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Board of Directors

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

Company Secretary

Smt V Kala

Registered Office

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

Bankers

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

Auditors

M/s Krishnamoorthy & Krishnamoorthy
Chartered Accountants, Ernakulam

Management Team

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

BOARD OF DIRECTORS



Cmde K Subramaniam
Chairman and Managing Director

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



Shri Paul Ranjan D
Director (Finance)

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



Shri Sunny Thomas
Director (Technical)

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



Shri Barun Mitra, IAS

Official Part Time Director
Joint Secretary (Shipping)



Shri. Elias George, IAS

Official Part Time Director
(Representative of Government of Kerala)



Dr G C Gopala Pillai

Non Official Part Time Director

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

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

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

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

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



Dr. S Mohan

Non Official Part Time Director

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



Shri N Raghuram

Non Official Part Time Director

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



FINANCIAL HIGHLIGHTS

(₹ in crores)

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

CHAIRMAN'S ADDRESS

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

Operating scenario

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

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

Company Performance

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



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

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

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



CHAIRMAN'S ADDRESS

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

New Business Initiatives

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

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

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

Major Expansion Plans

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

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

Other Expansion projects

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

CHAIRMAN'S ADDRESS

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

Corporate Governance

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

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

company would benefit by his contributions.

Industrial Relations

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

Research and Development

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

Skill Development

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



CHAIRMAN'S ADDRESS

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

Integrated Management System

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

Corporate Social Responsibility

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

Conclusion

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

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

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

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

Jai Hind!

Cmde K Subramaniam