

Experience
Expertise
Partnership
Growth

45th Annual Report 2016 - 2017



COCHIN SHIPYARD LTD

HIGHLIGHTS OF THE YEAR

- The Company has decided to go ahead with the Initial Public Offer of 3,39,84,000 equity shares of Rs 10/- each amounting to Rs. 33,98,40,000/-.
- Achieved an all-time record turnover of Rs. 543 Crores in Ship repair.
- Completed and delivered twenty Fast Patrol Vessels for the Indian Coast Guard in December 2016 - three months ahead of schedule.
- Completed the first drydock repairs of INS Vikramaditya the latest Aircraft Carrier for the Indian Navy ahead of the delivery schedule.
- Shri Pon Radhakrishnan, Minister of State for Shipping, Road Transport & Highways cut the first steel plate of Ship No. 23 and Shri N K Premachandran, Honourable Member of Parliament cut the first steel plate of Ship No. 24, the two 1200 Passenger cum 1000 Tonne Cargo Ships contracted to be built for the Andaman & Nicobar Administration.

Turnover

₹2058.87
Crores

Record turnover in Ship Repair

₹543
Crores

Table of Contents

Chairman's Address	2
Financial Highlights	6
About us	8
Credentials	11
Corporate Information	12
Board of Directors	13
Profile of Directors	14
Notice	17
Directors' Report	21
Comments of C&AG	52
Report on Corporate Governance	64
Management Discussion and Analysis	78
Independent Auditor's Report	84
Balance Sheet	94
Statement of Profit and Loss	95
Statement of Cash Flow	96
Notes to Financial Statements	99

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.



EXPERIENCE

Incorporated in the year 1972, CSL commenced shipbuilding operations in 1975, ship repair in 1978, Marine Engineering Training in 1993 and Offshore Upgradation in 1999. CSL also operates a material testing laboratory, which was established in 1972. CSL, since its inception has built 15 large vessels and 50 small and medium vessels 35 Offshore Support Vessels & 20 Fast Patrol Vessels as on 31st March, 2017. CSL has supplied various types of ships and vessels to reputed clientele in India and across the globe including US and Germany.

EXPERTISE

Cochin Shipyard with its proven expertise is perfectly positioned to offer a flexible range of products such as bulk carriers, tankers, Platform Supply Vessels, Anchor Handling Tug Supply vessels, launch barges, tugs, passenger vessels and Fast Patrol Vessels. We are currently building India's first Indigenous Aircraft Carrier for the Indian Navy. CSL is the only shipyard to have undertaken drydock repairs of Indian Navy's aircraft carriers, the INS Viraat and INS Vikramaditya. We can build ships up to 1,10,000 DWT and repair ships up to 1,25,000 DWT. The yard has delivered two of India's largest double hull oil tankers each of 92,000 DWT to the Shipping Corporation of India.

PARTNERSHIP

CSL has major public sector undertakings and overseas entities as its customers and work with them to build various types of ships and vessels. We have entered into MoUs with various clients including with the Lakshadweep Development Corporation Limited, Directorate General of Lighthouses and Lightships and the Dredging Corporation of India. Our key ship repair clients include the Indian Navy, the Indian Coast Guard, UTL, Port Trusts, SCI, the Oil & Natural Gas Corporation and DCI. We have also entered into an MoU with Wartsila for setting up of a workshop within CSL. We have also partnered with Techcross Inc. for technical support, engineering, service support and sharing of information in relation to the Ballast Water Treatment System products. CSL is also in the process of forming a joint venture with Hooghly Dock and Port Engineers Limited to take over the facilities in Salkia and Nazirgunge to explore potential in the emerging Inland Water Transport projects.

GROWTH

CSL is going public through the forthcoming IPO. Objective of the IPO is to build a new large dry dock, and to set up a brand new International Ship Repair Facility (ISRF). CSL have earmarked ₹ 1,799 crore for the dry dock and ₹ 970 crore for ISRF.



CHAIRMAN'S ADDRESS

It gives me immense pleasure to welcome you all to the 45th Annual General Meeting of Cochin Shipyard Limited.

Since taking over as Chairman & Managing Director of CSL on 01 January 2016, the last one and a half years have been extremely challenging but exciting. The Company's ambitions for expansion coupled with strategic projects on challenging timelines and the ensuing IPO transaction kept us on our toes during the entire period.

Operating Scenario

It is encouraging that the Indian economy continues to do well. As per the OECD's India Economic forecast of June 2017, the economic growth of the country is projected to remain strong and India will remain the fastest growing G 20 economy. The robust position of the Indian economy will help us in positioning ourselves in new sectors of operations such as the Inland Waterways, small/ medium LNG vessels/ repairs to rigs etc. The Government of India's drive towards Make in India and the subsidy scheme introduced for the purpose is expected to improve the competitive position of the Indian shipyards. However the global shipping scenario continued to be grim and provided little reason to cheer. It is expected that the downturn in Oil and Gas sector will continue for sometime, thus prolonging the time for recovery of the shipping worldwide.

In view of the grim global scenario, the Company would be concentrating on its Indian commercial and defence business for a while, though marketing efforts in the international scenario will continue.

Achievements during the year

The notable achievements since the last AGM in September 2016 has been the completion and delivery of twenty Fast Patrol Vessels for the Indian Coast Guard in December 2016. The contract was completed three months ahead of schedule despite the initial difficulties faced with respect to steel. CSL was awarded the work of constructing 20 Fast Patrol Vessels for the Indian Coast Guard on 20th October 2010. CSL delivered the first vessel on 25th September 2013 and subsequently delivered vessels in about two months interval. CSL started delivering vessels ahead of schedule from the 13th vessel onwards.

In the repair front, the Shipyard could complete the first drydock repairs of INS Vikramaditya the latest Aircraft Carrier for the Indian Navy within a record timeline of 74 days as against the contractual delivery period of 112 days. CSL has also undertaken the last drydocking of INS Viraat which was a



decommissioning refit in September 2016. This Financial year the yard has achieved an all-time record turnover in Ship repair of Rs. 543 Crores. In addition to the four MOUs which are prevalent for repair of vessels, CSL has entered into MoU with Andaman & Nicobar Island Administration in December 17, for repairs of 10 nos of large vessels owned by them.

The execution of current order book in Shipbuilding is proceeding as per schedule. More than 50% of the Phase II work of the Indigenous Aircraft Carriers has been completed. Commenced trials onboard the vessel including starting of Diesel Generators in December 2016. Some of critical equipments relating to the Aviation Facilities Complex which were long awaited have started arriving. However some more are awaited. Shri Pon Radhakrishnan, Minister of State for Shipping, Road Transport & Highways cut the first steel plate of Ship No. 23 and Shri N K Premachandran, Honourable Member of Parliament cut the first steel plate of Ship No. 24, the two 1200 Passenger cum 1000 Tonne Cargo Ships contracted to be built for the Andaman & Nicobar Administration. The block



fabrication of other two vessels, the 500 Pax being built for A&N Administration also commenced in March 2017. On 15th July 2017, we have commenced the hull erection of Technology Demonstration Vessel being built for DRDO, in the presence of Dr. Satish Reddy, Scientific Advisor to Raksha Mantri.

On 15th & 16th May 2017, CSL organised a two-day National Level Vendor Development Program cum Industrial Exhibition and B2B meeting with the active support of Department of Industry and Commerce, Government of Kerala and MSME development Institute, Thrissur. It was a great success with more than 80 firms in the MSME sector participating in the event.

The company delivered the two Ro-Ro vessels to the Kochi Municipal Corporation on 30th June 2017.

The two major expansion plans of the company include the International Shiprepair Facility at the Cochin Port Trust premises and the new Drydock at the shipyard's existing premises

Major Expansion Plans

The two major expansion plans of the company include the International Shiprepair Facility at the Cochin Port Trust premises and the new Drydock at the shipyard's existing premises. These new facilities will expand our existing capabilities significantly and help us build and repair a broader variety of vessels including new generation aircraft carriers and oil rigs. The new ISRF facility will allow us to undertake repair of a broader range of vessel. The progress on these expansion projects have been satisfactory.

International Ship Repair Facility (ISRF)

The construction of the International Ship Repair Facility (ISRF) with an investment of ₹ 970 crores is progressing. The Environmental Clearance and Coastal Regulation Zone clearance under Environment Impact Assessment (EIA) Notification 2006 and CRZ Notification, 2011 under the Environment Protection Act, 1986 was received for the project from the Ministry of Environment, Forests and Climate Change, Government of India on 22nd June 2017. Approvals from the National Board for Wild Life is awaited for the project which is at the final stages. The contract for the shiplift and transfer system was awarded on 19th January 2017. The construction contract is also in the tendering stage. The contractors for construction have been shortlisted.



All statutory approvals in relation to the Drydock has been received. The procurement of the 600T crane is in progress. CSL has shortlisted construction contractors. After re-engineering, the tender has been prepared and is being readied for final tendering for construction process.

Dry Dock

All statutory approvals in relation to the Drydock has been received. The procurement of the 600T crane is in progress. CSL has shortlisted construction contractors. After re-engineering, the tender has been prepared and is being readied for final tendering for construction process. We expect to commence construction of the Drydock by end of this year. This dock is going to be one of the breakthrough initiative of the yard, because we would be capable of building larger Aircraft carrier, LNG carriers and other such larger niche vessels on completion of this project. A re-entry into the offshore market by way of Dry dock repairs of Jack up rigs and Semi-submersibles are also in cards.

New Initiatives:

The GOI has announced major initiatives in the IWT sector, with new 101 Inland waterways being declared as National waterways. This coupled with major initiatives under the Sagarmala project, has the potential to shift a major part of transportation to the waterways in the future. As part of the Jal Marg Vikas programme, the IWAI is developing 1,398 km of the NW1 from Varanasi to Haldia (Kolkata) by creating multi-modal terminals at Varanasi, Gazipur, Barh, Shahibganj, Haldia etc with rail/ road connectivity, a critical lock at Farakka, undertaking requisite dredging to provide least available depth (LAD) of 2.5 M in the upstream segments (much more is available downstream), navigational aids, fuelling stations etc. Two Shiprepairing units one near Patna and the other one at Haldia is being proposed. The Jal Marg Vikas project is being funded by the World Bank at USD 800 million, Rs. 5,369 crores and contracts for many of the terminals/ locks have already been awarded. It is expected that the Inland water traffic will increase from 3.5 million MT to 11.5 million MT in the first phase of development. At this phase it is estimated that there would be a requirement of 123 ships. In the subsequent phases another 200 ships are estimated to be required and traffic to go upto 22 million MT and later upto 45 million MT.

The Company is of the view that the IWT sector holds enormous potential and CSL should be at the forefront of growth and development as and when it emerges. The potential should be tapped for creating another growth vertical for CSL, leveraging its strengths as the leading shipbuilder and shiprepairer in India. However IWT is a very different space calling for different skillsets, capabilities and commercial approach and this segment is best addressed through entities which are solely dedicated to the IWT space.

CSL proposes to form a joint venture with Hooghly Dock and Port Engineers to take over the facilities in Salkia and Nazirgunge which would operate in the IWT space

In order to create space in the IWT sector, CSL proposes to form a joint venture with Hooghly Dock and Port Engineers to take over the facilities in Salkia and Nazirgunge which would operate in the IWAI space. We are at the final stages of formation of Joint Venture Company at Hooghly, to enter into this new segment of constructing smaller vessels for Inland waterways and coastal shipping. An MoU that was signed between CSL and Engineers India Limited last year will enable CSL to enter into small LNG segments too.

Corporate Governance

The Company continued to comply with good corporate governance practices as stipulated by various statutes and guidelines of the Department of Public Enterprises (DPE). The total strength of the Board of Directors as on July 17, 2017 is twelve out of which six are Independent Directors. The Company has constituted an Audit Committee consisting of two Independent Directors and one Nominee Director. A remuneration Committee and CSR Committee chaired by an Independent Director have been constituted.

Shri Barun Mitra IAS, demitted office of director on relinquishing his charge as the Joint Secretary, Shipping. Shri Pravir Krishna IAS, the present Joint Secretary, Shipping was appointed on the board on 17th April 2017. Shri Jiji Thomson IAS (Retd.), former Chief Secretary of Kerala, Shri Nanda Kumaran Puthiezath, former MD of SBT and Shri Pradipta Banerji, former Director of IIT Roorke were inducted as Non Official Part Time (Independent Director) on 15 July 2017.

Industrial Relations

The Industrial relation scenario was by and large peaceful, except for the one day strike called by the trade unions of the permanent workmen against the IPO on 28th April 2017 and the shade of protest still lingers around the Company.

Research and Development

The Company could develop weld procedures for the welding of the austenitic stainless steel plates of the cargo containment system of LNG carrier. This would help the Company in its endeavour to enter the domestic LNG carrier segment.

Skill Development

CSL is a member of Strategic manufacturing sector skill council which has been set up to take forward the Skill India Mission. The council has developed the training curriculum for the job role of pipe fitter shipbuilding. CSL has commenced this course on May 24. The council is developing courses for other job roles in the shipbuilding / shiprepair segment as well.

Integrated Management System

The Shipyard 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

The Company continues to fulfil its obligation towards society through its CSR initiatives. The Company has identified and implemented socially impactful projects in a time bound manner. The total amount spent on CSR projects during the year 2016-17 was Rs 7.24 crores as against the mandated amount of Rs 7.22 crores as per the provisions of the Act.

Initial Public Offer

The Company is going ahead with the Initial Public Offer of 3,39,84,000 (3.3984 crs) equity shares of Rs 10 each amounting Rs 33,98,40,000 (33.984 crs) Equity Capital ,consisting of:

- (a) Sale of shares by GOI – 1,13,28,000 (1.1328 crs) equity shares of Rs 10 each amounting to Rs 11,32,80,000 (11.328 crs) Equity Capital
- (b) Fresh Issue of Shares – 2,26,56,000 (2.2656 crs) Equity shares of Rs 10 each amounting to Rs 22,65,60,000 (22.656 crs) Equity Capital

The Employee reservation in the above issue would be 8,24,000 shares. The Company has completed appointment of all intermediaries. The Draft Red Herring Prospectus was filed with SEBI on 24th March 2017. The Company is presently at the RHP filing stage.

Significant milestone

The Company is all set to maintain its “Excellent” rating against the MOU targets set by the Department of Public Enterprises, Government of India for the year 2016-17. However, the final rating from the Department of Public Enterprises is awaited. Cochin Shipyard has received awards from Government of Kerala and National Safety council for outstanding safety performance. The Company has won the award for top 50 PSU organisations with innovative HR practices presented by Times Ascent at Asia Pacific HRM Congress. The Company has also received the KMA excellence award for best CSR activities undertaken. The company was also the winner in category III corporate citizen award by National institute of Personnel management. The WIPS CSL unit won the “Recognition of WIPS activities award” in the National meet held at Nagpur.

Conclusion

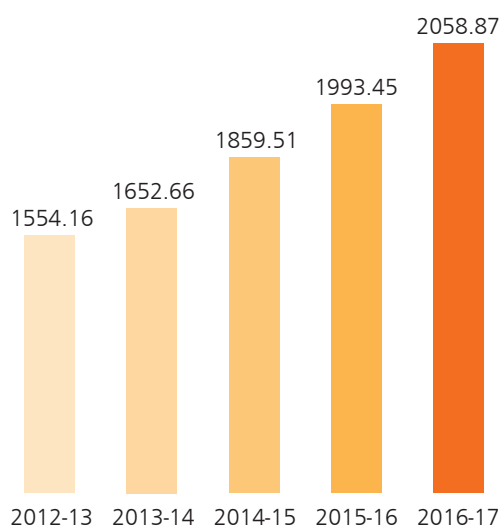
CSL is presently at a very critical stage of growth. To sustain and develop from this point calls for immense investment of commitment and capability from each and every member of the CSL family. Going forward, our aim is to build up this Company as a robust, technology oriented, multi-segment operations company with focus on Human development. With the heavy investment in the tangibles and intangibles we are confident that CSL’s growth trajectory would be consistent in future.

