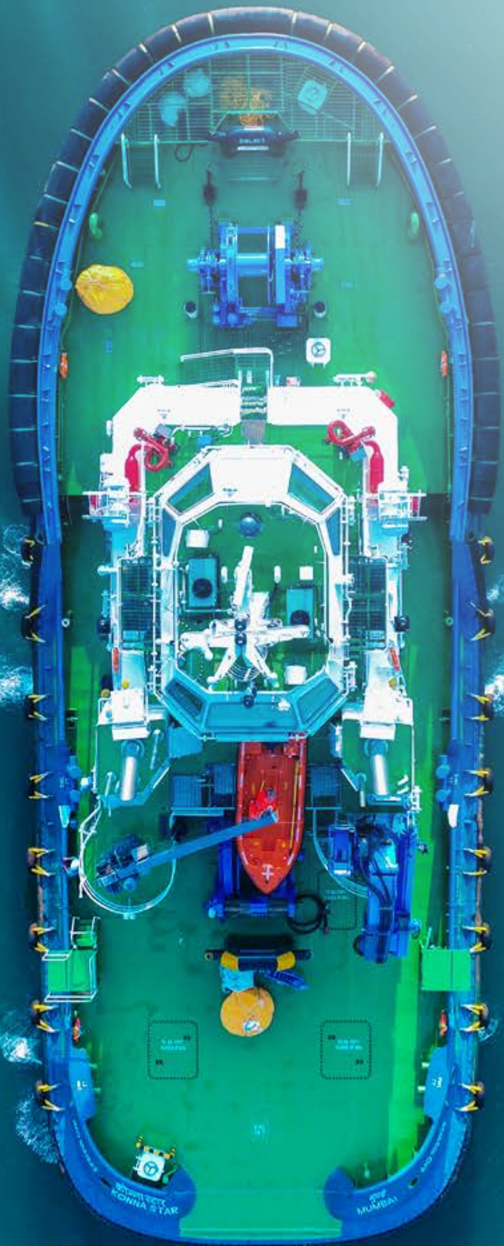
Udupi Cochin Shipyard Limited



Annual Report **2023-24**

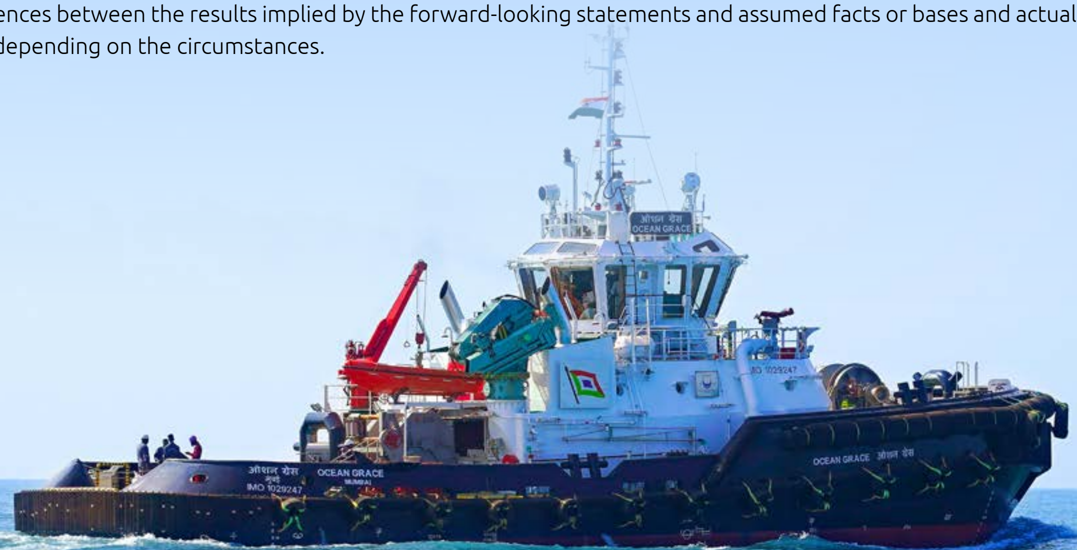
Navigating the **Winds of Change**

Agile | Responsible | Sustainable

Contents

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.



Corporate Information

BOARD OF DIRECTORS

Shri Madhu Sankunny 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
(up to August 31, 2024)

Smt. Anjana K R
Non – Executive Director

COMPANY SECRETARY

Shri Aswin Sarma M

LEADERSHIP TEAM

Shri Harikumar A
Chief Executive Officer (CEO)

Shri Shankar Nataraj
Chief Financial Officer (CFO)

KEY PERSONNEL

Shri Ambalavanan M
DGM (Operations)

Shri Ram Mohan Baliga K V
AGM (BD & Planning)

Shri Billu C Rajan
AGM (U&M, QC & HSE)

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

Smt. K K Triveni
AGM (Design)

Shri Ajith Kumar T
AGM (Design)

Shri L K Prabhakar
AGM (Hull, Outfitting & Painting)

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. Pai Nayak & Associates
Chartered Accountants
III Floor, Raaj Tower
Near City Bus Stand
Udupi, Karnataka – 576 101

SECRETARIAL AUDITORS

M/s. SEP & Associates
Company Secretaries
Building No. C.C 31/1590
Felix Road, Thammanam
Cochin, Kerala – 682 032

BANKERS

State Bank of India
Union Bank of India

Our Ethos

Vision

- Emerge as one of the internationally preferred shipyards to construct world class tug boats, deep sea fishing vessels, offshore supply vessels and special purpose ships of up to 80 meters in length.
- Spearhead the transformation of Indian fishing fleet to engineered fishing boats, aimed at wholesome development of the fishermen of the country.
- Emerge as the market leader in aluminium hull construction in the country.
- To be admired for our achievements, respected for our ethics and trusted for our service excellence by our valued customers.

Mission

- To build and repair tug boats, specialised fishing vessels and special purpose ships of up to 80 meters length to international standards and provide value added quality engineering services, sustain corporate growth in competitive environment and adopt & undertake practices towards becoming a responsible corporate citizen.

Objectives

- To sustain and enhance shipbuilding and specialised engineering services through technology up-gradation and capacity augmentation.
- To continuously endeavour to expand/diversify activities of the Shipyard leveraging facilities of the Company in the states of Karnataka and Tamil Nadu.
- To work with the parent organisation Cochin Shipyard Limited, in carrying out research & development in existing and emerging technologies in shipbuilding processes.
- To move towards international benchmarking, benchmark with the best shipbuilding standards followed in India.
- To motivate employees through improved specific training programs.
- To adopt best practices for clean and safe environment.
- To adopt proactive approach to opportunities with aggressive bidding and secure orders to maximize capacity.
- To ensure positive customer-oriented initiatives.
- To be a responsible corporate citizen through CSR & sustainability projects and compliance to corporate governance principles.

About Us

Udupi Cochin Shipyard Limited (UCSL) is a wholly owned subsidiary of Cochin Shipyard Limited (CSL), a premier public sector shipyard in India. UCSL became part of CSL group in September 2020 by way of an acquisition by CSL under the IBC process.

The Company was incorporated as 'Tebma Engineering Private Limited' on July 09, 1984 as a private non-government company operating from Chennai. Subsequently, the Company became public and changed the name to 'Tebma Shipyards Limited'. The Company initially focused on building Tugs and later entered into offshore vessels segment with a significant cooperation with CSL during 2003 – 2014 for the construction of 8 Platform Supply Vessels for Europe and 4 Anchor Handling Tugs for Indian client at CSL, Kochi. Subsequently, the Company expanded by setting up a new shipyard at Udupi and built a wide range of small and medium sized vessels like tugs, offshore vessels, high end geo technical research vessels, dredgers etc. However, the global financial crisis in 2007-08 resulted in order cancellations and a gradual decline in business momentum, leading to the initiation of insolvency proceedings in September 2018. Consequently, CSL took over the Company in September 2020, revamped the facilities and resumed operations in July, 2021. Subsequently, on April 22, 2022 the name of the Company was changed to Udupi Cochin Shipyard Limited.

Post takeover by CSL, the Company could achieve significant milestones and carve out a niche segment of its own with orders both from domestic as well as international clientele. With its excellent execution capabilities, strong foundation and a healthy order book, the Company is well poised to deliver excellent performance in the years to come.

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

Highlights of the year 2023-24

1 **9** Vessels delivered

2 Delivered the **first Tug with Approved Standard Tug Design & Specifications (ASTDS)** promulgated by the Government of India for Indian Ports under AatmaNirbharBharat initiative.

3 Orders received – **9** Vessels (**6** for a European Client and **3** under Pradhan Mantri Matsya Sampada Yojana (PMMSY))

4 **~ ₹60000 Lakhs** Order book value as on March 31, 2024

5 **₹17971.62 Lakhs** Revenue from operations

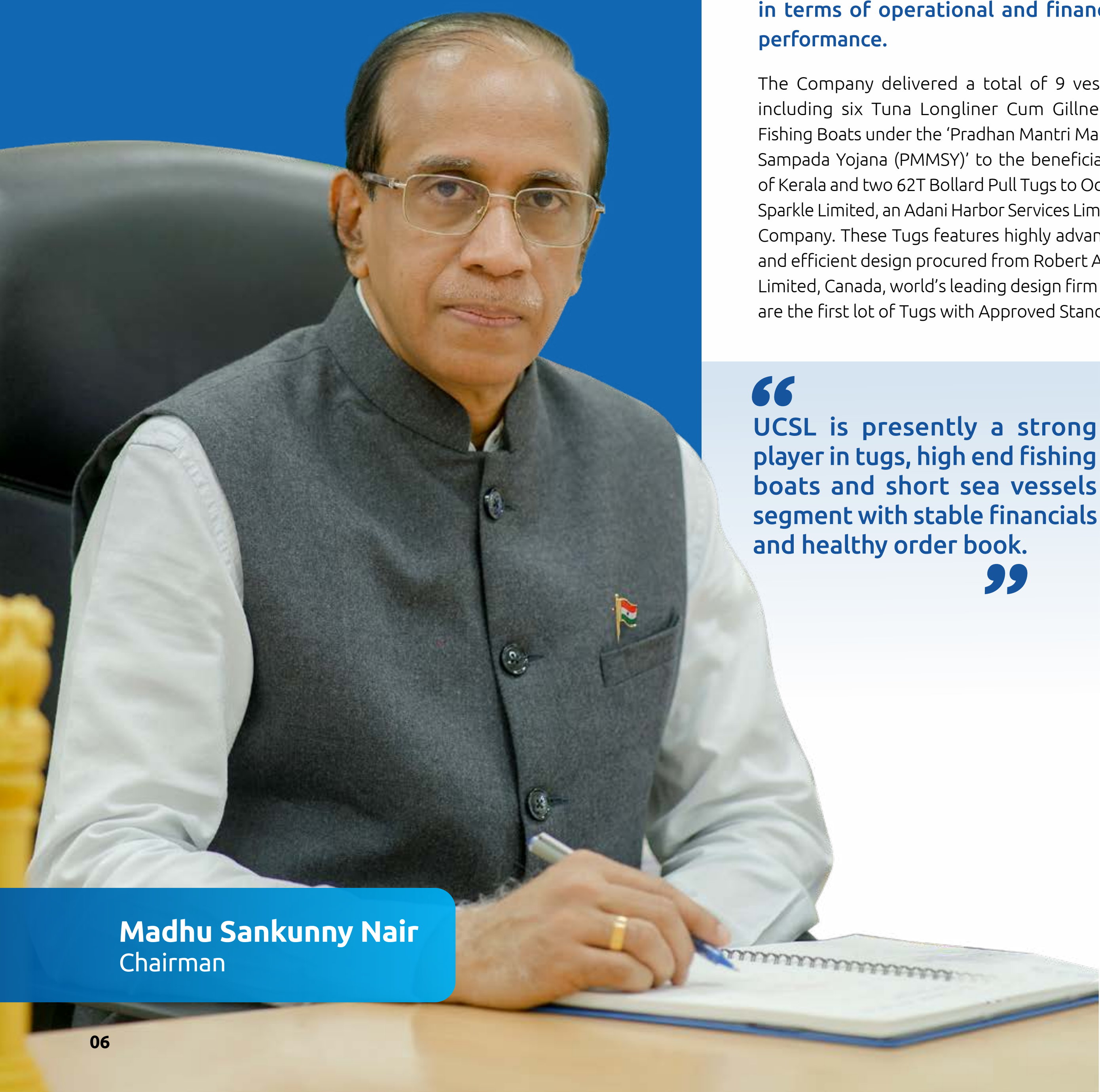
6 **₹111.38 Lakhs** Profit after tax

7 **Reported profit** for the first time since conclusion of insolvency process in September 2020

Business Segment

- Tugs and Coastal vessels
- Short Sea and Coastal Vessels for Europe
- Medium sized Auxiliary vessels for Defence
- Small fishing vessels – on a 'productised mode' as ready-to-buy vessels for Indian Fishing Community
- Specialised Vessels / Factory Vessels for Europe
- Engineering Fabrication Projects for Maritime Industry

Chairman's Address



Madhu Sankunny Nair
Chairman

Dear Shareholders,

I am extremely pleased to welcome you all to the 40th Annual General Meeting of Udupi Cochin Shipyard Limited (UCSL). The fiscal year 2023-24 was a year marked by remarkable achievements and significant progress for UCSL both in terms of operational and financial performance.

The Company delivered a total of 9 vessels including six Tuna Longliner Cum Gillnetter Fishing Boats under the 'Pradhan Mantri Matsya Sampada Yojana (PMMSY)' to the beneficiaries of Kerala and two 62T Bollard Pull Tugs to Ocean Sparkle Limited, an Adani Harbor Services Limited Company. These Tugs features highly advanced and efficient design procured from Robert Allan Limited, Canada, world's leading design firm and are the first lot of Tugs with Approved Standard Tug Design & Specifications (ASTDS) promulgated by the Government of India for Indian Ports under AatmaNirbharBharat initiative.

> UCSL is presently a strong player in tugs, high end fishing boats and short sea vessels segment with stable financials and healthy order book.

Further, the Company successfully secured breakthrough shipbuilding orders during the year under review, including six Future Proof 3800 TDW Dry Cargo Vessels from Wilson ASA, Norway and three Tuna Longliner Cum Gillnetter Fishing Boats under PMMSY for the beneficiaries from Kerala. The Company could also achieve key milestones in the shipbuilding projects, such as steel cutting for the first two vessels of the Future Proof 3800 TDW series contracted for Wilson ASA, Norway and the successful launch of the first of two 70T Bollard Pull Tugs contracted for Polestar Maritime Limited, which was delivered in Q1 FY 2025. The construction of the other tug for Polestar Maritime Limited is progressing well and is slated for delivery by Q3 FY 2025.

It is heart-warming to note that the Company's steadfast commitment in delivering high quality vessels yielded customer satisfaction and translated into repeat/ follow up orders; one 70T Bollard Pull Tug from Polestar Maritime Limited, three 70T Bollard Pull Tugs from Ocean Sparkle Limited and eight 6300 TDW Dry Cargo Vessels from Wilson ASA, Norway. This has significantly added to our order book which presently stands at around ₹1900 crore.

Driven by the robust growth in Company's business operations, UCSL for the first time since the takeover by CSL in September 2020, has turned profitable during the FY 2024 and has reported a net profit of ₹111.38 lakhs, a significant turnaround from the previous year's loss of ₹866.54 lakhs. The Company's total income increased substantially to ₹18646.58 lakhs, from ₹4780.96 lakhs in the previous year and the revenue from operations surged to ₹17971.62 lakhs, compared to ₹3932.22 lakhs in the previous year.

Further, during the year 2023-24, the Company reclassified the Authorised Share Capital of ₹215 crores into 15 crore equity shares and 6.50 crore preference shares of ₹10 each respectively. The issued, subscribed and paid-up share capital of the Company is ₹108 crores divided into 10.80 crore equity shares of ₹10 each. During the year under review, the Company also raised funds to the tune of ₹18 crores by way of equity capital from the holding company, CSL, primarily to meet the CAPEX/ Revival requirements and operating expenses.

UCSL remains dedicated to fostering excellence through our talented workforce. As of March 31, 2024, the Company has a manpower strength of 116 regular employees and 9 apprentice trainees. Further, the Company also has a contractors' workmen pool of around 600, leading to an overall workforce of about 700. Additionally, employees from our holding company, CSL, support our operations, wherever required. Further, our industrial relations remained harmonious throughout the year. The Company also remains committed to ensuring robust safety culture across the organization and our HSE performance has been satisfactory during the year.

The Company is committed to adopt the best Corporate Governance practices wherever possible and complies with the applicable DPE Guidelines on Corporate Governance. The Company also submits its quarterly progress reports on corporate governance within 15 days from the close of each quarter to the Ministry of Ports, Shipping and Waterways as recommended by the DPE in this regard. 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.

The Indian maritime sector plays a pivotal role in our nation's prosperity, with significant potential for growth and development not only in the conventional segment of shipbuilding but also in the emerging segment. The Government of India has also promulgated several schemes to augment the country's shipbuilding capacity and elevate India's global shipbuilding rankings, targeting a top 10 position by 2030 and a top five position by 2047. Despite these growth prospects, the country encounters several challenges such as dependency on imported equipment, absence of strong ancillary industries, high labour costs etc. Overcoming these obstacles remains pivotal to reaching our ambitious targets.

UCSL is presently a strong player in tugs, high end fishing boats and short sea vessels segment with stable financials and healthy order book. Going forward, the Company focusses on strengthening the Yard systems and Quality systems to ensure consistency in its performance and scaling up of the focus segment series. With a clear roadmap and a solid foundation, UCSL is well poised to capitalize on emerging trends and contribute to India's economic prosperity.

I am deeply grateful for the continued support extended by the Hon'ble Minister of Ports, Shipping and Waterways, the Secretary and other officers of the Ministry of Ports, Shipping and Waterways and the Government of Karnataka. I am also thankful to the Directors and Senior Management of Cochin Shipyard Limited (CSL) and my fellow Board members for their guidance and support. I would also like to express my heartfelt thanks to our hardworking and dedicated employees, lead by the CEO and CFO, whose efforts have been instrumental in shaping our Company. I extend my sincere gratitude to our valued customers, business associates and other stakeholders for their unwavering support and commitment. Together, we will continue to propel UCSL towards greater heights of success and excellence.

Thanking You

Jai Hind

Madhu Sankunny Nair
Chairman
DIN: 07376798

Board of Directors

Shri Madhu Sankunny Nair
Chairman

Shri Madhu Sankunny 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 Sankunny 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 the Fellow of The Royal Institution of Naval Architects, UK (RINA) and Fellow of Institution of Naval Architects, India. He has more than 36 years of work experience across the ship building and ship repair industry. As a recognition for his valuable contributions, he has been bestowed with several accolades; 2024 Management Leadership Award, Rotary Icon 2023 Award, CUSAT Distinguished Alumni Award 2022, Samudra Manthan Prof K R Bhandarkar Award 2022, Pride of KMA Award, to name a few. 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 36 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. Recently, he was honoured with the Best CFO Award 2024 in Best Returns (Large Cap) category by Dalal Street Investment Journal. He has approximately 33 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 is the Director (Operations) of Cochin Shipyard Limited (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 more than 36 years of work experience in the area of ship building, ship design and ship repair. He is also a Director in Hooghly Cochin Shipyard Limited (HCSL), the other wholly owned subsidiary of CSL.

Shri Neelakandhan A N
Non – Executive Director
(up to August 31, 2024)

Shri Neelakandhan A N was inducted to the Board of UCSL with effect from May 03, 2022. He was the Executive Director (Ship Building) of Cochin Shipyard Limited (CSL) and retired on superannuation from the services of CSL on August 31, 2024. Consequently, he ceased to be a Director on the Board of UCSL. 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 36 years of work experience wherein he was involved in ship repair, ship building, ship design, project management, material procurement, infrastructure development, utilities & maintenance and planning.

Smt. Anjana K R
Non – Executive Director

Smt. Anjana K R was inducted to the Board of UCSL with effect from January 06, 2024. She is the Chief General Manager (Design) of Cochin Shipyard Limited (CSL). Smt. Anjana K R holds a Degree of Bachelor of Technology (Naval Architecture & Ship Building) from Cochin University of Science and Technology. She has more than 28 years of work experience across areas such as ship design, ship building hull, production engineering and ship building materials procurement. She is also a Director in Hooghly Cochin Shipyard Limited (HCSL), 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. He is a graduate in Production Engineering and has over three decades of experience in ship building 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 Shankar Nataraj
Chief Financial Officer (CFO)

Shri Shankar Nataraj took charge as the Chief Financial Officer (CFO) of the Company on November 25, 2022. He is a member of the Institute of Chartered Accountants of India and also holds a Bachelor's Degree in Commerce from St. Xavier's College, Kolkata. He has approximately 33 years of work experience in the field of financial management, budgetary controls, costing, commercial and general management etc. spread across various private sector companies mainly in cement, pharmaceuticals and logistics sectors. He is also empanelled in the Independent Director's Databank of the Indian Institute of Corporate Affairs (IICA) under the Ministry of Corporate Affairs (MCA), Government of India.

A view of the wheel house of an ASTDS Tug built by UCSL.

Directors' Report

Dear Shareholders,

1. Your Directors are pleased to present the Thirty Ninth Annual Report of your Company together with the Audited Financial Statements for the year ended March 31, 2024 and the Report of the Statutory Auditors and the Comptroller and Auditor General of India (C&AG) thereon.

Operations

2. The fiscal year 2023-24 has been a promising one for the Company. The Company achieved significant strides in execution as well as mobilizing orders. During the reporting period the Company delivered a total of nine vessels as below:

    - Six Tuna Longliner Cum Gillnetter Fishing Boats under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)" to the beneficiaries from the state of Kerala;
    - One Purse Seiner Deep Sea Fishing Boat to GKS Marine Exports Private Limited, Trivandrum; and
    - Two 62T Bollard Pull Tugs to Ocean Sparkle Limited, an Adani Harbor Services Limited Company. This is the first of the Tugs with Approved Standard Tug Design & Specifications (ASTDS) promulgated by the Government of India for Indian Ports under Aatmanirbhar Bharat initiative.

3. During the financial year 2023-24, UCSL bagged the following shipbuilding orders.

    - Six Future Proof 3800 TDW Dry Cargo Vessels with an option for additional eight vessels from Wilson ASA, Norway; and
    - Three Tuna Longliner Cum Gillnetter Fishing Boats under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)" for the beneficiaries from the state of Kerala.

4. Further, during the reporting period, the Company also achieved key milestones w.r.t the vessels under construction including the steel cutting for first two vessels of six vessel series of Future Proof 3800 TDW Dry Cargo Vessels contracted for Wilson ASA, Norway and launching of the first of two 70T Bollard Pull Tugs contracted for Polestar Maritime Limited, which was delivered in the first quarter of FY 2024-25. The construction activities of the second Tug contracted for Polestar Maritime Limited is also in the advanced stages and is scheduled to be delivered by third quarter of FY 2024-25.

5. The order book position of the Company as on March 31, 2024 is given below:

Vessel	Nos.
Tuna Longliner Cum Gillnetter Fishing Boats for the beneficiaries from Kerala under "PMMSY"	03
70T Bollard Pull Tugs for Polestar Maritime Limited	02
Future Proof 3800 TDW Dry Cargo Vessels for Wilson ASA, Norway	06

6. In recognition of Company's exceptional execution capabilities, Polestar Maritime Limited awarded the order for building one more 70T Bollard Pull Tug; Ocean Sparkle Limited awarded the order for building three 70T Bollard Pull Tugs and Wilson ASA, Norway invoked their option for building additional eight 6300 TDW Dry Cargo Vessels, during the first quarter of FY 2024-25. Your Directors are very happy to inform that presently, UCSL has an order book value of around ₹1,900 crore.

Financial Performance

7. Your Directors have immense pleasure in informing that UCSL has reported a net profit of ₹111.38 lakhs for FY 2023-24 as against the loss of ₹866.54 lakhs in the previous year. It is heartwarming to note that the Company turned profitable in a span of 3 to 4 years since conclusion of its insolvency resolution process in September 2020. During FY 2023-24, your Company recorded a total income of ₹18646.58 lakhs for the year ended March 31, 2024 as against ₹4780.96 lakhs for the previous year, an increase of 290%. The revenue from operations clocked ₹17971.62 lakhs as against ₹3932.22 lakhs for FY 2022-23, registering a staggering growth of 357%. The increase was mainly due to the enhancement in the business operations of the Company coupled with timely execution of the shipbuilding orders.

