

CHARTING NEW HORIZONS WITH EXPANSION & INNOVATION



ANNUAL REPORT 2018-19



COCHIN SHIPYARD LIMITED

www.cochinshipyard.com

TABLE OF CONTENTS

	Page No.
Highlights of the Year	1
Who We Are	4
Our Credentials	8
Chairman's Address	9
Key Performance Indicators	14
Financial Highlights	16
Our People	18
Corporate Social Responsibility	19
Board of Directors	20
Corporate Information	23
Directors' Report	24
Comments of C&AG	59
Management Discussion and Analysis Report	71
Business Responsibility Report	79
Report on Corporate Governance	87
Independent Auditors' Report (Standalone)	109
Standalone Financial Statements	116
Independent Auditors' Report (Consolidated)	175
Consolidated Financial Statements	180

Disclaimer

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

HIGHLIGHTS OF THE YEAR

Turnover

₹ **2962** crores

Achieved
Record Turnover

Shipbuilding Turnover

₹ **2130** crores

Achieved
Record Shipbuilding Turnover

Ship Repair Turnover

₹ **832** crores

Achieved
Record Ship Repair Turnover

Profit After Tax

₹ **481** crores

Achieved
Record Profit After Tax

April 28, 2018

Commencement of block erection of 2 nos. 500 Pax Cum 150 MT Cargo Vessels for the Andaman & Nicobar (A&N) Administration was held in Cochin Shipyard Limited (CSL). Shri Nitin Gadkari, Hon'ble Union Minister of Shipping, Road Transport, Highways, Water Resources, River Development and Ganga Rejuvenation, did the honours.

August 10, 2018

Steel Cutting of Ro-Pax Vessels for NW-1 & 2 for IWA by Shri Gopal Krishna, IAS, Secretary, Shipping, Govt. of India.

September 25, 2018

MoU between CSL and A&N Administration for setting up of Ship repair eco-system at A&N islands, augmentation & modernization of marine dockyard and skill development & training schemes for A&N islanders.

October 20, 2018

An agreement entered into between CSL and the Board of Trustees of Port of Mumbai to upgrade, operate and manage Ship Repair Facility at Hughes dry-dock and berth nos. 5, 6, 7 and 8 of Indira Dock of Mumbai Port.

October 30, 2018

Launching of 2 nos. 500 Pax vessels for A&N Administration by Smt. Kanchan Gadkari, wife of Shri Nitin Gadkari, Hon'ble Union Minister for Shipping, Road Transport, Highways, Water Resources, River Development and Ganga Rejuvenation.

October 30, 2018

Ground breaking ceremony of the 310 metre dry-dock by Shri Pinarayi Vijayan, Hon'ble Chief Minister of Kerala and Shri Nitin Gadkari, Hon'ble Union Minister for Shipping, Road Transport, Highways, Water Resources, River Development and Ganga Rejuvenation.

December 18, 2018

CSL completed buyback of 4395610 equity shares aggregating to 3.23% of the fully paid-up equity share capital of the Company at a price of ₹ 455/- per equity share for an amount aggregating to ₹ 200,00,02,550/-.

February 19, 2019

First batch of three Tuna Long Liner Cum Gillnetter Fishing Vessels for fishermen beneficiaries of Department of Fisheries, Government of Tamil Nadu was flagged off by Hon'ble Chief Minister of Tamil Nadu, Thiru Edappadi K Palaniswami.

February 25, 2019

Steel cutting ceremony of Marine Ambulance Boats (BY 110, BY 111 & BY 112) for Department of Fisheries, Govt. of Kerala by Smt. J Mercykutty Amma (Hon'ble Minister of Fisheries, Harbour Engineering & Cashew Industries, Govt. of Kerala).

March 01, 2019

CSL signed contracts for 4 nos. 8000 T Mini Bulk Carriers with Utkarsh Advisory Services Pvt. Ltd. (part of JSW Group) for their Indian coastal operations.

March 28, 2019

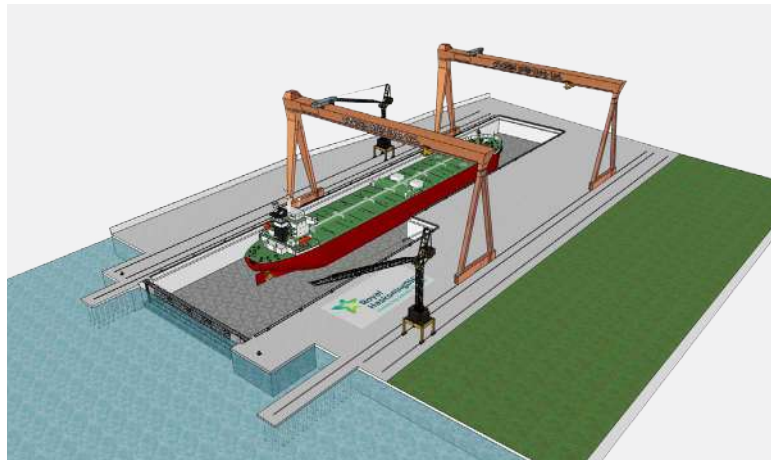
An agreement entered into between CSL and Kolkata Port Trust for operations and management of ship repair facility at Netaji Subhas Dock, which shall be focusing on the ship repair requirements at Kolkata area and inland waterways.