Thanking You

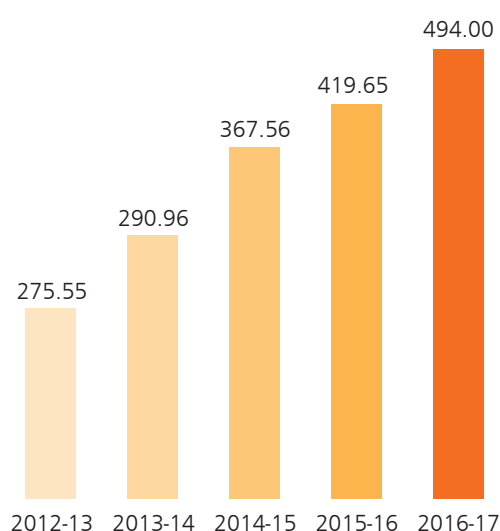
Jai Hind
Madhu S Nair
Chairman and Managing Director
DIN: 07376798
17th July 2017

FINANCIAL HIGHLIGHTS

Turnover
(₹ in crores)



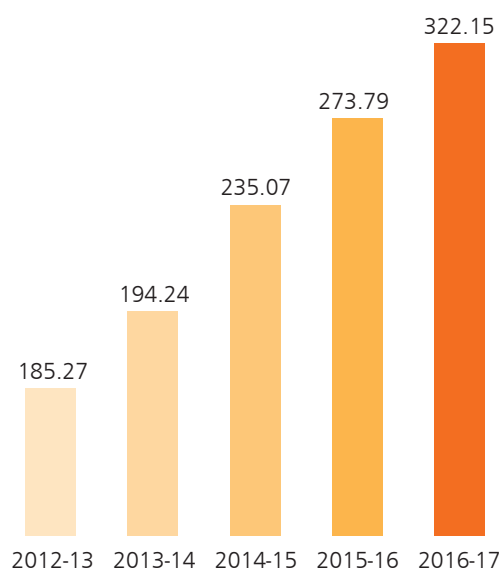
Profit Before Tax
(₹ in crores)



Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
● Turnover	2058.87	1993.45	1859.51	1652.66	1554.16	1404.85	1461.72	1248.50	1256.21	833.79
● Total income	2222.45	2107.37	1952.97	1728.64	1642.33	1481.54	1589.17	1326.49	1383.26	857.17
● Profit Before Tax (PBT)	494.00	419.65	367.56	290.96	275.55	252.97	344.23	331.25	247.63	149.40
● Depreciation & write offs	38.51	37.19	38.33	26.43	19.22	18.07	17.06	15.24	9.80	9.69
● Profit After Tax (PAT)	322.15	273.79	235.07	194.24	185.27	172.33	227.53	223.04	160.07	93.85
● 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	1917.83	1701.05	1447.79	1239.25	1062.42	898.41	775.38	490.54	336.70	199.64
● Net Worth	2031.11	1814.33	1561.07	1352.53	1175.70	1050.83	967.80	680.32	566.49	429.43
● Gross Fixed Assets	599.97	569.53	636.84	602.38	444.35	376.73	362.10	349.68	270.39	233.46
● Net Fixed Assets	302.85	296.44	377.44	383.41	247.30	192.61	190.67	189.75	121.64	92.16
● Number of Employees	1829	1671	1786	1751	1656	1900	1818	1907	1962	2059

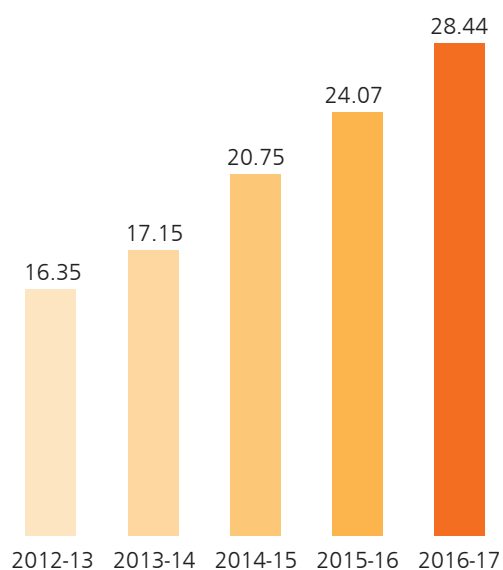
Profit After Tax

(₹ in crores)



EPS

(₹ Per share)



Key Indicators	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
● EPS (Rs. per share)	28.44	24.07	20.75	17.15	16.35	15.21	20.09	19.69	14.13	828.51
● Face Value Per Share (Rs.)	10	10	10	10	10	10	10	10	10	1000
● EBDIT/ Gross Turnover (%)	26.38	23.52	22.81	20.37	20.45	20.21	26.70	29.20	22.00	19.50
● Net Profit Margin %	15.65	13.73	12.64	11.75	11.92	12.27	15.57	17.86	12.74	11.26
● Return on Net Worth %	15.86	15.09	15.06	14.15	15.76	16.40	23.51	32.78	28.26	21.85
● Return on Capital Employed %	16.41	17.14	14.61	13.97	19.08	18.76	27.44	38.57	29.09	23.28

ABOUT COCHIN SHIPYARD LIMITED

Cochin Shipyard Ltd (CSL) was incorporated in the year 1972 as a fully owned Government of India company. In the last four decades the company has emerged as a forerunner in the Indian shipbuilding & ship repair industry and also an emergent player in the global map. CSL has exported 45 ships to various commercial clients outside India such as NPCC, the Clipper Group (Bahamas) and 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 warship, Indigenous Aircraft Carrier for the Indian Navy. Over the years, we have successfully responded to fluctuations in the shipbuilding requirements of the markets we operate in and

have evolved from building bulk carriers to building smaller and more technically sophisticated vessels such as PSVs and AHTSs. We have worked with several leading technology firms in our industry including Rolls Royce Marine (Norway), and GTT (Gaztransport & Technigaz) SA ("GTT"). We believe this has added to our credibility in the international markets. Our key shipbuilding clients include the Indian Navy, the Indian Coast Guard and the SCI. CSL have 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. Our shipyard has, over the years, developed capabilities to handle various repair jobs.





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 customer.



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 shiprepair 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 emerging technologies in shipbuilding process.

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 thro CSR & Sustainability projects and compliance to Corporate Governance principle.



OUR GLOBAL FOOTPRINTS



Vessels built and delivered by Cochin Shipyard Limited (Total as on March 31, 2017)

15 Large
Vessels

50 Small &
Medium Vessels

35 Offshore
Support Vessels

20 Defence
Vessels

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 Vessel and Passenger Vessels.



SHIPREPAIR:

Only yard in India which has undertaken drydock 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



OFFSHORE:

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



QUALITY: CSL conforms to the Integrated Management System comprising of ISO 9001:2008 – Quality Management System, ISO 14001:2004 - Environmental Management System and OHSAS 18001:2007 – Occupational Health and Safety Management System. Has a NABL accredited laboratory for destructive and non destructive testing.

Has built various types of vessels including Oil Tankers, Bulk Carriers, Tugs, Dredger, Platform Supply Vessels, Passenger Vessels, Anchor Handling Tug Supply vessels etc.



CORPORATE INFORMATION

Board of Directors

Shri Madhu S Nair
Chairman & Managing Director

Shri D Paul Ranjan
Director (Finance)

Shri Sunny Thomas
Director (Technical)

Shri Sureshbabu N V
Director (Operations)

Shri Pravir Krishna IAS
Joint Secretary (Shipping),
Ministry of Shipping, Govt. of India
Official Part Time Director

Shri Elias George IAS (Retd.)
Official Part Time Director,
Government of Kerala

Smt. Roopa Shekhar Rai
Non Official Part Time Director

Shri Radhakrishna Menon
Non Official Part Time Director

Adv. Krishna Das E
Non Official Part Time Director

Shri Pradipta Banerji
Non-Official Part Time Director

Shri Jiji Thomson IAS (Retd.)
Non-Official Part Time Director

Shri Nanda Kumaran Puthiezath
Non-Official Part Time Director

Management Team

Shri Bejoy Bhasker
Chief General Manager
(Design & Defence Projects)

Shri Ramesh K J
Chief General Manager
(Human Resource)

Shri Murugaiah M
Chief General Manager (Tech & HSE)

Shri Varghese M D
General Manager
(Industrial Relations & Administration)
and Head CSR

Shri Neelakandhan A N
General Manager (Materials)

Shri Sreejith K N
General Manager (Ship Repair)

Shri Suresh Kumar A V
General Manager (Ship Building)

Shri Varadarajan S
General Manager
(Internal Quality Control & Skill
Development)

Shri Rajesh Gopalakrishnan
General Manager
(Business Development & New Projects)

Shri Harikrishnan S
General Manager (LNG, PM & PPC)

Shri Eldho John
General Manager (Infra Projects)

Shri Subramaniya Pillai R
General Manager (Design & Engg)

Company Secretary

Smt. V Kala

Registered Office

Cochin Shipyard Limited
Administrative Building,
Cochin Shipyard Premises,
Perumanoor, Kochi, Kerala,
India – 682 015

Bankers

State Bank of India
Syndicate Bank
Union Bank of India

Statutory Auditors

M/s. Krishnamoorthy & Krishnamoorthy
Chartered Accountants,
XXXIX/3217, Paliam Road,
Cochin - 682016

Secretarial Auditors

SVJS & Associates, Company Secretaries
39/3519B, Padmam Apartments,
Manikkath Road
Ravipuram, Cochin 682 016

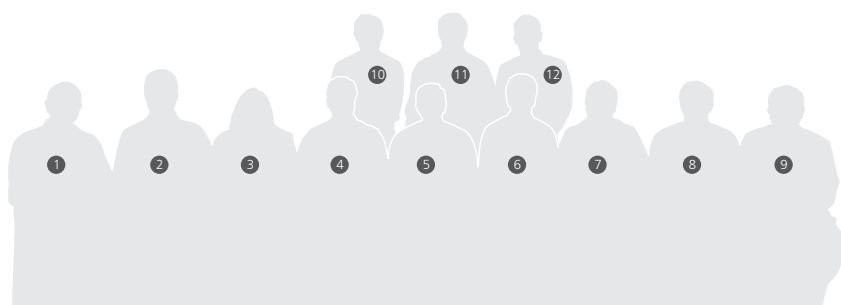
Cost Auditors

Shri K A Felix
D31/670, Parvathy Nilayam,
Opp. Welcare Hospital, Vyttila P.O.,
Ernakulam – 682 019

Debenture Trustees

SBICAP Trustee Company Ltd.
6th Floor, Apeejay House,
3, Dinshaw Wachha Road,
Churchgate, Mumbai - 400 020

BOARD OF DIRECTORS



- | | | |
|---|---|--|
| 1. Shri D Paul Ranjan
Director (Finance) | 5. Shri Madhu S Nair
Chairman & Managing Director | 9. Shri Nanda Kumaran Puthethath
Non-Official Part Time (Independent) Director |
| 2. Shri Sunny Thomas
Director (Technical) | 6. Shri Jiji Thomson IAS (Retd.)
Non-Official Part Time (Independent) Director | 10. Adv. Krishna Das E
Non Official Part Time Director |
| 3. Shri Radhakrishna Menon
Non Official Part Time Director | 7. Smt. Roopa Shekhar Rai
Non Official Part Time Director | 11. Shri Pradipta Banerji
Non-Official Part Time (Independent) Director |
| 4. Shri Pravir Krishna IAS
Official Part Time Director
Government of India | 8. Shri Elias Georgee IAS (Retd.)
Official Part Time Director
(Representative of Government of Kerala) | 12. Shri Suresh Babu N V
Director (Operations) |

PROFILE OF DIRECTORS

MADHU S NAIR

Chairman & Managing Director

Shri Madhu S Nair assumed charge as the Chairman & Managing Director of Cochin Shipyard Limited on 01 January 2016.

With a B.Tech degree in Naval Architecture and Ship building from Cochin University of Science & Technology he commenced his professional career with Cochin Shipyard Limited in 1988 as a Management Trainee. He was awarded a Masters degree in Engineering with specialization in Naval Architecture and Ocean Engineering from Osaka University, Japan in 2002.

He is experienced in all facets of shipbuilding and ship repair. He is trained in shipbuilding systems at IHI Shipyard at Kure, Japan and undergone JICA specialized training at Overseas Vocational Training Centre (OVTA), Tokyo and Osaka International Centre, Osaka, Japan and did research in Joining & Welding Research Institute, during Masters in Engineering at Osaka University, Japan.

He is a member of various professional bodies including the Royal Institution of Naval Architects, UK (RINA) and Institution of Naval Architects, India.

D PAUL RANJAN

Director (Finance)

Shri D Paul Ranjan is a Chartered Accountant and has more than 32 years of experience in varied functions of Finance. He joined Cochin Shipyard as Executive Trainee in the year 1984. He was Chief General Manager (Finance) in CSL before he joined the Board as Director (Finance) in May 2014.

Over the years, in CSL, Mr. Paul Ranjan's responsibilities expanded to include Financial Management, Strategic Planning, Risk Management, Forex Management, Budgeting and Cost Control. He is D.I.S.A qualified and has been heading Information Systems Department, which has successfully implemented the SAP ERP in CSL recently.

SUNNY THOMAS

Director (Technical)

Shri Sunny Thomas has more than 35 years of experience in various facets of shipbuilding and ship repair. He assumed charge as Director (Technical) from 01 June 2014.

He acquired his B.Tech (Hons.) degree in Naval Architecture and Shipbuilding from Cochin University of Science & Technology. He also possesses an MBA degree from IGNOU with specialization in Finance. He is trained in shipbuilding techniques in Japan for one year under the Colombo Plan.

He joined Cochin Shipyard as Management Trainee in the year 1981. His uniqueness is his versatility of having worked across domains like design, planning, engineering, materials management, business development and ship construction. He has been instrumental in introduction of modern high productive welding techniques in CSL.

His responsibilities include implementing the two most important upcoming projects of CSL, the New Large Dry Dock and the International Ship Repair Facility (ISRF). He also heads the HR - IR functions, ship repair and business development in CSL.

Prior to assuming the charge of Director (Technical), he was the Chief General Manager (Technical) of Cochin Shipyard.

SURESH BABU N V

Director (Operations)

Shri Suresh Babu N V, assumed charge as Director (Operations) of Cochin Shipyard Ltd. on 26 April 2016. He acquired a BSc (Engg) - Mechanical Engineering from Kerala University and a Diploma in Management from IGNOU.

He joined Cochin Shipyard on 01 February 1986 as Management Trainee and has rich experience across all functional areas of the shipyard such as shipbuilding, planning, materials and ship repair.

He has been trained in Japan and attended one year group training course in ship building, shiprepair and maintenance including three months practical training, in Kawasaki Shipyard under the Colombo Plan.

He has spearheaded substantial growth of the ship repair activities of CSL including the move to set up a modern International Ship Repair Facility (ISRF). He is also instrumental in forging MoU for repair of the fleet of vessels owned by the Union Territory of Lakshadweep, Dredging Corporation of India and CIFNET.

Prior to his appointment as Director, he was heading the Ship Repair Division of Cochin Shipyard as Chief General Manager.

PRAVIR KRISHNA IAS

Official Part Time Director

Shri Pravir Krishna, IAS joined the CSL Board as a Nominee Director of Ministry of Shipping on 17th April 2017. Shri Krishna, an IAS Officer from Madhya Pradesh Cadre is a Post Graduate in Economics. He joined the Land Revenue Management & District Administration as SDO in 1989 and went on to assume senior positions viz; Additional Collector, District Administration /Land Revenue Management between February 1993 and June 1994 and as Collector and District Magistrate between June 1994 and January 2001. Shri Pravir Krishna worked as Director in the Cabinet Secretariat from the year 2004 to 2007. Thereafter, Shri Pravir Krishna assumed the charge of Joint Secretary in the Ministry of Health & Family Welfare in May 2007 and continued till January 2009 after which he took over as Principal Secretary in the Public Health & Family Welfare Department, Government of Madhya Pradesh from April 2012 to November 2015. Shri Pravir Krishna is presently serving as Joint Secretary in the Ministry of Shipping since November, 2015.

ELIAS GEORGE IAS (Retd.)

Official Part Time Director,
(Representative of Government of Kerala)

Shri Elias George IAS (Retd.) is an Official Part Time Director representing Government of Kerala. He joined CSL w.e.f 18 August 2012. He is a retired 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.