Financial Highlights

(₹ in Lakhs)

Sl. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i)	Total Income	18646.58	4780.96
(ii)	Profit/ (Loss) Before Finance cost, Depreciation & Tax	1426.84	29.63
(iii)	Finance cost	169.62	95.49
(iv)	Depreciation & Amortisation expenses	952.54	1083.02
(v)	Profit/ (Loss) Before Tax	304.68	(1148.88)
(vi)	Tax	193.30	(282.34)
(vii)	Net Profit/ (Loss)	111.38	(866.54)
(viii)	Net-worth	16282.53	14065.61

Share Capital

8. During the financial year 2023-24, UCSL had reclassified the Authorised Share Capital and as on March 31, 2024, the Authorised Share Capital of the Company is ₹215,00,00,000 (Rupees Two Hundred and Fifteen Crore Only) divided into 15,00,00,000 (Fifteen Crore) Equity Shares of ₹10 each and 6,50,00,000 (Six Crore Fifty Lakh) Preference Shares of ₹10 each. The issued, subscribed and paid-up share capital of the Company is ₹108,00,00,000 (Rupees One Hundred and Eight Crore Only) divided into 10,80,00,000 (Ten Crore Eighty Lakh Only) Equity Shares of ₹10 each. During the year the Company had issued 1,80,00,000 (One Crore Eighty Lakh Only) Equity Shares of face value of ₹10 each fully paid up to Cochin Shipyard Limited (CSL) on right basis for cash at an issue price of ₹10 (Rupees Ten Only) per Equity Share aggregating to ₹18,00,00,000 (Rupees Eighteen Crore Only).

Debentures

9. The Company has 1,00,000 (One Lakh Only) Unsecured Redeemable Non Convertible Debentures (Debentures) of face value of ₹1,000 (Rupees One Thousand Only) each outstanding as on March 31, 2024. 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 ₹10,00,00,000 (Rupees Ten Crore Only). The Debentures are due for redemption in November 2028.

Dividend

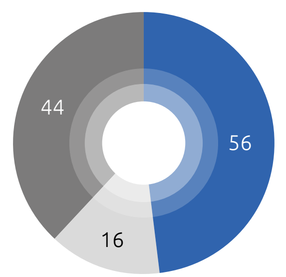
10. No dividend is recommended due to the non-availability of divisible profits on account of previous years losses.

Transfer to Reserves

11. The details of amount transferred to reserves is given at Note 18 of the Financial Statements of the Company for the year ended March 31, 2024 which forms part of the Annual Report.

Manpower Status

12. As on March 31, 2024, the Company has 116 employees consisting of 56 executives, 16 supervisors and 44 workmen. Out of the 56 executives, 4 are employed on deputation basis from the holding company, Cochin Shipyard Limited (CSL). The Company has also engaged 9 trainees under its apprenticeship programme.



Industrial Relations

13. The Company maintained cordial industrial relations during the year and no manhours were lost on account of labour unrest or strike.

Particulars of Employees and Related Disclosures

14. The Company being a wholly owned subsidiary of Cochin Shipyard Limited (CSL), 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 Company believes in sustainable development and prioritises environment friendly and energy efficient business practices. Further, the Company endeavours

to incorporate modern technology in its business processes and operations, wherever possible. Particulars as required under Section 134 of the Companies Act, 2013 relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are placed at **Annexure I**.

Risk Management

16. The Company has adopted a Comprehensive Risk Management Policy approved by the Board at its 14th Meeting (Post CIRP) held on July 13, 2022. The Policy aims to put in place a comprehensive risk management system consisting of a defined process of risk management and methodology of identification, assessment, response, monitoring and reporting of risks. The Policy provides the management and Board of Directors an assurance that key risks are being properly identified and effectively managed.

17. As per the Policy, the Board at the helm will review the risk management system in the Company. The Board shall discharge its responsibility of risk oversight by ensuring the review at periodical intervals. The Company has also constituted Risk Management Steering Committee and functional Risk Management Committees to implement the Policy. The Committees and the Board of Directors periodically review the risk management process and Policy. The Company has also appointed a Chief Risk Officer (CRO) who shall be the coordinator for risk management activity for the entire Company.

Health, Safety & Environment (HSE)

18. The Company recognises the key role of the work force in attaining its objectives and puts high emphasis on resonating a positive health and safety culture across the organization along with providing a congenial working environment. In April 2024, the Company has obtained the Integrated Management System (IMS) certification viz., ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Health and Safety Management System from Bureau Veritas, one of the world's leading certification bodies.

19. The Company has appointed a Safety Officer for ensuring the safety of the work force as well as an Electrical Safety Officer to specifically monitor the safety w.r.t the use of electrical installations in the Yard. The Company has obtained membership in National Safety Council of India (Karnataka Chapter). UCSL provides HSE training to every workman upon induction for work as well as periodic HSE awareness programs like tool box talks, mock drills and safety campaigns. Four mock drills and two firefighting training programs were conducted in collaboration with Karnataka Fire & Emergency Services Department. The employee participation is also ensured in HSE activities through incident registers at work sites, periodic safety committee meetings, safety day celebrations etc. The HSE performance of the Company has been monitored in terms of days without any accidents and has been satisfactory during the reporting period. As at the end of the reporting period, UCSL has worked 223 days without any accidents.

Board of Directors & Key Managerial Personnel

20. As on March 31, 2024, the Company had 6 directors, all of whom are 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 Sankunny Nair	07376798	Chairman
2.	Shri Bejoy Bhasker	08103825	Director
3.	Shri Jose V J	08444440	Director
4.	Shri Sreejith K Narayanan	09543968	Director
5.	Shri Neelakandhan A N	09578936	Director
6.	Smt. Anjana K R	09545253	Director
7.	Shri Harikumar A	N.A.	Chief Executive Officer
8.	Shri Shankar Nataraj	N.A.	Chief Financial Officer
9.	Shri Aswin Sarma M	N.A.	Company Secretary

21. During the financial year 2023-24, Smt. Anjana K R (DIN: 09545253) was appointed as Director on the Board of the Company in place of Shri Rajesh Gopalakrishnan (DIN: 09576336), as the nominee of CSL with effect from January 06, 2024.

22. Shri Bejoy Bhasker (DIN: 08103825) and Shri Jose V J (DIN: 08444440), whose office as Directors were liable to retire by rotation and being eligible was reappointed as the Directors of the Company in the 39th Annual General Meeting held on September 19, 2023.

23. There were no other changes in the Directors and Key Managerial Personnel (KMP) during the financial year 2023-24.

Details of Board Meetings held during 2023-24

24. Seven Board Meetings have been held during the financial year 2023-24 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 28, 2023	6	6
2.	July 13, 2023	6	6
3.	August 04, 2023	6	6
4.	October 21, 2023	6	6
5.	January 05, 2024	6	6
6.	January 24, 2024	6	6
7.	March 20, 2024	6	6

25. The attendance record of each director in the Board Meetings held during the financial year 2023-24 is given below:

Sl. No.	Name	DIN	No. of Board Meetings attended
1.	Shri Madhu Sankunny Nair	07376798	7/7
2.	Shri Bejoy Bhasker	08103825	7/7
3.	Shri Jose V J	08444440	7/7
4.	Shri Sreejith K Narayanan	09543968	7/7
5.	Shri Neelakandhan A N	09578936	7/7
6.	Shri Rajesh Gopalakrishnan*	09576336	5/5
7.	Smt. Anjana K R*	09545253	2/2

* Smt. Anjana K R (DIN: 09545253) was appointed as Director on the Board of the Company in place of Shri Rajesh Gopalakrishnan (DIN: 09576336), as the nominee of CSL with effect from January 06, 2024.

Committees of the Board

26. The Company, being a wholly owned subsidiary, is exempt from constitution of Audit Committee and Nomination and Remuneration Committee. The Company is also not required to constitute the other statutory committees viz., Corporate Social Responsibility (CSR) Committee and Stakeholders Relationship Committee in view of the fact the Company has not breached the threshold as prescribed under the relevant provisions of the Companies Act, 2013. Accordingly, no statutory Committees of the Board have been constituted during the financial year 2023-24. However, a one-time Committee of the Board consisting of Chairman and Shri Jose V J, Director was constituted to allot the equity shares and issue certificates thereon pursuant to the rights issue of ₹18 crores. The Committee met on November 07, 2023 and all the members were present at the meeting.

Evaluation of Board's Performance

27. The Company being a wholly owned subsidiary of Cochin Shipyard Limited (CSL), 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 the provisions of Section 134(3)(p) of the Companies Act, 2013 regarding statement on formal annual evaluation. 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

28. 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

29. Your Directors state that:

    (a) in the preparation of the annual accounts for the financial year ended March 31, 2024, 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 2023-24 and of the profit 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

30. During the financial year 2023-24, 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 46 to the financial statements which set out related party disclosures as per Indian Accounting Standard (Ind AS) 24.

Corporate Governance

31. The report on Corporate Governance for the financial year 2023-24, 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

32. 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

33. The Company has adopted robust policies and procedures to ensure the orderly and efficient conduct of the Company's business by safeguarding its assets, preventing and detecting errors and frauds, ensuring the accuracy and completeness of the accounting records and the timely preparation and submission of reliable financial disclosures. During the financial year 2023-24, the Company had engaged M/s. RAGA Consulting LLP, Chartered Accountants, for review and testing the internal financial controls of the Company. Such controls were reviewed/ tested and found to be adequate commensurate with the size and nature of the business of the Company and also operating effectively.

Secretarial Standards of ICSI

34. 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

35. M/s. Pai Nayak & Associates (Firm Registration No. 009090S), 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 2023-24.

Statutory Auditors Report

36. M/s. Pai Nayak & Associates, Statutory Auditors have submitted their Report on the financial statements of the Company for the financial year ended March 31, 2024, on May 06, 2024, which forms part of the Annual Report. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

Supplementary Audit

37. The Comptroller and Auditor General of India (C&AG) has entrusted the Supplementary Audit of the Company to the Principal Director of Commercial Audit, Indian Oil Bhavan, Level – 2, 139, Mahatma Gandhi Road, Chennai – 600 034. C&AG has decided not to conduct the supplementary audit of the financial statements of the Company for the year ended March 31, 2024.

Comments of C&AG

38. The Comments of the Comptroller and Auditor General of India (C&AG) under Section 143(6)(b) of the Companies Act, 2013 forms part of the Annual Report.

Secretarial Auditors

39. M/s. SEP & Associates (ICSI Unique Code: 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 2023-24.

Secretarial Auditors Report

40. M/s. SEP & Associates, Secretarial Auditors have submitted their Report on June 29, 2024, which is placed at **Annexure II** to this Report. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

Internal Auditors

41. M/s. AMSS & 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 2023-24.

Status on Affirmative Action to Implement Presidential Directives on Reservations

42. The Company is complying with the Presidential directives and guidelines on reservation for Scheduled Caste (SC)/ Scheduled Tribes (ST)/ Other Backward Classes (OBC)/ Economically Weaker Sections (EWS) and Persons with Benchmark Disabilities (PwBD) issued by the Government of India from time to time.

Vigilance

43. There were no vigilance cases pending/ disposed off during the financial year 2023-24.

Right to Information Act, 2005

44. All the RTI requests received during the year 2023-24 have been processed and information was provided in a time bound manner as stipulated in the Right to Information (RTI) Act, 2005.

Vigil Mechanism

45. The Company is not falling under the provisions of Section 177(9) of the Companies Act, 2013 and the rules thereof, which mandates establishment of a Vigil Mechanism. However, the Whistle Blower and Fraud Prevention Policy of Cochin Shipyard Limited (CSL), the holding company is applicable on the Company and acts as the Vigil Mechanism of UCSL. The said policy is available at the Company's website at www.udupicsl.com.

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.udupicsl.com.

Maintenance of Cost Records

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

Corporate Social Responsibility (CSR)

48. 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.

Proceedings under Insolvency and Bankruptcy Code, 2016

56. There was no application filed against the Company under the Insolvency and Bankruptcy Code, 2016 (IBC) during the year under review. However, certain applications filed in connection with/ stemming from the takeover of the Company by CSL under IBC in the year 2020, is pending in the Hon'ble National Company Law Tribunal, Chennai. The outcome of such applications does not impact the business operations of the Company.

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

57. During the financial year 2023-24, 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.

58. 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.

Other Statutory Disclosures

59. No disclosure or reporting is made with respect to the following items, as there were no transactions during FY 2023-24.

    - There was no issue of equity shares with differential rights as to dividend, voting or otherwise;
    - There was no issue of equity shares (including sweat equity shares) to employees of the Company under Employees Stock Option Scheme;
    - The Company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefits of employees;
    - There was no instance of one-time settlement with any Bank or Financial Institution; and
    - There was no revision of financial statements and/ or Directors' Report of the Company under Section 131 of the Companies Act, 2013.

Acknowledgement

60. The Board would like to express its profound gratitude for the continued support provided 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 and CSL. The Board also places on record its appreciation for the support and co-operation the Company has been receiving from various offices of the Government of India, Government of Karnataka, various local bodies, the Comptroller & Auditor General of India, Customers, Business Partners, Banks, Auditors, Legal Counsels, Consultants, Suppliers and Sub-contractors. The Board is grateful to the Company's employees for their commitment, devotion and teamwork resulting in an excellent overall performance.

For and on behalf of the Board of Directors

Madhu Sankunny Nair
Chairman
DIN: 07376798

Kochi
July 29, 2024

Annexure I

(A) Conservation of Energy

(i) Steps taken or impact on conservation of energy during the year 2023-24.	**Steps Taken** • Corrected the Power factor to 0.95 and maintaining the same throughout the year; • Replaced the old metal halide lights in Painting booth (40 Nos.) and Warehouse (17 Nos.) to energy efficient low power consuming LED lights; • Replaced 200 Nos. of old fluorescent tube lights with energy efficient low power consuming LED light batons; • Upgraded the 500KVA old transformer with new 1000 KVA transformer with Energy Efficiency Level 2 (EEL 2) & RTCC in Hangarkatta facility; and • Relocated the transformer close to the main load (NBS & Painting booth) in Malpe facility. **Impact** Reduction in the overall consumption of electricity, minimization of energy costs and energy losses and improvement in efficiency of equipment, which is expected to result in higher savings in the coming years.
(ii) Steps taken for utilising alternate sources of energy.	Nil
(iii) Capital investment on energy conservation equipments.	An amount of approximately ₹23 lakhs have been invested for implementation of energy conservation measures specified above.

(B) Technology Absorption

(i) Efforts made towards technology absorption.	The Company's key order includes building Bollard Pull Tugs of various capacities. The Tugs built by UCSL features highly advanced and efficient design procured from Robert Allan Limited, Canada, the world's leading ship design firm specialized in Tugs, Inland Vessels, Harbour Crafts and other Specialized Vessels. Further, during the FY 2023-24 the Company has bagged orders for constructing six Future Proof 3800 TDW Dry Cargo Vessels from Wilson ASA, Norway, the largest short sea shipping company in Europe. These are innovative and environment friendly vessels ready to be installed with wind assisted propulsion systems. The design for these vessels is being developed in collaboration with Conoship International BV, Netherlands, a company at the forefront of innovation and technology in the maritime industry that pioneers in optimized design for inland waterways and other short sea vessels segment. Further, the Company has opted for Made in India products, wherever possible, for the projects that are being undertaken at the Yard so as to reduce the import of stores/ spares/ equipments etc.
(ii) Benefits derived like product improvement, cost reduction, product development or import substitutions.	The ship designs procured from world's leading design firms is expected to carve out a niche market for the Company which can be offered to the international as well as domestic clients. It is also expected to lead to a decrease in imports and an increase in exports, as the buyers would now have the choice to buy high quality Made in India vessels which would otherwise be bought from foreign shipyards. Further, opting for Made in India products, wherever possible, for the projects that are being undertaken at the Yard reduced the import of stores/ spares/ equipments etc.

(a) The details of technology imported	Basic Design for 62T and 70T Bollard Pull Tugs.	Basic Design and Detailed Engineering for the Future Proof 3800 TDW Dry Cargo Vessels.
(b) The year of import	2022-23	2023-24
(c) Whether the technology been fully absorbed	Yes	No
(d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.	The absorption is in the advanced stages and is expected to be completed soon.
(iv) Expenditure incurred on Research and Development	Nil	

(C) Foreign Exchange Earnings and Outgo

(₹ in Lakhs)

Particulars	2023-24	2022-23
Earnings in Foreign Exchange		
From Shipbuilding	10279.33	-
From Ship repair	-	-
Total	**10279.33**	**-**
Expenditure in Foreign Exchange		
Materials (CIF Value)	7228.18	1122.93
Design & Documentation	683.00	296.30
Service Charge & Others	364.96	7.48
Total	**8276.14**	**1426.71**

For and on behalf of the Board of Directors

Madhu Sankunny Nair
Chairman
DIN: 07376798

Kochi
July 29, 2024

Annexure II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2024

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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, Tamil Nadu, India – 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 in a manner that provided us with a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the **Company's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2024**, 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 verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2024, according to the provisions of:

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

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; and

g. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

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

a. 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 Act, Rules, Guidelines, Standards, etc. as 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, in compliance with the provisions of Section 173(3) of the Act, 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.

Decisions at the meetings of the Board of Directors of the Company were carried out on the basis of majority and the same was captured and recorded as part of the minutes. There were no dissenting views by any member of the Board of Directors during the period under review.

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

We further report that during the audit period, allotment of the following securities has taken place.

Sl. No.	Method of Issue	Date of Allotment	Particulars
1	Rights Issue	07.11.2023	Allotment to Cochin Shipyard Limited on right issue basis, 1,80,00,000 equity shares of face value of ₹10 each, distinctive numbers from 9,00,00,001 to 10,80,00,000 (both inclusive), approved by the Board of Directors at their Meeting held on 21.10.2023.

We further report that during the audit period, there were no instances of:

i. Issuance of securities including Public/ Right/ Preferential issue, other than those mentioned above;

ii. Major decisions taken by the members in pursuance to Section 180 of the Act;

iii. Redemption/ Buy-back of securities;

iv. Merger/ amalgamation/ reconstruction; and

v. Foreign technical collaborations.

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

For SEP & Associates
Company Secretaries
(Peer Review Certificate no. 3693/2023)

CS Puzhankara Sivakumar
Managing Partner
FCS: F3050 COP No. 2210
UDIN: F003050F000638894

Place: Kochi
Date: 29.06.2024

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, Tamil Nadu, India – 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 and 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 a 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 efficiency 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 31 March 2024 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
(Peer Review Certificate no. 3693/2023)

CS Puzhankara Sivakumar
Managing Partner
FCS: F3050 COP No. 2210
UDIN: F003050F000638894

Place: Kochi
Date: 29.06.2024

For and on behalf of the Board of Directors

Madhu Sankunny Nair
Chairman
DIN: 07376798

Kochi
July 29, 2024

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, 2024, the Board of the Company consists of six non-executive directors. The Company has a non-executive Chairman. The composition of the Board as on March 31, 2024 is as follows:

Sl. No.	Name	DIN	Designation
1.	Shri Madhu Sankunny Nair	07376798	Non-Executive Chairman
2.	Shri Bejoy Bhasker	08103825	Non-Executive Director
3.	Shri Jose V J	08444440	Non-Executive Director
4.	Shri Sreejith K Narayanan	09543968	Non-Executive Director
5.	Shri Neelakandhan A N	09578936	Non-Executive Director
6.	Smt. Anjana K R	09545253	Non-Executive Director

4. During the financial year 2023-24, Smt. Anjana K R (DIN: 09545253) was appointed as Director on the Board of the Company in place of Shri Rajesh Gopalakrishnan (DIN: 09576336), as the nominee of CSL with effect from January 06, 2024.

5. Shri Bejoy Bhasker (DIN: 08103825) and Shri Jose V J (DIN: 08444440), whose office as Directors were liable to retire by rotation and being eligible was reappointed as the Directors of the Company in the 39th Annual General Meeting held on September 19, 2023.

6. There were no other changes in the Directors during the financial year 2023-24.

7. 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, 2024, are provided under the heading 'Directorships and Committee positions' below.

8. Disclosure of relationship between Directors inter-se: Nil

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

9. Seven Board Meetings have been held during the financial year 2023-24 and the gap between two meetings did not exceed 120 days. The 39th AGM of the Company was held on September 19, 2023. The details of attendance of Directors at the said Board Meetings and AGM are given below:

Name of the Director	Board Meeting							AGM
	2023				2024			Sep 19, 2023
	Apr 28	Jul 13	Aug 04	Oct 21	Jan 05	Jan 24	Mar 20	
Shri Madhu Sankunny Nair	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri Bejoy Bhasker	Yes	Yes*	Yes	Yes	Yes	Yes	Yes	Yes
Shri Jose V J	Yes	Yes	Yes	Yes*	Yes	Yes	Yes	Yes
Shri Sreejith K Narayanan	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri Neelakandhan A N	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shri Rajesh Gopalakrishnan#	Yes	Yes	Yes	Yes	Yes	N.A.	N.A.	Yes
Smt. Anjana K R#	N.A.	N.A.	N.A.	N.A.	N.A.	Yes	Yes	N.A.

* Attended through electronic mode.

Smt. Anjana K R (DIN: 09545253) was appointed as Director on the Board of the Company in place of Shri Rajesh Gopalakrishnan (DIN: 09576336), as the nominee of CSL with effect from January 06, 2024.

Directorships and Committee positions

10. The total number of Directorships/ Chairmanships 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, 2024, are given below:

Name of the Director	No. of Directorship		Board Committees	
	Chairman	Member	Chairman	Member
Shri Madhu Sankunny Nair	3	3	-	-
Shri Bejoy Bhasker	-	3	-	1
Shri Jose V J	-	3	-	1
Shri Sreejith K Narayanan	-	3	-	-
Shri Neelakandhan A N	-	1	-	-
Smt. Anjana K R	-	2	-	-

- 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

11. The Company, being a wholly owned subsidiary, is exempt from constitution of Audit Committee and Nomination and Remuneration Committee. The Company is also not required to constitute the other statutory committees viz., Corporate Social Responsibility (CSR) Committee and Stakeholders Relationship Committee in view of the fact the Company has not breached the threshold as prescribed under the relevant provisions of the Companies Act, 2013. Accordingly, no statutory Committees of the Board have been constituted during the financial year 2023-24. However, a one-time Committee of the Board consisting of Chairman and Shri Jose V J, Director was constituted to allot the equity shares and issue certificates thereon pursuant to the rights issue of ₹18 crores. The Committee met on November 07, 2023 and all the members were present at the meeting.

General Body Meetings

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

Year	Date & Time	Venue	Special Resolution passed
2020-21	September 15, 2021 at 11.20 hrs.	Not Applicable since the meeting was held through electronic mode	No
2021-22	September 19, 2022 at 10.30 hrs.	Not Applicable since the meeting was held through electronic mode	No
2022-23	September 19, 2023 at 11.15 hrs.	Not Applicable since the meeting was held through electronic mode	No

13. Further, the Company has also conducted an Extra Ordinary General Meeting (EGM) during the financial year 2023-24, the details of which are given below:

Date & Time	Venue	Special Resolution passed
April 28, 2023 at 11.00 hrs.	CSL Board Room, Cochin Shipyard Limited, Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi, Kerala – 682 015	Yes*

* Special Resolution for reclassification of Authorised Share Capital and consequent amendment to the Memorandum of Association of the Company, was passed in the said EGM.

14. The 40th AGM of the Company is scheduled to be held on September 19, 2024 at 09.15 hrs. through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM").

Code of Conduct

15. 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, 2024. 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, 2024.

Harikumar A
Chief Executive Officer

Remuneration to Directors

16. The Directors of the Company are the Functional Directors/ Senior Management Personnel 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

Related Party Transactions

17. 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. Further, related party disclosures as per Indian Accounting Standard (Ind AS) 24 is set out at Note 46 to the financial statements of the Company.

Non-compliance by the Company

18. 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.

Whistle Blower Policy

19. 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 the Company at www.udupicsl.com. During the period under report no personnel has been denied access to the Audit Committee of CSL.

Compliance with DPE Guidelines on Corporate Governance

20. The Company has complied with the conditions of Corporate Governance, wherever applicable, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE), Government of India. A Certificate in this regard obtained from a Practicing Company Secretary is placed at **Annexure I**.

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

21. 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.

Items of expenditure debited in books of accounts, which are not for the purposes of the business

22. Nil.

Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management

23. Nil.

Details of administrative and office expenses

24. The administrative and office expenses of the Company for the year 2023-24 were 9.95% (14.11% PY) of the total expenses. The financial expenses stood at 0.92% (1.61% PY) of the total expenses in the year 2023-24.

Means of communication of results

25. 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.udupicsl.com. Further, the Annual Reports of the Company are also hosted on the website of CSL viz., www.cochinshipyard.in.

Audit Qualifications

26. The Report submitted by the Statutory Auditors, M/s. Pai Nayak & Associates, with respect to the financial statements of the Company for the financial year 2023-24 does not contain any qualifications/ adverse remark.

Training of Board Members

27. The Directors of the Company are the Functional Directors/ Senior Management Personnel 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/ Senior Management Personnel, wherever considered necessary.

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
Website: www.udupicsl.com

For and on behalf of the Board of Directors

Madhu Sankunny Nair
Chairman
DIN: 07376798

Kochi
July 29, 2024

Annexure I

CERTIFICATE ON CORPORATE GOVERNANCE

(Clause 8.2.1 of the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010 issued by the Department of Public Enterprises, Government of India)

To
The Members
Udupi Cochin Shipyard Limited
S.No.377, Pazhamathur Village
Pukathurai Post, Madurantakam Taluk
Kancheepuram, Tamil Nadu, India – 603116

We have examined the compliance of conditions of Corporate Governance by **Udupi Cochin Shipyard Limited** (hereinafter referred as “the Company”) for the Financial Year ended March 31, 2024, as stipulated under Clause 8.2.1 of the Guidelines on Corporate Governance for Central Public Sector Enterprises (“CPSEs”) 2010 issued by the Department of Public Enterprises (“DPE”), Government of India.

