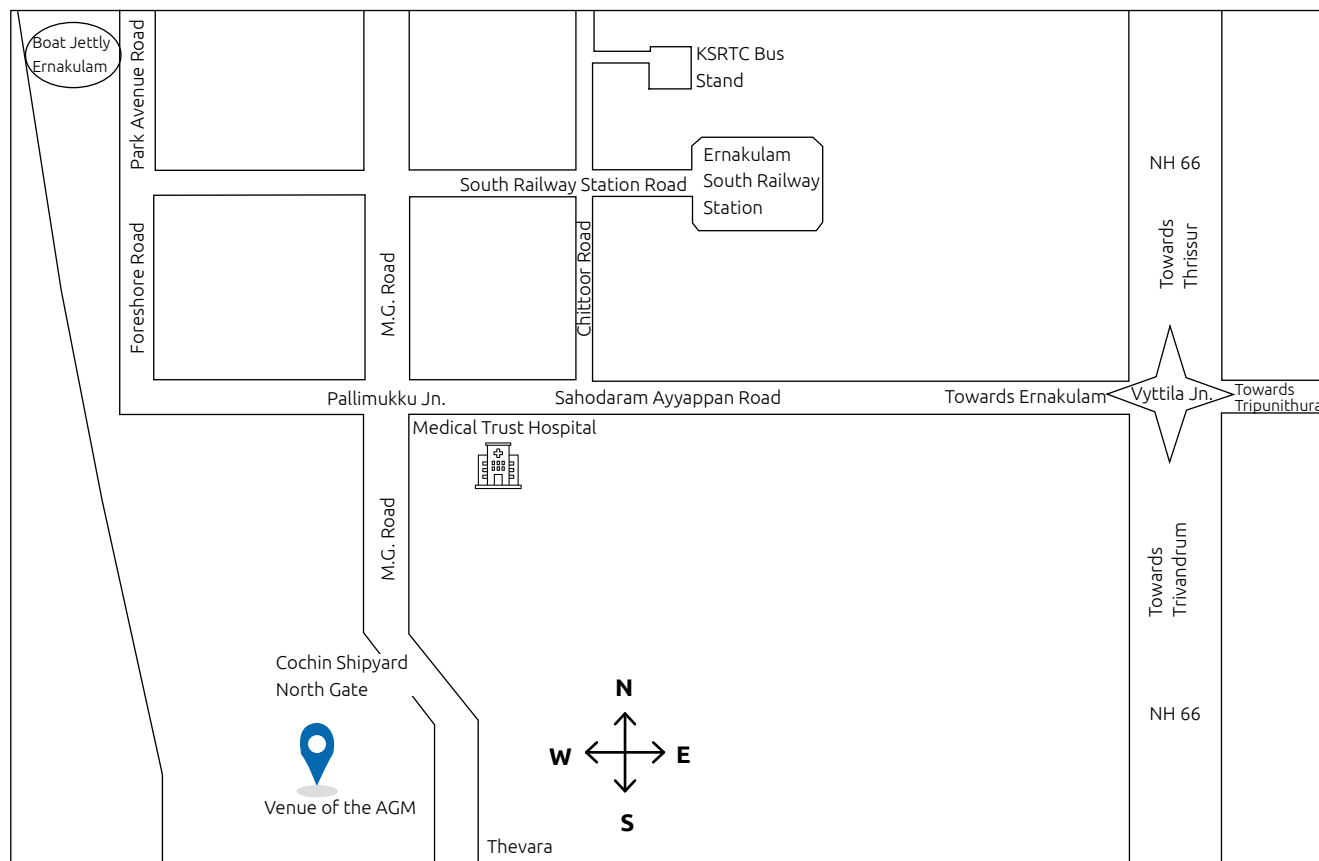
Name of the Shareholder(s)	
Registered Address	
E-mail Id	
Ledger Folio No.	
No. of shares held	

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

I hereby record my presence at the 38TH ANNUAL GENERAL MEETING of the Company on Monday the 19th day of September, 2022 at 11.20 hrs. at CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015.

Signature of the shareholder or proxy

## ROUTE MAP TO THE VENUE OF THE MEETING



**CONSENT OF SHAREHOLDER**

[Pursuant to Section 96 and 101 of the Companies Act, 2013]

To  
The Board of Directors  
**Udupi Cochin Shipyard Limited**  
S.No.377, Pazhamathur Village  
Pukathurai Post, Madurantakam Taluk  
Kancheepuram – 603 116

I, \_\_\_\_\_, son of \_\_\_\_\_, resident of \_\_\_\_\_, holding \_\_\_\_\_ equity shares of Rs. 10 each in the Company, hereby give consent, pursuant to Section 96 and 101 of the Companies Act, 2013, to hold the 38th Annual General Meeting (AGM) of the Company on September 19, 2022 outside the local limits of the Registered Office at CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015 at a shorter notice.

Place:  
Date:

Signature:  
Name:

## DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THIS MEETING

[Pursuant to the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI)]

Name of the Director	Shri Madhu S Nair
DIN	07376798
Age & Date of Birth	56 & January 05, 1966
Qualifications	Shri Madhu S Nair 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.
Experience	Shri Madhu S Nair is the Chairman and Managing Director of Cochin Shipyard Limited (CSL), the Holding Company. He has more than 34 years of work experience across the Ship Building and Ship Repair industry. He is also the Chairman of Hooghly Cochin Shipyard Limited (HCSL), the other wholly owned subsidiary of CSL.
Terms and conditions of re-appointment	Shri Madhu S Nair was appointed as one of the directors nominated by CSL pursuant to the takeover of the Company in September 2020 through the statutory insolvency resolution process. Approval of the members is sought for continuation of office of directorship of Shri Madhu S Nair till such time his nomination is withdrawn. As per the terms of re-appointment, he is liable to retire by rotation as per the provisions of the Companies Act, 2013.
Details of remuneration sought to be paid on re-appointment and last drawn (FY 2021-22)	Nil
Date of first appointment on the Board	September 15, 2020
No. of shares held in the Company	10 (Shares are held on behalf of CSL)
Relationship with other Directors and Key Managerial Personnel	Nil
No. of Board Meetings attended during the Financial Year 2021-22	6/6
Directorships in other Public Limited Companies (excluding foreign companies, private companies & Section 8 companies)	(1) Cochin Shipyard Limited (2) Hooghly Cochin Shipyard Limited
Membership/ Chairmanship of Committees in other Public Limited Companies	Nil Membership/ Chairmanship of only the Audit Committee and Stakeholders Relationship Committee have been considered.

[illegible]

# Notes

[illegible]

[illegible]





**UDUPI COCHIN SHIPYARD LIMITED**

(Formerly Tebma Shipyards Limited)

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### Registered Office

S.No.377, Pazhamathur Village  
Pukathurai Post, Madurantakam Taluk  
Kancheepuram, Tamil Nadu – 603 116

**CIN: U27209TN1984GOI010994**