ROOPA SHEKHAR RAI

Non Official Part Time Director

Smt. Roopa Shekhar Rai is a Non Official Part Time Director in our Board w.e.f 21st March 2016. She is a Science graduate and has acquired post graduation in Public Administration. She also holds a Diploma in homeopathy. She has worked as President in (VIA Ladies Wings) & Secretary General (Vidarbha Economic Development). She is currently holding the position of President in Shagun Mahila Audyogik Sahakari Sanstha (Women's Industrial Society) & Vice President of Red Cross Society of India (Nagpur District). She has been engaged in various social activities such as helping women to become self independent, providing free homeopathy medicines to poor & free counseling to destitute women. She has a number of professional achievements to her credit including her involvement which was instrumental in the drive of "Nagpur city green city", she has been joining hands with Nagpur Municipal Corporation for clean city Drive and she is the first person in Nagpur to initiate the proposal for safe disposal of hospital waste through incineration & she has also started a school in U.P., Kushinagar to provide low cost education to poor children in the district. She was also nominated for Mahila Udhogika by Butibori Industries Association in 1996.

RADHAKRISHNA MENON

Non Official Part Time Director

Shri Radhakrishna Menon is a Non Official Part Time Director in our Board w.e.f. 21st March 2016. He is an Agriculturalist, Businessman and a Social worker.

He is the President of Thrickodithanam Maharashtram, the famous Vishnava Temple; President of Travancore Travel and Tourism Co-operative Society and Executive Committee Member of World Malayalee Organisation. He was the Vice President of NSS (Nair Service Society) Karayogam and District Council member of Library Council, Kottayam. He is a non-official member of general council for National Livestock Mission, Ministry of Agriculture and Farmer Welfare, Government of India. He holds a degree of bachelor in legal, social science from Bharati Vidyapeeth's New Law College, Pune.

KRISHNA DAS E

Non Official Part Time Director

Adv. Krishna Das E is a Non Official Part Time Director in our Board w.e.f. 21st March 2016. He is graduated in Bachelor of Commerce from Govt. Victoria College, Palakkad in the year 1991 & also holds a Bachelor's Degree in Law. He is practicing as a Lawyer in different courts of Palakkad District in Kerala for more than 20 years. He had written a book on the topic "Press vs Judiciary: Press reports and its impact on the Judicial Mind" in the year 2004. He has also written an Article "Go Slow India" which was published in the Kerala Law Times, a leading Law Journal published from Kochi, Kerala. He is currently holding the following positions in various social forums: Director of National Yuva Co-operative Society, New-Delhi, a multi-

PROFILE OF DIRECTORS (Contd.)

state multi-purpose Co-operative Society and the Convenor of Jana-Nidhi, the financial division of NYCS and also holds a Life time membership in Red Cross Society and former office-bearer for Palakkad District and also a Governing Body member of Vyasa Vidya Peetom, a prestigious higher secondary school having more than 2000 students in Palakkad. He is presently initiating the work of Kovida Division of NYCS in Kerala, which is a partner with National Skill Development Corporation (NSDC) and have initiated the work of starting Skill Development Centres in Kerala for the successful implementation of the Pradhan Manthri Koushal Vikas Yojana (PMKVY).

JIJI THOMSON IAS (RETD.)

Non-Official Part Time (Independent)
Director

He joined the Board of CSL from July 15, 2017. He holds Bachelor of Arts and Master of Arts degrees in economics from University of Kerala and degree of master of social science in (Public Economic Management) from University of Birmingham, UK. He belongs to the 1980 batch of the Indian administrative service (Kerala cadre). In the past, he has been the chief secretary of the Government of Kerala from January 2015 to February 2016 and director general in Sports Authority of India, Ministry of Youth Affairs and Sports from March 2013 to January 2015.

PRADIPTA BANERJI

Non-Official Part Time (Independent)
Director

He joined the Board of CSL from July 15, 2017. He holds a degree of bachelor of technology from Indian Institute of Technology, Delhi. He also holds a degree of Master of Science and a doctorate of philosophy (Ph.D) from University of California, Berkeley, USA. He has done an executive development programme with Kellogs School of Management, Northwestern University, USA. He is currently associated with Indian Institute of Technology, Bombay. He is the former director of Indian Institute of Technology, Roorkee. He has received "Excellence in Teaching" award from Indian Institute of Technology, Bombay.

NANDA KUMARAN PUTHEZHATH

Non-Official Part Time (Independent)
Director

He joined the Board of CSL from from July 15, 2017. He holds Bachelor of Arts and Master of Arts degrees from Calicut University. He is also a certified associate of the Indian Institute of Bankers. He has been associated with State Bank of India since 1975 to 2011, post which he was appointed as the managing director of State Bank of Travancore from 2011 to 2013. He has also held various positions including the president of MobMe Wireless Solutions Limited, the chief executive officer of Alpha Palliative Care and the managing director of Atlas Jewellery India Limited.

NOTICE

Notice is hereby given that the 45th Annual General Meeting of the Members of Cochin Shipyard Limited will be held at 09:30 hrs on Monday, 17th July 2017 at the Registered Office of the Company viz. the Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi- 682015, to transact the following businesses:

Ordinary Business

1. To consider and adopt the audited financial statements as on 31st March 2017, and the Reports of the Board of Directors and Auditors' thereon.
2. To declare a dividend on equity shares for the financial year ended 31st March 2017.
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to section 142 of the Companies Act, 2013, the remuneration of the Auditors of the Company appointed under section 139 (5) of the Act be fixed by the Board of Directors from time to time."

Special Business

4. To consider and if thought fit, to pass with or without modification(s), 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 (Cost Records and Audit) Rules, 2014 (including any statutory modification or re - enactment thereof for the time being in force), M/s. K A Felix & Co., (Firm Registration No.100416) Cost Accountants be and are hereby appointed as Cost Auditors of the Company to audit the cost records of the Company for the financial year 2017-18, at a remuneration of Rs.1,25,000 per annum plus applicable tax."

"RESOLVED FURTHER THAT the Chairman & Managing Director or any one of the directors of the Board of Directors and the Company Secretary 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 this resolution."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and any other applicable provisions

of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV to the Companies Act, 2013, consent of the shareholders of the Company be and is hereby accorded for the appointment of Shri Jiji Thomson (DIN: 01178227) as the Non-official Part Time Director (Independent Director) of the Company, who was appointed by the Government of India on 15th July, 2017 for a period of three years or until further orders, whichever is earlier."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV to the Companies Act, 2013, consent of the shareholders of the Company be and is hereby accorded for the appointment of Shri Nanda Kumaran Puthethath (DIN: 02547619) as the Non-official Part Time Director (Independent Director) of the Company, who was appointed by the Government of India on 15th July, 2017 for a period of three years or until further orders, whichever is earlier."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV to the Companies Act, 2013, consent of the shareholders of the Company be and is hereby accorded for the appointment of Shri Pradipta Banerji (DIN: 00630615) as the Non-official Part Time Director (Independent Director) of the Company, who was appointed by the Government of India on 15th July, 2017 for a period of three years or until further orders, whichever is earlier."

By the Order of the Board of Directors

V Kala
Company Secretary

Place : Kochi
Date: 15th July 2017

Notes:

1. The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.
2. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**
3. This Annual General Meeting is proposed to be held at a shorter notice. The request for consenting to shorter Notice is enclosed along with this Notice and the Meeting will be held only if the consent is received from not less than ninety five per cent of the Members entitled to vote at this Meeting.
4. The route map to the venue of 45th Annual General Meeting is enclosed with this notice.

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

Item No.4

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee at its 47th meeting held on 10th June 2017, the Board at its 233rd meeting held on 10th June 2017 has considered and approved the appointment of M/s. K A Felix & Co., Cost Accountants as the cost auditor for the financial year 2017-18 and recommended remuneration of Rs.1,25,000/- per annum plus applicable tax. As per section 148(3) of the Companies Act, 2013, the remuneration of Cost Auditor is required to be approved by the shareholders.

The Board recommends this resolution for approval of the Members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in anyway, concerned or interested, financially or otherwise, in the resolution.

Item No.5

Shri Jiji Thomson (DIN: 01178227) aged 61 years (DOB : 23/02/1956) was appointed as the Non-official Part Time Director (Independent Director) of the Company on 15th July 2017 by the Government of India for a period of three years or until further orders, whichever is earlier.

Shri Jiji Thomson holds Bachelor of Arts and Master of Arts degrees in economics from University of Kerala and degree of master of social science in (Public Economic Management) from University of Birmingham, UK. He belongs to the 1980 batch of the Indian administrative service (Kerala cadre). In the past, he has been the chief secretary of the Government of Kerala from January 2015 to February 2016 and director general in Sports Authority of India, Ministry of Youth Affairs and Sports from March 2013 to January 2015.

The terms and conditions regulating his appointment are determined by the Government of India.

He does not hold any shares in the Company.

Shri Jiji Thomson is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel or their relatives, except the appointee himself, is in any way concerned or interested, financially or otherwise in the resolution.

Item No.6

Shri Nanda Kumaran Puthezhath (DIN: 02547619) aged 64 years (DOB : 30/05/1953) was appointed as the Non-official Part Time Director (Independent Director) of the Company on 15th July 2017 by the Government of India for a period of three years or until further orders, whichever is earlier.

He holds Bachelor of Arts and Master of Arts degrees from Calicut University. He is also a certified associate of the Indian Institute of Bankers. He has been associated with State Bank of India since 1975 to 2011, post which he was appointed as the managing director of State Bank of Travancore from 2011 to 2013. He has also held various positions including the president of MobMe Wireless Solutions Limited, the chief executive officer of Alpha Palliative Care and the managing director of Atlas Jewellery India Limited.

The terms and conditions regulating his appointment are determined by the Government of India.

He does not hold any shares in the Company. Presently, he is a director in Atlas Jewellery India Limited, Inkel Limited and Inkel-KSIDC Projects Limited.

Shri Nanda Kumaran Puthezhath is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

None of the Directors and Key Managerial Personnel or their relatives, except the appointee himself, is in any way concerned or interested, financially or otherwise in the resolution.

Item No.7

Shri Pradipta Banerji (DIN: 00630615) aged 56 years (DOB : 03/08/1960) was appointed as the Non-official Part Time Director (Independent Director) of the Company on 15th July 2017 by the Government of India for a period of three years or until further orders, whichever is earlier.

He holds a degree of bachelor of technology from Indian Institute of Technology, Delhi. He also holds a degree of master of science and a doctorate of philosophy (Ph.D) from University of California, Berkeley, USA. He has done an executive development programme with Kellogs School of Management, Northwestern University, USA. He is currently associated with Indian Institute of Technology, Bombay. He is the former director of Indian Institute of Technology, Roorkee. He has received "Excellence in Teaching" award from Indian Institute of Technology, Bombay.

The terms and conditions regulating his appointment are determined by the Government of India.

He does not hold any shares in the Company. Presently, he is a director in Indian Institute of Technology, Roorkee.

Shri Pradipta Banerji is not disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013.

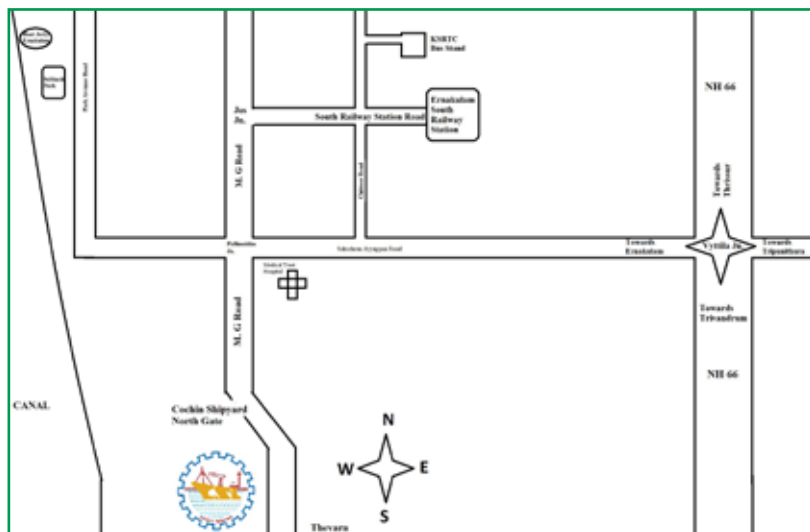
None of the Directors and Key Managerial Personnel or their relatives, except the appointee himself, is in any way concerned or interested, financially or otherwise in the resolution.

By the Order of the Board of Directors

V Kala
Company Secretary

Place : Kochi
Date : 15th June 2017

ROUTE MAP TO THE VENUE OF 45TH ANNUAL GENERAL MEETING



The Companies Act, 2013
Consent of shareholder for shorter notice
[Pursuant to Section 101 (1)]

To
The Board of Directors,
Cochin Shipyard Limited,
Administrative Building,
Cochin Shipyard Premises,
Perumanoor, Kochi – 682015,
Kerala, India.

I, _____ son of _____ resident of _____
_____ representing the President of India holding _____ equity shares of ₹ 10 each in the Company hereby
give consent, pursuant to Section 101 (1) of the Companies Act, 2013, to hold the 45th Annual General Meeting of the Company
at a shorter notice.

Place :
Date :

Signature :
Name :

DIRECTORS' REPORT

Dear Shareholders,

1. Your Directors have pleasure in presenting the 45th Annual Report of your Company along with the audited financial statements for the year ended 31st March 2017.

Financial Performance

2. The Performance of Cochin Shipyard Limited (CSL) continued to be good during the year 2016-17. In spite of the continued global down-turn in shipbuilding industry, the turnover for the year was at ₹ 2058.87 crores as compared to ₹ 1993.45 crores in the year 2015-16. The Profit Before Tax was ₹ 494.00 crores as against ₹ 419.65 crores in the previous year. The net profit was ₹ 322.15 crores as compared to ₹ 273.79 crores for the previous year. This performance is creditable considering the continuing recessionary conditions in the shipping and ship building sector.
3. During the year the authorised share capital of the Company was amended to reflect the reclassification of 130,000,000 equity shares of face value of ₹ 10 each and 1,200,000 7% non-cumulative redeemable preference shares of face value of ₹ 1,000 each to 250,000,000 equity shares with face value of ₹ 10 each.

Financial Highlights

(₹ Crs)

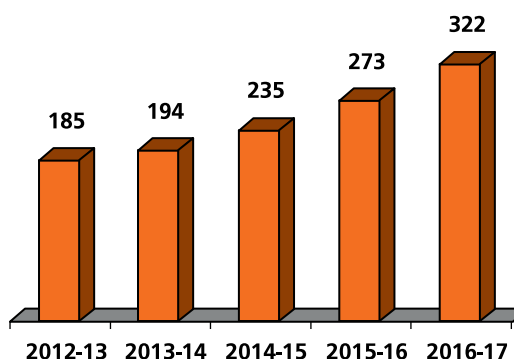
Sl No	Particulars	2016-17	2015-16
(i)	Gross Income	2222.45	2107.37
(ii)	Profit Before Finance cost, Depreciation & Tax	543.05	468.86
(iii)	Finance Costs	10.54	12.01
(iv)	Depreciation & Write off	38.51	37.19
(v)	Profit Before Tax (Net)	494.00	419.65
(vi)	Provision for tax (Net)	171.85	146.96
(vii)	Net Profit	322.15	272.69

Dividend

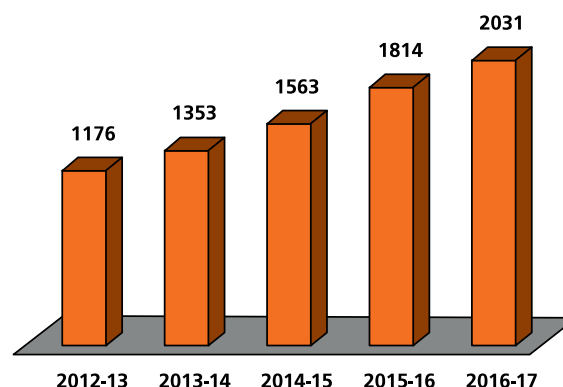
4. As per Office Memorandum F.No. 5/212016-Policy dated 27th May 2016 issued by Department of Investment and Public Asset Management (DIPAM), every CPSE have to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher. Accordingly, your Directors are pleased to recommend a dividend of ₹ 8.97

per share on the 11,32,80,000 fully paid Equity shares of ₹ 10 each. The total outgo for dividend and dividend tax would be approximately ₹ 122 crores. No unclaimed dividend (previous years') is due to be transferred to the Investor Education and Protection Fund (IEPF).