We state that compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, wherever applicable, as stipulated in the above mentioned guidelines.

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

This certificate is issued solely for the purposes of complying with the guidelines on Corporate Governance for Central Public Sector Enterprises (“CPSEs”) 2010 issued by the Department of Public Enterprises (“DPE”), Government of India and may not be suitable for any other purpose.

For SEP & Associates
Company Secretaries
(Peer Review Certificate no. 3693/2023)

CS Puzhankara Sivakumar
Managing Partner
FCS: F3050 COP No. 2210
UDIN: F003050F000638905

Place: Kochi
Date: 29.06.2024

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.

Shipbuilding Industry

Global Shipbuilding Industry

3. The global Shipbuilding market grown strongly in recent years and also looks promising in the coming years. The global fleet of ships continually ages, requiring replacement and modernization. Trade growth is one of the hallmarks of the global economy in recent decades, and maritime transport is the backbone of global trade. Maritime trades primarily influence the shipbuilding market. With the extended supply chains and opened new markets, maritime transport is a catalyst for the economic development of nations worldwide. Almost 90% of global freight is seaborne. As a result, countries heavily rely on ships, which further accelerates the shipbuilding market. Further, the shipbuilding market is supported by the outlook of stable economic growth in numerous developed and developing countries. Developed economies are anticipated to exhibit steady growth, and emerging markets are projected to grow slightly faster than developed markets. This stable economic growth is foreseen to lead to increased investments in the end-user markets, consequently propelling the shipbuilding market.

4. The Shipbuilding market is experiencing notable growth, driven by factors like technological advancements, regulatory environment, changing consumer preferences, and competitive dynamics. This growth reflects the industry's adaptability to digitalization, sustainability efforts, and geopolitical changes. Additionally, the market's expansion may involve exploring new segments, regions, or product categories to capitalize on emerging opportunities and diversify offerings. The shipbuilding market is fragmented, with several players accounting for significant amounts of shares in the market. Companies are investing heavily in research and development for the innovation of new and advanced products. The use of 3D printing technology in shipbuilding is a leading trend being observed in the shipbuilding market in recent years. The Companies also focusses on use of robotics to improve efficiency and reduce reliance on human labourers and developing green shipbuilding technologies to manufacture ships complying with new carbon emission standards. These green shipbuilding technologies include ships incorporating ballast systems that prevent the entry of organisms, eliminating the need for sterilization equipment, sulphur scrubber systems, waste heat recovery systems, speed nozzles, exhaust gas recirculation systems, advanced rudder and propeller systems, fuel and solar cell propulsion systems, and the utilization of LNG fuels for propulsion and auxiliary engines.

Indian Shipbuilding Industry

5. Globally, India ranks 21st in ship building with a market share of around 1%. 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. India has about 14,500 km. of navigable waterways which comprise of rivers, canals, backwaters, creeks, etc. About 126 Million Metric Tonnes (MMT) of cargo is being moved annually by Inland Water Transport (IWT), a fuel–efficient and environment–friendly mode. The country's inland waterways have been expanding rapidly, and they have a solid growth trajectory that will see them carry a larger percentage of the nation's freight and passenger traffic. The country's maritime sector plays a crucial role in its overall trade and growth, with 95% of the country's trade volume and 65% of the trade value being undertaken through maritime transport. Indian Navy's Maritime Capability Perspective Plan (MCPP), generates a substantial demand for defence shipbuilding. The positive aspect to highlight is the persistent domestic demand for ships, which not only remains steadfast but is also predicted to experience substantial growth, offering a much-needed buffer between the Indian shipbuilding industry and global demand for ships. Furthermore, compared to other shipbuilding nations, India offers a competitive edge with lower labour costs, attracting international clientele.

6. The Government of India has taken several proactive initiatives to bolster the shipbuilding sector in the country and foster self-reliance. To promote 'Make in India' policy and to support shipbuilding industry in India, the Government of India has brought in Shipbuilding Financial Assistance Policy (SBFAP) scheme for Indian shipyards to procure orders from domestic as well as international market and to be competitive in international market for securing global orders. The scheme offers financial assistance to Indian shipyards for shipbuilding contracts signed between April 1, 2016 and March 31, 2026 with rate of financial assistance starting from 20% in 2016 and diminishing to 11% in 2026. To further enhance opportunities for domestic shipyards, the Right of First Refusal policy mandates government agencies and CPSUs to prioritize Indian shipyards for vessel procurement or repairs until 2025, with certain guidelines facilitating small shipyards' participation. Recognizing the strategic importance of shipyards, they have been granted infrastructure status, allowing access to flexible long-term project loans, lower interest rates from Infrastructure Funds, relaxed External Commercial Borrowings (ECB) norms, and infrastructure bond issuance for working capital needs. Moreover, the Standard Operating Procedures for Chartering of Tugs and Procurement of Deep-Sea Fishing Vessels under the Pradhan Mantri Matsya Sampada Yojana (PMMSY) aim to promote small and medium shipyards.

7. In line with the vision of Aatmanirbhar Bharat Policy, the criteria for granting the Right of First Refusal (ROFR) in chartering vessels have been revised. The preference is now given to vessels that are Indian-built, Indian-flagged, and Indian-owned, thus encouraging the use of Indian-flagged vessels and fostering the growth of indigenous shipbuilding capacity. The Public Procurement (Preference to Make in India) policy, revised in 2020, discourages issuing global tender enquiries for public procurement of goods and services below the value of ₹200 crores. This move supports domestic shipyards by potentially increasing orders and promoting the 'Make in India' initiative. An important factor contributing to escalated costs in Indian shipbuilding is the imposition of taxes and duties on input material used in Shipbuilding. To mitigate the cost disparity faced by Indian shipyards and foster the growth of the domestic shipbuilding industry, the Government of India has exempted customs and central excise duties on input material used in shipbuilding.

8. The maritime industry is characterised by the need to move towards a sustainable, decarbonised and digital journey. Vessels and ferries using alternative fuels such as hydrogen/ ammonia and biofuels, as well as those that run on electricity, are gaining widespread recognition, and Indian shipyards are actively developing ferries and vessels (passengers/ cargo) that will be powered by various alternative fuels such as hydrogen/ammonia, biofuels and batteries. To promote such initiatives, the Government of India has amended the Shipbuilding Financial Assistance Policy (SBFAP) guidelines to include financial assistance of 30% for vessels where main propulsion is achieved by means of green fuels such as methanol/ ammonia / hydrogen fuel cells and 20% for vessels with electric means of propulsion or vessels fitted with hybrid propulsion system. Further, the Government, with the aim of making India a global hub for green shipbuilding, has launched the Green Tug Transition Programme (GTTP) by which at least, 50% of all the Tugs used in Indian Ports are likely to be converted into Green Tugs by 2030.

9. The shipbuilding industry boasts a high employment multiplier, indicating its capacity to generate a substantial number of job opportunities. Moreover, the expansion of the shipbuilding sector fosters the development of Micro, Small, and Medium Enterprises (MSMEs). The increased demand for ancillary products and services necessitates the growth of supporting industries, thereby promoting economic diversification and nurturing a culture of

innovation and entrepreneurship. The shipbuilding industry's contributions to employment generation, investment stimulation, and the growth of MSMEs make it a vital component of India's economic fabric.

10. However, the industry grapples with complex challenges, including dependency on imported equipment, labour productivity, construction cycles, and competition from foreign shipyards. These challenges faced by the Indian shipbuilding sector have significantly hampered its ability to fully capitalize on its high economic multiplier potential.

11. By rising to the challenges, driven by government support, a strategic location, and a skilled workforce, shipbuilding holds the potential to emerge as the vanguard of India's growth narrative in the forthcoming years. UCSL, with it's execution capabilities, strategic location and the support of it's parent company, Cochin Shipyard Limited (CSL), is well poised to carve out a niche market in the global shipbuilding industry and be a part of India's growth story.

Operations

12. The fiscal year 2023-24 has been a promising one for the Company. The Company achieved significant strides in execution as well as mobilizing orders. During the reporting period the Company delivered a total of nine vessels as below:

    - Six Tuna Longliner Cum Gillnetter Fishing Boats under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)" to the beneficiaries from the state of Kerala;
    - One Purse Seiner Deep Sea Fishing Boat to GKS Marine Exports Private Limited, Trivandrum; and
    - Two 62T Bollard Pull Tugs to Ocean Sparkle Limited, an Adani Harbor Services Limited Company. This is the first of the Tugs with Approved Standard Tug Design & Specifications (ASTDS) promulgated by the Government of India for Indian Ports under Aatmanirbhar Bharat initiative.

13. During the financial year 2023-24, UCSL bagged the following shipbuilding orders.

    - Six Future Proof 3800 TDW Dry Cargo Vessels with an option for additional eight vessels from Wilson ASA, Norway; and
    - Three Tuna Longliner Cum Gillnetter Fishing Boats under the "Pradhan Mantri Matsya Sampada Yojana (PMMSY)" for the beneficiaries from the state of Kerala.

14. Further, during the reporting period, the Company also achieved key milestones w.r.t the vessels under construction including the steel cutting for first two vessels of six vessel series of Future Proof 3800 TDW Dry Cargo Vessels contracted for Wilson ASA, Norway and launching of the first of two 70T Bollard Pull Tugs contracted for Polestar Maritime Limited, which was delivered in the first quarter of FY 2024-25. The construction activities of the second Tug contracted for Polestar Maritime Limited is also in the advanced stages and is scheduled to be delivered by third quarter of FY 2024-25.

15. Company's exceptional execution capabilities lead to a profit after tax of ₹111.38 lakhs for FY 2023-24 as against the loss of ₹866.54 lakhs in the previous year. It is heartwarming to note that the Company turned profitable in a span of 3 to 4 years since conclusion of its insolvency resolution process in September 2020. During FY 2023-24, the Company recorded a total income of ₹18646.58 lakhs for the year ended March 31, 2024 as against ₹4780.96 lakhs for the previous year, an increase of 290%. The revenue from operations clocked ₹17971.62 lakhs as against ₹3932.22 lakhs for FY 2022-23, registering a staggering growth of 357%. The increase was mainly due to the enhancement in the business operations of the Company coupled with timely execution of the shipbuilding orders. The financial highlights for the reporting period are given below:

(₹ in Lakhs)

Sl. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i)	Total Income	18646.58	4780.96
(ii)	Profit/ (Loss) Before Finance cost, Depreciation & Tax	1426.84	29.63
(iii)	Finance cost	169.62	95.49
(iv)	Depreciation & Amortisation expenses	952.54	1083.02
(v)	Profit/ (Loss) Before Tax	304.68	(1148.88)
(vi)	Tax	193.30	(282.34)
(vii)	Net Profit/ (Loss)	111.38	(866.54)
(viii)	Net-worth	16282.53	14065.61

Proposed Dividend

16. No dividend is recommended due to the non-availability of divisible profits on account of previous years losses.

Segment wise/ product wise performance

17. The Company is primarily engaged in shipbuilding. The segment wise performance of the Company is given below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
Segment Assets		
Shipbuilding	21081.78	11931.46
Ship Repair	12.33	17.37
Unallocated	11018.67	10312.69
Total	**32112.78**	**22261.52**
Segment Liabilities		
Shipbuilding	10250.19	1233.49
Ship Repair	11.98	4.44
Unallocated	5568.08	6957.98
Total	**15830.25**	**8195.91**
Segment Revenue		
Shipbuilding	17971.62	3308.80
Ship Repair	-	608.65
Unallocated	674.96	863.51
Total	**18646.58**	**4780.96**
Segment Result		
Shipbuilding	1793.86	(970.44)
Ship Repair	-	270.65
Unallocated	(1489.18)	(449.09)
Total	**304.68**	**(1148.88)**

SWOT

18. 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.

19. 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, green vessels, etc., is expected to provide abundant opportunity and the Company looks forward to tap such opportunities, wherever found feasible.

20. 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

21. The risks for the Company stem from the inherent cyclical nature of the shipbuilding industry, which is also sensitive to the cyclical nature of the industries it serves such as the oil, natural gas, shipping, transportation and other trade-related industries. Building an orderbook is critical for the Company's growth and survival in an order-driven business like shipbuilding, where each vessel is custom-built. The availability of orders, its prompt bagging and

timely execution is one of the major challenges in the shipbuilding industry. The Company relies on its suppliers for the timely delivery of raw materials such as steel, as well as other equipment and components such as pumps, propellers, engines etc. Shortages/ delay in the supply of raw materials may adversely affect the Company's business, financial condition and results of operations. The Company is also exposed to various operational risks viz., the breakdown, failure or sub-standard performance of machinery, which may or may not result in fire/ explosions etc. Though the losses caused on such eventualities are covered under a standard fire and special perils policy, UCSL do not have insurance for business interruption. Any material operational disruptions may adversely affect the Company's ability to meet construction schedules and cause delays in the delivery of vessels to customers.

Internal Control

22. The Company has adopted robust policies and procedures to ensure the orderly and efficient conduct of the Company's business by safeguarding its assets, preventing and detecting errors and frauds, ensuring the accuracy and completeness of the accounting records and the timely preparation and submission of reliable financial disclosures. During the financial year 2023-24, the Company had engaged M/s. RAGA Consulting LLP, Chartered Accountants, for review and testing the internal financial controls of the Company. Such controls were reviewed/ tested and found to be adequate commensurate with the size and nature of the business of the Company and also operating effectively.

Human Resource Development and Industrial Relations

23. As on March 31, 2024, the Company has 116 employees consisting of 56 executives, 16 supervisors and 44 workmen. Out of the 56 executives, 4 are employed on deputation basis from the holding company, Cochin Shipyard Limited (CSL). The Company has also engaged 9 trainees under its apprenticeship programme. Further, 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

24. The Company believes in sustainable development and prioritises environment friendly and energy efficient business practices. Further, the Company endeavours to incorporate modern technology in its business processes and operations, wherever possible.

    During the year under review the Company had taken the following steps for conserving energy:

    - Corrected the Power factor to 0.95 and maintaining the same throughout the year;
    - Replaced the old metal halide lights in Painting booth (40 Nos.) and Warehouse (17 Nos.) to energy efficient low power consuming LED lights;
    - Replaced 200 Nos. of old fluorescent tube lights with energy efficient low power consuming LED light batons;
    - Upgraded the 500KVA old transformer with new 1000 KVA transformer with Energy Efficiency Level 2 (EEL 2) & RTCC in Hangarkatta facility; and
    - Relocated the transformer close to the main load (NBS & Painting booth) in Malpe facility.

25. The above measures will help the Yard to lower its total power usage, minimise energy losses and expenses and enhance equipment efficiency, which is expected to result in higher savings in the coming years.

26. Further, the Company's key order includes building Bollard Pull Tugs of various capacities. The Tugs built by UCSL features highly advanced and efficient design procured from Robert Allan Limited, Canada, the world's leading ship design firm specialized in Tugs, Inland Vessels, Harbour Crafts and other Specialized Vessels. During the FY 2023-24, the Company has bagged orders for constructing six Future Proof 3800 TDW Dry Cargo Vessels from Wilson ASA, Norway, the largest short sea shipping company in Europe. These are innovative and environment friendly vessels ready to be installed with wind assisted propulsion systems. The design for these vessels is being developed in collaboration with Conoship International BV, Netherlands, a company at the forefront

of innovation and technology in the maritime industry that pioneers in optimized design for inland waterways and other short sea vessels segment. Also, the Company has opted for Made in India products, wherever possible, for the projects that are being undertaken at the Yard so as to reduce the import of stores/ spares/ equipments etc. These actions will help to conserve the country's forex reserves.

27. During the reporting period, the Company has earned an income of ₹10279.33 lakhs (PY – Nil) in foreign currency and incurred an amount of ₹8276.14 lakhs (PY – ₹1426.71 lakhs) towards expenses in foreign currency.

Corporate Social Responsibility

28. The Company does not fall within the purview of Section 135 of the Companies Act, 2013 which relates to CSR.

Cautionary statement

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

For and on behalf of the Board of Directors

Madhu Sankunny Nair
Chairman
DIN: 07376798

Kochi
July 29, 2024

Independent Auditors' Report

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

OPINION

We have audited the accompanying Financial Statements of Udupi Cochin Shipyard Limited ("the Company"), which comprises the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of Material 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 2024, the Profit including Other Comprehensive income, 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 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 referred to in the notes to the financial statements.

1. Note: 2.6(B), 3.11(a) and Note 44: Change in the Accounting Policy for recognition of the revenue from contracts with customers, which has been made for the reasons as stated by the management therein. The effects arising on account of such changes is also disclosed by the management in the aforesaid note.

2. Note 4 - The value of Land at Kulpi (Kolkata- 230 cents) which has not been recognized in accounts due to pending verification & valuation of the same.

3. Note 16 and Note 27 – Amount receivable and payable to Committee of Creditors for which Balance confirmation is not available.

Our Opinion is not modified in respect of these matters.

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 for the year ended March 31, 2024. 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 as described below to be the key audit matter to be communicated in our report.

Sl No.	Key Audit Matter	Auditor's response
1.	Refer to Note 3.11(a) and Note 41 of the financial statements, regarding Revenue from contracts with customers. There are significant accounting judgements involved in estimating contract revenue to be recognised on contract with customers, including estimation of transaction price and financial assistance allocation to the completed performance obligations and determination of progress of completion as on the reporting date. The progress of completion is ascertained as per the in-house procedures developed by the management of the company. The procedure and the assumptions therein are based on certain judgements made by the management based on inputs from the technical departments of the company. Further, the ascertainment of the actual physical completion of each sub-activity on reporting date also involves management estimation. Due to the nature of the contracts, revenue recognition involves usage of percentage of completion method, which is determined by survey of work performed, which involves technical expertise, significant judgments, identification of contractual obligations and the Company's rights to receive payments for performance completed till date, changes in scope and consequential revised contract price. Revenue is recognised when the company satisfies performance obligations by transferring promised goods and services to the customer over the period of time using output method based on measurement of physical progress of completion to date in respect of contracts with customers.	**Our key audit procedures included;** - We assessed the appropriateness of the Company's revenue recognition policies, by comparing with applicable accounting standards. - Understanding of the systems, processes and control implemented by management for recording and calculating revenue from contract with customers. - We tested the effectiveness of controls relating to the evaluation of performance obligations and identification of those that are distinct, estimation of costs to complete each of the performance obligations as the work progresses. - Selected a sample of contracts with customers and performed following procedures • Obtained and reviewed contract documents for each selection and other documents that were part of the agreement. • Identified significant terms and conditions in the contract to assess management's conclusions regarding the (i) determination of transaction price (ii) identification of performance obligation; (iii) changes to costs to complete as work progresses; (iv) impact of change orders on the transaction price and (v) evaluation of the adjustment to the transaction price on account of variable consideration. • Compared costs incurred which company's estimates of costs incurred to date to identify significant variations and evaluated whether those variations have been considered appropriately in estimating remaining costs to complete the contract. • Tested the estimate for consistency with the status of delivery of milestones. • Performed analytical audit procedures for reasonableness of revenues disclosed by type and nature of contracts. • Substantial reliance was placed on the technical and activity based assessment made by the management in determination of percentage of physical progress completion. • Evaluated the appropriateness of the disclosures made by the company in accordance with Ind AS 115.
2	Refer to Note 3.13 to the Financial Statements regarding Taxes on Income and Note 9 to the Financial Statements regarding Deferred Tax Assets(net).	**Our key audit procedures included:** • Assessing the design, implementation and operating effectiveness of management's key internal financial controls over the recognition of deferred tax assets.

Sl No.	Key Audit Matter	Auditor's response
	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.	• 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. • Obtaining confirmation where the future forecasts were approved in the meetings of the Board of Directors. • 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. • Evaluating the management assessment for estimating availability of future taxable profits for determination of recognition of deferred tax assets. • Assessing the period over which the deferred tax assets would be recovered against future taxable income. • Evaluating companies actual performance for the current year and discussed with the management their basis and assumptions in respect of evidence to support that there will be sufficient taxable income in the ensuing years to absorb the deferred tax asset.

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 Directors Report and Management Discussion and Analysis Report, but does not include the 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 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and therefore as on date, we have nothing to report in this regard.

Responsibilities of Management 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 financial statements that give a true and fair view of the financial position, 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 Companies (Indian Accounting Standards) Rules 2015 as amended.

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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and evaluating the results of the our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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 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.

Other Matters:

The comparative financial information of the Company for the year ended 31st March, 2023 included in these financial statements are audited by predecessor auditors of the Company and their report dated 13th July, 2023, wherein an unmodified opinion is expressed by them.

Our opinion is not modified in respect of this matter.

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 "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required under the Directions and Sub- Directions issued by the Comptroller and Auditor General of India in terms of Sec 143(5) of the Act, we have given our report in "Annexure B".

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 the 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 financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015 as amended.

   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, Government of India, 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, as amended;

   The provisions of Section 197 read with Schedule V of the Act, relating to managerial remuneration are not applicable to the company, being a Government Company, vide Ministry of Corporate Affairs notification no. G.S.R. 463(E) dated June 5, 2015.

4. 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 Note 45.B to the Financial Statements.

   ii. The Company has long-term contracts including derivative contracts as at March 31, 2024 for which there were no material foreseeable losses.

   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, other than as disclosed in the notes to the accounts, 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 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;

   (b) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(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 (iv)(a) and (iv)(b), contain any material misstatement.

5. The company has not declared or paid or distributed any amount as Dividend during the year and therefore the question of further reporting on this aspect does not arise.

6. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For PAI NAYAK & ASSOCIATES
CHARTERED ACCOUNTANTS
Registration No. 009090S

CA AMMUNJE VENKATESH NAYAK
PARTNER
Membership No. 204685
UDIN:24204685BKCOET2261

Place: Udupi
Date: 06-05-2024

‘Annexure A’ to Independent Auditors’ Report on Financial Statements

(Issued to Udupi Cochin Shipyard Limited (Formerly Tebma Shipyards Limited) for the year ending 31 March 2024)

(Referred to in paragraph 1 of our report of even date under the heading “Report on Other Legal and Regulatory Requirements”)

In our opinion and in terms of the information and explanations sought by us and given by the Company and the books of accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report as below:

i. (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 except the value of Land at Kulpi (Kolkata-230 cents) which has not been recognized in accounts due to pending verification & valuation of the same.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and the records examined by us the Property and Plant and Equipment of the Company have been physically verified by the management. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us and as evidenced by the records produced before us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered title deeds provided to us, we report that the title deeds, comprising all the immovable properties of land and buildings (other than properties where the company is lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company as at the balance sheet date and in respect of immovable properties of land and buildings that have been taken on lease & disclosed as Assets on Leased Premises under Property Plant & Equipment (Note 4(b) to Financial Statements), the lease agreements (as produced before us) are in the name of the Company, where the Company is the lessee in the agreement. However the title deeds of Freehold Land continue to stand in the name of erstwhile Tebma Shipyards Limited and Tebma Engineering Private Limited.

(d) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not revalued Property, Plant and Equipment (Including Right-of-use assets) or intangible assets or both during the year.

(e) According to the information and explanation given to us and on the basis of our examination of the records of the company, there are no proceedings initiated or pending against the company for holding any benami property under the prohibition of Benami Property Transactions Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) According to the information and explanations given to us, inventories have been physically verified by the management during the year. In our opinion the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and nature of its operations. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.

(b) According to the information and explanation given to us and on the basis of our examination of the records of the company, we hereby report that the Company has been sanctioned with working capital limits in excess of ₹5 Crores in aggregate from Banks, on the basis of security of Current Assets i.e. Inventory and Trade Receivables. The Company has filed the quarterly returns/statements of Current Asset i.e Inventory and Trade Receivables, with such lending Banks, which are in agreement with the books of accounts of the company.

iii. As per the information and explanations given to us and on the basis of our examination of the records of the Company, during the year Company has not made any investment, or provided any guarantee or security or has not granted any advances in the nature of loans to Companies, Firms, Limited Liability Partnerships or any other entities, hence reporting requirement of provisions of paragraph 3 (iii) (a) to (f) is not applicable.

iv. As per the information and explanations given to us, and on the basis of our examination of the records of the company, the Company has not advanced any loan, given any guarantee, made any investments or provided any security to any entity covered by the provisions of Section 185 and Section 186 of Companies Act, 2013. Accordingly, reporting under clause 3(iv) of the Order does not arise.

v. The Company has not accepted any deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 of the Companies Act 2013 and the rules framed thereunder are not applicable. Accordingly, reporting under Clause 3(v) of the Order is not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Good and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, applicable to it, with the appropriate authorities. There were no outstanding of aforesaid statutory dues as on the date of Balance Sheet for a period of more than six months from the date they became payable.