CHARTING NEW HORIZONS WITH EXPANSION & INNOVATION

CSL believes in expansion and innovation for charting its future growth. Towards this, the Company has introduced a digital platform called Sandbox which will provide each individual of the organization an opportunity to express their innovative ideas and to implement those ideas associating with likeminded people while getting guided by mentors and experts in the relevant areas. The platform is expected to nurture creativity, encouraging innovation, technology induction and thereby to try a change culture within the organisation which would contribute towards a larger transformation of organisation.

Dry-dock

CSL is in the process of setting up a new dry-dock. The new dry-dock measuring $310 \times 75/60 \times 13$ m with a 600T Gantry crane will be capable of handling vessels upto Suezmax, Aircraft Carriers of 75000T displacement, Jack-up rigs, LNG vessels etc.



ISRF

The International Ship Repair Facility (ISRF) will modernise and expand the existing ship repair facility in CSL. The ISRF includes 6000T shiplift for ships upto 130×25 m with six transfer work stations and allied facilities. Total outfitting berth of 1500 meters approx.



Mumbai Port

CSL entered into MoU with Mumbai Port Trust (Mbpt) for management and operation of the ship repair facilities at Mbpt for expansion of the ship repair capacity within the Indira Dock, that may include setting up of a floating dry-dock and upgrading existing facility at Hughes dry-dock thereby enhancing the existing ship repair capacity in Mumbai area. Further, a concession agreement between CSL & Mbpt was signed on October 20, 2018 to upgrade, operate and manage ship repair facility at Hughes dry-dock and berth nos. 5, 6, 7 and 8 of Indira Dock of Mumbai Port.

Port Blair

With a view to spruce up the operational efficiency of the marine dockyard and to ensure faster turnaround of vessels for seamless operations, CSL & A&N Administration have entered into an MoU whereby CSL shall take up the “operation & maintenance of the marine dry-dock” at Port Blair. Under the ambit of this MoU, CSL shall assist the Administration in (a) setting up of ship repair eco-system at A&N islands, (b) augmentation & modernization of marine dockyard and (c) skill development & training schemes for A&N Islands.

Kolkata Port

CSL entered into an agreement with Kolkata Port Trust for utilizing the Netaji Subhas dry-dock facility to expand the ship repair capacity within the Netaji Subhas Dock and to set up a professional ship repair eco system, that would be beneficial for the commercial as well as defence ship repair industry in India.