Profit After Tax (Rs. Crs)



Increasing Network (Rs. Crs)



Transfer to Reserves

5. During the year an amount of ₹ 2.88 Crores was transferred to Debenture Redemption Reserves in terms of Section 71(13) of the Companies Act, 2013. As on 31st March 2017, the Company has Reserves and

Surplus amounting to ₹ 1917.83 crores which reflects the inherent financial strength of the Company.

Contribution to Exchequer

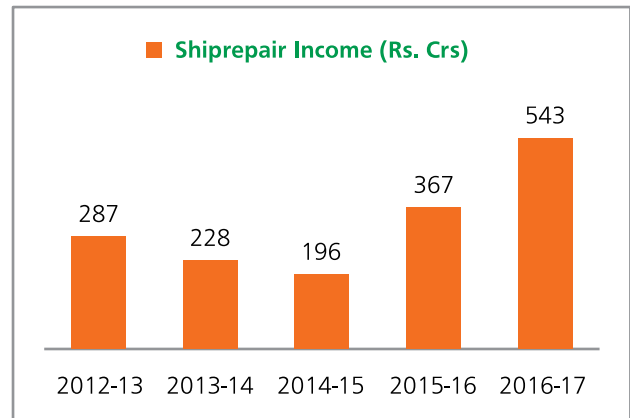
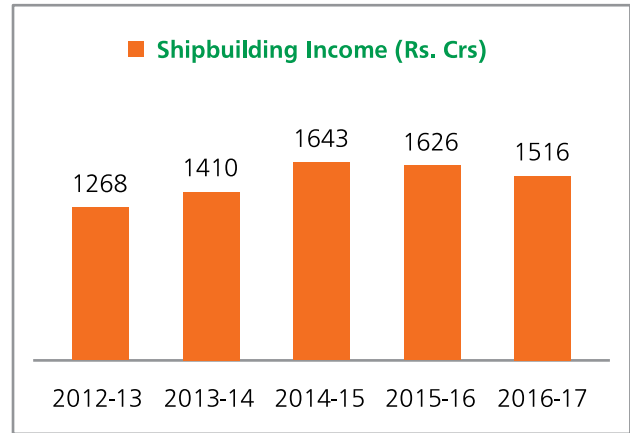
6. The total contribution made during the year by way of Value Added Tax, Income Tax, Excise Duty, Customs Duty, Service Tax and Dividend Tax was approximately ₹ 324.31 crores.

Shipbuilding

7. The Company achieved a total shipbuilding income of ₹ 1515.82 crores during 2016-17 as against ₹ 1625.96 crores in 2015-16. During the year 2016-17, the yard exported one Deck Cargo and Launch Barge for National Petroleum Construction Company (NPCC) Abu Dhabi. CSL has also delivered four Fast Patrol Vessels to Indian Coast Guard.
8. On December 30, 2016, CSL completed construction of 20 Fast Patrol Vessel series for the Indian Coast Guard by the delivery of ICGS AYUSH, the 20th Fast Patrol Vessel. CSL was awarded the work of constructing 20 Fast Patrol Vessels for the Indian Coast Guard on October 20, 2010. CSL delivered the first vessel on September 25, 2013 and subsequently delivered vessels in about two months interval. CSL started delivering vessels ahead of schedule from the 13th vessel onwards and the last vessel was delivered three months ahead of schedule.

Shiprepair

9. During the year, the Company achieved a total shiprepair income of ₹ 543.05 crores as compared to ₹367.49 crores during the financial year 2015-16. CSL had the privilege of receiving INS Viraat for the 13th time - her last refit and INS Vikramaditya for her maiden refit – both have been handled professionally on schedule by CSL and Indian Navy is very impressed. The work package of INS Vikramaditya was carried out from September 23, 2016 to November 05, 2016 and completed five days ahead of schedule. Other major vessels repaired during the year include INS Sarvekshak, GTV Samudra Sarvekshak, DCI Dredge XXI.



Shipbuilding Order Book Position

10. The Order book position as on 31st March 2017 is as follows:-

Vessel Type	Nos
Indigenous Aircraft Carrier for the Indian Navy, P 71	01
Technology Demonstration Vessel for DRDO	01
500 passenger cum 150 MT cargo vessel for A&N Administration	02
1200 passenger cum 1000 MT cargo vessel for A&N Administration	02
Total	06

Expansion Projects

- i) **International Shiprepair Facility (ISRF) at Cochin Port Trust**
11. CSL continued to operate the dry dock & existing facilities in the leased area at CoPT wherein the new ISRF is proposed. Repair activities of thirty four vessels have been completed during the financial year 2016-17. CSL

is in the process of obtaining environmental clearance for the project from the Ministry of Environment, Forests & Climate Change (MoEFCC). Expert Appraisal Committee of MoEFCC in its meeting held on 24th November 2016 had recommended for the award of Environmental & CRZ clearance for the project. National Board of Wild Life (NBWL) clearance required for the project is in the advanced stage. Contract for the procurement of Shiplift & Transfer system was awarded to the consortium of M/s. Broehl GmbH, Germany & M/s. IMG, Germany in January 2017. CSL had also pre-qualified five leading construction firms for the construction works. Tender enquiry for the same has been issued and the construction work is scheduled to be commenced by September 2017. CSL expects to position Kochi as a major ship repair hub with major operations in the present shiprepair dock coupled with increased capacities that would be available when the ISRF is commissioned.

ii) New Dry Dock Project

12. With regard to the new dry dock, the Government of India approval for the project has been received on 20th July 2016. Environmental Clearance for the project was accorded by the Ministry of Environment, Forests & Climate Change (MoEFCC) on 09th November 2016 and clearance from National Board of Wildlife was obtained in March 2017. CSL has also prequalified four leading construction firms for the construction works and detailed engineering is in progress. Tendering is expected shortly with a view to commence construction activities by December 2017.

iii) Joint Venture with Hooghly Dock and Port Engineers Ltd (HDPEL)

13. The Ministry of Shipping vide letter No. SY-11018/1/2010-HDPE dated March 29, 2017 approved the formation of joint venture partnership between Cochin Shipyard and HDPEL for upgradation and modernization of shipbuilding infrastructure at the two shipyard sites of Salkia and Nazirgunge in Kolkata. CSL is in the process of finalisation of various agreements in connection with the joint venture and completion of formalities for formation of Joint Venture Company. CSL proposes to invest around ₹ 200 crores in the above facilities.

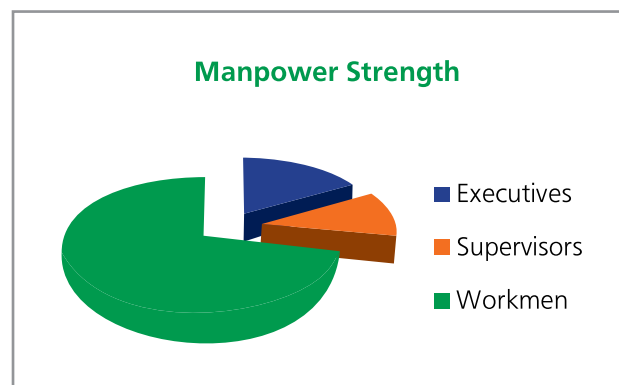
Proposal for Initial Public Offer

14. The Cabinet Committee on Economic Affairs (CCEA) at its meeting held on 18th November 2015 approved the Initial Public Offer of CSL ("IPO") consisting of
 - (a) Issue of 2,26,56,000 fresh equity shares of the face value of ₹ 10 each at a price to be determined through a book building process in order to fund its future growth plans; and

- (b) Sale by Government of India of 10% of its stake in the Company comprising of 1,13,28,000 equity shares of face value of ₹10 each out of its current shareholding of 11,32,80,000 equity shares at a price to be determined through a book building process.
15. A part of the public offering i.e upto 8,24,000 equity shares of face value of ₹10 each will be reserved for employees of the Company. The eligible employees and retail investors may be offered shares at a discount of 5% on the Issue Price subject to the decision of a high level committee to be constituted in this regard. After the IPO the Government of India will continue to hold 75% of the equity shares of the Company.
16. CSL has appointed M/s. Khaitan & Co as the legal counsel and M/s. SBI Capital Markets Limited, M/s. JM Financial Institutional Securities Limited and M/s. Edelweiss Financial Services Limited as the Book Running Lead Managers for the IPO. M/s Link Intime India Private Limited has been appointed as the Registrar & Transfer Agents for the IPO. M/s Concept Communications Limited has been appointed as the advertising agency for the IPO. CSL has changed its status to public company and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Ernakulam on November 8, 2016.
17. The Draft Red Herring Prospectus (DRHP) was filed with the Securities and Exchange Board of India (SEBI) on 24th March 2017. SEBI vide its letter CFD/DIL-1/OW/09006/2017 dated April 20, 2017 furnished its observations on the DRHP filed by CSL.

Manpower Status

18. The manpower strength of the company as on 31st March 2017, was 1829 consisting of 313 Executives, 181 Supervisors and 1335 Workmen.



Industrial Relations

19. CSL continued to have harmonious and peaceful industrial relations. Effective and purposeful interactions were held with various categories of employees through their representative bodies viz. Trade Unions and Officers and Supervisors Associations. Day to day grievances are addressed at the shop floor to the extent possible or at higher levels in a time bound manner. All categories of employees are generally contented and motivated, thanks to the timely and focused industrial relation interventions. As on the last day of the year, there are no pending or unresolved major labour issues as far as the regular and permanent employees are concerned except that of concern connected with the proposed IPO of the Company.
20. The Company follows a participative and inclusive management approach while dealing with the industrial labour force. Accordingly, the Company has constituted two levels of participation under the scheme called "Workers Participation in Management" namely (i) Joint Council, the apex body consisting of equal number of representatives from workmen and management and (ii) three shop councils at the lower level also consisting of equal number of participation from workmen and management. Apart from this, participation of workers in management is also practiced in the case of PF Trust wherein four Trustees are elected from the workmen and four nominated by the Management. The Central Safety Council and Shop Safety Councils which are set up to ensure safe working environment also consist of equal representation of workmen and management. The Canteen Management Committee of equal participation by workmen and management ensure right quality and quantity of food through employees' canteen without giving any room for any grievances related to food. Perhaps unique to CSL, at the contractor's workmen front, the Company has constituted another safety committee consisting of representatives of the contractor's workmen and management. The Occupier of the factory is the chairman of the committee. This inclusive approach has instilled a sense of ownership and belonging amongst the employees and has worked very effectively in ensuring an extremely harmonious and conducive work environment.
21. The industrial relations situation at contract workers front also continued to remain generally peaceful and cordial.
22. However, the year witnessed manifestations of protest by workers unions against the proposed IPO of the Company. The shade of protest still lingers around the Company.

23. The year ahead assumes paramount importance as far as industrial relations of the Company is concerned. Firstly, period of the existing ten years valid Long Term Settlement for wages and other terms of employment in respect of permanent workmen came to end by 31st March 2017, harbingering the need for a new Long Term Settlement effective from 01st April 2017. Secondly, the Company has filed the DRHP with SEBI towards the proposed IPO and is proceeding with the process. This is likely to have some repercussions in the IR front among the workmen of the Company who have already expressed their concerns against the government's stake dilution.

Human Resource Development

24. A syllabus based comprehensive training programme for young executives titled "Young Officers Competency Development Programme" focusing both technical and non technical areas concerning shipbuilding and ship repairs had been commenced. A detailed syllabus for training of the workmen in various trades prepared by a pool of retired employees of the yard and training was commenced for facilitating knowledge transfer. This would also facilitate skill development of the new employees and make them capable of handling the challenges at work site.
25. Some of the important in-house training programmes conducted for executive by premium institute in India and abroad include programme on "Strategic Retreat Workshop" for Top management team at IIM (K), "Project Management", "Ships at Sea", "General Management", "Contracts and Claims Management", "Presidential Directives on Reservation" etc. Three executives at senior management and middle management levels were sent for international training at Europe, China and Japan for the programmes ranging from two weeks to one month. The training was imparted on leadership in the emerging global environment, and management development programme on energy and resource saving.
26. An in-house training programme for five days was conducted exclusively for women employees in the executive, supervisory and workmen cadres. A total of 147 women employees attended the programmes on "teambuilding, change management, grooming & etiquette, stress management and wellness.
27. Crash courses were arranged for employees belonging to SC/ST/OBC/PWD who fall under zone of consideration for promotion so as to equip them to face the competitive examination for selection.

28. Apart from the above, a talk series titled "Prajyoti" commenced in Dec 2016 wherein eminent persons who have excelled in their professional field share their thoughts with the executives of CSL. Three talks were held so far in the series. Talk series for all employees aimed at inner awakening titled "Atmajyoti" was also commenced and two programmes were conducted. This series brings very current socio literary personalities to CSL who share their thoughts and views about the society.
29. During the year, the Company has also trained 213 ITI trade Apprentices, 68 Engineering Graduates, 78 Diploma holders and 03 Vocational Trainees under the Apprentices Act. Under the Company scheme, Specialised Training primarily in the technical streams was extended to 496 Trainees. The company during the year had also inducted 12 Executive Trainees for one year training. The Marine Engineering Training Institute approved by the Director General of Shipping, Govt. of India provided training to 92 Engineering cadets to enable them qualify for Marine Engineering jobs onboard vessels.

Status on affirmative action to implement Presidential Directives on reservations

30. Cochin Shipyard has been strictly complying with the Presidential Directives and guidelines on reservation for Scheduled Caste (SC)/ Scheduled Tribes (ST)/ Other Backward Classes (OBC) and Persons with Disabilities (PWD) issued by the Government of India from time to time. Shipyard has appointed a Liaison Officer for SC/ ST/PWD/Ex Servicemen and a separate Liaison officer for OBCs to oversee the implementation of reservation policies. Reservation percentage is ensured through the maintenance of Post Based Roster System as prescribed by the Government of India. During the year, training was imparted exclusively for employees belonging to these categories. Two executives belonging to SC/ST category were deputed for training abroad. Regular meetings with the associations of the employees belonging to these categories were conducted to discuss and redress their grievances. Pursuant to Government orders, Special Recruitment Drive was resorted during the year on two occasions for filling up of vacancies reserved for Persons with Disabilities and out of 18 vacancies notified seven candidates were selected. As directed by Govt. of India under the Accessibility India Campaign, accessibility audit for PWD was carried out by an accredited agency M/s Ekansh Trust, Pune. Based on their recommendations buildings and premises were modified so as to make them barrier free.

Representation of SC/ST employees

31. The representation of SC and ST employees in various groups of posts as on 31st March 2017 is given under:

Category	CSL's Total Strength	SC	ST
Group A	254	40	12
Group B	100	14	7
Group C	744	98	14
Group D	731	100	9
Total	1829	252	42

Representation of OBC employees

32. The representation of OBC employees in various groups of posts as on 31st March 2017 is given under:

Category	CSL's Total Strength	OBC
Group A	254	61
Group B	100	9
Group C	744	196
Group D	731	389
Total	1829	655

Representation of Minority employees

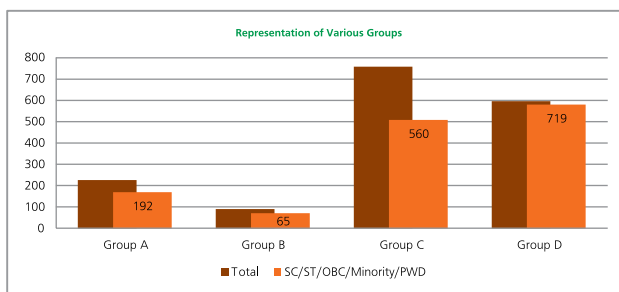
33. The representation of Minority employees in various groups of posts as on 31st March 2017 is given under:

Category	CSL's Total Strength	Minority
Group A	254	77
Group B	100	27
Group C	744	225
Group D	731	200
Total	1829	529

Representation of Persons with Disabilities employees

34. The representation of Persons with Disabilities in various groups of posts as on 31st March 2017 is given under:

Category	CSL's Total Strength	PWD
Group A	254	2
Group B	100	8
Group C	744	27
Group D	731	21
Total	1829	58



Provision for safeguard of Women

35. The Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder are strictly complied with. An Internal Complaints Committee has been constituted in accordance with the Act chaired by a senior woman executive. The Committee received one complaint during the year 2016 and the same was disposed off. An annual return for the year 2016 on cases of sexual harassment was forwarded to the District Collector notified as the District Officer under the Act.