(b) According to the records of the company made available to us and as per the information and explanations given to us, there are no statutory dues referred to in subclause (a) above, which have not been deposited on account of any dispute except the following:

Sl No.	Name of the Statue	Nature of the Statutory Due	Amount of dispute (In Lakhs)	Period to which the amount related	Forum where dispute is pending
1	Foreign Trade (Development & Regulation) Act, 1992	Penalty, Amount of Customs duty on which exemption availed, Interest	92.37	2006-07	Honourable High Court of Madras
2	Foreign Trade (Development & Regulation) Act, 1992	Penalty, Amount of Customs duty on which exemption availed, Interest	108.81	2007-08	Honourable High Court of Madras
3	Foreign Trade (Development & Regulation) Act, 1992	Penalty, Amount of Customs duty on which exemption availed, Interest	224.53	2006-07	Honourable High Court of Madras
4	Foreign Trade (Development & Regulation) Act, 1992	Amount of Customs duty on which exemption availed, Interest	300.45	2006-07	Honourable High Court of Madras
5	Foreign Trade (Development & Regulation) Act, 1992	Amount of Customs duty on which exemption availed, Interest	49.05	2006-07	Honourable High Court of Madras
6	Foreign Trade (Development & Regulation) Act, 1992	Amount of Customs duty on which exemption availed, Interest	163.25	2006-07	Honourable High Court of Madras
7	Foreign Trade (Development & Regulation) Act, 1992	Amount of Customs duty on which exemption availed, Interest	9.61	2006-07	Honourable High Court of Madras
8	Foreign Trade (Development & Regulation) Act, 1992	Amount of Customs duty on which exemption availed, Interest	227.07	2006-07	Honourable High Court of Madras
9	Foreign Trade (Development & Regulation) Act, 1992	Amount of Customs duty on which exemption availed, Interest	339.16	2006-07	Honourable High Court of Madras
10	Kerala Tax on Entry of Goods into Local Areas act	Entry Tax	0.45	2006-07	Supreme Court
11	Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	48.48	2012-23	Karnataka Appellate Tribunal
12	Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	4.92	2010-11	Karnataka Appellate Tribunal

Sl No.	Name of the Statue	Nature of the Statutory Due	Amount of dispute (In Lakhs)	Period to which the amount related	Forum where dispute is pending
13	Karnataka Tax on Entry of Goods Act, 1979	Entry Tax	23.05	2009-10	Karnataka Appellate Tribunal
14	Central Excise Act	Central Excise	72.57	2008-09	CESTAT, Bangalore
15	Finance Act 1994	Service Tax	99.54	2008-09	CESTAT, Bangalore
16	Central Excise Act	Central Excise tax matters under dispute	454.00	2009-10	CESTAT, Bangalore
17	West Bengal VAT Act	VAT	72.72	2008-09	Commissioner of Commercial Tax West Bengal
18	Finance Act 1994	Service Tax	94.10	2008-09	CESTAT, Bangalore
19	Finance Act 1994	Service Tax	441.72	2008-09	CESTAT, Bangalore
20	Karnataka VAT	Karnataka VAT	11.91	Sep 2017-Dec 2017	Assistant Commissioner of Commercial taxes, LGSTO-280

Note:

1. Sl. No - 1 to 9 - Amount of Dispute includes interest computed from 01/04/2016 to 31/03/2024.

2. With respect to amounts mentioned in Sl.No. 10 to 19, details are not available with the company. All these cases mentioned in the above table, pertains to the periods prior to the order of the Hon'ble NCLT approving the resolution plan and are not included in the Resolution Plan as no claims were submitted by the authorities concerned in response of the public notice issued by the Resolution Professional in terms of the regulations of IBC and who fall under the definition of operational creditors. However, as per the order of the Hon'ble NCLT dt. 04-03-2020, the Company has been directed to file applications for termination of the proceedings before the relevant authorities.

viii. According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 (43 of 1961) as income during the year.

ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not been declared a wilful defaulter by any bank or financial institution or government or other lender.

(c) The Company has not availed any terms loans during the year. Accordingly reporting under clause ix (c) is not applicable to the Company.

(d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that that the Company has not utilized the funds raised on short-term basis towards long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from an entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, reporting under Paragraph 3(ix)(e) of the Order is not applicable.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies. Therefore, reporting under Paragraph 3(ix)(f) of the Order is not applicable.

x. (a) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly reporting under clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, 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) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud by the Company or any 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) As According to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the company. Therefore, reporting under paragraph 3(xi)(c) of the Order is not applicable to the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act wherever applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable Indian Accounting Standards.

xiv. (a) In our opinion and based on our examination, 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. As evidenced from the records produced before us and as per information given to us, we are of the Opinion that (a) the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. (b) The Company has not carried on any business of Non-Banking Financial or Housing Finance Activities. (c) The Company is not a Core Investment Company as defined under the regulations made by the Reserve Bank of India. (d) There are no Core Investment Companies in the Group.

xvii. The Company has not incurred any cash losses in the financial year covered by our audit. The company has incurred cash loss of ₹66.24 lakhs during the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors during the year. Therefore, reporting under paragraph 3(xviii) of the Order is not applicable.

xix. According to the information and explanations given to us and 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, 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 that the 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. 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 company is not required to comply with the provisions of sec 135 of the Companies Act 2013. Therefore, reporting under Paragraph 3(xx) of the Order is not applicable.

xxi. The paragraph 3(xxi) of the order is not applicable to the Company, since the financial statement covered under the report is not a consolidated financial statement.

For PAI NAYAK & ASSOCIATES
CHARTERED ACCOUNTANTS
Registration No. 009090S

CA AMMUNJE VENKATESH NAYAK
PARTNER
Membership No. 204685
UDIN:24204685BKCOET2261

Place: Udupi
Date: 06-05-2024

'Annexure B' to Independent Auditors' Report on Financial Statements

(Issued to Udupi Cochin Shipyard Limited (Formerly Tebma Shipyards Limited) for the year ending 31 March 2024)

(Referred to in paragraph 2 of our report of even date under the heading "Report on Other Legal and Regulatory Requirements")

Report on directions issued by the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013.

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. Based on the information and explanations given to us and based on our audit procedures on test check basis, wherever accounting transactions arises outside the IT System, no instances of lack of integrity of the accounts along with the financial implications has been noted.

(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 ₹602.39 Crores, 9.74% pay amounting to ₹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, based on our examination of books of accounts of the company and as per 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 PAI NAYAK & ASSOCIATES
CHARTERED ACCOUNTANTS
Registration No. 009090S

CA AMMUNJE VENKATESH NAYAK
PARTNER
Membership No. 204685
UDIN:24204685BKCOET2261

Place: Udupi
Date: 06-05-2024

'Annexure C' to Independent Auditors' Report on Financial Statements

(Issued to Udupi Cochin Shipyard Limited (Formerly Tebma Shipyards Limited) for the year ending 31 March 2024)

(Referred to in paragraph 3(f) of our report of even date under the heading "Report on Other Legal and Regulatory Requirements")

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, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion 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 financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, 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.

For PAI NAYAK & ASSOCIATES
CHARTERED ACCOUNTANTS
Registration No. 009090S

CA AMMUNJE VENKATESH NAYAK
PARTNER
Membership No. 204685
UDIN:24204685BKCOET2261

Place: Udupi
Date: 06-05-2024

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF UDUPI COCHIN SHIPYARD LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of Udupi Cochin Shipyard Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with 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 06 May 2024.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Udupi Cochin Shipyard Limited for the year ended 31 March 2024 under section 143(6)(a) of the Act.

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

Place: Chennai
Date: 18 June 2024

(S. Velliangiri)
Principal Director of Commercial Audit

Balance Sheet

as at March 31, 2024

(₹ in Lakh)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
(a) Property, plant and equipment (other than (b) below)	4	8,739.31	7,705.62
(b) Right of Use assets (ROU)		731.42	758.43
(c) Capital work-in-progress	5	795.75	1,280.39
(d) Intangible assets	6	67.16	7.82
(e) Financial assets			
Other Financial Assets	7	22.20	16.27
(f) Income tax assets (net)	8	73.56	61.26
(g) Deferred tax assets (net)	9	4,461.51	4,757.57
(h) Other non-current assets	10	91.33	25.66
Total Non-Current assets		**14,982.24**	**14,613.02**
Current assets			
(a) Inventories	11	5,907.02	2,070.20
(b) Financial Assets			
(i) Trade receivables	12	721.38	331.57
(ii) Cash and cash equivalents	13	1,777.21	932.85
(iii) Bank balances other than (ii) above	14	700.94	1,388.48
(iv) Other Financial assets	15	1,553.50	249.46
(c) Other current assets	16	6,470.49	2,675.94
Total Current assets		**17,130.54**	**7,648.50**
Total Assets		**32,112.78**	**22,261.52**
EQUITY AND LIABILITIES			
Equity :			
(a) Equity share capital	17	10,800.00	9,000.00
(b) Other equity	18	5,482.53	5,065.61
Total Equity		**16,282.53**	**14,065.61**
Liabilities :			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	1,500.00	1,500.00
(ii) Lease Liabilities	20	592.56	584.13
(iii) Other financial liabilities	21	18.26	-
(b) Other non current liabilities	22	4.13	-
(c) Provisions	23	25.85	23.97
Total Non-Current Liabilities		**2,140.80**	**2,108.10**
Current liabilities			
(a) Financial liabilities			
(i) Short Term Borrowings	24	-	705.00
(ii) Lease Liabilities	25	52.84	56.57
(iii) Trade payables			
a) Total outstanding dues of Micro Enterprises and Small Enterprises	26	684.45	725.19
b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		2,110.97	593.15
(iv) Other financial liabilities	27	1,709.54	1,490.57
(b) Other current liabilities	28	8,425.27	1,697.89
(c) Provisions	29	706.38	819.44
Total Current Liabilities		**13,689.45**	**6,087.81**
Total Equity and Liabilities		**32,112.78**	**22,261.52**
Corporate overview and Material Accounting Policies etc	1-3		
Notes to the Financial Statements	4-56		

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 06th May, 2024

SHANKAR NATARAJ
Chief Financial Officer

HARIKUMAR A
Chief Executive Officer

JOSE V J
Director
DIN-08444440

MADHU S NAIR
Chairman
DIN-07376798

For PAI NAYAK & ASSOCIATES
Chartered Accountants
FRN - 09090S

CA. AMMUNJE VENKATESH NAYAK
Partner
M.No 204685
UDIN: 24204685BKCOET2261
Udupi, dated 06th May, 2024

Statement of Profit and Loss

for the year ended March 31, 2024

(₹ in Lakh)

Sl No	Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
I	**Income**			
	Revenue from operations	30	17971.62	3932.22
	Other income	31	674.96	848.74
	Total Income		**18646.58**	**4780.96**
II	**Expenses**			
	Cost of materials consumed	32	10837.03	1739.01
	Changes in Inventories of Work-in-Progress	33	67.41	(143.74)
	Sub contract and other direct expenses	34	3460.16	1639.78
	Employee benefits expenses	35	1030.43	679.48
	Finance costs	36	169.62	95.49
	Depreciation and amortisation expenses	37	952.54	1083.02
	Other expenses	38	1824.71	836.80
	Total expenses		**18341.90**	**5929.84**
III	**Profit /(Loss) before exceptional items and tax (I-II)**		**304.68**	**(1148.88)**
IV	**Exceptional Items**	39	**-**	**-**
V	**Profit / (Loss) beforeTax (III+IV)**		**304.68**	**(1148.88)**
VI	**Tax expense**			
	(1) Current tax	8	-	0.38
	(2) Deferred tax	9	193.30	(282.72)
VII	**Profit / (Loss) for the year (V-VI)**		**111.38**	**(866.54)**
VIII	**Other comprehensive income**			
	A) Items that will be reclassified to profit or loss			
	i) Effective portion of gains/ (losses) on cash flow hedging instruments		433.66	-
	ii) Income tax relating to items that will be reclassified to profit or loss		(109.14)	-
	B) Items that will not be reclassified to profit or loss			
	i) Remeasurements of defined employee benefit obligations		(25.36)	0.62
	ii) Income tax relating to items that will not be reclassified to profit or loss		6.38	-
	Other comprehensive income for the year		**305.54**	**0.62**
IX	**Total Comprehensive Income for the year**		**416.92**	**(865.92)**
X	**Paid up equity share capital (Face value - ₹10 each)**		**10800.00**	**9000.00**
XI	**Earnings per equity share of ₹10 each (Fully Paidup)**	40		
	(1) Basic (₹)		0.11	(1.26)
	(2) Diluted (₹)		0.11	(1.26)
Corporate overview and Material Accounting Policies		1-3		
Notes to the Financial Statements		4-56		

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 06th May, 2024

SHANKAR NATARAJ
Chief Financial Officer

HARIKUMAR A
Chief Executive Officer

JOSE V J
Director
DIN-08444440

MADHU S NAIR
Chairman
DIN-07376798

For PAI NAYAK & ASSOCIATES
Chartered Accountants
FRN - 09090S

CA. AMMUNJE VENKATESH NAYAK
Partner
M.No 204685
UDIN: 24204685BKCOET2261
Udupi, dated 06th May, 2024

Statement of Changes in Equity

for the year ended March 31, 2024

A. Equity Share Capital

(₹ in lakhs)

Balance as at April 01, 2023	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	As at March 31, 2024
9,000.00	-	-	1,800.00	10,800.00

Statement of Changes in Equity for the year ended March 31, 2023

(₹ in lakhs)

Balance as at April 01, 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	As at March 31, 2023
6,500.00	-	-	2,500.00	9,000.00

B. Other Equity

(₹ in Lakh)

	Reserves and Surplus			Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Debenture Redemption Reserve	Effective portion of Cash Flow Hedges	
Balance as at April 01, 2023	7,361.70	(2,296.09)	-	-	5,065.61
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Profit for the year	-	111.38	-	-	111.38
Other comprehensive income for the year (net of tax)	-	(18.98)	-	324.52	305.54
Total comprehensive income for the year	**7,361.70**	**(2,203.69)**	**-**	**324.52**	**5,482.53**
Dividends	-	-		-	-
Transfer from retained earnings	-	(100.00)	100.00	-	-
Balance as at March 31, 2024	**7,361.70**	**(2,303.69)**	**100.00**	**324.52**	**5,482.53**

Statement of Changes in Equity

for the year ended March 31, 2024

B. Other Equity (Contd..)

(₹ in Lakh)

	Reserves and Surplus			Other Comprehensive Income	Total
	General Reserve	Retained Earnings	Debenture Redemption Reserve	Effective portion of Cash Flow Hedges	
Balance as at April 01, 2022	7,361.70	(1,430.17)	-	-	5,931.53
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-
Profit for the year	-	(866.54)	-	-	(866.54)
Other comprehensive income for the year	-	0.62	-	-	0.62
Total comprehensive income for the year	**-**	**(865.92)**	**-**	**-**	**(865.92)**
Balance as at March 31, 2023	**7,361.70**	**(2,296.09)**	**-**	**-**	**5,065.61**

Debenture Redemption Reserve:

During the year, the Company has created Debenture Redemption Reserve at 10% of the value of debenture issued by the company in accordance with Section 71(4) of the Companies Act, 2013 read with Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 maturing in November, 2028.

Corporate overview and Material Accounting Policies 1-3

Notes to the Financial Statements 4-56

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 06th May, 2024

SHANKAR NATARAJ
Chief Financial Officer

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Chief Executive Officer

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Director
DIN-08444440

MADHU S NAIR
Chairman
DIN-07376798

For PAI NAYAK & ASSOCIATES
Chartered Accountants
FRN - 09090S

CA. AMMUNJE VENKATESH NAYAK
Partner
M.No 204685
UDIN: 24204685BKCOET2261
Udupi, dated 06th May, 2024

Statement of Cash Flows

for the year ended March 31, 2024

(₹ in Lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. Cash flow from operating activities		
Profit (Loss) before tax	304.68	(1,148.88)
Adjustments for :		
Depreciation and amortisation expense	952.54	1,083.02
Finance cost	169.62	95.49
Interest income from Bank Deposits	(266.15)	(68.53)
Loss on sale/write off of property, plant and equipment	-	4.23
Provision no longer required	(26.46)	-
Loss on Lease Modification	-	28.29
Profit on sale of Property Plant and Equipment	(13.25)	-
Net (gain) /loss on foreign currency transactions	(73.06)	1.49
Operating cash flow before working capital changes	**1,047.92**	**(4.89)**
Movements in working capital :		
(Increase) / decrease in inventories	(3,902.49)	(1,103.65)
(Increase) / decrease in trade, other receivables and assets	(5,039.08)	(2,368.43)
Increase / (decrease) in trade and other payables	8,307.48	2,027.27
	413.83	**(1,449.70)**
Income tax (paid)/refund (net)	14.16	31.24
Net cash flows from operating activities (A)	**427.99**	**(1,418.46)**
B. Cash flow from investing activities		
Purchase of property, plant and equipment and Intangible Assets	(2,013.53)	(102.28)
(Increase) / decrease in capital work In progress	484.64	(786.36)
Sale proceeds from Property, Plant and Equipment	17.43	9.36
(Increase) / Decrease in Term Deposit	687.54	(1,287.60)
Interest received on Bank deposits	244.56	52.27
Net cash flows from investing activities (B)	**(579.36)**	**(2,114.61)**
C. Cash flow from financing activities		
Net gain /(loss) on foreign currency transactions	73.81	(1.49)
Repayment of Working capital Loan	(705.00)	705.00
Proceeds from Issued of Equity Shares on Right Basis	1,800.00	2,500.00
Repayment of lease liability with Finance Cost (viz. Rent Paid)	(56.66)	(202.20)
Finance cost	(116.42)	(115.91)
Net cash flows from financing activities (C)	**995.73**	**2,885.40**

Statement of Cash Flows

for the year ended March 31, 2024

(₹ in Lakh)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
D. Net Increase in Cash & Cash Equivalents (A)+(B)+(C)	**844.36**	**(647.67)**
Cash and cash equivalent at the beginning of the Period / Year	932.85	1,580.51
Cash and cash equivalent at the end of the Period / Year	1,777.21	932.85
Components of cash and cash equivalents (refer note 13)		
Cash on hand	-	-
Balances with banks	1,777.21	932.85
Total cash and cash equivalents	**1,777.21**	**932.85**

I. Cash Flow Statement is prepared under indirect method as prescribed under Ind AS 7.

II. Cash And Cash Equivalents do not include Bank Deposits with Maturity period beyond 3 Months, Earmarked Deposits, Deposits Kept as Margin Money.

III. During the financial year, borrowing cost to the tune of ₹8.10 lakhs (PY ₹23.59 Lakhs) has been capitalised

IV. Refer Note 51A for futher disclosures in relation to Cash Flow Statement i.e Cash Flow from Financing Activities

Corporate overview and Material Accounting Policies 1-3

Notes to the Financial Statements 4-56

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 06th May, 2024

SHANKAR NATARAJ
Chief Financial Officer

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For PAI NAYAK & ASSOCIATES
Chartered Accountants
FRN - 09090S

CA. AMMUNJE VENKATESH NAYAK
Partner
M.No 204685
UDIN: 24204685BKC0ET2261
Udupi, dated 06th May, 2024

Notes to the Financial Statements

for the year ended March 31, 2024

1. CORPORATE OVERVIEW AND MATERIAL 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, 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, 2024 were approved by the Board of Directors and authorised for issue on May 06, 2024 which are subject to the supplementary audit by the Comptroller & Auditor General of India (C&AG) and final approval of the shareholders.

2. Basis of preparation and presentation of Financial Statements

2.1 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.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division II of Schedule III to the Companies Act, 2013 (the Act). The Statement of Cash Flows has been prepared and presented in accordance with Ind AS 7 "Statement of Cash Flows". The disclosures with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

2.2 Functional & Presentation Currency

The financial statements are presented in Indian Rupees (₹) which is Company's presentation and functional currency and all values are rounded to the nearest lakhs (rounded off to two decimals) as permitted by Schedule III of the Act except when otherwise indicated.

2.3. Basis of Measurement

These financial statements have been prepared on the historical cost basis, except for certain financial instruments, Property Plant and Equipments / Right of Use 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.

Current/ Non-Current Classification

An Asset/ liability is classified as current if it satisfies any of the following conditions:

i. the asset/ liability is expected to be realized/ settled in the Company's normal operating cycle;

ii. the asset is intended for sale or consumption;

iii. the asset/ liability is held primarily for the purpose of trading;

iv. the asset/ liability is expected to be realized/ settled within twelve months after the reporting period;

v. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

vi. in the case of a liability, the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Notes to the Financial Statements

for the year ended March 31, 2024

All other assets and liabilities are classified as non-current.

For the purpose of current/ non-current classification of assets and liabilities, the company has ascertained its normal operating cycle of different business activities as follows:

(i) In case of ship building and ship repair, normal operating cycle is considered vessel wise, as the time period from the effective date of contract to the date of delivery of the vessel.

(ii) In the case of other business activities, normal operating cycle is 12 months.

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.

Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

The estimates and underlying assumptions are reviewed on an ongoing basis.

2.5 Critical Accounting estimates and judgements:

The application of Material 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:

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.

For computation of lease liability, Ind AS 116 requires lessee to use their incremental borrowing rate as discount rate if the rate implicit in the lease contract cannot be readily determined.

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.

Litigations

From time to time, the Company is subject to legal proceedings and the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgment is made when evaluating, among other factors, the probability of unfavorable outcome and the liability to make a reasonable estimate of the amount of potential loss. Provision for litigations are reviewed at the end of each accounting period and revisions made for the changes in facts and circumstances.

Fair value measurements

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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the

Notes to the Financial Statements

for the year ended March 31, 2024

ability to observe inputs employed in their measurement which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

(c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

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.

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 judgment in measuring progress of performance obligations satisfied over time for recognition of revenue from contracts with customers. Revenue is recognized over time by measuring the work carried out or survey of performance completed to date under output method. Under this method, works completed to date in each contract are the basis to measure and recognize revenue. The quantum is calculated by each project team based on the technical progress up to the reporting date. The revenue recognized reflects the value of works completed/ measured to date in line with the consideration as determined in the respective contracts.

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.

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 Changes in Accounting Policies

A. Deferred Tax related to assets and liabilities arising from a single transaction

The Company has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to Ind AS 12) from 1st April, 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognize the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, Company applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Company previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognized on a net basis.

Following the amendments, the Company has recognized a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets.

However, there was no impact on the statement of financial position ie., Balance Sheet because the balances qualify for offset under paragraph 74 of Ind AS 12. There was also no impact on the opening retained earnings as at 01st April,2022 as a result of the change.

Notes to the Financial Statements

for the year ended March 31, 2024

B. Change in Methods for measuring progress towards complete satisfaction of a performance obligation

During the financial year, in order to faithfully depicts the enitity's performance towards complete satisfaction of the performance obligation, the compnay has adopted (as per Ind AS 115 "Revenue from Contract with Customers") Output method (based on physical completion) changing from the Input method which was followed in the comparative previous year. The company has made reasonable efforts to determine effect of change in the accounting policy duing the year. The effect due to change in the accounting policy in the comparative years are not material, hence the amounts of comparative periods are not restated.

The impact of aforesaid changes have been disclosed in Note 44.

C. Disclosure on inventory

Change in accounting policy on measurement of inventories:

Nature of Inventories	Current Year	Previous Years
Raw materials and components	At weighted average cost method. When they are intended for project use, valuation is done at project specific weighted average cost method.	At weighted average cost method or net realisable value whichever is lower.

Raw-materials and components, Stores & Spares and Goods in Transit represents items that are contract/project specific and are consumed in the ship building and/or ship repair contracts and other directly related ancillary services. Since each contract/project with different customers is distinct and having different characteristics, raw-materials and components, Stores & Spares and Goods in Transit are held for use in the production and not for sale in the ordinary course of business, are not ordinarily inter-changeable and unique in nature, therefore arriving at their net realizable value/replacement cost is not practical. Considering the industry practices, the Company has decided to value raw materials and components at weighted/project specific weighted average cost method. Accordingly, the said change is duly incorporated in the accounting policy of the company and brought out under "note 3.6- material accounting policy" to the financial statements. During the year, company has also reviewed its existing policy on measurement of Stores & Spares and Goods in transit and after due consideration of all the factors, the policy followed is considered as appropriate. The said change in the measurement policy does not have any impact in the current and previous financial statements.

D. Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to Ind AS 1) from 1st April, 2023. This amendment did not results in any changes in the accounting policies themselves and also did not result in any significant impact in the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material accounting policy information', rather than 'significant accounting policies'. The amendments also provide guidance on the application of materiality in disclosing accounting policies to provide useful, Company specific accounting policy information that users need to understand along with other material information in this financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note No.3 Material Accounting Policy Information in line with the amendment.

3 Material Accounting Policies

The Company has consistently applied all the accounting policies to the period presented in this financial statements except :

- where a newly issued Accounting Standard is initially adopted or
- a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(Refer "Note No. 2.6-Changes in Accounting Policies")

Notes to the Financial Statements

for the year ended March 31, 2024

The Company presents the material accounting policies under this note, which should be read in conjunction with the information presented and disclosed in the relevant notes referred under these financial statements and are considered to be "Material Accounting Policy Information".

3.1 Property , Plant and Equipment (PPE)

Recognition and Measurement:

Items of Property, Plant and Equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. For the items of Property, Plant and Equipment existing as on April 1, 2019 i.e company's date of transition to Ind AS, was carried at deemed cost ie carrying amount as at that date.