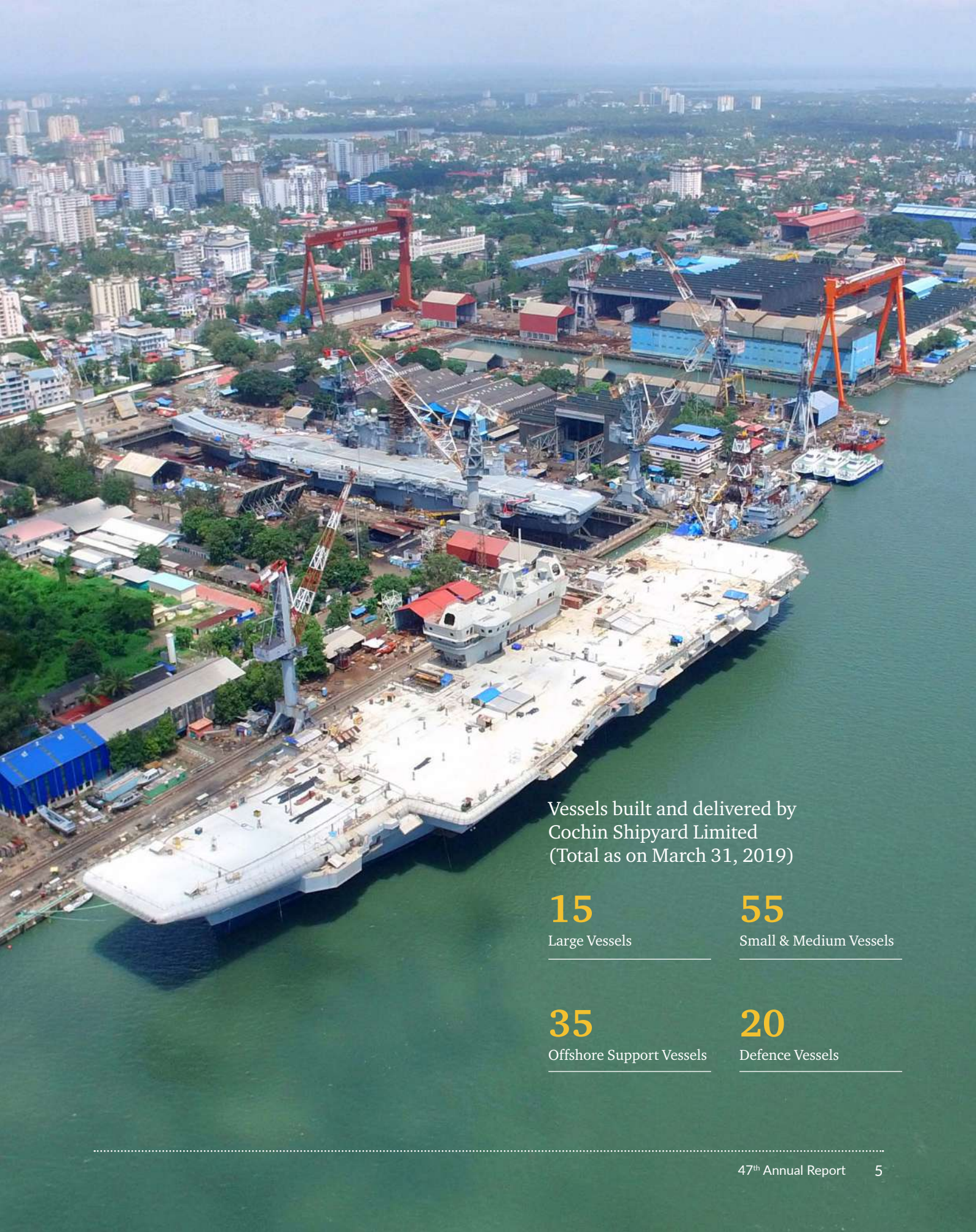
WHO WE ARE

Cochin Shipyard Ltd. (CSL) was incorporated in the year 1972 as a fully owned Government of India Company. After the completion of IPO in 2017 and the buyback in 2018, the Government of India holds 75.21% of equity share capital in the Company. In the last four decades, the Company has emerged as a forerunner in the Indian shipbuilding & ship repair industry and also a well-known player on the global shipbuilding front. CSL has exported 45 ships to various commercial clients outside India such as National Petroleum Construction Company (Abu Dhabi), the Clipper Group (Bahamas), Vroon Offshore (Netherlands) and SIGBA AS (Norway).

The Company has built and repaired some of the largest ships in India and is presently building the prestigious Indigenous Aircraft Carrier for the Indian Navy. Over the years, CSL has successfully responded to fluctuations in the shipbuilding requirements of the markets and have evolved from building bulk carriers to smaller and more technically sophisticated vessels such as Passenger Vessels and Offshore Support Vessels. CSL has worked with several leading technology firms in the industry including Rolls Royce Marine (Norway), GTT (France), Vard Group (Norway) etc. This has added to the credibility of the Company in the international markets. CSL's key shipbuilding clients on the domestic front include the Indian Navy, the Indian Coast Guard, DRDO, A&N Administration and JSW group. CSL has also undertaken repairs of various types of vessels including upgradation of ships of the oil exploration industry as well as periodical maintenance, repairs and life extension of ships. CSL is presently one of the best performing shipyards in India.

CSL SHIPS DELIVERED AROUND THE WORLD





Vessels built and delivered by
Cochin Shipyard Limited
(Total as on March 31, 2019)

15

Large Vessels

55

Small & Medium Vessels

35

Offshore Support Vessels

20

Defence Vessels

HOW WE CREATE VALUE

VISION

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

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

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

MISSION

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

Sustain corporate growth in competitive environment.

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

OBJECTIVES

To sustain and enhance shipbuilding and ship repair activities through technology up-gradation and capacity augmentation.

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

To carry out research & development in 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. Ride the down time with aggressive bidding and secure orders to maximize capacity.

To ensure positive customer oriented initiatives.

To build a responsible corporate citizen image through CSR & sustainability projects and compliance to corporate governance principles.



OUR CREDENTIALS



SHIPBUILDING

Has built various types of vessels including Oil Tankers, Bulk Carriers, Tugs, Dredger, Platform Supply Vessels, Passenger Vessels, Anchor Handling Tug Supply vessels etc. Reputed international clientele. Currently building Aircraft Carrier, Technology Demonstration Vessels, Passenger Vessels etc.



SHIP REPAIR

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



QUALITY

Cochin Shipyard upgraded its Integrated Management System by getting certified under the ISO 9001:2015 - Quality Management System and ISO 14001:2015 - Environmental Management System standards in September 2018. CSL conforms to OHSAS 18001:2007 - Occupational Health and Safety Management System. CSL will be upgrading its Health and Safety Management system to the latest ISO 45001:2018 by September 2019.



OFFSHORE

Has undertaken a variety of complex and sophisticated offshore upgradation contracts.