Integrated Management System (IMS)

36. Cochin Shipyard continued to be an IMS compliant company encompassing ISO 9001:2008 (Quality Management System), ISO 14001:2004 Environmental Management System and OHSAS 18001: 2007 (Occupational Health and Safety Management System).

Facility Upgrade and Capital Expenditure

37. The total capital expenditure incurred in 2016-17 amounted to ₹ 118.12 crores. This related to Renewals and Replacements, Modernization and Expansion, Dry Dock, ISRF, Kandla Port and Research & Development projects.

Implementation of Official Language Policy

38. In pursuance of sub rule (4) of rule 10 of the Official Language (Use for the Official Purposes of the Union) Rules, 1976, Government of India have notified, in the Gazette of India, that 80% of ministerial staff of the Company have acquired working knowledge / proficiency in Hindi.
39. During the year, Cochin Shipyard received the Rajbhasha Rolling Trophy (First prize) and certificate instituted by Kochi TOLIC (PSUs) for the best implementation of Official Language for the year 2015-16 among the companies having less than 200 employees of Kochi region and an Overall Rating from HIL for Best Implementation.
40. Late Shankar Dayal Singh Memorial Award Scheme was introduced in CSL during 2013 as per directions from

Ministry of Heavy Industries and Public Enterprises. This year the award was given to Smt. Ashitha K, Junior Commercial Assistant. Incentive scheme for doing original work in Hindi has been made more attractive with a view to encourage employees to do more work in Hindi.

41. As per the instructions from Hindi Salahkar Samiti of Ministry of Shipping, a powerpoint presentation competition in Hindi was organized by the Company in connection with Hindi fortnight celebrations in which 8th and 9th class students of schools in and around Kochi participated.
42. Various competitions in Hindi were organized in connection with Hindi fortnight celebrations 2016 for employees and trainees of CSL. As part of implementation of Official Language Policy of Govt. of India, CSL observes first Wednesday of every month as Hindi Day. In order to enable easy understanding by employees, transliteration of 'Aaj ka shabd' in regional language is being displayed on the intranet. Four Hindi workshops were organized in the year 2016-17 in which a total of 95 employees participated. Eighth issue of Hindi house journal, 'Sagar Ratna' (Official Language Seminar Special) was released in the month of June 2016.
43. During 2016-17, as an attempt to speed up propagation and development of Official Language Hindi and also to accelerate its progressive use for Official purposes in CSL, a Hindi Handbook "Rajbhasha Sahayika" was published.

Particulars of Employees and Related Disclosures

44. In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5th June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

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

45. Details are placed at Annexure-1. The Company's major initiative in the conservation of energy was in installation of solar panels on the rooftop of various buildings inside CSL premises. The programme was commenced from the financial year 2013-14. Till date solar power plant having capacity of 535 KW has been commissioned and the power generated from solar panels is 7.88 lakhs unit as on 31st March 2017.

Risk Management

46. CSL has adopted a comprehensive Risk Management Policy at the 214th meeting of the Board of Directors held on 16th September 2014. The purpose of this policy is 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 would provide the management and Board of Directors an assurance that key risks are being properly identified and effectively managed.

47. As per the policy, CSL Board at the helm will review the risk management system in CSL. The Board shall discharge its responsibility of risk oversight by ensuring the review at periodical intervals. Board may also delegate to any other person or committee the task of independently assessing and evaluating the effectiveness of the risk management system. The CSL management comprising of CSL Board level and below Board level executives has been entrusted with the implementation of the risk management process. In this respect Risk Management Committees (RMCs) and Risk Management Steering Committee (RMSC) have been constituted to implement the policy in CSL. The Audit Committee and the Board of Directors periodically review the risk management process and policy. The last review of the corporate risk was carried out by the 43rd Audit Committee Meeting and 228th Board Meeting held on 14th December 2016. The Yard's product mix comprising of Defense and Commercial shipbuilding and shiprepair gives the Company a natural hedge against market risk.

Research and Development (R&D) Activities

48. R&D policy of CSL is to enhance the Company's pre-eminence in Shipbuilding, Shiprepair and other chosen fields and products through Research and Development. In-house R&D activities have been undertaken during the year 2016-17 in the areas of welding procedure development and qualification of welders as below.
49. Welding of thin austenitic stainless steel plates (SS-304L) of the cargo containment system of LNG carrier is a specialized process. CSL endeavoring in to move into LNG carrier construction, capability building in above process is of paramount importance to yard. In the above context, weld procedure specifications (WPS) have been developed in-house for fillet-lap welding of following SS-304L grade plates:
 - a) Flat plate of thickness 1.2 mm with 1.2 mm corrugated plate in two weld positions, 1F and 2F (flat and horizontal positions);
 - b) Plate of thickness 1.2 mm with 8 mm thick plate in two weld positions, 1F and 2F.
50. The procedures have been validated by ABS Classification society and three (3) welders have been qualified for performing the welding process.

Health, Safety & Environment (HSE)

51. CSL places HSE as one of its core value in our operations considering the character of the industry. In order to strengthen the HSE awareness levels among the workforce

new initiatives such as HSE briefings, issuing of HSE alerts and same as part of the tools box talks was implemented. CSL understands safety is a line function and it should be managed by everyone in their domain. In the year 2016-17 first aid firefighting training was our focus area and it was imparted across the organization including contractors' workmen. The Company constantly strives to create and maintain HSE awareness to our employees and subcontractors' workmen through various in-house and onsite training programmes including employees of person with disability. CSL won the prestigious "Safety award 2016" of the Government of Kerala in the very large factory category and also won the "Safety award 2016" of the National Safety Council – Kerala Chapter employing 750 and more workers.

52. HSE performance for the last 3 years is tabulated below:

Category	2014	2015	2016
Fatal	0	0	0
Reportable accidents	6	6	7
Non Reportable Accidents	86	137	148
Number of Permanent Total Disability	0	0	0
Frequency Rate (Reportable accidents in one million man hours)	0.62	0.63	0.68

Industrial Security

53. Total Security of the Company continued to be robust without causing any serious security concern during the year. All security systems and measures introduced and installed in the Company are of international standards. Periodic Joint Survey was conducted by the Company and CISF. Twenty four hours waterfront patrolling in a dedicated speed boat with armed personnel and wireless surveillance (CCTV) system covering all critical locations and installations are in place. As per the security plan and policy of the company, periodic security drills were conducted to ensure prompt mitigating action in the event of any security breach, crisis or calamities.
54. Effective access control systems including bio metric embedded turnstile gates are in place in the company. A full fledged visitor's facilitation center is operated for scrutiny and verification of the credentials of the visitors to the Company. Baggage scanning system has also been installed at the main entry gate of the Company. Apart from these, special systems and measures such as exclusive photo entry pass and special surveillance system, additional waterside security net around IAC etc are positioned and operated towards total security of the Indigenous Aircraft Carrier (IAC). A robust cyber security

policy has also been adopted by the Company.

55. Materials entry and exit have been integrated with ERP module which ensures effective and vigilant monitoring of materials movement into and out of the Company. No case of theft, sabotage, leakage of information etc was reported during the year.
56. The physical security of the Company has been entrusted to the Central Industrial Security Force (CISF) contingent of 143 personnel headed by an officer of the rank of Assistant Commandant.

Awards and Recognitions

57. During the financial year CSL received following awards:
 - (a) Safety Award – 2016 for outstanding performance in industrial safety in the category of very large factories (having more than 500 workers) given by Department of Factories & Boilers, Government of Kerala.
 - (b) National safety council (Kerala chapter) safety awards for outstanding performance in industrial safety as winner by achieving the lowest frequency rate of accidents.
 - (c) Award for top 50 PSU organisations with innovative HR practices. The award presented by Times Ascent to top 50 PSU organisation with “Innovative HR Practices” at Asia Pacific HRM Congress.

- (d) KMA excellence award for best CSR activities undertaken.
- (e) BT-CSR excellence award- Award of excellence in the category of best performing PSE (CSR head) given by Bureaucracy Today.
- (f) Best corporate citizen award - Winner in category III awarded by National Institute of Personnel Management (Kerala chapter).
- (g) WIPS CSL Unit won the “Recognition of WIPS activities award” in the national meet held at Nagpur on 11 & 12 Feb 2017.

Board of Directors & Key Managerial Personnel

58. The Board of CSL comprises of nine directors of whom four are Whole Time Directors, three Non-Official Part Time (Independent) Directors and two Official Part Time (Nominee) Directors of Government of India and Government of Kerala.
 59. Shri Suresh Babu N V (DIN: 07482491) took over charge as Director (Operations) with effect from 26th April 2016 vide Ministry of Shipping letter No. SY 11012/2/2010-CSL dated 26th April 2016. The Ministry of Shipping, Government of India vide letter F. No. SY-11012/1/2017-CSL dated 17th April 2017 appointed Shri Pravir Krishna (DIN 06519104), Joint Secretary, Ministry of Shipping, Government of India as Official Part Time (Nominee) Director on the Board of Cochin Shipyard Limited (CSL) in place of Shri Barun Mitra IAS (DIN 07012558) with effect from 17th April 2017.
60. Details of changes in Key Managerial Persons during the financial year 2016-17 are given below:

S I No	Name	DIN	Designation	Date of Appointment	Date of Cessation
1	Shri Madhu S Nair	07376798	Chairman & Managing Director	01st January 2016	Continuing
2	Shri D Paul Ranjan	06869452	Director (Finance) & Chief Financial Officer	01st May 2014	Continuing
3	Shri Sunny Thomas	06882228	Director (Technical)	01st June 2014	Continuing
4	Shri Suresh Babu N V	07482491	Director (Operations)	26th April 2016	Continuing
5	Smt. Kala V	-	Company Secretary	02nd May 1998	Continuing

Declaration and Meeting of Independent Directors

61. The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Companies Act, 2013. A separate meeting of Independent Directors was held on 14th December, 2016 in which all the Independent Directors were present.

Details of Board Meetings held during 2016-17

62. Six Board Meetings were held during the year 2016-17 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held are as follows:

Sl. No	Date	Board Strength	No. of Directors present
1	7th May 2016	9	8
2	12th July 2016	9	9
3	20th September 2016	9	9
4	14th December 2016	9	7
5	24th January 2017	9	8
6	23rd March 2017	9	9

63. For more details with respect to the Directors, Board and Committee meetings held during the year and attendance of these meetings, refer Corporate Governance Report which forms part of Directors' Report.

Evaluation of Board's Performance

64. Cochin Shipyard is a 100% Government of India owned Public Sector Enterprise under Ministry of Shipping. Presently the Directors of the Company are presidential appointees and their remuneration is fixed in accordance with the DPE guidelines. Accordingly, Article 21(a) of the Articles of Association of CSL states that President will appoint directors and determine their remuneration. Since the board level appointments are made by President of India, the evaluation of performance of such appointees is also done by the GOI. The Ministry of Corporate Affairs vide notification GSR 463(E) dated 05th June 2015 have exempted government companies from applicability of Section 178 (2), (3) and (4) of the Companies Act, 2013.

Report of the Nomination & Remuneration Committee on Company's Policy on Directors' Remuneration

65. Presently, the remuneration of Board level appointees are determined in accordance with DPE guidelines. The Ministry of Corporate Affairs vide notification GSR 463(E) dated 05th June 2015 have exempted government companies from applicability of Section 178 (2), (3) and (4) of the Companies Act, 2013. CSL at its 228th Board meeting held on 14th December 2016 adopted the Nomination and Remuneration Policy in compliance with the provisions of section 178 of the Companies Act, 2013. The Policy is available in the website of the Company at <http://www.cochinshipyard.com/investors.htm>

Directors Responsibility Statement

66. Your Directors state that:
- in the preparation of the annual accounts for the year ended 31st March 2017, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
 - the Directors have 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 as at 31st March 2017 and of the profit of the Company for the year ended on that date;
 - the Directors have taken proper and sufficient care for the 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 fraud and other irregularities;
 - the Directors have prepared the annual accounts on a 'going concern' basis;
 - the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
 - the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Contracts and Arrangements with Related Parties

67. During the year, the Company had not entered into any contract/ arrangement/ transaction with related parties which could be considered material. Your Directors draw attention of the members to Note 48 to the financial statement which sets out related party disclosures as per Indian Accounting Standard (Ind AS) 24.

Corporate Social Responsibility & Sustainable Development Committee (CSR & SD Committee)

68. Presently, the CSR & SD Committee of CSL comprises of Smt. Roopa Shekhar Rai (DIN: 07565156), Non-Official Part Time Director as Chairperson of the Committee, Shri Radhakrishna Menon (DIN: 07518727), Non-Official Part Time Director, Shri D Paul Ranjan (DIN: 06869452), Director (Finance), Shri Sunny Thomas, (DIN: 06882228),

Director (Technical), as members. The Corporate Social Responsibility and Sustainability Development Committee (CSR & SD) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy can be accessed on the Company's website at the link: http://www.cochinshipyard.com/links/CSL_CSR_14-15.pdf.

69. Cochin Shipyard started CSR activities in the year 2010-11 based on the guidelines issued by the Department of Public Sector Enterprises (DPE) applicable to Government Companies. CSL has put in place an effective CSR Policy and plan implementation machinery. The CSR implementation machinery consists of three tier system: Tier I CSL Board, Tier II CSL Board Level CSR Committee consisting four members of the Board headed by an Independent Director and Tier III CSL CSR Executive Committee consisting of six senior level executives across various departments of the Company.
70. The CSL CSR projects are spread throughout length and breadth of Kerala covering the most common fields of CSR interventions appearing in Schedule VII of Companies Act 2013. However, the major focus areas of CSL CSR continued to be health, education, capacity building, sanitation and drinking water (Swachh Bharat Abhiyan) for the economically poor and weaker sections of the society including the differently abled ones, senior citizens etc. Swachh Bharat Abhiyan of Government of India was accorded special priority by taking up specific target oriented programs including toilet construction in schools and individual households.
71. During the year, though the company was mandated to spend the minimum targeted CSR spend of ₹ 722.00 lakhs, CSL could actually spend ₹ 723.56 lakhs for various ongoing and completed CSL CSR projects and related indirect expenses. The Annual Report on CSR activities is annexed herewith marked as Annexure-2.

Audit Committee

72. The present Audit Committee of CSL is constituted with Shri Radhakrishna Menon (DIN: 07518727), Non-Official Part Time Director as Chairman, Adv. Krishna Das E (DIN: 02731340), Non-Official Part Time Director and Shri Elias George IAS (DIN: 00204510), Official Part Time Director as members. During the year, all recommendations of the Audit Committee were accepted by the Board of Directors. Particulars regarding the Audit Committee are provided under the Section 'Board Committees' in the Report on Corporate Governance.

Corporate Governance

73. The Company is committed to maintaining the highest standards of corporate governance and has put in place an effective corporate governance system. The Company complies with the guidelines on corporate governance issued by the Department of Public Enterprises and various other guidelines in this regard. The Company submits its quarterly progress reports on corporate governance within 15 days from the close of each quarter to the Ministry of Shipping as recommended by the DPE in this regard. The report on corporate governance forms part of the Directors' Report.

Management Discussion and Analysis

74. A separate section 'Management Discussion and Analysis Report' has been included in the Annual Report and the same forms part of the Directors' Report.

Internal Financial Controls

75. The Company has in place adequate internal financial controls with reference to financial statements. During the year, the Company has engaged M/s Varma & Varma, (Firm Registration No. 004532S) Chartered Accountants for reviewing and installing adequate Internal Financial Controls and to ensure proper and adequate systems for compliance with the provisions of all applicable laws. Such controls were tested and no reportable material weakness in the design or operation were observed. In order to provide for functional autonomy, the Company has a system wherein financial powers of the Board of Directors is delegated to the CMD. These powers are further sub-delegated to officers at various levels for smooth and efficient day to day functioning. An independent internal audit mechanism is in place for conducting extensive audit of various operational and financial matters. C&AG conducts proprietary audit. An independent Audit Committee of the Board of Directors also examines internal/ statutory audit observations and provides guidance based on the same. The Audit Committee also looks into the internal control system, Company procedures and internal audit performance and reports to the Board of Directors. The Company has implemented an integrated ERP System (SAP) since July 2014 which is enabling better management control.