If significant parts of an item of Property, Plant and Equipment have different useful lives, then they are accounted for as separate items (major components) of Property, Plant and Equipment.

Spare Parts are capitalized when they meet the definition of Property, Plant and Equipment, i.e., when the Company intends to use these for a period exceeding 12 months and that can be used only in connection with an item of property, plant and equipment and whose use is expected to be irregular are capitalized and depreciated over the useful life of the spares or principal item of the relevant assets, whichever is lower.

Any gain or loss on disposal of an item of Property, Plant and Equipment is recognized in the statement of profit and loss account.

Subsequent Expenditure:

Subsequent costs are included in the asset's carrying amount or recognized 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 is material and can be measured reliably.

3.2 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.

Expenditure incurred on assets under construction (including a project) is carried at cost under Capital work in Progress ('CWIP').

3.3 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.

Internally generated procedure: Cost of internally generated weld procedure is capitalized as Intangible Asset and amortised on a straight-line basis over a period of three years.

For the intangible assets existing as on April 1, 2019 i.e company's date of transition to Ind AS, was carried at deemed cost ie carrying amount as at that date.

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

3.4 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company's lease asset classes primarily consist of leases for Land and Buildings.

As a Lessee:

At the date of commencement of the lease, the Company recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis or another systematic basis over the term of the lease.

Notes to the Financial Statements

for the year ended March 31, 2024

Right of Use (RoU) Assets

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. 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.

Lease Liabilities

The lease liability is initially measured at the present value of the future lease payments ie., amortised cost under effective interest method. 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. When a lease liability is remeasured, a corresponding adjustment is made to the carrying amount of right of use asset, or is recorded in statement of profit and loss, if carrying amount of the right of use asset has been reduced to nil Modifications to a lease agreement beyond the original terms and conditions are generally accounted for as a re-measurement of the lease liability with a corresponding adjustment to the RoU asset. Any gain or loss on modification is recognized in the Statement of Profit and Loss. However, the modifications that increase the scope of the lease by adding the right to use one or more underlying assets at a price commensurate with the stand-alone selling price are accounted for as a separate new lease. In case of lease modifications, discounting rates used for measurement of lease liability and RoU assets is also suitably adjusted.

The Company presents right of use assets in 'property, plant and equipment' and the lease liabilities separately from other liabilities in the Balance Sheet.

As a lessor:

Leases for which the Company is a lessor is classified as a finance or operating lease.

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 recognized as lease rental income and actual cashflows receivable as per the lease agreement is adjusted in ("Accrued Lease Rental asset").

3.5 Depreciation

Depreciation on property, plant and equipment is provided on straight-line method based on useful life of the asset as prescribed in part C of Schedule II to the Companies Act, 2013 except to the extent described below:

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. A maximum residual value of 5% of original cost is considered for all categories of assets.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Based on the technical evaluation of the management, for few categories of plant and machinery, the useful life is determined on double shift basis.

Capital Work in Progress included under Property, Plant and equipments are not depreciated as these assets are not yet available for use. However, they are tested for impairment if any.

3.6 Inventories

(a) Raw materials, components,stores and spares are valued at weighted average cost method. When they are intended to project use, valuation is done at project specific weighted average cost method. Goods in transit are valued at cost.

(b) Work In Progress (WIP) and Finished goods, have been valued at lower of cost and net realisable value.

Cost of Inventories comprises of all costs of purchase, cost of conversion , a proportion of manufacturing overheads based on the normal operating capacity and other costs incurred in bringing them to their respective present location and condition. Cost of steel plates, profiles, equipments and other raw materials and stores and spares at Weighted Average Method. Cost of Work-inProgress and Finished Goods is determined on Absorption Costing Method.

Notes to the Financial Statements

for the year ended March 31, 2024

3.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

Financial Assets

Initial recognition and measurement

All Financial Assets other than trade receivables are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction cost that are attributable to the acquisition of the Financial Asset. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognized immediately in the Statement of Profit and Loss.

Subsequent measurement

For the purpose of subsequent measurement, Financial Assets are classified in three categories:

- Financial assets at amortised cost;
- Financial assets at Fair Value through other comprehensive income (FVTOCI);
- Financial assets at Fair Value through statement of profit and loss (FVTPL);

Financial assets at amortised cost

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

Financial assets at Fair Value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at Fair Value through 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.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial Assets that are Debt Instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial guarantee contracts which are not subsequently measured as at FVTPL

c) Lease Receivables under Ind AS 116

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.

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

The Company recognizes 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.

Impairment loss allowance (or reversal) that is required to be recognized at the reporting date is recognized as an impairment loss or gain in the Statement of Profit & Loss Account.

Notes to the Financial Statements

for the year ended March 31, 2024

Financial Liabilities

Initial recognition and measurement

Financial Liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost, as appropriate.

All Financial Liabilities are recognized initially at fair value and, in the case of liabilities subsequently measured at amortized cost, they are measured net of directly attributable transaction cost. In case of Financial Liabilities measured at fair value through profit or loss, transaction costs directly attributable to the acquisition of financial liabilities are recognized immediately in the Statement of Profit and Loss.

The Company's Financial Liabilities include trade and other payables, loans and borrowings including financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at Fair Value through statement of profit and loss (FVTPL);
- Financial liabilities at amortised cost;

Financial Liabilities at fair value through profit or loss

Financial Liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through the Statement of Profit and Loss. Financial Liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Financial Liabilities at amortised cost

Financial Liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Gains and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

De-recognition of Financial Instruments

A financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A **financial liability** or a part of financial liability is de-recognised from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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.

Derivative instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The accounting for subsequent

Notes to the Financial Statements

for the year ended March 31, 2024

changes in fair value of derivatives depends on the designation or non- designation of derivative as hedging instruments. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative that are designated as Hedge Instrument

The Company undertakes foreign exchange forward contracts for hedging foreign currency risks. The Company generally designates the whole forward contract as hedging instrument. These hedging instruments are governed by the Company's foreign exchange risk management policy approved by the Board of Directors. At the inception of a hedge relationship, the Company formally designates and Documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that the hedge is actually have been highly effective throughout the financial reporting periods for which it was designated.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the Other Comprehensive Income ('OCI') and accumulated under the heading Cash Flow Hedge Reserve within Equity. The gain or loss relating to the ineffective portion is recognized immediately in the Statement of Profit and Loss and included in the Other Income or Other Expenses as Gain on Derivatives or Loss on Derivatives respectively. Amounts previously recognized in OCI and accumulated in equity relating to effective portion are reclassified to Statement of Profit and Loss in the periods when the hedged item affects profit or loss, in the same line item as the recognized hedged item or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting.

3.7A Impairment of Assets other than Financial assets

The Company assesses the impairment of assets other than financial assets such as Property, Plant & equipments, Intangible Assets and Inventories etc. 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 / realisable amount, is accounted for accordingly. The recoverable / realisable amount is the higher of an asset's fair value less costs of disposal and value in use.

3.8 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 109.

3.9 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.

3.10 Provisions , Contingent Liabilities and Contingent assets

Provisions

A provision is recognized 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

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for the year ended March 31, 2024

reporting date. These are reviewed at each reporting date adjusted to reflect the current best estimates.

Warranty obligations included in this type of provisions are not treated as a separate performance obligation, unless the customer has the option of contracting the warranty separately, therefore they are recognized in accordance with Ind AS 37. These provisions are classified as current liabilities since they relate to the operating construction projects cycle, in line with Ind AS 1.

Provision towards guarantee claims in respect of ships 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.

Contingent Liabilities and Contingent assets

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.

3.11 Revenue Recognition

a) Revenue from Operations

Revenue from contracts with customers are measured based on the consideration specified in a contract with a customer (ie., transaction price, which is the fair value of consideration received or receivable) At the first instance, revenue recognition process involves identifying the relevant contracts and technical evaluation of the performance obligations, contained therein.

During the year the Company has changed method for measuring progress towards satisfaction of a performance obligation as disclosed in Note 2.6.B

A single performance obligation is identified in shipbuilding and/or ship repair segments for each vessel, due to the high degree of integration and customization of the various goods and services forming a combined output that is transferred to the customer over time.

The company choses the appropriate method of measuring the progress of the completion at the contract inception for recognizing revenue over time, and are applied consistently to similar performance obligations under the respective segments and/or activities carried out thereon.

Recognition of Revenue for a performance obligation satisfied over time is made only if the company can reasonably measure its progress towards complete satisfaction of the performance obligation

The performance obligations for the shipbuilding and Ship repair activities carried out by the company are satisfied over time rather than at a point in time, since the Company's performance does not create an asset with an alternative use to the Company and it has an enforceable right to payment for performance completed to date.

In the case of ship repair contracts involving continuous maintenance support/ recurring and routine services, the company opted for time-elapsed output method, i.e, measuring the progress based on time elapsed to reporting date, which is representative of the satisfaction of performance obligation subject to entitlement of consideration in exchange of goods and/or services.

Based on the technical assessment considering the latest available information to the company, measuring the progress towards complete satisfaction of a performance obligation in the method adopted will be revised/updated on an ongoing basis.

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for the year ended March 31, 2024

During the initial stages of a contract, where the company may not be able to reasonably measure the outcome of a performance obligation and the company expects to recover the costs incurred in satisfying the performance obligation, revenue will be recognized only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

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 standalone 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.

The Company generally does not recognize any revenue from additional work until it has been approved by the customer. When the scope of work has been approved but the impact on revenue is yet to be valued, the "variable consideration" requirement (as explained below) will apply. This entails recognizing revenue in an amount that is unlikely to be reversed.

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.

Revenue from Supply of Base & Depot Spares is recognized based on the satisfaction of performance obligation at point of time on proof of receipt of goods from customer.

Unlike revenue recognition, amounts billed to the customer are based on the various milestones reached under the contract and on acknowledgement thereof by the customer by means of a contractual document referred to as a progress billing certificate. Therefore, the amounts recognized as revenue for a given year do not necessarily match those billed to or certified by the customer. For contracts in which the revenue recognized exceeds the amount billed or certified, the difference is recognized in as "Contract Asset" under "Other Current Assets", while for contracts in which the revenue recognized is lower than the amount billed or certified, the difference is recognized as "Contract Liability" under "Other Current Liabilities".

Other Operating Revenue with respective sale of stock items and scrap is recognized at the point of time when the company satisfies performance obligations and right to receive the income is established as per terms of the contract by transferring promised goods and services to the customer.

b) 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.

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. Ship Building Financial Assistance(SBFA) is recognised over a period

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for the year ended March 31, 2024

of time in proportion to the expenses / cost incurred and classified under "other operating revenue".

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 recognized in statement of profit & loss in the period in which they become receivable.

C. Other Income

i) 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

ii) 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 statments 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 financial statments on settlement of the claims by way of receipt of the amount from the Insurance Company.

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

3.12 Employee benefits

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

Post-employment benefit plans

Defined benefit plans -

Gratuity :

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.

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.

Notes to the Financial Statements

for the year ended March 31, 2024

Provident Fund and Pension Scheme

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.

Gratuity Fund: Company makes contribution to Group Gratuity Cash Accumulation plan maintained with Life Insurance Corporation of India (LIC).

Other employee benefits

Compensated absences

The Company has a policy on compensated absence which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absence is determined by Actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absence is recognised in the period in which the absences occur.

3.13 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.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax is measured at the amount of tax expected to be payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years as determined in accordance with the provisions of the Income Tax Act, 1961. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using the tax rates enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are offset, 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 tax is recognized using the Balance Sheet approach. Deferred 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

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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

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 the Financial Statements

for the year ended March 31, 2024

3.14 Operating Segments

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) Repair of Ships/ offshore structures.

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".

3.15 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 Division II - Ind AS Schedule III.

3.16 Excluded Financial Asset

Pursuant to resolution plan and NCLT Order dated 4th March 2020, the following assets/matters of Erstwhile Tebma shipyards mentioned below are identified as excluded financial asset based on information provided by the COC or Resolution Professional

1) VAT refund;

2) Insurance claim for damages to Tug lodged with an insurance company;

3) Insurance claim for theft and burglary with an insurance company;

4) Trade receivables from Indian Navy; and

5) 50% (fifty percent) of the amount of subsidy claim (ie., Shipbuilding Finance Assistance/subsidy) form Government of India.

These items will be accounted on realization basis.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 4 : Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross carrying amount				Depreciation				Net Carrying amount	
	As at 1st April 2023	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2024	As at 1st April 2023	For the year	Adjustment/ (withdrawal)	As at 31st March 2024	As at 31st March 2024	As at 31st March 2023
a) Owned Assets										
Land (Freehold)	2,680.32	-	-	2,680.32	-	-	-	-	2,680.32	2,680.32
Buildings	2,169.32	90.14	-	2,259.46	383.45	105.16	-	488.61	1,770.85	1,785.87
Plant and equipment	4,229.74	1,041.40	(13.38)	5,257.76	1,808.53	698.83	(9.20)	2,498.16	2,759.60	2,421.21
Furniture and fixtures	26.94	10.60	-	37.54	9.04	1.94	-	10.98	26.56	17.90
Vehicles	7.33	-	-	7.33	3.45	1.36	-	4.81	2.52	3.88
Office equipment	35.38	13.55	-	48.93	9.76	7.63	-	17.39	31.54	25.62
Data Processing Equipments	56.33	57.72	-	114.05	21.16	23.45	-	44.61	69.44	35.17
Electrical installation / Fitting	47.58	85.39	-	132.97	6.44	10.08	-	16.52	116.45	41.13
Sub Total	**9,252.94**	**1,298.80**	**(13.38)**	**10,538.36**	**2,241.83**	**848.45**	**(9.20)**	**3,081.08**	**7,457.28**	**7,011.10**
b) Assets on leased premises										
Buildings	1,809.64	648.57	-	2,458.21	1,382.38	46.85	-	1,429.23	1,028.98	427.27
Slipway	1,117.99	-	-	1,117.99	850.74	14.20	-	864.94	253.05	267.25
Sub Total	**2,927.63**	**648.57**	**-**	**3,576.20**	**2,233.12**	**61.05**	**-**	**2,294.17**	**1,282.03**	**694.52**
Total (a)+(b)	**12,180.57**	**1,947.37**	**(13.38)**	**14,114.56**	**4,474.95**	**909.50**	**(9.20)**	**5,375.25**	**8,739.31**	**7,705.62**
c) Right Of Use Assets										
Right of Use - Land	766.04	1.11	-	767.15	7.61	28.12	-	35.73	731.42	758.43
Sub Total	**766.04**	**1.11**	**-**	**767.15**	**7.61**	**28.12**	**-**	**35.73**	**731.42**	**758.43**
Total(a+b+c)	**12,946.61**	**1,948.48**	**(13.38)**	**14,881.71**	**4,482.56**	**937.62**	**(9.20)**	**5,410.98**	**9,470.73**	**8,464.05**

(₹ in lakhs)

Particulars	Gross carrying amount				Depreciation				Net Carrying amount	
	As at 1st April 2022	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2023	As at 1st April 2022	For the year	Adjustment/ (withdrawal)	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
a) Owned Assets										
Land (Freehold)	2,680.32	-	-	2,680.32	-	-	-	-	2,680.32	2,680.32
Buildings	2,153.99	15.33	-	2,169.32	370.82	12.63	-	383.45	1,785.87	1,783.17
Plant and equipment	4,175.38	54.36	-	4,229.74	1,320.81	487.72	-	1,808.53	2,421.21	2,854.57
Furniture and fixtures	18.02	8.92	-	26.94	8.16	0.88	-	9.04	17.90	9.86
Vehicles	7.33	-	-	7.33	2.08	1.37	-	3.45	3.88	5.25
Office equipment	24.41	10.97	-	35.38	4.83	4.93	-	9.76	25.62	19.58
Data Processing Equipments	44.37	11.96	-	56.33	7.89	13.27	-	21.16	35.17	36.48
Electrical installation / Fittings	47.15	0.43	-	47.58	1.97	4.47	-	6.44	41.13	45.18
Sub Total	**9,150.97**	**101.97**	**-**	**9,252.94**	**1,716.56**	**525.27**	**-**	**2,241.83**	**7,011.10**	**7,434.41**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 4 : Property, Plant and Equipment (Contd..)

(₹ in lakhs)

Particulars	Gross carrying amount				Depreciation				Net Carrying amount	
	As at 1st April 2022	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2023	As at 1st April 2022	For the year	Adjustment/ (withdrawal)	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
b) Assets on leased premises										
Buildings	1,809.64	-	-	1,809.64	1,024.69	357.69	-	1,382.38	427.27	784.95
Slipway	1,117.99	-	-	1,117.99	681.05	169.69	-	850.74	267.25	436.94
Sub Total	**2,927.63**	**-**	**-**	**2,927.63**	**1,705.74**	**527.38**	**-**	**2,233.12**	**694.52**	**1,221.89**
Total (a)+(b)	**12,078.60**	**101.97**	**-**	**12,180.57**	**3,422.30**	**1,052.65**	**-**	**4,474.95**	**7,705.62**	**8,656.30**
c) Right Of Use Assets										
Right of Use - Land	95.90	766.04	95.90	766.04	51.70	25.95	70.04	7.61	758.43	44.20
Sub Total	**95.90**	**766.04**	**95.90**	**766.04**	**51.70**	**25.95**	**70.04**	**7.61**	**758.43**	**44.20**
Total (a+b+c)	**12,174.50**	**868.01**	**95.90**	**12,946.61**	**3,474.00**	**1,078.60**	**70.04**	**4,482.56**	**8,464.05**	**8,700.50**

UCSL and Karnataka Maritime Board have signed the Lease Agreement for the Leasehold land at Malpe & Hangarkatta on 23.12.2022, for a period of 30 years w.e.f 04.3.2020,i.e;the date of NCLT order approving the take over of M/s Udupi Cochin Shipyard Limited (Erstwhile M/s TEBMA Shipyards Ltd) by M/s Cochin Shipyard Ltd. Modification to lease ageement has necessitated the reassessment of ROU assets and lease liabilities as per IND AS 116 and also the extension of useful life of assets located on lease hold land. Towards this, company made a total payment of ₹325.50 lakhs to Karnataka Maritime board(KMB) during FY 2022-23 which consists of payment towards security deposit, lease dues, penalty and interests to the KMB against the dues. Resulting changes has been incorporated in FY 2022-23 figures

Team 2 (12T BollardPull Tug) given on operating lease during the financial year has been included in "Plant & Equipments"

The value of Land at Kulpi (Kolkata- 230 cents) have not been recognized in accounts due to pending verification of geographical area & valuation of the same

Land belonging to the company continue to be in the name of erstwhile "Tebma Shipyards Ltd" and/or "Tebma Engineering Pvt Ltd" in the land records. Company has already initiated action to change the title deed in the name of "Udupi Cochin Shipyard Limited"

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.

During the year, borrowing cost of ₹8.11 Lakhs (PY ₹23.59 lakhs) capitalised. The total borrowing cost of ₹32.98 lakhs incurred during the FY 2021-22 to 2023-24 capitalised to Building (Asset held under lease land) included in the addition during the year.

No charge has been created on Property,Plant & Equipments

Disclosures with regard to Measurement, Depreciation Method, Useful life etc. of Property, Plant and Equipment are given vide para 3.1 of Material Accounting Policies, Key Accounting Estimates and Judgements. During the year, no portion of the Property Plant and Equipment has been revalued portion.However, the management is of the opinion that the carrying value of the asset as aforesaid does not exceed its recoverable value. Further, there is no indication, whether internal or external, that result in impairment loss . Accordingly, the question of impairment of tangible fixed assets i.e. Property, Plant and Equipment does not arise.

The Company has elected to consider the fair value of the assets as on the transition date, as the deemed cost of the property plant and equipment and accordingly the gross block of property plant and equipment arrived at.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 5: Capital work -in -progress

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Plant and machinery, Buildings and Civil works	727.82	989.74
Capital yard items	67.93	290.65
Total	**795.75**	**1,280.39**

CWIP Ageing schedule as on 31.03.2024

(₹ in lakhs)

Capital Work in Progress	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	770.75	25.00			795.75
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

CWIP Ageing schedule as on 31.03.2023

(₹ in lakhs)

Capital Work in Progress	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	809.94	456.32	14.13	-	1,280.39
Projects temporarily suspended	-	-	-	-	-

Note 6: Intangible assets

(₹ in lakhs)

Particulars	Gross carrying amount				Amortisation				Net Carrying amount	
	As at 1st April 2023	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2024	As at 1st April 2023	For the year	Adjustment/ (withdrawal)	As at 31st March 2024	As at 31st March 2024	As at 31st March 2023
Computer software	11.80	74.26	-	86.06	3.98	14.92		18.90	67.16	7.82
Total	**11.80**	**74.26**	**-**	**86.06**	**3.98**	**14.92**	**-**	**18.90**	**67.16**	**7.82**

(₹ in lakhs)

Particulars	Gross carrying amount				Amortisation				Net Carrying amount	
	As at 1st April 2022	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2023	As at 1st April 2022	For the year	Adjustment/ (withdrawal)	As at 31st March 2023	As at 31st March 2023	As at 31st March 2022
Computer software	11.49	0.31	-	11.80	1.29	2.69		3.98	7.82	10.20
Right to Use - land	16.68	-	16.68	-	12.53	1.73	14.26	-	-	4.15
Total	**28.17**	**0.31**	**16.68**	**11.80**	**13.82**	**4.42**	**14.26**	**3.98**	**7.82**	**14.35**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 6: Intangible assets (Contd..)

Refer vide note No.3.3 of Material Accounting Policies, Key Accounting Estimates and Judgements for Measurement, amortisation Method etc of intangible assets.

Addition includes cost of CADMATIC hull design software procured during the financial year.

No Borrowing Cost was incurred towards any qualifying Asset.

Note 7: Other Financial Assets - Non Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Unsecured; Considered good:		
Security deposits	22.20	16.27
Total	**22.20**	**16.27**

No amounts due from directors or other officers of the company either severally or jointly with any other person. Further, no amounts are due from firms or private companies respectively in which any director is a partner, a director or a member.

Security deposits includes rent deposits paid towards lease land at amortised cost under Ind AS 109 read with Ind As 116

Note 8: Income tax assets / liability (net)

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Non Current tax assets		
Income tax refundable net of provisions if any	73.56	61.26

The company has not accounted the TDS amount uploaded in Form 26AS on those deposits which are not taken as fixed deposits in the books of UCSL due to lien mark bank guarantee issued by Committe of Creditors (Coc)

The management of the company has decided to avail the option of computation of tax as provided u/s.115BAA of Income Tax Act, 1961. Company will file the required form i.e. Form 10IC before the prescribed date, to avail the benefit under the aforesaid section. Accordingly the tax expenses (both current and deferred) arrived at, considering the aforesaid section of the Income Tax Act, 1961.

(A) Major components of tax expense/(income):

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
a) Profit or Loss Section:		
i. Current tax:		
Current income tax charge	-	-
Adjustment in respect of prior years	-	0.38
Total (i)	**-**	**0.38**
ii. Deferred tax:		
In respect of current year	193.30	(282.72)
Total (ii)	**193.30**	**(282.72)**
Income tax expense recognised in the Statement of Profit and Loss (i+ii)	**193.30**	**(282.34)**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 8: Income tax assets / liability (net) (Contd..)

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
b) Other Comprehensive Income (OCI) Section:		
(i) Items not to be reclassified to profit or loss in subsequent periods	-	-
Deferred Tax expense/(income)		
On remeasurement of defined benefit plans	(6.38)	-
Total (i)	**(6.38)**	**-**
(ii) Items to be reclassified to profit or loss in subsequent periods		
Effective portion of gains/ (losses) on cash flow hedging instruments	109.14	-
Total (i)	**109.14**	**-**
Income tax expense recognised in the Statement of Other Comprehensive Income (i+ii)	**102.76**	**-**
c) Retained Earnings(Other Equity):		
i. Current Income Tax	-	-
ii. Deferred tax:	-	-
Income Tax Expense reported in Retained Earnings (Other Equity)	**-**	**-**

B) The income tax expense for the year can be reconciled to the accounting profit as follows:-

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Profit before tax	304.68	(1,148.88)
Corporate tax rate as per Income Tax Act 1961	25.17%	26.00%
Income tax expense calculated at respective applicable rates	76.68	(298.71)
Effect of expenses that are not deductible in determining taxable profit	440.19	296.28
Effect of expenses that are allowable in determining taxable profit	(271.31)	227.77
Adjustments with respect to unabsorbed business loss / Depreciation	(245.56)	(225.34)
Effect of expenses incurred on Corporate Social Responsibility not deductible in determining taxable profit	-	-
Effect of income that is exempt from taxation	-	-
Tax related to earlier year	-	0.38
	-	**0.38**
Current Tax expense recognised during the year	-	0.38
Adjustments for changes in estimates of deferred tax assets	193.30	(282.72)
Income tax expense recognised in the Statement of Profit and Loss	**193.30**	**(282.34)**
Effective Income tax rate	**63.44%**	**24.58%**

The effective rate of tax is more, since the Company has opted to pay tax under Section 115BAA and accordingly the deferred tax asset has been arrived at.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 8: Income tax assets / liability (net) (Contd..)