Statutory Auditors

76. M/s Krishnamoorthy & Krishnamoorthy (Firm Registration No. 001488S), Chartered Accountants, Ernakulam were reappointed as the Statutory Auditors of the Company by the Comptroller & Auditor General of India for the year 2016-17. The shareholders have delegated the power to fix the remuneration of Statutory Auditors to the Board and accordingly, the same has been fixed by the Board.

Auditors Report

77. M/s Krishnamoorthy & Krishnamoorthy, Statutory Auditors have submitted their report on 15th June, 2017. The Report does not contain any qualification, reservation or adverse remark or disclaimer.

Comments of C&AG

78. The comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 are placed at Annexure-3.

Cost Auditors

79. The Board has appointed M/s Felix & Co (Firm Registration No. 100416), Cost Accountants, as the cost auditors for conducting the audit of cost records of the Company for the financial year 2016-17. The remuneration of Cost Auditor for the financial year 2017-18 will be ratified by the shareholders at the ensuing AGM.

Secretarial Auditor

80. The Board has appointed M/s. SVJS & Associates, Practising Company Secretaries, to conduct Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as Annexure-4 to this Report. There is no qualification, reservation or adverse remark or disclaimer in the Secretarial Audit Report.

Extract of Annual Return

81. The extract of annual return in Form MGT 9 as per Rule 12(1) of the Companies (Management & Administration) Rules, 2014 is placed at Annexure-5.

Investor Services

82. CSL is a fully owned Government of India enterprise and the shares of the Company are not presently listed in any of the recognized stock exchanges in India. The tax free Bonds issued by the Company in 2013-14 are fully dematerialized with both the depositories, NSDL and CDSL. These bonds are listed on Wholesale Debt Market ("WDM") segment of BSE Limited ("BSE"). CSL has paid the listing fees to BSE on time. M/s. Linkintime India Private Limited, Mumbai are the Registrar & Transfer Agents and M/s. SBICAP Trustee Company Limited are the Debenture Trustees in respect of these Bonds.

Vigilance

83. Vigilance Department functions advocating transparency, equity and competitiveness in all procurement. Important CVC guidelines are discussed with Heads of Departments for its strict compliance. Emphasis was given to vigilance sensitization among the Officers and Supervisors for preventive vigilance. The Department has taken initiative to formulate specific works manuals for Ship Repair, Ship Building, Civil Engineering and U&M Division. The process is ongoing.

Further the Department has conducted 25 surprise/periodic inspection for the year in various areas of operations and suggested corrective actions on vigilance angle. The Department has also taken initiative to propagate the participation in taking Integrity e-Pledge within the organization as directed by the Central Vigilance Commission. All reports to the Central Vigilance Commission are submitted in time and no reference is pending with CVC.

Vigil Mechanism

84. The Whistle Blower Policy of CSL adopted by the Board of Directors at 198th Meeting held on 22nd February 2012 is functioning as Vigil Mechanism of CSL. The Whistle Blower Policy of CSL is available at the link http://www.cochinshipyard.com/links/Whistle_Blower%20policy_CSL.pdf

Details of frauds reported by Auditors under Section 143

85. Nil.

Particulars of loans, guarantees or investments

86. 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.

Material changes and commitments

87. 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.

Details of change in nature of business

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

Deposits

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

Significant and Material orders

90. 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.

Acknowledgment

91. The Board of Directors are extremely thankful for the continued patronage and support extended by the Hon'ble Prime Minister, Hon'ble Minister of Shipping and all officers of the Ministry of Shipping. The Board

would also like to express their grateful appreciation for the support and co-operation from various offices of the Government of India, Government of Kerala, various local bodies, the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Cost Auditors, Internal Auditors, Suppliers, Sub-contractors, Company's Bankers and our valued customers. The Board also places on record its appreciation for the contribution and support extended by all employees of Cochin Shipyard Ltd.

For and on behalf of the Board of Directors

Madhu S Nair

Chairman & Managing Director

DIN: 07376798

Kochi

10th June, 2017

Annexure -1

A. Conservation of Energy

a. Steps taken or impact on conservation of energy during the year 2016-17	STEPS TAKEN • Installed 200 KW grid connected solar power plant on the roof top of Hull Shop. • Electrification of new buildings is carried out with LED lights instead of conventional discharge lamps. • Replaced conventional discharge lamp street lights with LED lights. • Replacement/ new procurement of Air conditioning units are done with energy efficient inverter type ACs. • Leakages in the compressed air distribution system and other industrial gas lines are regularly monitored and rectified. • Switching off Main Air Compressor during lunch break. • Switching off Main power supply to shops, Quays, & Docks momentarily at 12:15Hrs. This trips man coolers, roof extractors (controlled through starters), etc which are not required during the lunch break. • Displayed energy saving stickers & posters, conducted seminar and quiz competition for inculcating awareness among employees for energy conservation aimed at optimum use of electric power. • Power factor is continuously monitored and maintained near unity. • Installation of turbine ventilators at various buildings • Installation of Automatic Power Factor Correction (APFC) panel for power factor improvement in 1RD & 2BD substation IMPACT Energy saving is approx. 11.60 Lakhs units per annum with the implementation of measures specified above.
b. Steps taken for utilizing alternate sources of energy	• Installed 200 KWp grid connected Solar Power plant at roof top of hull shop.
c. Capital investment on energy conservation equipments	• An amount of approximately ₹ 214 Lakhs has been invested for conservation of energy.

b. Technology Absorption, Adaptation and Innovation

Efforts in brief towards technology absorption, adaptation and innovation

- i. Functional design & Class approval for piping systems for the Technology Demonstration Vessel (Ship020) for DRDO.
 - ii. Development of specification for the procurement of specialized A-Frame for the Technology Demonstration Vessel (Ship020) for DRDO.
 - iii. In-house 3D modeling of the assembly area and the article launcher arrangement for the Technology Demonstration Vessel (Ship020) for DRDO.
 - iv. In-house 3D modeling of the entire hull and outfit for the Technology Demonstration Vessel (Ship020) for DRDO in Tribon Software under progress.
 - v. In-house development of complete production engineering design for the Technology Demonstration Vessel (Ship020) for DRDO in Tribon under progress.
 - vi. In-house 3D modeling of oxygen & nitrogen system for IAC and integration of the same in the ship based on the details received for this system from OEMs
 - vii. Development of in house contract design for hydrographic survey vessel for the purpose of full scale coastal and deep-water hydrographic survey.
 - viii. Development of in house contract design for a 1000 men accommodation barge for operation alongside jetty/ships, harbour and anchorage.
 - ix. In-house 3D modeling of Advanced Composite Communication System (ACCS) including CAW antenna for IAC and integration of the same in the ship, based on the details received for this system from OEMs.
 - x. In-house 3D modeling of weapon systems including weapon interlock system for IAC and integration of the same in the ship, based on the details received for this system from Indian Navy and OEMs.
 - xi. In-house 3D modeling of layout of operational and control centers of IAC like Bridge, OPS room, ADR etc and integration of the same in the ship, as per requirement of Indian Navy.
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Disclosure of Particulars in respect of Absorption

Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitutions etc.	i. Improved self reliance, better control and focus on productivity improvement. ii. Access to high end clientele and enhanced credibility on account of high quality design solutions. iii. Reduction of cost due to minimized rework, as interface of the systems can be viewed and corrected in 3D modelling on computer. iv. Considerable improvement in time and cost saving for production of vessels being built at Shipyard. v. Yard has developed expertise and skill to produce production-engineering drawings by extracting relevant data from Tribon model. vi. Carried out modelling of the entire hull, facilitating very short cycle time for drawing issue. vii. Capability achieved in undertaking multiple projects concurrently. viii. Considerable improvement in time for estimation of cables and optimal route design for cables.
In case imported technology (imported during the last five years reckoned from the beginning of the financial year) following information may be furnished	
a. Technology imported	i. Aviation Facilities Complex for Aircraft Carrier Project. ii. Basic design, material and equipments for firefighting system for Engine room and DA rooms and AVCAT compartments for the Aircraft Carrier Project. iii. Detailed design, material and equipments for AVCAT system Aircraft Carrier Project. iv. NAPA software for basic design and Naval architecture calculation for ships. v. Fluid Flow 3 software for pipe flow analysis and sizing. vi. Technology for cargo containment system for carriage of LNG.
b. Year of import	(2011-2016)
c. Has the technology been fully absorbed	i. Use of NAPA software (functional) has been fully absorbed. Used for stability checks on various ships and for developing basic design for RO-RO vessel. Hence considered fully absorbed (100%) ii. 90% for Aviation Facilities Complex (AFC) for Aircraft Carrier Project. iii. Detailed engineering of AVCAT and fire fighting system has been fully absorbed (100%) iv. Fluid Flow 3 has been used for pipe sizing in cargo launch barge and in the basic design of RO-RO vessel and hence considered fully absorbed (100%) v. Cargo containment system for carriage of LNG fully absorbed (100%) and license obtained from GTT France.
d. If not fully absorbed, areas where this has not taken place, reasons thereof and future plan of action	In case of Aviation Facilities Complex, deliverables for AFC are being received in phases and absorption would also follow accordingly.
Expenditure incurred on Research and Development	₹ 4.3 Lakhs

C. Foreign Exchange Earnings and Outgo

(₹ in lakhs)

	2016-17	2015-16
Income from Foreign Exchange		
From Shipbuilding	10442.05	11386.78
From Shiprepair	0.00	85.37
Total	10442.05	11472.15
Expenditure in Foreign Exchange		
Materials (CIF Value)	40846.20	45308.01
Design & Documentation	28546.92	9489.90
Service Charge & Others	15709.26	2984.82
Total	85102.38	57782.73

Madhu S Nair

Chairman & Managing Director

DIN: 07376798

Kochi

10th June, 2017

Annexure -2

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programs.
 - a) Cochin Shipyard Limited Corporate Social Responsibility Policy (CSL CSR Policy):
 - (i) CSL CSR Policy approved and adopted by the Board of CSL in its 213th Meeting held on 16th September, 2014 is founded on the basic principles of shared and inclusive growth of the community and environment and is a manifestation of Company's commitment to the people and planet without sacrificing its economic sustainability. More than a mandatory practice, CSR for CSL is its way of conducting the business. The Policy encompasses the basic tenets of CSR and domain of CSR activities as enshrined in the Companies Act, 2013 and the CSR Rules framed there under with particular reference to the Schedule VII of the Act.
 - (ii) Accordingly, CSL CSR Policy contains:
 - CSR Vision and Mission
 - Thrust areas of CSR interventions
 - CSR activities
 - CSR Management structure in CSL
 - CSR implementation process or modus operandi
 - CSR budgeting
 - Documentation and reporting
 - (iii) Web-link to the CSR Policy and projects or programs:
http://www.cochinshipyard.com/links/CSL_CSR_14-15.pdf
 - b) Overview of projects or programs proposed to be undertaken (As shown under 5 (a) below)
2. The Composition of the CSR Committee (Board Level) as on date:
 - i) Smt. Roopa Shekhar Rai DIN: 07565156 Independent Director and Chairperson of the Committee
 - ii) Shri Radhakrishna Menon DIN: 07518727 Independent Director
 - iii) Shri D Paul Ranjan DIN: 06869452 Director (Finance)
 - iv) Shri Sunny Thomas DIN: 06882228 Director (Technical)
3. Average net profit of the company for the last three financial years: ₹ 360.87 crore.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 7.22 crore
5. Details of CSR spent during the financial year
 - a) Total amount to be spent for the financial year : ₹ 7.22 crore
 - b) Total amount spent : ₹ 7.24 crore
 - c) Amount unspent, if any : Nil

RESPONSIBILITY STATEMENT

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objective and policy of the Company.'

Madhu S Nair
(DIN: 07376798)
Chairman & Managing Director

Roopa Shekhar Rai
(DIN: 07565156)
Chairperson of CSR & SD Committee

Place : Kochi
Date : 10th June, 2017

Manner in which the amount spent during the financial year 2016 – 17

Sl No	Name of Project with a brief	Sector in which the Project is covered (Clause no. of Schedule VII to Companies Act, 2013, as amended)	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ In Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or (2) Overheads (₹ In Lakhs) *	Cumulative Expenditure up to the reporting period (₹ In Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
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A. Major Projects

1	Anantha Kripa - Providing Free Accommodation and food for the Financially Challenged Patients and By-standers near Thiruvananthapuram Medical College	Cl. (i) promoting health care including preventive health	Thiruvananthapuram District of Kerala State	150.00	103.14	103.14	Sevabharathi, Thiruvananthapuram District	130 by-standers of patients per day
2	New Hospital Building for Swami Vivekananda Medical Mission, Muttill, Wayanad	Cl. (i) promoting health care including preventive health	Muttill, Wayanad District of Kerala State	50.00	30.48	30.48	Swami Vivekananda Medical Mission, Muttill, Wayanad	250 patients including sickle anemia patients per day
3	Promotion of Education through the Construction of a Hostel Building for Tribal Students in Kudayathoor, Idukki District.	Cl. (ii) promoting education	Kudayathur, Idukki District of Kerala State	50.00	43.25	43.25	Saraswati Vidyaniethan Secondary School, Kudayathoor	50 Tribal Girls
4	Support for Yoga Instruction Facility at Saraswathy Vidyaniethan School, Chengamanad Village, Ernakulam District	Cl. (i) promoting health care including preventive health	Chengamanad, Ernakulam District of Kerala State	25.00	24.50	24.50	Saraswathy Vidyaniethan School, Chengamanad Village, Ernakulam District	50 Health seeking patients per day

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5	Integrated Self Employment and Women Empowerment ; TUMVSS, Thevara	Cl. (ii) promoting education, employment enhancing vocational skills especially among women and livelihood enhancement project Cl. (iii) empowering women and measures for reducing inequalities faced by socially and economically backward groups	Thevara, Ernakulam District of Kerala State	25.00	00.00	0.00	Thevara Ulnadan Matsya Tozhilali Vikasana Sahakarana Sangham, Thevara	40 Fisher Folk Women
6	Igniting Minds- Promoting Next Generation Scientists; Vijnana Bharati, New Delhi	Cl. (ii) promoting education	Entire state of Kerala	20.00	06.00	06.00	Vijnana Bharati-New Delhi	30,000 School students

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7	Support for Common Facility Centre cum Office Building of Chennamangalam Fish Workers Development Cooperative Society at Vadakkumpuram, North Paravoor	Cl. (ii) promoting education, employment enhancing vocational skills especially among women and livelihood enhancement project Cl. (iii) empowering women and measures for reducing inequalities faced by socially and economically backward groups	Chennamangalam, N. Paravoor, Ernakulam District of Kerala State	20.00	12.00	12.00	Chennamangalam Fish Workers Development Cooperative Society, Chennnamangalam, N. Paravoor	40 Fisher Folk Women
8	Support for construction of Sixteen Independent Houses for the victims of Endosulphan, in Kasargode District of Kerala State as part of its overall housing scheme planned in collaboration with the Government of Kerala.	Cl. (x) Rural Development projects	Erea –Peria Panchayat of Kasargode District of Kerala State	80.00	80.00	80.00	Sri Stya Sai Orphan Trust, Trivandrum	16 Endosulphan Victim Families

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9	Support for 'Construction of a Office Building cum Training Centre for the capacity building initiatives of the industrial workers and other stakeholders at Irumpanam, Ernakulam District	CL1.11.1(11) and (111) livelihood enhancement projects and measures for reducing inequalities faced by socially & economically backward groups	Irumpnam, Ernakulam District of Kerala State	40.00	38.49	38.49	National Safety Council -Kerala Chapter, Ernakulam	600 Trainees per year
10	Support for 'Construction of a Short Stay Home for the Victims of Domestic Violence at Nettayam'	Cl.(iii) setting up of homes and hostels for women and orphans	Nettayam, Thiruvananthapuram District of Kerala State	20.00	19.95	19.95	Kerala Working Women Association, TVM	25 Women who are victims of violence
11	Skill Building Support for the Hearing Impaired; Assisi School for Deaf, Muvattupuzha.	Cl. (ii) promoting education, employment enhancing vocational skills especially among women and livelihood enhancement project Cl. (iii) empowering women and measures for reducing inequalities faced by socially and economically backward groups	Muvattupuzha, Ernakulam District of Kerala State	20.00	08.00	08.00	Assisi School for Deaf, Muvattupuzha	24 Deaf students