(C) Advance Income Tax and TDS

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
At the beginning of the year	61.26	30.40
Charge for the year	-	(0.38)
Charge for the previous year arrears adjusted	26.46	-
Income tax Paid /(Refund)	(14.16)	31.24
At the end of the year	**73.56**	**61.26**

Note 9: Deferred tax assets (net)

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Deferred tax liabilities	427.15	543.31
Deferred tax assets	(4,888.66)	(5,300.88)
Total	**(4,461.51)**	**(4,757.57)**

Deferred tax liabilities/(assets) in relation to 2023-24

(₹ in lakhs)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in Statement of Equity	Closing Balance
Provisions	(213.50)	(138.92)	-	(352.41)
Property, plant and equipment & Intangible Assets	346.12	(200.31)	-	145.81
Carry forward losses	(4,920.80)	546.99	-	(4,373.81)
Others -				-
Right Of Use (ROU)	197.19	(359.63)		(162.43)
Lease Liability	(166.58)	338.78	-	172.19
Cashflow Hedge - Adjustment	-	109.14	-	109.14
Total	**(4,757.57)**	**296.06**	**-**	**(4,461.51)**

Deferred tax liabilities/(assets) in relation to 2022-23

(₹ in lakhs)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Recognised in Statement of Equity	Closing Balance
Provisions	(264.97)	51.47	-	(213.50)
Property, plant and equipment & Intangible Assets	489.22	(143.10)	-	346.12
Carry forward losses	(4,690.60)	(230.20)		(4,920.80)
Others-				
Right Of Use (ROU)	11.49	185.70		197.19
Lease Liability	(19.98)	(146.60)	-	(166.58)
Total	**(4,474.84)**	**(282.72)**	**-**	**(4,757.57)**

As at March 31, 2024, the company has assessed recognition of deferred tax assets by assessing availability of sufficient future taxable profits, based on financial projections & order book position ,which have been approved by the Management, to absorb the deferred tax asset.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 10: Other non-current assets

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Unsecured, considered good		
Loose tools	91.33	25.66
Total	**91.33**	**25.66**

Note 11: Inventories

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Raw Materials and components	5,386.57	1,511.87
Work in Progress	428.64	496.05
Less: Provision for Inventory	(18.89)	(18.89)
Total (A)	**5,796.32**	**1,989.03**
Stores & Spares	110.70	81.17
Total (B)	**110.70**	**81.17**
Total (A+ B)	**5,907.02**	**2,070.20**

Refer Material accounting Policy 3.6 for inventory valuation

Entire stock of inventories are hypothecated towards availing cash credit facility from the bank.

Note 12: Trade Receivables-Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Unsecured		
Considered good:		
Trade Receivables considered good - Unsecured	721.38	331.57
Total	**721.38**	**331.57**

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.

Full provision is made for all trade receivables if any 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.

Trade receivables do not include any amount due from directors or other officers of the company either severally or jointly with any other person. Further, no trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

There are no unbilled trade receivables.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 12: Trade Receivables-Current (Contd..)

Trade Receivables ageing schedule as on 31.03.2024

(₹ in lakhs)

Particulars	Accrued but not due (Unbilled trade receivables)	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	719.80	1.58	-	-	-	721.38
(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	-	-	-	-	-	-	-
Less: Expected Credit Loss provision as on 31.03.2024	-	-	-	-	-	-	-
Trade receivable as on 31.03.2024							**721.38**

Trade Receivables ageing schedule as on 31.03.2023

(₹ in lakhs)

Particulars	Accrued but not due (Unbilled trade receivables)	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 Months to 1 year	1 to 2 years	2 to 3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	331.53	0.04	-	-	-	331.57
(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	-	-	-	-	-	-	-
Less: Expected Credit Loss provision as on 31.03.2023	-	-	-	-	-	-	-
Trade receivable as on 31.03.2023							**331.57**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 13: Cash and Cash equivalents

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Balance with Banks		
In current account	25.28	27.90
Term deposits with original maturity of less than three months	1,751.93	904.95
Total	**1,777.21**	**932.85**

Pursuant to resolution plan submitted by the M/s Cochin Shipyard Limited for takeover of Udupi Cochin Shipyard Limited (Erstwhile Tebma Shipyards), 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 erstwhile M/s Tebma Shipyards Limited, stands released, discharged in terms of the resolution plan.Consequently the Bank guarantees stands discharged and margin money shall be released to M/s Udupi Cochin Shipyard Limited. However, the margin monies (aggregating approx. ₹351.12 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, Interest income and TDS portion of interest income only in the period in which the banks actually release the margin money deposits. Accordingly the aforesaid amount is not included in the above.

Note 14: Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Term Deposits with banks with original maturity more than 12 months (Maturing with 12 months from the date of balance sheet)	700.00	-
Lien Marked Term deposits with original maturity of more than three months*	-	511.84
Term Deposits with banks with original maturity more than 3 months and less than 12 months**	0.94	876.64
Total	**700.94**	**1,388.48**

*Out of ₹511.84 lakhs disclosed as Deposits with banks (during the immediate preceding financial year) with maturity more than three months, ₹500 Lakhs represents lien marked deposits in favour of Union Bank of India for maintaining cash margin towards the Non-Fund based credit facilities granted to the Company. Balance ₹11.84 represents lien marked deposit in favour of Executive Engineer(M) Maritime Board, Gujarat towards submission of quotation for fabrication of patrolling boats

**Term Deposit with original maturity more than 3 months and less than 12 months includes term deposit of ₹0.94 lakhs with ICICI Bank for which deposit receipt is not available as it was placed by erstwhile M/s Tebma Shipyards Ltd. However the Bank has issued the confirmation letter for holding the deposit.

Note 15: Other Financial Assets - Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Unsecured, considered good		
Interest accrued on Bank Deposits	42.38	20.79
Interest accrued on Eletricity and Other Deposits	1.47	-
Ship Building Financial Assistance	1,075.99	228.67
Foreign Exchange Derivatives Assets	433.66	-
Total	**1,553.50**	**249.46**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 16: Other Current Assets

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Unsecured, considered good:		
Advances to Suppliers and others	1,506.92	1,322.09
Contract Assets	1,506.20	172.50
Stipend Claim receivable	0.27	-
Miscellaneous deposits	0.78	0.03
Prepaid expenditure	182.24	65.04
Surplus Balance in Gratuity Fund maintained with LIC	0.55	-
Input Tax Credit on GST	3,241.57	1,084.31
Other Receivables	31.96	31.96
Total	**6,470.49**	**2,675.94**

Other receivables represents the amount to be recovered from Committee of Creditors (CoC) for the costs incurred for maintenance of excluded ships. Said sum consisted of funds utilized from the CIRP account kept by the resolution professional as well as funds used from the company's account. The company has raised debit note for recovery of balance amount to CoC but has not yet received the payment. No Balance confirmation is available from Committee of Creditors. Misc deposits represents Earnest Money Deposit / security deposit kept in ordinary course of business.

No amounts due from directors or other officers of the company either severally or jointly with any other person. Further, no amounts are due from firms or private companies respectively in which any director is a partner, a director or a member.

Note 17: Equity Share Capital

Particulars	As at March 31,2024		As at March 31,2023	
	Number	₹ in lakhs	Number	₹ in lakhs
Authorised				
Equity shares of ₹10/- each	15,00,00,000	15,000.00	9,00,00,000	9,000.00
Preference shares of ₹10/- each	6,50,00,000	6,500.00	12,50,00,000	12,500.00
Issued, Subscribed and Fully paid up				
Equity shares of ₹10 each fully paid up	10,80,00,000	10,800.00	9,00,00,000	9,000.00
Total	**10,80,00,000**	**10,800.00**	**9,00,00,000**	**9,000.00**

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

17.1 Reconciliation of number of shares and amounts

Particulars	As at March 31,2024		As at March 31,2023	
	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares outstanding at the beginning of the year	9,00,00,000	9,000.00	6,50,00,000	6,500.00
Add : Shares issued during the year (Right issue of shares)	1,80,00,000	1,800.00	2,50,00,000	2,500.00
Less : Shares cancelled during the year	-	-	-	-
Equity Shares outstanding at the end of the year	**10,80,00,000**	**10,800.00**	**9,00,00,000**	**9,000.00**

Shares issued to M/s Cochin Shipyard Limited by way of Rights issue

Notes to the Financial Statements

for the year ended March 31, 2024

Note 17: Equity Share Capital (Contd

17.2 Details of shares held by Holding company

Particulars	As at March 31,2024		As at March 31,2023	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Cochin Shipyard Limited	10,80,00,000	100%	9,00,00,000	100%
Total	**10,80,00,000**	**100%**	**9,00,00,000**	**100%**

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

Particulars	As at March 31,2024		As at March 31,2023	
	Number of Shares held	% of holding	Number of Shares held	% of holding
Cochin Shipyard Limited	10,80,00,000	100%	9,00,00,000	100%

17.4 Shares held by promoters at the end of the year

Promoter name	No. of shares held at the end of the year	% of total shares	No. of shares held at the beginning of the Year	Change during the year	% Change during the year
Cochin Shipyard Limited	10,80,00,000	100%	9,00,00,000	1,80,00,000	-

Allotment of right shares during the year increases number of shares held by the promoter(Holding Company). As a result, no percentage change during the year.

Note 18: Other Equity

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Debenture Redemption Reserve	100.00	-
General Reserve	7,361.70	7,361.70
Cash flow Hedge Reserve (Other comprehensive income)	324.52	-
Retained Earnings	(2,303.69)	(2,296.09)
Total	**5,482.53**	**5,065.61**
Retained Earnings		
Balance as at the beginning of the year	(2,296.09)	(1,430.17)
Add: Net Profit / (Loss) for the period	111.38	(866.54)
Add/ (Less): Other Comprehensive income		
- Remeasurements of defined benefit plans	(18.98)	0.62
- Transfer to Debenture Redumption Reserve	(100.00)	-
Total comprehensive income for the current year	**(2,303.69)**	**(2,296.09)**
Balance as at the end of the year	**(2,303.69)**	**(2,296.09)**

Debenture Redemption Reserve:

During the year, the Company has created Debenture Redemption Reserve at 10% of the value of debenture issued by the company in accordance with Section 71(4) of the Companies Act, 2013 read with Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014 maturing in November, 2028.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 18: Other Equity (Contd..)

General Reserve:

General reserve is primarily created to comply with the requirements of Companies Act and also for prudential purposes. 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.

Cash flow Hedge Reserve:

Cash flow hedge reserve represents the effective portion of change in the fair value of designated hedging instruments recognised in the Other Comprehensive Income. (Refer Note No.3.7)

Note 19: Borrowings - Non Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Unsecured		
Redeemable Non Convertible debentures issued to Holding company @ 6%	1,000.00	1,000.00
Loan from Holding Company	500.00	500.00
Total	**1,500.00**	**1,500.00**

a) Unsecured Redeemable Non Convertible debentures issued for ₹1000 Lakhs :- In order to meet the revival and general corporate requirements of company, 1 Lakh NCDs of face value ₹1000 each have been issued by UCSL to CSL, through private placement. The coupon rate is 6% and the interest needs to paid on yearly basis. NCDs are redeemable at par at the end of 84 months i.e; on November 2028.

b) Loan of ₹500 Lakhs :- In order to meet the working capital requirement arising during operational phase of company, Holding company Cochin Shipyard Limited granted ₹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 disbursal.

Note 20: Lease Liabilities-Non current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Lease Liabilities - Ind AS 116	592.56	584.13
Total	**592.56**	**584.13**

Note 21: Other Financial liabilities - Non Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Rent Deposit	18.26	-
Total	**18.26**	**-**

Rent Deposit recieved against vessel given on operating lease disclosed at amortised cost as per Ind AS 109 - Financial Instruments

Notes to the Financial Statements

for the year ended March 31, 2024

Note 22: Other non current liabilities

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Advance Lease rent (Ind AS 109 adjustment)	4.13	-
Total	**4.13**	**-**

Note 23: Provisions - Non Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Provision for employee benefits - Compensated absences	25.85	4.59
Provision for employee benefits - Gratuity	-	19.38
Total	**25.85**	**23.97**

Note 24: Borrowings - Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Secured		
Loans repayable on demand from banks	-	705.00
Total	**-**	**705.00**

Company has availed Cash Credit facility (Sanction limit of ₹8500 Lakhs) from Union Bank of India and SBI at the interest rate 9.4% & 9.2% / annum respectively. Credit facility is secured by hypothecation of current assets including inventory and receivables of the Company. Terms of Repayment: Running account repayable on demand subject to annual review/ renewal.

Cash credit facility availed as on 31.03.2024 is Nil

Note 25: Lease liabilities - Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Lease Liabilities under Ind AS 116	52.84	56.57
Total	**52.84**	**56.57**

Note 26: Trade Payables

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Trade payables (Unsecured)		
Outstanding dues of Micro enterprises and Small enterprises	684.45	725.19
Outstanding dues of creditors other than Micro enterprises and Small enterprises	2,110.97	593.15
Total	**2,795.42**	**1,318.34**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 26: Trade Payables (Contd..)

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Amount remaining unpaid to supplier at the end of each accounting year;		
Principal	684.45	725.19
Interest on above Principal	-	-
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;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
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;	-	-

The outstanding dues to Micro and Small Enterprises as on the date of Balance Sheet is disclosed in the above note. During the year, the Company has repaid the dues of such enterprises on or before the appointed date and therefore the question of payment of interest to such enterprises does not arise. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

Trade payables (other than from MSMEs) includes unbilled payables ₹659.29 lakhs (P Y ₹285.70 lakhs).

Trade Payables ageing schedule as on 31.03.2024

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					
Not due	684.45	-	-	-	684.45
Due	-	-	-	-	-
(ii) Others					
Not due	916.79	-	-	-	916.79
Due	515.65	9.96	-	-	525.61
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
(v) Unbilled Creditors	668.57	-	-	-	668.57
Total	**2,785.46**	**9.96**	**-**	**-**	**2,795.42**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 26: Trade Payables (Contd..)

Trade Payables ageing schedule as on 31.03.2023

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					
Not due	725.19	-	-	-	725.19
Due	-	-	-	-	-
(ii) Others					
Not due	306.91	0.54	-	-	307.45
Due	-	-	-	-	-
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-
(v) Unbilled Creditors	285.7	-	-	-	285.70
Total	**1,317.80**	**0.54**	**-**	**-**	**1,318.34**

Note 27: Other Financial Liabilities - Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Interest accrued but not due on borrowings	31.86	31.86
Others		
Trade Security and other deposits	421.36	203.17
Others Payables	1,256.32	1,255.54
Total	**1,709.54**	**1,490.57**

Other payables includes ₹1253.84 lakhs (PY ₹1253.84 Lakhs) payable to Committee of Creditors i.e; Subsidy received from Ministry under Ship Building Subsidy Scheme. No Balance confirmation is available from Committee of Creditors.

Note 28: Other Current Liabilities

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Contract Liability	8,014.38	1,332.83
Advances for ship building , ship repair and other contracts	77.63	81.60
Statutory dues Paybles	333.26	283.46
Total	**8,425.27**	**1,697.89**

Note 29: Provisions - Current

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Provision for Employee benefits		
Gratuity	-	0.41
Compensated absences	2.46	0.11
Performance Incentive	16.65	-
Total (A)	**19.11**	**0.52**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 29: Provisions - Current (Contd..)

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Other Provisions		
For Guarantee Repairs	47.26	22.27
For Expenditure / contingencies	640.01	796.65
Total (B)	687.27	818.92
Total (A+B)	**706.38**	**819.44**

Guarantee repairs

Provision is made for estimated warranty claims in respect of ships and other products delivered which are still under warranty at the end of the reporting period.

Provision for Expenses / Contingencies

In order to meet the contingent expenditure to operationalise the facility as per the resolution plan, a provision for contingency of ₹1250 lakhs has been provided in books as on 31/3/2020. During the year, UCSL has adjusted an amount of ₹156.64 lakhs (PY ₹212.59 lakhs) and the balance has been reviewed and retained.

29.1 Details of movement of provisions

(₹ in lakhs)

Particulars	As at 01.04.2023	Provision made during the period	Amounts used during the period	Unused amounts reversed / Contribution to Gratuity Fund during the period	As at 31.03.2024
Provision for employee benefits- Gratuity	0.41	1.68	-	2.09	-
Compensated absences	0.11	2.48	0.13	-	2.46
Performance Incentive	-	16.65	-	-	16.65
Guarantee Repairs	22.27	56.00	8.74	22.27	47.26
Provision for expenditure / contingencies	796.65	-	156.64	-	640.01

Particulars	As at 01.04.2022	Provision made during the period	Amounts used during the period	Unused amounts reversed / Contribution to Gratuity Fund during the period	As at 31.03.2023
Provision for employee benefits- Gratuity	0.03	0.38	-	-	0.41
Compensated absences	-	0.11	-	-	0.11
Guarantee Repairs	1.80	20.47	-	-	22.27
Provision for expenditure / contingencies	1,009.24	-	212.59	-	796.65

Notes to the Financial Statements

for the year ended March 31, 2024

Note 30: Revenue from operations

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Sale of products		
Ship building	15526.49	2322.06
	15,526.49	**2,322.06**
Sale of services		
Ship repairs	-	608.65
Engineering works	1.90	758.07
Less: Credit Note	(12.33)	-
	(10.43)	**1,366.72**
Other operating revenue		
Sale of stock items	122.75	14.77
Ship Building Financial Assistance	2,228.55	228.67
Sale of scrap- Production	104.26	-
	2,455.56	**243.44**
Total	**17,971.62**	**3,932.22**

Refer Note No 41 on Ind AS 115 for other disclosures with regard to "Revenue from Contract with Customers", Sale of stock items represents, sale of required materials viz. ship building materials, consumables etc to the contractors/customers.

The Opertaing income of the Company, as disclosed above, includes unbilled revenue ₹7798.64 Lakhs (PY ₹2103.40 Lakhs)

Out of the Revenue from Operations, ₹2995.59 lakhs (previous year Nil) pertaining to revenue from export orders.

Note 31: Other Income

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Income from sale of scrap and stores	71.52	574.65
Profit on sale of Property, Plant & Equipment	13.25	-
Hire charges	60.00	-
Interest on bank deposits	266.15	68.53
Interest from other deposits	5.32	2.17
Net gain on foreign currency transactions	73.06	-
Provision no longer required (Refer Note Below)	26.46	181.82
Unwinding of Interest on Security Deposit- Ind AS 109	1.63	-
Miscellaneous income	157.57	21.57
Total	**674.96**	**848.74**

The company is not accounting the Interest amount uploaded in Form 26AS on those deposits which are not taken as fixed deposits in the books of UCSL due to lien marked before NCLT order.

During the FY 2022-23, pursuant to the order of Madras High Court dismissing appeal filed by VOC Port Trust against the arbitral award, an amount of ₹181.82 lakhs has been received by the company and same has been accounted as other income under the head "Provision no longer required/ Liabilities written back" during the FY 2022-23.

Provision of ₹26.46 lakhs reversed on receipt of TDS amount during the current financial year.

Miscellaneous income represents liquidation damage collected from customers, berthing charges etc.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 32: Cost of material consumed

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Raw Materials		
Steel	2,444.29	852.89
Pipe	324.79	46.33
Paint	118.89	103.34
Bought out components	7,949.06	736.45
Total	**10,837.03**	**1,739.01**

Note 33: Changes in Inventories of Work-in-Progress

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Work -in-progress at cost:		
At the beginning of the year	(496.05)	(352.31)
Less: at the end of the year	(428.64)	(496.05)
Total	**67.41**	**(143.74)**

Note 34: Sub Contract and Direct Expenses

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Sub contract and off loaded jobs	1,876.84	1,239.67
Hull insurance	35.99	3.09
Design Expenses	1,186.68	337.44
Operating expenses	360.65	59.58
Total	**3,460.16**	**1,639.78**

Note 35: Employee Benefits Expenses

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Salaries, wages, bonus/exgratia and allowances	864.47	593.89
Contribution to Provident Fund and Family Pension Fund	43.57	24.08
Gratuity / EL	25.95	12.35
Staff welfare expenses	96.44	49.16
Total	**1,030.43**	**679.48**

Salaries, Wages, bonus/exgratia and allowances includes provision for encashment of earned leave and half pay compensated absences for employees amounting to ₹23.74 lakhs (previous year ₹4.70 lakhs)

Employee benefit expenses includes ₹92.01 lakhs being secondment services availed from holding company (previous year ₹73.96 lakhs)

Notes to the Financial Statements

for the year ended March 31, 2024

Note 35: Employee Benefits Expenses (Contd..)

Other Benefit Plan - Compensated absences

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Discount Rate (p.a)	7.20%	7.30%
Rate of increase in compensation levels	5.00%	3.00%
Attrition Rate- Half Pay Leave	-	-
Average Duration of Defined Benefit Obligation (In years)	16.37	18.19

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Service Cost:		
Current Service Cost	1.86	3.67
Net Interest expense	0.34	1.03
Acturial (Gain)/Loss recognised during the period	21.54	-
Acturial (Gain)/Loss recognised during the period	23.74	4.70

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Present Value of Defined Benefit Obligation at end of the year	28.31	4.70
Fair Value of Plan Assets at the end of the year	-	-
Net Liabilities /(Assets) recognized in the Balance Sheet	**28.31**	**4.70**

(₹ in lakhs)

Type of Employee Benefit	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Current Component of PVO	2.46	0.11
Non-Current Component of PVO	25.85	4.59
TOTAL PVO	**28.31**	**4.70**

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Defined Benefit Obligation at beginning of the year	4.70	-
Current & Past Service Cost	1.86	3.67
Current Interest Cost	0.34	1.03
Actuarial (Gain)/ Loss	21.54	-
Benefits paid	(0.13)	-
Defined Benefit Obligation at end of the year	**28.31**	**4.70**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 35: Employee Benefits Expenses (Contd..)

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
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]

(₹ in lakhs)

Year	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Year 1	2.09	NA
Year 2	0.34	NA
Year 3	-	NA
Year 4	0.31	NA
Year 5	0.48	NA
Next 5 Years	25.09	NA

"NA " denoted " Not Available"

(₹ in lakhs)

Sensitivity Analysis - Earned Leave	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
A. Discount Rate + 100 BP	8.20%	8.30%
Defined Benefit Obligation [PVO]	25.72	4.31
Variation	(9.15%)	(8.25%)
B. Discount Rate - 100 BP	6.20%	6.30%
Defined Benefit Obligation [PVO]	31.36	5.16
Variation	10.76%	9.92%
C. Salary Escalation Rate + 100 BP	6.00%	4.00%
Defined Benefit Obligation [PVO]	31.25	5.16
Variation	10.37%	9.74%
D. Salary Escalation Rate - 100 BP	4.00%	2.00%
Defined Benefit Obligation [PVO]	25.77	4.32
Variation	(8.97%)	(8.19%)

BP denotes "Basis Points"

Defined Benefit Plan-Gratuity

(₹ in lakhs)

The principal assumptions used for the purpose of actuarial valuation were as follows:	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Discount Rate (p.a)	7.10%	7.30%
Rate of increase in compensation levels	5.00%	3.00%
Expected Rate of Return on Plan Asset	0.00%	0.00%
Average Duration of Defined Benefit Obligations (In years)	12.74	5.78

Notes to the Financial Statements

for the year ended March 31, 2024

Note 35: Employee Benefits Expenses (Contd..)

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Service Cost:		
Current Service Cost	22.44	11.85
Past Service Cost	-	-
Net Interest expense	1.44	0.50
Components of defined benefit costs recognised in statement of profit and loss	**23.88**	**12.35**
Remeasurement of the net defined benefit liability:		
Actuarial (Gain)/Loss on Plan Obligations	3.82	(0.62)
Difference between Actual Return and Interest income on Plan assets (gain)/loss		
Components of defined benefit costs recognised in Other Comprehensive Income	**3.82**	**(0.62)**

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Present Value of Defined Benefit Obligation at end of the year	47.58	19.79
Less: Fair Value of Plan Assets at the end of the year	48.13	-
Net Liabilities /(Assets) recognized in the Balance Sheet	**(0.55)**	**19.79**

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Defined Benefit Obligation at beginning of the year	19.79	8.06
Current Service Cost	22.44	11.85
Current Interest Cost	1.44	0.50
Past Service Cost	-	-
Actuarial (Gain)/ Loss	3.91	(0.62)
Benefits paid	-	-
Defined Benefit Obligation at end of the year	**47.58**	**19.79**

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

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Actuarial Gain/(Loss)	0.09	-
Contributions from the employer	48.04	-
Benefits paid	-	-
Fair Value of the Assets at the end of the year	**48.13**	**-**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 35: Employee Benefits Expenses (Contd..)