Sl No	Name of Project with a brief	Sector in which the Project is covered (Clause no. of Schedule VII to Companies Act, 2013, as amended)	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ In Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or programs (2) Overheads (₹ In Lakhs)*	Cumulative Expenditure up to the reporting period (₹ In Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
12	Support for Roof Top Water Harvesting Structures for Providing Safe Drinking Water for the People in the Coastal Villages of Alleppey and Ernakulam	Cl.(i) Making available safe drinking water	Alleppey District of Kerala State	18.00	14.92	14.92	Alleppey Charitable Social Welfare Society, Alleppey	40 Families
13	Life Saving Equipments for Trauma Care, Municipal Co. op. Hospital, Thrikkakkara	Cl. (i) promoting health care including preventive health	Thrikkakkara, Ernakulam District of Kerala State	20.00	20.00	20.00	Thrikkakkara Municipal Co-operative Hospital Society, Kakkanad	600 patients per day
14	Support for Construction of a Building for Tribal Women in Punchavayal to Facilitate Trade on Agricultural Products to Increase their Income	Cl. (ii) promoting education, employment enhancing vocational skills especially among women and livelihood enhancement project Cl. (iii) empowering women and measures for reducing inequalities faced by socially and economically backward groups	Punchavayal, Kottayam District of Kerala State	30.00	23.64	23.64	Shree Saraswati Vilasam Girijan Mahila Samajam, Punchavayal, Kottayam	40 Tribal Women

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15	Support for 'Kerala Suchitwa Mission' Declaring Kerala as Open Defecation Free State	Cl. Swachh Bharat Abhiyan of Gol	Entire Kerala State	50.00	50.00	50.00	Suchitwa Mission, GoK	250 families
16	Support for the Renovation of Koithara Park at Panampilly Nagar	Cl. Swachh Bharat Abhiyan of Gol	Panampilly Nagar, Ernakulam District of Kerala State	30.00	0.00	0.00	CSL and Cochin Corporation	200 people per day
17	Support for Project EYES (Envisioned Youth for Envisaged Society).	Cl. (ii) promoting education	Idukki District of Kerala State	15.00	10.00	10.00	Confederation of Indian Industry (CII) Kerala	30000 school students
18	Financial Help for renovation of Devaki Memorial Senior Basic School, Kakkayur, Palakkad.	Cl. (ii) promoting education	Kakkayur, Palakkad District of Kerala State	12.00	00.00	0.00	Headmaster of Devaki Memorial Senior Basic School Kakkayur	400 students
19	Financial help for the purchase of a school van for transporting differently abled children of Deena Daya Seva Trust Thodupuzha	Cl. (ii) promoting education, including special education	Thodupuzha, Ernakulam District of Kerala State	12.00	11.24	11.24	Deena Daya Seva Trust Thodupuzha	20 special Children
Total A				687.00	495.61	495.61		

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B. Minor Projects								
1	School Development support for Govt. L. P. School, Irumpupalam, Adimaly Panchayat, Idukki District	Cl. (ii) promoting education	Irumpupalam, Adimaly Panchayat, Idukki District of Kerala State	1.30	1.30	1.30	Govt. L. P. School, Irumpupalam, Adimaly	97 students
2	Monument Installation at Abdul Kalam Marg (Kochi Marine Drive Walkway) in memory of Shri. A. P. J. Abdul Kalam	Cl. Swachh Bharat Abhiyan of Gol	Marine Drive, Ernakulam District of Kerala State	9.99	9.99	9.99	GCDA, Cochin	1000 public per day
3	Support for Promoting Suryanamaskara (Yoga Training) on the Occasion of Rathasapthami	Cl. (i) promoting health care including preventive health	Ernakulathappan Ground in Ernakulam District of Kerala State	2.50	2.50	2.50	Pathanjali Yoga and Research Centre, Ernakulam	5000 students
4	Support for Construction of an Open Stage Auditorium at Govt. U. P. School Paipra, Muvattupuzha	Cl. (ii) promoting education	Paipra, Muvattupuzha, Ernakulam District of Kerala State	7.55	7.55	7.55	Govt. U. P. School Paipra, Muvattupuzha	200 students
5	Pratheeksha- Free Screening Camp for Kidney and Life Style Diseases among Tea Plantation Laborers at Kolahalamedu Near Vagamon in Idukki District	Cl. (i) promoting health care including preventive health	Kolahalamedu Near Vagamon in Idukki District of Kerala State	0.37	0.37	0.37	Department of Social Work, Marian College, Kuttikkanam	180 patients

Sl No	Name of Project with a brief	Sector in which the Project is covered (Clause no. of Schedule VII to Companies Act, 2013, as amended)	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) or project program wise (₹ In Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or programs (2) Overheads (₹ In Lakhs)*	Cumulative Expenditure up to the reporting period (₹ In Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
6	Financial Support for Madhuram Malayalam-Promoting Reading Habit Among School Students in Kottayam and Pathanamthitta Districts.	Cl. (ii) promoting education	Kottayam and Pathanamthitta Districts of Kerala State	3.00	1.50	1.50	Mathrubhumi -Kottayam Unit	30 Schools
7	Assistance for Smart Classrooms cum Auditorium at Higher Secondary School, Puliyanam	Cl. (ii) promoting education	Puliyanam, Angamaly in Ernakulam District of Kerala State	4.00	4.00	4.00	Govt. Higher Secondary School, Puliyanam	1000 students
8	Assistance for a Container Trauma Care Unit	Cl. (i) promoting health care including preventive health	Ernakulam District of Kerala State	3.00	0.00	0.00	Medical Trust Hospital, Ernakulam	As per requirement
9	Promotion of Special Cultural Forms of Kerala at Changanpuzha Samskarika Kendram Edapally	Cl.(v) protection of National heritage, art and culture	Changanpuzha park, Edappally, Ernakulam District of Kerala State	7.30	3.65	3.65	Changanpuzha Samskarika Kendram Edapally	3000 art loving people
10	Honoring T-20 Asia Cup Winners	Cl.(vi) Nationally recognized Sports	Asia level event held in Kerala State	1.90	1.90	1.90	Cricket Association for the Blind- Kerala	5 National Cricket Teams in Asia

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11	Support for renovation of a class room cum training center for conducting skill development programmes for economically backward students of Cotton Hill Girls High School, Trivandrum	Cl. (ii) promoting education	Trivandrum District of Kerala State	4.25	2.15	2.15	COSTA-Cotton Hill Girls High School, Trivandrum	50 students per year
12	Financial support for conducting 5 days personality development camp for Inborn HIV children in Kerala	Cl. (i) promoting health care including preventive health	Kaloor, Ernakulam District of Kerala State	2.00	2.00	2.00	Chavra Inspire, Ernakulam	150 students
13	Financial Support to Kerala Federation of the Blind for Distribution of Educational Aids to the Visually Impaired Children of Ernakulam, Alleppey and Kottayam Districts	Cl. (ii) promoting education, including special education	Alleppey and Kottayam Districts of Kerala	4.00	4.00	4.00	Kerala Federation of the Blind	150 students
14	Swachh Bharath Campaign 2016- In Association with Kochi Corporation	Cl. Swachh Bharat Abhiyan of Gol	Ernakulam District of Kerala State	1.66	1.66	1.66	Kochi Corporation	People from Two divisions of Cochin Corporation
15	Support for Chairs to the Mentally Sick inmates of Daivadan Centre, Malayattoor	Cl. (i) promoting health care including preventive health	Malayattoor, Ernakulam District of Kerala State	1.00	0.00	0.00	Daivadan Centre, Malayattoor	136 Destitute Women

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16	Support for Five Scuba Sets to Fire & Rescue Department, Central Division Ernakulam	Cl. (i) promoting health care including preventive health	Ernakulam District of Kerala State	9.00	9.00	9.00	Fire & Rescue Department, Central Division Ernakulam	As per requirement
17	Support for Computers at Govt. PBS. LP. School, Vengola , Onamkulam, Ernakulam	Cl. (ii) promoting education	Onamkulam, Ernakulam District of Kerala State	0.62	0.62	0.62	Govt. PBS. LP. School, Vengola, Onamkulam, Ernakulam	100 students
18	Financial Support for Providing Educational Aids to the Poor SC/ST Students in Ernakulam District	Cl. (ii) promoting education, including special education	Govt. Schools in Ernakulam District of Kerala State	4.00	4.00	4.00	SC/ST Federation of Cochin Shipyard, Ernakulam	650 SC/ST students
19	Financial Assistance for the Special Gathering of Paraplegia Patients of Ernakulam District- Organized by ATMA (Association of Television Media Artists)	Cl. (i) promoting health care including preventive health	ATMA (Association of Television Media Artists) Ernakulam District of Kerala State	2.50	2.50	2.50	ATMA (Association of Television Media Artists) Thiruvananthapuram	104 Paraplegia patients
20	Assistance for Vidyaposhanam Poshakasamrdham Project (Mid-Day Meals for Students)	Cl. (i) promoting health care including preventive health	Ernakulam Parliamentary constituency, Ernakulam District of Kerala State	5.08	5.08	5.08	Vidhyadhanam Trust, Ernakulam	3000 Students
21	25th All Kerala Children's Fest 2016	Cl. (ii) promoting education.	Children from all parts of Kerala, Ernakulam District of Kerala State	10.00	10.00	10.00	Cochin Shipyard Recreational Club, Ernakulam	6000 Children

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22	Financial Support for Onam Kits to Economically Backward Communities in Cochin Corporation Area	Cl. (i) Eradicating hunger, poverty and malnutrition	Cochin Corporation, Ernakulam District of Kerala State	0.50	0.50	0.50	Cochin Corporation, Ernakulam	50 Families
23	Financial support for promoting Geriatric Care by Rotary Club of Kalamassery.	Cl. (iii) setting up of old age homes, day care centers and such other facilities for senior citizens	Kalamassery, Ernakulam District of Kerala State	5.00	0.00	0.00	Rotary Club, Kalamassery, Ernakulam	50 inmates, both men and women
24	Financial support to CMFRI for the Art installation of "Fish Cemetery" at Fort Kochi during Binalle 2017	Cl. Swachh Bharat Abhiyan of Gol	Fort Kochi, Ernakulam District of Kerala State	4.00	4.00	4.00	CMFRI, Kochi	10000 Public
25	Celebration of World Disability Day	Cl. (i) promoting health care including preventive health	Ernakulam District of Kerala State	1.00	0.00	0.00	Social Justice Department of Ernakulam District	1000 Disabled children
26	Support for an Ambulance to Munro Thuru Panchayat, Kollam District.	Cl. (i) promoting health care including preventive health	Munrothuru, , Kollam District of Kerala State	6.00	6.00	6.00	Grama Panchayat, Kollam District	3000 people in the Panchayat
27	Support for home care vehicle, physiotherapy equipments and surgical equipments to Alpha Palliative Care Centre, Kochi City Link Centre.	Cl. (i) promoting health care including preventive health	Ernakulam District of Kerala State	5.00	4.21	4.21	Kochi City Link Centre, Palativattom, Ernakulam	120 Palliative care patients

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28	Support for the Super-specialty Medical Camp-An Initiative by Shri Hibi Eden, MLA, Ernakulam, conducted by IMA	Cl. (i) promoting health care including preventive health	Ernakulam constituency, of Kerala State	6.00	0.00	0.00	IMA, Ernakulam District	6000 Patients
29	Support for Special School Kalolsavam -Chilamboly-2017 organized by AID	Cl. (ii) promoting education, including special education	Thevara, Ernakulam District of Kerala State	1.00	1.00	1.00	Association of the Intellectually Disabled	
30	Financial Support for Second T-20 Asia Cricket Tournament for the Blind organized by the Cricket Association of the Blind-Kerala	Cl. (vii) Nationally recognized sports	Kalamassery, Ernakulam District of Kerala State	1.00	1.00	1.00	Cricket Association of the Blind-Kerala	
Total B				114.52	90.48	90.48	90.48	
C. Expenses from Previous Years Projects								
1	Support to improve the Infrastructural Facilities of the Public Lab and Mother and Child OB/GYN Operation Theater at District Hospital, Wadakkanchery In Thrissur District	Cl. (i) promoting health care including preventive health care	District Hospital, Wadakkanchery, Thrissur District	50	50	50	Hospital Development Committee, District Hospital, Wadakkanchery, Thrissur District	700 Patients/ Day

Sl No	Name of Project with a brief	Sector in which the Project is covered (Clause no. of Schedule VII to Companies Act, 2013, as amended)	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ In Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or programs (2) Overheads (₹ In Lakhs)*	Cumulative Expenditure up to the reporting period (₹ In Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
2	'Welding For Nation Building', Skill Development In Welding Technology For 60 Unemployed BPL/ Marginalized Youth Under 'Skill India Mission' – Don Bosco Tech, Vaduthala	Cl. (ii) and (iii) Livelihood enhancement projects and measures for reducing inequalities faced by Socially & economically backward groups	Different Districts of Kerala	28.35	11.33	25.00	Don Bosco Tech, Vaduthala, Ernakulam	50 students
3	Financial Support for Construction of Toilet Units at selected Govt./ Govt. Aided Schools of Kannur District, Under Swachh Bharat Abhiyan of Government of India	Cl. Swachh Bharat Abhiyan of Gol	Kannur District of Kerala State	50.00	50.00	50.00	Deputy Director Education, Kannur District	4000 Students
4	Financial support for suchitwa bodhana yajnam for a 'halla ente nadu nalla nammude nadu'	Cl. (i) promoting sanitation & Swachh Bharat Abhiyan of Gol	Ernakulam District	1.07	0.98	1.07	Mithradham Renewable Energy Centre (NGO), Sahrudaya Services and Charities (NGO) and Rajagiri outREACH (NGO), Ernakulam District	10000 People

SI No	Name of Project with a brief	Sector in which the Project is covered (Clause no. of Schedule VII to Companies Act, 2013, as amended)	Projects or Programs (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or program wise (₹ In Lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on project or programs (2) Overheads (₹ In Lakhs)*	Cumulative Expenditure up to the reporting period (₹ In Lakhs)	Amount Spent : Direct or through implementing agency	Number and Category of Project Beneficiaries
5	Financial Support for Snehanilayam Special School, Chembumukku, Kakkanadu	Cl. (ii) promoting special education and employment enhancing vocational skills especially among differently abled children	Chembumukku, Kakkanad, Ernakulam District	4.87	4.81	4.81	Snehanilayam Special School, Chembumukku, Kakkanadu, Ernakulam District	140 Students
6	Financial Support for National Science Talent Search Contest-2015	Cl. (ii) promoting education	Kerala State	3.00	3.00	3.00	Swadeshi Science Movement - Kerala, Sastra Bhavan, Tower B, 4th floor, Mather Square, Town Railway Station Road, Kochi	10000 Students
7	Distribution of Free Medicine (Insulin) to Type1 Diabetic Children of BPL Families in Ernakulam District	Cl. (i) promoting health care including preventive health	Ernakulam, Alappuzha, Idukki, Kottayam and Thrissur District	9.50	0.47	0.47	Lourdes Hospital, Vaduthala, Ernakulam District	25 Type 1 Diabetic Patients
Total C				146.79	120.59	134.35		
D Indirect Expenses								
Overhead/ Administrative Expenses				16.88	16.88	16.88		
Grand Total (A + B + C + D)						723.56		

Annexure -3

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF COCHIN SHIPYARD LIMITED, KOCHI FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of Cochin Shipyard Limited, Kochi for the year ended 31 March 2017 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 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 15.06.2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Cochin Shipyard Limited, Kochi for the year ended 31 March 2017.

This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(G. SUDHARMINI)
Principal Director of Commercial Audit and
Ex-Officio Member Audit Board, Chennai

Place: Chennai - 34
Date: 10.07.2017

Annexure -4

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2017
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Cochin Shipyard Limited
Administrative Building, 39/6080
Cochin Shipyard Premises
Perumanoor, M.G. Road
Ernakulam, Kerala - 682015

We, SVJS & Associates, Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Cochin Shipyard Limited [CIN: U63032KL1972GOI002414]** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017 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 examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:-
 - (a) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. As informed to us, the following other laws are specifically applicable to the Company:
 1. The Factories Act, 1948;
 2. The Environment (Protection) Act, 1986;
 3. The Water (Prevention and Control of Pollution) Act, 1974;
 4. The Air (Prevention and Control of Pollution) Act, 1981;
 5. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008;
 6. The Electricity Act, 2003 and Central Electricity Regulations 2010;
 7. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;

8. Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises;

9. The Central Vigilance Commission Act, 2003;

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

- (i) Secretarial Standards relating to Board (SS 1) and General Meetings (SS 2) issued by The Institute of Company Secretaries of India;
- (ii) The Debt Listing Agreement entered into by the Company with BSE Limited;

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

In respect of other laws specifically applicable to the Company we have relied on information / records produced by the Company during the course of our audit and the reporting is limited to that extent.