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

(₹ in lakhs)

Year	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Year 1	1.78	0.30
Year 2	3.27	2.82
Year 3	1.21	13.57
Year 4	4.16	1.49
Year 5	3.00	-
Next 5 Years	34.16	1.61

(₹ in lakhs)

Sensitivity Analysis	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
A. Discount Rate + 100 BP	8.10%	8.30%
Defined Benefit Obligation [PVO]	42.78	19.70
Variation	(10.07%)	(3.60%)
B. Discount Rate - 100 BP	6.10%	6.30%
Defined Benefit Obligation [PVO]	53.26	20.58
Variation	11.93%	4.05%
C. Salary Escalation Rate + 100 BP	6.00%	4.00%
Defined Benefit Obligation [PVO]	53.07	20.51
Variation	11.54%	3.68%
D. Salary Escalation Rate - 100 BP	4.00%	2.00%
Defined Benefit Obligation [PVO]	42.86	19.13
Variation	(9.92%)	(3.31%)

BP denotes "Basis Points"

(₹ in lakhs)

MAJOR CATEGORIES OF PLAN ASSETS (AS PERCENTAGE OF TOTAL PLAN ASSETS)	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Government of India Securities	-	NA
State Government Securities	-	NA
High Quality Corporate Bonds	-	NA
Equity shares of listed companies	-	NA
Property	-	NA
Special Deposit Scheme	-	NA
Funds managed by Insurer	-	NA
Others (Life Insurance Corporation of India)	100.00%	NA
Total	**100.00%**	**NA**

The plan assets are managed through Group Gratuity Scheme of Life Insurance Corporation of India.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 36 : Finance Costs

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Interest expense on lease liabilities Ind AS 116	60.22	3.18
Interest on Cash credit	28.92	28.40
Interest on Loan from Holding Company	27.50	27.50
Interest on Non convertible debentures-Holding Company	51.90	36.41
Interest expense on Financial liabilities- Ind As 109	1.08	-
Total	**169.62**	**95.49**

Note 37: Depreciation and Amortisation Expenses

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Depreciation on property, plant and equipments	909.50	1,052.65
Depreciation on Right Of Use Assets	28.12	25.95
Amortisation of intangible asset	14.92	4.42
Total	**952.54**	**1,083.02**

Note 38: Other Expenses

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Consumption of stores & spares	263.18	177.22
Dimunition in value of Loose tools	26.01	-
Rates and taxes	11.68	9.68
Power	110.28	62.02
Fuel	189.45	122.25
Water	2.09	5.34
Repairs and maintenance:		
Building and roads	75.59	15.14
Plant and machinery	74.04	21.96
Others	269.65	65.67
Maintenance dredging	-	1.97
Transport and stores handling	104.25	9.92
Travelling and conveyance expenses	70.26	16.38
Printing and stationery	9.74	9.50
Postage, telephone and telex	2.15	0.53
Advertisement and publicity	16.26	13.36
Hire charges	101.97	5.71
Insurance charges	23.25	22.99
Security expenses	100.56	90.83
Payments to Auditors	4.94	4.55
Training expenses	10.67	0.42
Legal expenses	1.76	7.55
Consultancy	28.01	35.88

Notes to the Financial Statements

for the year ended March 31, 2024

Note 38: Other Expenses (Contd..)

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Bank Guarantee commission / Bank charges	233.68	19.93
Net loss on foreign currency transactions	-	1.49
Loss on sale/write off of property, plant and equipments	-	4.23
Miscellaneous expenses	95.24	112.28
Total	**1,824.71**	**836.80**

Auditors remuneration, Auditors remuneration for other services and include:

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
For Audit Fees	3.00	3.00
For Limited Review/other services	1.94	1.55
Total	**4.94**	**4.55**

Note 39: Exeptional Items

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Sale of Excluded ship held on behalf of CoC:		
Y 159	655.00	-
Y 123		3,850.00
Less: Sale proceeds directly collected by CoC as per NCLT order	(655.00)	(3,850.00)
Total	**-**	**-**

Persuant to NCLT Order, Tripartite agreement was entered into among UCSL, Committee of Creditors & HAL Offshore limited, for effecting transfer of title of excluded ship bearing Hull No. Y 123 in FY 2022-23. In accorance with the agreement, Tax invoice was raised by company for the consideration of ₹3850 lakhs which was collected directly by CoC. GST portion amounting to ₹192.50 lakhs (5% on sale consideration) collected by company from the transferee to facilitate GST remittance has been remitted to Govt treasury.

However, during current financial year, Tripartite agreement has been entered into among UCSL, Committee of Creditors & SAN Marine, for effecting transfer of tittle of excluded ship bearing Hull No. Y159 . In accordance with the agreement, Tax invoice have been raised by UCSL for the consideration of ₹655.00 Lakhs which was collected by CoC. GST portion amounting to ₹32.75 Lakhs (5% on sale consideration) alone collectd by UCSL from the transferee and later remitted to Govt treasury.

Note 40: Earnings per Equity Share

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Net Profit after tax (₹ in lakhs)	111.38	(866.54)
Weighted average number of Equity Shares	97180328	68630137
Basic and Diluted Earnings Per Share (EPS) (in ₹)	0.11	(1.26)
Face value per equity (in ₹) Fully Paid	10.00	10.00

Notes to the Financial Statements

for the year ended March 31, 2024

Note 41: Additional Disclosures under Ind AS 115-"Revenue from Contract with Customers"

The Company during the year, has undertaken an assessment of whether it is principal or agent in its transactions for sale of products and services, on the indicators specified under Ind AS 115. Based on such assessment, the Company is of the view that it is a principal involving sale of products and services and has disclosed the revenue for the reporting as well as comparative year, but at net of Goods and Service Tax.

Disaggregated revenue as per Ind AS 115 :

The table below presents disaggregated revenues from contracts with customers for the year reporting year by type of products/ services and geographical regions. The Company believe that this disaggregation best depicts how the nature, amount and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors. The details are given below:

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
On the basis of type of products/services:		
Revenue from Contracts with customers		
A. Revenue from goods or services transferred over time		
(i) Sale of products		
Ship building:		
Vessels	15,526.49	2,322.06
(ii) Sale of services		
Engineering works	(10.43)	758.07
Ship Repairs	-	608.65
(iii) Other Operating Revenue		
Ship Building Financial Assistance	2,228.55	228.67
Sale of Stock Items	122.75	14.77
Sale of scrap	104.26	-
Total	**17,971.62**	**3,932.22**

The disclosure with regard to revenue from contract with customers and disaggregate revenue information are given vide Note 30 read with subnotes thereon. The disclosure in this note is to be read with disclosures made as required under Ind AS 115 vide Note 12 & subnotes thereon, Note 16 & subnotes thereon , Note 28 and Note 30 & subnotes thereon.

Accordingly the receivables arising from recognition of revenues represent trade receivables and Contract Assets, which is a right to consideration that is unconditional upon passage of Revenue. Such trade receivables & Contract Assets are presented net of impairment if any, in the Balance Sheet vide Note 12 read with subnotes therein and Note 16 read with subnotes therein. There are no impairment losses in trade receivables and contract assets.

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
On the Basis of Geographical region		
India	14,976.03	3,932.22
Export Sales	2,995.59	-
Total	**17,971.62**	**3,932.22**

The Company is of the opinion that the disclosures with regard to disaggregation of revenue, as stated in above two tables, are sufficient disclosure as required under Ind AS 115.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 41: Additional Disclosures under Ind AS 115-"Revenue from Contract with Customers" (Contd..)

The provisions of Ind AS 108 i.e. 'Operating Segment' is not applicable for the Company, except for disclosing the details of major customers, for the reason as given in note 50. Act. Accordingly the question of disclosing the disaggregated information, on the basis of segment, does not arise.

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 ₹60479.30 lakhs (PY ₹19184.01 lakhs) and will be recognised as revenue in subsequent years.The amount of transaction price relating to unsatisfied performance obligation that are part of a contract that has an original expected duration of one year or less has not been included in the above disclosure as permitted under Ind AS 115

Other Disclosures:

Opening and Closing Balance of Receivables from contract with customers: Disclosed in Note 12 of Balance Sheet.

Opening and Closing Balance of Contract Assets and Contract Liabilities from contract with customers: Disclosed in Note 16 and 28 of Balance Sheet.

The Company has recognised the revenue (as disclosed in Note 30) of ₹1332.83 Lakhs (PY ₹82.76 Lakhs) that was included in the Contract Liabilitiy balance at the beginning of the reporting period.

Costs (including incremental cost) incurred to obtain or fulfill the contract with customer which are required to be amortised for more than one year (i.e. capitalised) : Nil (P Y Nil)

Existence of significant financial component in the transaction price determined with the contract with customer: Nil (P Y Nil)

Revenue recognized during the year from performance obligations satisfied (fully or partially) in previous year/s: Nil (P Y Nil)

Disclosure with regard to performance obligations, allocation of transaction price to the remaining performance obligations, Significant judgments in the application of standard, timing of satisfaction of performance obligations, determining the transaction price and the amounts allocated to performance obligation:

The Company is in the business of construction of sea-going vessels , repair of ships and other related works. The major portion of the aforesaid activities are customer specific and based on the orders received from the customers. The Company is recognising the revenue as detailed in note 3.14 of Material Accounting Policy annexed to the Balance Sheet. The Invoice is being generated on the date of transfer of control (ie date of signing of Protocol of Delivery & Acceptance). However the revenue recognised under output method, as disclosed in aforesaid note. Accordingly the company is satisfying the performance obligations on progressive basis. The transaction price with customer is being determined by mutual consent and accordingly being allocated on a systematic basis i.e in accordance with the accounting policy adopted by the Company.

There are no obligations for returns, refunds and any other similar purposes. The Company has duly provided for warranty/guarantee obligations and disclosed the same under Note 29 the Financial Statement. The amount provided for guarantee/warrantee during the financial year ₹56 lakhs (PY ₹20.47 lakhs) , which is inclused in note no 34, under operating expenses.

The other disclosures as required under Ind AS 115 are not applicable to the Company.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 41: Additional Disclosures under Ind AS 115-"Revenue from Contract with Customers" (Contd..)

Reconciliation of contracted price with revenue during the year

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Opening contracted price of orders	21,516.08	1,264.13
Add:		
Fresh orders/change orders received (net)	51,610.59	19,529.75
Increase due to additional consideration including Shipbuilding Financial assistance	7,300.43	2,771.34
Increase due to exchange rate movements (net)	190.86	-
Less:		-
Other deductions including variations, change orders etc.	-	-
Orders completed during the year	11,163.70	2,049.14
Closing contracted price of orders	**69,454.26**	**21,516.08**
Total Revenue recognised during the year:	17,742.71	3,917.45
Less: Revenue out of orders completed during the year	8,882.12	1,585.38
Revenue out of orders under execution at the end of the year (I)	8,860.59	2,332.07
Revenue recognised upto previous year (from orders pending completion at the end of the year) (II)	114.37	-
Decrease due to exchange rate movements (net) (III)	-	-
Balance revenue to be recognised in future viz. Order book (IV)	60,479.30	19,184.01
Closing contracted price of orders (I+II+III+IV)	**69,454.26**	**21,516.08**

Note 42: Additional Disclosures under Ind AS 116-"Leases"

The Company as a lessee:

Depreciation charge for right of use assets by class of underlying asset: Refer Note 4 read with note 37 of Financial Statement.

Interest expense on lease liabilities : Refer Note 36 of Financial Statement under the head “Interest expense on lease liabilities Ind AS 116”.

Expense relating to short term leases accounted for applying recognition exemptions: Refer Note 38 under the head "Hire Charges".

Expenses relating to leases of low value assets accounting for applying recognition exemptions: There are no such leases.

Expenses relating variable lease payments not included in the measurement of lease liabilities: There are no such cases.

Income from subleasing of right to use assets: There are no such cases.

Additions to Right to use assets and Carrying amount right of use assets at the end of the reporting period by class of underlying asset : Refer Note 4 of Financial Statement.

Maturity Analysis of Lease Liabilities applying Ind AS 107: Refer Note 48 of Financial Statement.

Rent and Hire charges Expense includes expense incurred for the year ended 31.03.2024 relating to Short term leases and leases of low value assets amounting to ₹101.97 lakhs (PY: ₹5.71 lakhs).

Notes to the Financial Statements

for the year ended March 31, 2024

Note 42: Additional Disclosures under Ind AS 116-"Leases" (Contd..)

Total cash outflow for leases ₹ in lakhs:

In respect of leases covered under Ind AS 116-Long Term Leases:

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Lease Liability portion	-	199.02
Interest Portion	56.66	3.18
TOTAL	**56.66**	**202.20**

The details of the contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis are as follows:

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Less than one year	57.79	56.57
One to Five years	242.96	237.81
More than Five years	1,550.33	1,610.33
Total	**1,851.08**	**1,904.71**

Movement of Lease Liabilities are as under:

(₹ in lakhs)

Particulars	For the year ended Mar 31, 2024	For the year ended Mar 31,2023
Opening Balance	640.70	112.58
Add: Additions	1.12	727.14
Add: Interest recognised during the year	60.24	3.18
Less: Payment made	56.66	202.20
Total	**645.40**	**640.70**

The Company as a lessee:

The Company has given one nos' "Team 2" (12T BollardPull Tug) on operating lease during the financial year. The lease rent receivable there on credited to statement of profit and loss account vide Note 31.

The nature of leasing activity carried on by the Company is the giving of "Team 2" (12T BollardPull Tug) on operating lease. The management does not foresee any risk associated with any rights in retaining the underlying asset. The lease is supported by lease agreement/MOU and lessee is required to hand over the possession of the property back to the Company on expiry of the lease term. There are no other risk management strategy with regard to the lease.

Year Wise breakup of future Lease Rental Receivables (undiscounted):

Receivable during next	Amount (₹ Lakhs)
1st year	90.00
2nd year	90.00
3rd year	30.00
4th year	-
5th year	-
After 5th year	-
Total	**210.00**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 43: Additional Disclosures for Hedge Accounting

The company enters into foreign exchange derivative contracts to offset the foreign currency risks arising from the amounts denominated in currencies other than Indian Rupee. The counter party to the company's foreign currency forward contracts is generally a bank. The company has the following outstanding forward contracts, which have been designated as Cash Flow Hedges, as on 31 Mar 24

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Currency	Euro	-
No of Contracts	36	-
Notional amount of contracts	22405.55	-
Fair Value Gain/ (Loss)	433.66	-

The movement in Hedge reserve for derivatives designated as cash Flow Hedges is as follows:

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year Cr/(Dr)	-	-
Changes in the fair value of effective portion of outstanding cash flow derivatives (Net of Taxes)	324.52	-
Total	**324.52**	**-**

Note 44: Disclosures required by Ind AS 8 Accounting Policies, Changes in Accounting Estimates

During the financial year, in order to faithfully depicts the enitity's performance towards complete satisfaction of the performance obligation, the compnay has adopted (as per Ind AS 115 "Revenue from Contract with Customers") Output method (based on physical completion) changing from the Input method which was followed in the comparative previous year. The company has made reasonable efforts to determine effect of change in the accounting policy duing the year. The effect due to change in the accounting policy in the comparative years are not material, hence the amounts of comparative periods are not restated.

The effect on the financial statement during the current financial year due to the change in the accounting policy :

Account Head	Note No	Increase / Decrease in Value	Amount in Lakhs	Remark
Revenue from Operation	29	Decrease	171.43	Decrease in Contract Revenue
Contract Asset	15	Decrease	10.39	-
Contract Liability	27	Increase	161.04	-
Profit after Tax	-	Decrease	128.28	Decrease in Profit
Deferred Tax Asset	9	Increase	43.15	-

Accordingly the above change in accouting policy has resulted in decrease in other equity by ₹128.28 lakhs.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 45: CONTINGENT LIABILITIES AND COMMITMENTS

	Particulars	As at 31 Mar 2024 (₹ in Lakhs)	As at 31 Mar 2023 (₹ in Lakhs)	Brief Description of the nature and obligation
A	**CONTINGENT LIABILITY AFTER TAKE OVER (To the extent not provided for)**			
a	**Guarantees**			
i	Letters of Credit	1,714.34	4,040.30	Represent guarantees issued by various banks on behalf of the Company to its overseas suppliers.
ii	Bank Guarantees	18,286.06	3,898.81	Bank guarantees represent guarantees issued by various banks on behalf of the Company to its customers

The company has been sanctioned Fund based and Non Fund based limits of ₹56853.00 lakhs (PY - ₹9100 lakhs) as against the security of hypothication of current assets including inventory and trade receivables of the company.

B CONTINGENT LIABILITIES RELATED TO ERSTWHILE TEBMA PERIOD

i. Tax Matters	As at 31 Mar 2024 (₹ in Lakhs)	As at 31 Mar 2023 (₹ in Lakhs)	Brief Description of the nature and obligation
Director General of Foreign Trade (DGFT)			
- Where the Company is in appeal (Writ petition pending before Honourable High court of Madras). The amount disclosed inclusive of Interest amount, that may be charged.	425.71	414.38	Company has filed Writ petition aganist impugned orders by DGFT imposing penalty, customs duty and Interest under Foreign Trade Act issued to explain the reasons as to why Petitioner's name should not be placed under Denied Entity List refusing issuance of further licences/authorizations and other export benefits in terms of Section 9(2) of the Foreign Trade (Development and Regulation) Act, 1992 Interim Stay Order granted on 03 August 2022 until further orders.
- Where the Company is in appeal (Writ petition pending before Honourable High court of Madras) The amount disclosed inclusive of Interest amount, that may be charged.	749.43	694.00	Show cause notices issued to explain the reasons as to why Petitioner's name should not be placed under Denied Entity List refusing issuance of further licences/authorizations and other export benefits in terms of Section 9(2) of the Foreign Trade (Development and Regulation) Act, 1992 by DGFT. Interim Stay Order granted on 03 August 2022 until further orders.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 45: CONTINGENT LIABILITIES AND COMMITMENTS (Contd..)

i. Tax Matters	As at 31 Mar 2024 (₹ in Lakhs)	As at 31 Mar 2023 (₹ in Lakhs)	Brief Description of the nature and obligation
- Where the Company is in appeal (Writ petition pending before Honourable High court of Karnataka)	Refer Description of the nature and obligation column	Refer Description of the nature and obligation column	Show cause notices issued alleging that there was failure to achieve positive net foreign exchange(NFE) of ₹918.90 lakhs in respect of the years 2011-12 to 2015-16 and also a failure to file the Annual Progress Report (APR) in respect of the Malpe EOU for the years 2016-17 onwards resulting in non-fulfilment amounted to a contravention of the FTP and thereby rendered the Petitioner liable to imposition of penalty under Sec. 11(2) of the FT (D&R) Act. The Hon'ble High court has granted an interim stay of all proceedings pursuant to the show cause notice vide order date 15 Dec 2021. The Respondents have filed their counter affidavit in the matter and the matter is posted for filing of rejoinder by the Petitioners.
- Where the Department has served Show cause notices The amount disclosed inclusive of Interest amount, that may be charged.	339.16	314.07	Show cause notices issued to explain the reasons as to why Petitioner's name should not be placed under Denied Entity List refusing issuance of further licences/authorizations and other export benefits in terms of Section 9(2) of the Foreign Trade (Development and Regulation) Act, 1992 by DGFT. UCSL representative has attended personal hearing and submitted reply. Order awaited.
Others			
Entry Tax	76.90	76.90	All these cases pertain to the periods prior to the order of the Hon'ble NCLT approving the resolution plan and are not included in the Resolution Plan as no claims were submitted by the authorities concerned in response of the public notice issued by the Resolution Professional in terms of the regulations of IBC and who fall under the definition of operational creditors. However, as per the order of the Hon'ble NCLT dt. 04-03-2020, the Company has been directed to file applications for termination of the proceedings before the relevant authorities.
Central / State Excise / Service Tax / Customs / Goods and service tax / VAT	1,234.65	1,234.65	
Karnataka VAT	11.91	11.91	Order no ZD2900223010218S dtd 20/2/23 for Wrong claim of ITC for the period Sep to Dec 2017. All these cases pertain to the periods prior to the order of the Hon'ble NCLT approving the resolution plan and are not included in the Resolution Plan as no claims were submitted by the authorities concerned in response of the public notice issued by the Resolution Professional in terms of the regulations of IBC and who fall under the definition of operational creditors. However, as per the order of the Hon'ble NCLT dt. 04-03-2020, the Company has been directed to file applications for termination of the proceedings before the relevant authorities. Company replied to the authorities accordingly.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 45: CONTINGENT LIABILITIES AND COMMITMENTS (Contd..)

i. Tax Matters	As at 31 Mar 2024 (₹ in Lakhs)	As at 31 Mar 2023 (₹ in Lakhs)	Brief Description of the nature and obligation
ii) Money Suits			
Plaintiff: Lokenath Enterprises	35.91	31.96	For recovery of ₹21,83,714 together with interest @ 18% per annum from September 2020 till the date of realization, for the services performed by him from 2016 till CIRP Period for which payments were not made by Resolution professional Interlocutory Applications filed to set aside Exparte Order. At present adjourned for further hearing on IA's. Case open before Hon'ble Additional District and Sessions Court Chengalpettu (Tamil Nadu).
Plaintiff: Cochin Port trust	262.76	246.97	Port had filed a civil suit on 28/03/2014 before the Honourable Sub Court at Kochi to recover an amount of ₹105 lakhs with interest @ 15% p.a, which was incurred by CopT to rectify the manufacturing defects noticed on the tugs supplied by company. Matter pending before court for arbitration.

There are no other pending litigations, other than those disclosed above.

C CONTINGENT ASSETS

Pursuant to Order dated 13.07.2021 passed by Honourable High court of Madras in OP365/14 for the award dated 12.12.2013 and 04.02.2014 in the arbitration proceedings between M/s Tebma Shipyards Ltd and M/s Tuticorin Port trust Ltd (Present V.O. Chidambaranar Port Authority), ₹181.94 crores were settled by the VOCPT in Dec 2022 and Company is yet to receive the interest portion for the period from 04.02.2014 to 15.12.2022 which amounts to ₹283.68 lakhs plus taxes.

Note 46: Related Party disclosure as per Ind AS 24

Related Party	Nature of Relationship	
	2023-24	2022-23
Shri Madhu S Nair Chairman	Key Managerial Personnel	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 Sreejith K Narayanan Director	Key Managerial Personnel	Key Managerial Personnel (w.e.f May 03, 2022)
Shri Neelakandhan A N Director	Key Managerial Personnel	Key Managerial Personnel (w.e.f May 03, 2022)
Shri Rajesh Gopalakrishnan Director	Key Managerial Personnel (Till Jan, 05, 2024)	Key Managerial Personnel (w.e.f May 03, 2022)

Notes to the Financial Statements

for the year ended March 31, 2024

Note 46: Related Party disclosure as per Ind AS 24 (Contd..)

Related Party	Nature of Relationship	
	2023-24	**2022-23**
Smt. Anjana K R Director	Key Managerial Personnel (w.e.f January 06, 2024)	N.A
Shri Harikumar A Chief Executive Officer	Key Managerial Personnel	Key Managerial Personnel
Shri Shankar Nataraj 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*

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Shri Harikumar A		
Short term benefit	36.04	33.27
Post employment Benefit -Gratuity	1.77	1.09
Total	**37.81**	**34.36**
Shri Shankar Nataraj		
Short term benefit	31.41	10.58
Post employment Benefit -Gratuity	0.48	-
Total	**31.89**	**10.58**
Shri Aswin Sarma M		
Short term benefit	7.81	-
Post employment Benefit -Gratuity	1.47	-
Total	**9.28**	**-**

Outstanding Balance with Holding Company

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Receivables	1.11	331.54
Payables	26.72	17.94
Interest accrued but not due on borrowings	31.86	31.86
Non Convertible Debentures	1,000.00	1,000.00
Loan	500.00	500.00

The Company has neither received nor repaid any Loans or debentures during the reporting year and also during the comparative year.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 46: Related Party disclosure as per Ind AS 24 (Contd..)

Nature of transaction - Transaction with Related parties with Holding Company

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Secondment Charges paid (Excl. GST)	92.01	73.96
Puchase of services (incl. GST)	8.85	-
Sale of goods to Cochin Shipyard Ltd (incl. GST)	1.11	-
Interest expenses on Loan	27.50	27.50
Interest expenses on Non Covertible Debenture	60.00	60.00
Revenue on Engineering works (for current year: credit note issued)	(12.33)	758.07
Revenue from Ship Repair	-	584.02
Allotment of Equity shares	1,800.00	2,500.00
Liasoning Charges received	-	4.96

CSL's ERP system, 'SAP S/4HANA' has been extended to the Company with the entire SAP implementation cost and licenses charges for the financial year 2022-23 & 2023-24, aggregating to ₹49.34 lakhs, borne by the holding company on behalf of UCSL.

All the Transaction with holding company were made on terms equivalent to those that prevailed in arm's length transactions

Shares held by Nominees in UCSL on behalf of CSL	2023-24	2022-23
MADHU S NAIR, Chairman	10	10
BEJOY BHASKER, Director	10	10
JOSE V J, Director	10	10
SREEJITH K NARAYANAN	10	-
SHIBU JOHN, Ex-Chief Finance Officer	-	10
HARIKUMAR A, Chief Executive Officer	10	10
ASWIN SARMA M, Company Secretary	10	10

Note 47. 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.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 47. FINANCIAL INSTRUMENTS (Contd..)

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).

(₹ in lakhs)

Financial assets/ financial liabilities	Fair value as at		Fair Value hierarchy
	As at March 31,2024	As at March 31,2023	
Financial Assets			
Non Current			
Others	22.20	16.27	Level III
Current			
(i) Trade Receivables	721.38	331.57	Level III
(ii) Cash & Cash equivalents	1,777.21	932.85	Level III
(iii) Bank Balances other than (ii)	700.94	1,388.48	Level III
(iv) Loans	-	-	Level III
(iv) Others	1,553.50	249.46	Level III
Total Financial Assets	**4,775.23**	**2,918.63**	
Financial Liabilities			
Non Current			
(i) Borrowings	1,500.00	1,500.00	Level III
(ii) Lease Liabilities	592.56	584.13	Level III
(iii) Other financial liabilities	18.26	-	Level III
Current			
(i) Borrowings	-	705.00	Level III
(ii) Trade Payables	2,795.42	1,318.34	Level III
(iii) Lease Liabilities	52.84	56.57	Level III
(iii) Other financial liabilities	1,709.54	1,490.57	Level III
Total Financial Liabilities	**6,668.62**	**5,654.61**	

Note:

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

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.

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

(₹ in lakhs)

	31st March 2024			31st March 2023		
	FVTPL	FVTOCI	Amortised Cost/At Cost	FVTPL	FVTOCI	Amortised Cost/At Cost
Financial Assets						
Trade receivables	-	-	721.38	-	-	331.57
Cash & Cash equivalents	-	-	1,777.21	-	-	932.85
Bank Balances	-	-	700.94	-	-	1,388.48

Notes to the Financial Statements

for the year ended March 31, 2024

Note 47. FINANCIAL INSTRUMENTS (Contd..)

(₹ in lakhs)

	31st March 2024			31st March 2023		
	FVTPL	FVTOCI	Amortised Cost/At Cost	FVTPL	FVTOCI	Amortised Cost/At Cost
Other Financial Assets	-	-	1,575.70	-	-	265.73
Total Financial Assets	**-**	**-**	**4,775.23**	**-**	**-**	**2,918.63**
Financial liabilities						
Borrowings	-	-	1,500.00	-	-	2,205.00
Trade payables	-	-	2,795.42	-	-	1,318.34
Other financial liabilities	-	-	2,373.20	-	-	2,131.27
Total Financial Liabilities			**6,668.62**	**-**	**-**	**5,654.61**

Note 48 - Financial Risk Management Policy

Financial Risk Management Objective and Policies:

The Company's principal financial liabilities, other than derivatives, comprise of loans and borrowings, trade and other payables.

The Company's principal financial assets include advances, trade and other receivables and cash and bank balances that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board provides written principles for overall risk management as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivatives for speculative purposes.

Market Risk

Market risk is the risk that the fair value of future cash flows of financial assets will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial Assets affected by market risk include loans and borrowings, deposits and derivative financial instruments.

A. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations of Non Convertible Debenture(NCD) and loan from holding company with fixed rate as disclosed in Note 19. With the current profile of long term fixed rate borrowing, the company is not sensitive to interest rate fluctuations

B. Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). Foreign currency risk of the company is managed through a properly documented risk management policy approved by the board. The Board of directors also reviews the foreign currency exposure of the Company on quarterly basis. The company manages the net foreign currency risk mainly by entering into forward contracts with the bank as the counter party. The disclosures of outstanding forward contract as on reporting date is given in Note 43.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 48 - Financial Risk Management Policy (Contd..)

The company's exposure to foreign currency risk net of hedged exposure at the end of the reporting period expressed in ₹ (foreign currency amount multiplied by closing rate) are as follows:

(₹ in lakhs)

Particulars	31st March 2024		
	USD	EUR	Total
Financial Assets	-	-	-
Financial Liabilities	196.89	117.37	314.25

The sensitivity of profit/ loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments. The sensitivity analysis includes only outstanding foreign currency denominated monetary items net of hedge accounting impact and adjusts their translation at the year-end for a 5% change in foreign currency rates, with all other variables held constant. The sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates.

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	Impact on financial Liabilities
	31st March 2024
USD - Strengthening of ₹ by 5%	(9.84)
USD - Weakening of ₹ by 5%	9.84
EURO - Strengthening of ₹ by 5%	(5.87)
EURO - Weakening of ₹ by 5%	5.87

(₹ in lakhs)

Particulars	Impact on Profit Before Tax
	31st March 2024
USD - Strengthening of ₹ by 5%	9.84
USD - Weakening of ₹ by 5%	(9.84)
EURO - Strengthening of ₹ by 5%	5.87
EURO - Weakening of ₹ by 5%	(5.87)

C. Commodity Price Risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the purchase of steel, major machineries, equipments etc. The Company primarily purchases its raw materials in the open market from third parties. The Company is therefore subject to fluctuations in prices for the purchase of steel, being the primary raw material inputs. The Company aims to sell the finished products based on firm contract which is negotiated after due consideration of the expected raw material prices.

Therefore, the Company plans its purchases closely to optimise the price. Further since the products are of a specific nature which does not entail competition and is heterogeneous in nature due to its specification, the company's exposure to commodity risk is minimal.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 48 - Financial Risk Management Policy (Contd..)

Liquidity Risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may arise from an inability to sell a financial asset quickly at a rate close to its fair value. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth projects. The Company generates sufficient cash flow for operations through infusion of equity fund, whenever necessary, which together with the available cash and cash equivalents provides liquidity in the short-term and long- term. Company manages the liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities as depicted below:

(₹ in lakhs)

Particular	As on 31.03.2024		
	< I Year	1-3 years	>3 years
Financial Asset			
Trade receivables	721.38	-	-
Cash & Cash equivalents	1,777.21	-	-
Bank Balances	700.94	-	-
Other Financial Assets	1,439.04	114.46	22.20
Total Financial Asset	**4,638.57**	**114.46**	**22.20**
Financial Liability			
Non Current:			
Borrowings	-	500.00	1000.00
Lease Liability	-	-	592.56
Other Financial Liabilities	-	18.26	-
Current:			
Borrowings	-	-	-
Lease Liability	52.84	-	-
Trade payables	2,795.42	-	-
Other financial liabilities	1,709.54	-	-
Total Financial Liability	**4,557.80**	**518.26**	**1,592.56**

(₹ in lakhs)

Particular	As on 31.03.2023		
	< I Year	1-3 years	>3 years
Financial Asset			
Trade receivables	331.57		
Cash & Cash equivalents	932.85	-	-
Bank Balances	1,388.48	-	-
Other Financial Assets	20.79	228.67	16.27
Total Financial Asset	**2,673.69**	**228.67**	**16.27**
Financial Liability			
Non Current:			
Borrowings	-	500.00	1000.00
Lease Liability	-	-	584.13
Other Financial Liabilities	-	-	-
Current:			
Borrowings	705.00	-	-
Lease Liability	56.57	-	-
Trade payables	1318.34	-	-
Other financial liabilities	1490.57	-	-
Total Financial Liability	**3,570.48**	**500.00**	**1,584.13**

Notes to the Financial Statements

for the year ended March 31, 2024

Note 48 - Financial Risk Management Policy (Contd..)

Credit Risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and advances to suppliers) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.The companies maximum exposure to the credit risk for the components of balance sheet as on 31.03.2024 is carrying amount mentioned in Note no 13 to 16.

Note 49. Disclosure pursuant to Ind AS 1 "Presentation of financial statements":

a. Current assets expected to be recovered within twelve months and after twelve months from the reporting date (but within the operating cycle)

(₹ in lakhs)

Particulars	As on 31.03.2024		
	Within twelve months	After twelve months	Total
Inventories	5,907.02	-	5,907.02
Trade receivables	721.38	-	721.38
Cash and cash equivalents	1,777.21	-	1,777.21
Bank balances	700.94	-	700.94
Other Financial assets	1,439.04	114.46	1,553.50
Current tax assets (net)	-	-	-
Other current assets	3,228.92	3,241.57	6,470.49

b. Current liabilities expected to be settled within twelve months and after twelve months from the reporting date (but within the operating cycle)

(₹ in lakhs)

Particulars	As on 31.03.2024		
	Within twelve months	After twelve months	Total
Lease Liabilities	52.84	-	52.84
From Banks	-	-	-
Trade payables	2,795.42	-	2,795.42
Other financial liabilities	1,709.54	-	1,709.54
Other current liabilities	2,395.90	6,029.37	8,425.27
Provisions	706.38	-	706.38

(₹ in lakhs)

Particulars	As on 31.03.2023		
	Within twelve months	After twelve months	Total
Inventories	2,070.20	-	2,070.20
Trade receivables	331.57	-	331.57
Cash and cash equivalents	932.85	-	932.85
Bank balances	1,388.48	-	1,388.48
Other Financial assets	235.41	14.05	249.46
Other current assets	1,591.63	1,084.31	2,675.94

Notes to the Financial Statements

for the year ended March 31, 2024

Note 49. (Contd..)

(₹ in lakhs)

Particulars	As on 31.03.2023		
	Within twelve months	After twelve months	Total
Borrowings			
Lease Liabilities	56.57	-	56.57
From Banks	705.00	-	705.00
Trade payables	1,318.34	-	1,318.34
Other financial liabilities	1,490.57	-	1,490.57
Other current liabilities	840.49	857.40	1,697.89
Provisions	819.44	-	819.44

Note 50. Disclosure pursuant to Ind AS 108 "Operating Segment"

The Company operates under a single reportable segment i.e. Shipbuilding, since other business segments are not material. Hence, disclosures pertaining to segment reporting as required by Ind AS 108 is not applicable to it. However, the disclosures as below, are being made for transperancy purposes.

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Segment Assets		
Ship building	21,081.78	11,931.46
Ship repair	12.33	17.37
Unallocated	11,018.67	10,312.69
Total	**32,112.78**	**22,261.52**
Segment Liability		
Ship building	10,250.19	1,233.49
Ship repair	11.98	4.44
Unallocated	5,568.08	6,957.98
Total	**15,830.25**	**8,195.91**
Segment Revenue		
Ship building	17,971.62	3,308.80
Ship repair	-	608.65
Unallocated	674.96	863.51
Total	**18,646.58**	**4,780.96**
Segment Result		
Ship building	1,793.86	(970.44)
Ship repair	-	270.65
Unallocated	(1,489.18)	(449.09)
Total	**304.68**	**(1,148.88)**

Unallocated results comprises arrived at after considering Finance Cost ₹169.62 lakhs (P Y ₹95.49 lakhs)

The Company operates within India and does not have operations in economic environments with different risks and returns. Hence, it is considered operating in single geographical segment. The amounts appearing in the financial statements relate to the company's single operating segment.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 50. Disclosure pursuant to Ind AS 108 "Operating Segment" (Contd..)

Details of single external customers with whom revenues from transactions amount to 10 per cent or more of an entity's revenues provided below:

(₹ in lakhs)

Particular	Segment	31st March 2024		31st March 2023	
		Amount	Percentage of the Total Revenue	Amount	Percentage of the Total Revenue
Customer 1	Ship Building	7368.42	41.00%	1262.50	32.11%
Customer 2	Ship Building	4424.27	24.62%	-	-
Customer 3	Ship Building	2995.59	16.67%	-	-
Customer 4	Ship Building	-	-	1342.09	34.13%

Note 51 A. Further Disclosure as required under Ind AS 7 (Statement of Cash Flows) with regard to financing activities

(₹ in lakhs)

Particulars	Opening balance as on 1st April, 2023	Cashflows	Non cash transactions- Processing Charges	Closing balance as on 31st March, 2024
Issue of Share Capital	9,000.00	1,800.00	-	10,800.00
Non Current Borrowings	1,500.00	-	-	1,500.00
Working Capital Borrowings	705.00	(705.00)	-	-
	11,205.00	**1,095.00**	**-**	**12,300.00**
Net gain /(loss) on foreign currency transactions		73.81		
Interest Paid on Borrowings		(116.42)		
Other items (Ind AS 116) Lease payments-Principal & Interest portion		(56.66)		
Total Cash Inflow on account of Financial Activities		**995.73**		

(₹ in lakhs)

Particulars	Opening balance as on 1st April, 2022	Cashflows	Non cash transactions- Processing Charges	Closing balance as on 31st March, 2023
Issue of Share Capital	6,500.00	2,500.00	-	9,000.00
Non Current Borrowings	1,500.00	-	-	1,500.00
Working Capital Borrowings	-	705.00		705.00
	8,000.00	**3,205.00**	**-**	**11,205.00**
Net gain /(loss) on foreign currency transactions		(1.49)		
Interest Paid on Borrowings		(115.91)		
Other items (Ind AS 116) Lease payments-Principal & Interest portion		(202.20)		
Total Cash inflow on account of Financial Activities		**2,885.40**		

Notes to the Financial Statements

for the year ended March 31, 2024

Note 51.B Disclosures with regard to regrouping

The Company has regrouped the following items during the year :

Nature	₹ In lakhs		Head	
	Current Year	Previous Year	Current Year	Previous Year
Loose Tools	91.33	25.66	Other Non Current Assets (Note 10)	Inventories (Note 10)
Ship Building Financial Assistance	1,075.99	24.19	Other Financial Assets - Current (Note 15)	Other Current Assets (Note 15)
		204.48		Other Current Liabilities (Note 26)
Unbilled Creditors	659.29	285.70	Trade Payables (Note 26)	Other Financial Liabilities - Current (Note 25)
Sale of stock items	122.75	14.77	Revenue from Operation (Note 30)	Other Income (Note 29)

The comparative years figures are accordingly regrouped in all the above cases. The regroupings as above are done for better presentation and to align with the disclosures of Holding Company.

Note 51.C. 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).

(₹ in lakhs)

Particulars	As at March 31,2024	As at March 31,2023
Non current borrowings	1500.00	1500.00
Net Debt	1500.00	1500.00
Equity Share Capital	10800.00	9000.00
Other equity	5482.53	5065.61
Total Equity	16282.53	14065.61
Gearing Ratio	9.21%	10.66%

Notes to the Financial Statements

for the year ended March 31, 2024

Note 52. Ratios

Ratio	Numerator	Denominator	2023-24	2022-23	% Variance	Remark if changes more than 25%
Current Ratio	Current Assets	Current Liabilities	1.25	1.26	(1%)	-
Debt – Equity Ratio	Total Debt	Shareholder's Equity	0.09	0.11	(18%)	-
Debt Service Coverage Ratio	Earning for Debt Service*	Debt Service*	7.13	0.98	628%	Company's PBT has improved as compared to last year
Return on Equity (ROE)	Net Profits after taxes – Preference Dividend (if any)	Average Shareholder's Equity	0.007	NA	NA	Company earned profit during the year.
Inventory Turnover Ratio	Sales	Average Inventory	4.51	2.57	75%	Production facility made fully operational during the period
Trade receivables turnover ratio	Sales	Avg. Accounts Receivable	34.14	18.33	86%	Increase in sale during the period
Trade payables turnover ratio	Net Credit Purchases	Average Trade Payables	7.13	3.21	122%	Company has increased its production activity during the year.
Net capital turnover ratio	Net Sales	Working Capital	5.22	2.52	107%	Increase in sale during the period
Net profit ratio	Net Profit	Net Sales	0.01	(0.22)	103%	Company's PAT has improved as compared to last year
Return on capital employed (ROCE)	Earning before interest and taxes	Capital Employed	0.04	NA	-	-
Return on investment	PAT	Sum invested	NA	NA	-	No investment made by the compnay

*Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

*Debt service = Interest & Lease Payments + Principal Repayments

Note 53. 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 ₹65 crs was paid by CSL and a major part of the resolution plan was implemented and accounted in the books of Account in FY 2019-20 & 2020-21.

Persuant to NCLT order, during the FY 2022-23, Tripartite agreement has been entered into among UCSL, Committee of Creditors & HAL Offshore limited, for effecting sale and transfer of title of excluded ship Y 124. In order to transfer ownership of the vessel bearing Yard No Y 124, invoice have been raised by UCSL for the consideration of ₹38.50 Cr plus GST @ the rate of 5% amounting to ₹1.92 Cr. In this regards, UCSL collected GST @ Rate 5% amounting to ₹1.92 Cr from transferee which later remitted to Govt treasury. 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.

However, during current financial year, Tripartite agreement has been entered into among UCSL, Committee of Creditors & SAN Marine, for effecting transfer of tittle of excluded ship bearing Hull No. Y159 . In accordance with the agreement, Tax invoice have

Notes to the Financial Statements

for the year ended March 31, 2024

Note 53. (Contd..)

been raised by UCSL for the consideration of ₹655.00 Lakhs which was collected by CoC. GST portion amounting to ₹32.75 Lakhs (5% on sale consideration) alone collectd by UCSL from the transferee and later remitted to Govt treasury. With regard to demand notice issued by various statutory authorities pertaining to period prior to NCLT order, the Company has been directed to file applications for termination of the proceedings before the relevant authorities.

Note 54. Other Statutory Information

a) The title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as Right to use assets in the financial statements, the lease agreements are in the name of the Company.

b) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Asset) since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.

c) The Company has not granted any loan or advance in the nature of loan to promoters, directors, KMPs and other related parties that are repayable on demand or without specifying any terms or period of repayment.

d) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date.

e) Registration, Modification and Satisfaction of charges, where ever applicable, relating to the year under review, had been filed with the Registrar of Companies, within the prescribed time.

f) There are no proceedings initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

g) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts

h) The Company is not declared as willful defaulter by any bank or financial Institution or other lenders.

i) The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

j) There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year.

k) 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.

l) The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

Notes to the Financial Statements

for the year ended March 31, 2024

Note 54. Other Statutory Information (Contd..)

m) The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence, disclosures relating to it are not applicable.

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

o) The Company does not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

p) The Company has used the accounting software for maintaining its books of accounts which has a feature of audit trail (edit log) facility. Further the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and the Company did not come across any instances of audit trail feature being tampered with.

q). The Company has, in all material aspects, an adequate internal financial control system over financial reporting and such financial controls over financial reporting were operating effectively as on 31st March 2024.

r). In the opinion of the Board of Directors, the assets listed under the heads "Non-Current Assets" & "Current Assets" (other than Tangible & Intangible Assets and Investments) as stated in Note 7 to 16 the Balance Sheet, have a value on realisation in the ordinary course of business not lesser than the amount being stated at reporting date.

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

56. Figures in brackets denote negative figures.

Corporate overview and Material Accounting Policies 1-3

Notes to the Financial Statements 4-56

The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

ASWIN SARMA M	**SHANKAR NATARAJ**	**HARIKUMAR A**	**JOSE V J**	**MADHU S NAIR**
Company Secretary	Chief Financial Officer	Chief Executive Officer	Director	Chairman
M.No. A41969			DIN- 08444440	DIN-07376798
Kochi, dated 06th May,2024				

For PAI NAYAK & ASSOCIATES
Chartered Accountants
FRN - 09090S

CA. AMMUNJE VENKATESH NAYAK
Partner
M.No 204685
UDIN: 24204685BKCOET2261
Udupi, dated 06th May,2024

NOTICE

Notice is hereby given that the 40th Annual General Meeting ("AGM") of the Members of Udupi Cochin Shipyard Limited will be held at 09.15 hrs. IST on Thursday, September 19, 2024 through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

Ordinary Business

1. To consider and adopt the audited financial statements as on March 31, 2024, and the Reports of the Board of Directors and Auditors' thereon.

2. To appoint a Director in place of Shri Madhu Sankunny Nair (DIN: 07376798), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Shri Sreejith K Narayanan (DIN: 09543968), who retires by rotation at this AGM and being eligible, offers himself for re-appointment.

4. 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 2024-25.

Special Business

5. Ratification of Remuneration of Cost Auditors

To consider and if thought fit, to pass the following resolution as ordinary resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), as amended from time to time, the Company hereby ratifies the remuneration of ₹75,000/- (Rupees Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses at actuals payable to M/s. BBS & Associates, Cost Accountants (Firm Registration No. 00273), who are appointed by the Board of Directors as Cost Auditors of the Company to conduct audits relating to cost records of the Company under the Companies (Cost Records and Audit) Rules, 2014 for the year ending March 31, 2025."

"**RESOLVED FURTHER THAT** any one of the Directors or the Key Managerial Personnel of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

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

Aswin Sarma M
Company Secretary
M. No. A41969

Kochi
September 10, 2024

Notes:

1. The Ministry of Corporate Affairs ("MCA") vide its General Circular No. 09/2023 dated September 25, 2023 read with General Circular No. 20/2020 dated May 05, 2020 and all other relevant Circulars issued from time to time (collectively referred to as "MCA Circulars"), permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 and the MCA Circulars, the 40th AGM of the Company is being held through VC/ OAVM. The Registered Office of the Company shall be deemed to be the venue for the AGM.

2. The attendance of the Members in the AGM through VC/ OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

3. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed and forms part of the Notice.

4. The brief details of the Directors, who are 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).

5. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM 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. Since, this AGM is being held pursuant to the MCA Circulars through VC/ OAVM, physical attendance of Members has been dispensed with and hence the facility for appointment of proxies by the Members will not be available for the AGM. Therefore, the proxy form, attendance slip and route map are not annexed to this Notice. However, in pursuance of Section 112 and 113 of the Companies Act, 2013, representatives of the Members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/ OAVM. Such Members are requested to send to the Company through e-mail at secretary.tsl@cochinshipyard.in, 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 AGM.

6. Annual Report for the year 2023-24 including the audited financial statements for the year ended March 31, 2024, is being sent by e-mail to those Members whose e-mail addresses are registered with the Company. Further, the hard copies of the same would also be made available to the Members on request. Members may forward their request for hard copy to secretary.tsl@cochinshipyard.in. Members may note that the Notice and Annual Report 2023-24 will also be available on the Company's website at www.udupicsl.com/ and the website of the holding company Cochin Shipyard Limited at www.cochinshipyard.in.

7. The registers maintained under the Companies Act, 2013 and all documents referred to in the Notice will be available electronically for inspection to the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection by the Members from the date of circulation of this Notice up to the date of AGM. Members seeking to inspect such documents can send an email to secretary.tsl@cochinshipyard.in.

8. The AGM is proposed to be held at a shorter notice. The request, pursuant to Section 101 of the Companies Act, 2013, for consenting to conduct the AGM at a shorter notice is enclosed along with this Notice and the AGM will be held only if the consent is received from all the Members entitled to vote at the AGM.

9. The instructions for joining the AGM through VC/ OAVM is as follows:

   (a) Members and other invitees can attend the AGM through Microsoft Teams Digital Meeting Platform by clicking the below link.

   Link for attending the 40th AGM of Udupi Cochin Shipyard Limited

   Meeting ID: 429 843 754 297
   Passcode: Jr4PAW

   (b) The facility for joining the AGM through VC/ OAVM shall open 15 minutes before the time scheduled for the AGM.

   (c) For any assistance for participating in the AGM, Members can contact the Company Secretary at 0484 2501926 or send an email to secretary.tsl@cochinshipyard.in.

   (d) The designated e-mail id for casting the votes in case of a poll is secretary.tsl@cochinshipyard.in.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5

In pursuance of Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to appoint a Cost Auditor to audit the cost records of the applicable products of the Company.

The Board at its 27th Meeting (post CIRP) held on July 29, 2024 has appointed M/s. BBS & Associates, Cost Accountants (Firm Registration No. 00273), as the Cost Auditors of the Company for the financial year 2024-25 at a remuneration of ₹75,000/- (Rupees Seventy Five Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses at actuals. As per Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Cost Auditors is required to be ratified by the Members of the Company.

The Board accordingly recommends the resolution set out in item no. 5 of the Notice for the approval of the Members of the Company by way of an ordinary resolution.

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are in any way, concerned or interested, financially or otherwise, in the resolution at item no. 5 of the Notice.

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

Aswin Sarma M
Company Secretary
M. No. A41969

Kochi
September 10, 2024

Registered Office

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

CONSENT OF SHAREHOLDER

[Pursuant to Section 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 ₹10 each in the Company, hereby give consent, pursuant to Section 101 of the Companies Act, 2013, to hold the 40th Annual General Meeting (AGM) of the Company on September 19, 2024 at a shorter notice.

Place: Signature:

Date: Name:

DETAILS OF THE DIRECTORS 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 Sankunny Nair
DIN	07376798
Age & Date of Birth	58 years & January 05, 1966
Qualifications	Shri Madhu Sankunny 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 Sankunny Nair is the Chairman and Managing Director of Cochin Shipyard Limited (CSL), the Holding Company. He has more than 36 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 Sankunny 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 Sankunny 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 2023-24)	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 2023-24	7/7
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.

Name of the Director	Shri Sreejith K Narayanan
DIN	09543968
Age & Date of Birth	59 years & May 17, 1965
Qualifications	Shri Sreejith K Narayanan 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.
Experience	Shri Sreejith K Narayanan is the Director (Operations) of Cochin Shipyard Limited (CSL), the Holding Company. He has more than 36 years of work experience in the area of ship building, ship design and ship repair.
Terms and conditions of re-appointment	Shri Sreejith K Narayanan was inducted to the UCSL Board on May 03, 2022 as a nominee of CSL. Approval of the members is sought for continuation of office of directorship of Sreejith K Narayanan 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 2023-24)	Nil
Date of first appointment on the Board	May 03, 2022
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 2023-24	7/7
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.

UDUPI COCHIN SHIPYARD LIMITED

Registered Office

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

CIN: U27209TN1984GOI010994