We report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent 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 and in compliance with orders issued by the Central Government.

Adequate notices were given to all directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days 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.

Majority decision including dissenting views on any decisions of the Board were captured and recorded.

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

We further report that during the audit period the Company has filed the Draft Red Herring Prospectus with the Securities and Exchange Board of India on 24th day of March 2017 as per Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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

- i. Public/Right/Preferential issue of shares/debentures/sweat equity;
- ii. Redemption/buy-back of securities;
- iii. Major decisions taken by the members in pursuance to Section 180 of the Act;
- iv. Merger/amalgamation/reconstruction etc.;
- v. Foreign technical collaborations.

This Report is to be read with our letter of even date which is annexed as '**Annexure A**' and forms an integral part of this Report.

For SVJS & Associates
Company Secretaries

P. Sivakumar
Managing Partner
C.P. No. 2210

Kochi
10.06.2017

ANNEXURE A

To

The Members

Cochin Shipyard Limited

Administrative Building, 39/6080

Cochin Shipyard Premises

Perumanoor, M.G. Road

Ernakulam, Kerala - 682015

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

1. Maintenance of the Secretarial records is the responsibility of the management of the Company. Our responsibility as Secretarial Auditors is to express an opinion on these records, based on our audit.
2. 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 records. We believe that the process and practices we followed provide a reasonable basis for our Report.
3. The correctness and appropriateness of financial records and Books of Accounts of the Company have not been verified.

4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of management. Our examination is limited to the verification of the procedures and compliances on test basis.
6. While forming an opinion on compliance and issuing the Secretarial Audit Report, we have also taken into consideration the compliance related actions taken by the Company after 31st March 2017 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 SVJS & Associates

Company Secretaries

P. Sivakumar

Managing Partner

C.P. No. 2210

Kochi

10.06.2017

Annexure -5

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U63032KL1972GOI002414
2.	Registration Date	29th March 1972
3.	Name of the Company	Cochin Shipyard Ltd
4.	Category/Sub-category of the Company	Public Company/ Limited by Shares
5.	Address of the Registered office & contact details	Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin, Ernakulam – 682 015, Kerala, India. Ph: +91 484-2501307 Fax: + 91 484-2384001 e-mail: secretary@cochinshipyard.com website: www.cochinshipyard.com
6.	Whether listed company	Yes/ No Debentures listed in WDM segment of BSE
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 Ph: 022 - 2594 6970 Fax: 022-2594 6969 e-mail: rnt.helpdesk@linkintime.co.in website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S I No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Building of Ships & Floating Structures	3011	73.62
2	Specialised Repair and maintenance of ships and floating structures	3315	26.38

III. Particulars of holding, Subsidiary and Associate Companies

S I No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Nil	Nil	Nil	Nil	Nil

SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2016]				No. of Shares held at the end of the year [As on 31st March 2017]				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	-	-	-	-	-	-	-	-	-	-
b) Central Govt	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil	Nil
c) State Govt(s)	-	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil	Nil
(2) Foreign										
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A)(1) + (A)(2)	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil	Nil
B. Public Shareholding										
1. Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01st April 2016]				No. of Shares held at the end of the year [As on 31st March 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+ (B) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	11,32,80,000	11,32,80,000	100	Nil	11,32,80,000	11,32,80,000	100	Nil

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	The President of India	11,32,79,700	99.99%	-	11,32,79,700	99.99%	-	Nil

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	11,32,79,700	99.99%	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the end of the year	11,32,79,700	99.99%	11,32,79,700	99.99%

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
1.	Cmde K Subramaniam	100	-	-	-
2.	Shri Pradeep Kumar Roy	Nil	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Date	Name	Reason		
1.	17/08/2016	Cmde K Subramaniam	Transfer	100	-
2.	20/09/2016	Shri Pradeep Kumar Roy	Transfer	-	-
	At the end of the year				
1.	Cmde K Subramaniam	-	-	Nil	-
2.	Shri Pradeep Kumar Roy	-	-	10	-

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year																
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company															
	At the beginning of the year																			
1.	Shri D Paul Ranjan, Director (Finance) (DIN: 06869452)	100	-	-	-															
2.	Shri Barun Mitra IAS, Nominee Director, Government of India (DIN: 07012558)	100	-	-	-															
3.	Shri Madhu S Nair, Chairman & Managing Director (DIN: 07376798)	-	-	-	-															
4.	Shri Sunny Thomas, Director (Technical) (DIN: 06882228)	-	-	-	-															
5.	Shri Suresh Babu N V , Director (Operations) (DIN: 07482491)	-	-	-	-															
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):																			
	<table><tr><th>Date</th><th>Name</th><th>Reason</th></tr><tr><td>1. 17/08/2016</td><td>Shri Madhu S Nair</td><td>Transfer</td></tr><tr><td>2. 20/09/2016</td><td>Shri D Paul Ranjan</td><td>Transfer</td></tr><tr><td>3. 20/09/2016</td><td>Shri Sunny Thomas</td><td>Transfer</td></tr><tr><td>4. 20/09/2016</td><td>Shri Suresh Babu N V</td><td>Transfer</td></tr></table>	Date	Name	Reason	1. 17/08/2016	Shri Madhu S Nair	Transfer	2. 20/09/2016	Shri D Paul Ranjan	Transfer	3. 20/09/2016	Shri Sunny Thomas	Transfer	4. 20/09/2016	Shri Suresh Babu N V	Transfer				
Date	Name	Reason																		
1. 17/08/2016	Shri Madhu S Nair	Transfer																		
2. 20/09/2016	Shri D Paul Ranjan	Transfer																		
3. 20/09/2016	Shri Sunny Thomas	Transfer																		
4. 20/09/2016	Shri Suresh Babu N V	Transfer																		
	At the end of the year																			
1.	Shri D Paul Ranjan, Director (Finance) (DIN: 06869452)	-	-	70	-															
2.	Shri Barun Mitra IAS, Nominee Director, Government of India (DIN: 07012558)	-	-	100	-															
3.	Shri Madhu S Nair, Chairman & Managing Director (DIN: 07376798)	-	-	100	-															
4.	Shri Sunny Thomas, Director (Technical) (DIN: 06882228)	-	-	10	-															
5.	Shri Suresh Babu N V, Director (Operations) (DIN: 07482491)	-	-	10	-															

Note: As on the end of the financial year, there are five directors of our Company holding total of 290 equity shares as nominee of the President of India and 10 equity shares are held by Shri Pradeep Kumar Roy as a nominee of the President of India.

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

(₹ In Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	123.00	-	-	123.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.82	-	-	2.82
Total (i+ii+iii)	125.82	-	-	125.82
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	123.00	-	-	123.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.82	-	-	2.82
Total (i+ii+iii)	125.82	-	-	125.82

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In ₹)

Sl. No.	Particulars of Remuneration	Shri Madhu S Nair Chairman & Managing Director (DIN: 07376798)	Shri D Paul Ranjan Director (Finance) & CFO (DIN: 06869452)	Shri Sunny Thomas Director (Technical) (DIN: 06882228)	Shri Suresh Babu N V, Director (Operations) (DIN: 07482491)	Total Amount
1.	Gross Salary	35,68,975	39,51,311	38,89,731	31,68,052	1,45,78,069
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	35,68,975	39,51,311	38,89,731	31,68,052	1,45,78,069

Ceiling as per the Act

In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5th June, 2015, Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

B. Remuneration to other Directors

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	Smt. Roopa Shekhar Rai (DIN: 07565156)	Shri Radhakrishna Menon (DIN: 07518727)	Shri Krishna Das E (DIN: 02731340)	
	Fee for attending Board/Committee meetings	1,25,000	1,75,000	1,40,000	4,40,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	1,25,000	1,75,000	1,40,000	4,40,000
2.	Other Non-Executive Directors	Shri Barun Mitra IAS, Nominee Director, Govt. of India (DIN: 07012558)	Shri Elias George IAS (Retd.), Nominee Director, Govt. of Kerala (DIN: 00204510)		
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	1,25,000	1,75,000	1,40,000	4,40,000
	Total Managerial Remuneration				1,50,18,069

Overall Ceiling as per the Act

In accordance with Ministry of Corporate Affairs notification no. GSR 463(E) dated 5th June 2015; Government Companies are exempt from Section 197 of the Companies Act, 2013 and its rules thereof.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel Smt. Kala V Company Secretary	Total
1.	Gross salary	25,67,498	25,67,498
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	others, specify.	-	-
5.	Others, please specify	-	-
	Total	25,67,498	25,67,498

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Kochi
10th June, 2017

Madhu S Nair
Chairman & Managing Director
DIN: 07376798

REPORT ON CORPORATE GOVERNANCE

Company's Philosophy on Corporate Governance

1. Cochin Shipyard recognizes the importance of Corporate Governance to emerge as a model corporate. The Company has adopted policies and procedures which are aimed at effectively discharging its responsibilities to various stakeholders viz. shareholders, creditors, customers, employees and society at large. CSL strongly believes that the Company can emerge as a strong global leader only by following good & sound Corporate Governance principles. The Company has been rated 'Excellent' in Corporate Governance practices as per the evaluation criteria prescribed by the Department of Public Enterprises consistently for the last several years.

Board of Directors

2. The Board of Directors of Cochin Shipyard Limited plays a pivotal role in ensuring good Corporate Governance. The composition of the Board as on 31st March 2017 was as follows:-

Sl. No.	Name of Director	Director Identification Number (DIN)	Category of Directorship
1	Shri Madhu S Nair, Chairman & Managing Director	07376798	Executive Director
2	Shri D Paul Ranjan, Director (Finance)	06869452	Executive Director
3	Shri Sunny Thomas, Director (Technical)	06882228	Executive Director
4	Shri Suresh Babu N V, Director (Operations)*	07482491	Executive Director
5	Shri Barun Mitra IAS**	07012558	Official Part Time (Nominee) Director, Government of India
6	Shri Elias George IAS (Retd.)	00204510	Official Part Time (Nominee) Director, Government of Kerala
7	Smt. Roopa Shekhar Rai	07565156	Non Official Part Time (Independent) Director
8	Shri Radhakrishna Menon	07518727	Non Official Part Time (Independent) Director
9	Adv. Krishna Das E	02731340	Non Official Part Time (Independent) Director

* Ministry of Shipping vide letter No. SY-11012/2/2010-CSL dated 26 April 2016 appointed Shri Suresh Babu N V as Director (Operations) for a period of 5 years from the date of assumption of charge of the post or till the date of superannuation or until further orders whichever is earliest.

**The Ministry of Shipping, vide letter F. No. SY-11012/1/2017-CSL dated 17th April 2017 appointed Shri Pravir Krishna IAS, Joint Secretary (Shipping) as Official Part Time (Nominee) Director of CSL, in place of Shri Barun Mitra IAS.

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

4. Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and Number of other Directorships and Chairmanships/ Memberships of Committees of each Director in various Companies are as below:

Name of Director	Attendance of meeting during 2016-17		No. of other Directorship(s)		Other Board Committees	
	Board Meetings	Last AGM	Chairman	Member	Chairman	Member
Shri Madhu S Nair	6	Yes	-	-	-	-
Shri Barun Mitra IAS	5	Yes	-	-	-	1
Shri Elias George IAS (Retd.)	3	Yes	-	-	-	-
Shri D Paul Ranjan	6	Yes	-	-	-	-
Shri Sunny Thomas	6	Yes	-	-	-	-
Shri Suresh Babu N V	6	Yes	-	-	-	-
Smt. Roopa Shekhar Rai	6	Yes	-	-	-	-
Shri Radhakrishna Menon	6	Yes	-	-	-	-
Adv. Krishna Das E	6	Yes	-	-	-	-

- The Directorships held by Directors as mentioned above does not include Alternate Directorships and Directorships of Foreign Companies, Sec 25 Companies and Private Limited Companies which are not Government Companies.
- Memberships/ Chairmanships of only the Audit Committees and Share Holders/ Investors Grievances Committees of all Public Limited Companies and Government Companies have been considered.

Details of Board Meetings held during 2016-17

5. Six Board Meetings were held during the year 2016-17 and the gap between two meetings did not exceed 120 days. The dates on which the Board Meetings were held are as follows:

Sl. No	Date	Board Strength	No. of Directors present
1	07th May 2016	9	8
2	12th July 2016	9	9
3	20th September 2016	9	9
4	14th December 2016	9	7
5	24th January 2017	9	8
6	23rd March 2017	9	9

Availability of information to the members of the Board

6. The Board has complete access to any information within the Company and to any employee of the Company. The Board welcomes the presence of executives in the Board Meetings, who can provide additional insights into the issues being discussed in the meeting. The information normally required to be placed before the Board include the following:

- a) To make calls on shareholders in respect of money unpaid on shares.

- b) To authorize buy-back of securities.
- c) To issue securities including debentures, in India or abroad.
- d) To borrow monies.
- e) To invest funds of the company.
- f) To grant loans or give guarantee or provide security in respect of loans.
- g) To approve financial statement and Board's Report.
- h) To diversify the business of the company.
- i) To approve amalgamation, merger or reconstruction.
- j) To take over a company or acquire a controlling interest or substantial stake in another company.
- k) To appoint or remove key managerial personnel (KMP).
- l) To appoint internal auditor and secretarial Auditor.
- m) General notices of interest of Directors.
- n) Terms of reference of Board Committees.
- o) Minutes of meetings of Audit Committee and other Committees of the Board, as also resolutions passed by circulation.
- p) Annual operating plans of businesses, capital budgets and any updates.

- q) Quarterly results of the Company and its operating divisions or business segments.
- r) Declaration of dividend.
- s) Sale of material nature of investments and assets, which is not in normal course of business.
- t) Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- u) Internal audit findings and external audit reports (through the Audit Committee).
- v) Status of business risk exposures, its management and related action plans.
- w) Details of any joint venture or collaboration agreement.
- x) Show cause, demand, prosecution notices and penalty notices which are materially important.
- y) Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- z) All policy matters deliberated and introduced for implementation.
- aa) Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- bb) Any issue which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- cc) The information on recruitment and remuneration of senior officers just below the Board level.
- dd) Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- ee) Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like implementation of Voluntary Retirement Scheme (VRS), etc.

Board material distributed in advance

7. Notice of each Board Meeting and Committee Meeting is sent to all the members not less than seven days in advance except when it is convened as emergency meeting. The agenda notes for each Board/Committee meeting is drafted in consultation with the Chairman and

are circulated to the Directors not less than seven days in advance except when it is convened as emergency meeting with the concurrence of all board members. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, the same is tabled at the meeting with specific reference to the subject in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted with the consent of all Directors present at the meeting.

Recording Minutes of proceedings at Board and Committee meeting

8. The Company Secretary records the minutes of the proceedings of each Board and Committee meetings. Draft minutes are circulated to all the members of the Board / Committee for their comments within fifteen days from the conclusion of the Meeting. The final minutes are entered in the minute book within 30 days from conclusion of the meeting.

Post Meeting Follow-up Mechanism

9. The important decisions taken at the Board / Board Committee meetings are promptly communicated to the departments / divisions concerned. Action taken report on the decisions/minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board / Committee.

Compliance

10. The Company Secretary while preparing the agenda notes, minutes etc. of the meeting(s) is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 2013 read with the Rules issued thereunder as also the Secretarial Standards issued by the Institute of Company Secretaries of India.

Board Committees

11. During the financial year 2016-17, the Board of CSL had five Committees viz. Audit Committee, Nomination & Remuneration Committee, Contracts & CAPEX Committee, Corporate Social Responsibility and Sustainable Development Committee and Stakeholders Relationship Committee.

Audit Committee

12. The Audit Committee of CSL was formed on 21st August 2008 and was reconstituted on 21st September 2012, 13th December 2012 & 30th March 2015. Pending appointment of Independent Directors by Government of

India, a Finance Sub-Committee was constituted by the Board and a meeting was held on 16th February 2016. However, with the reconstitution of the present Audit Committee at the 225th Board Meeting held on 07th May 2016, the Finance Sub-Committee constituted earlier stands dissolved.

Terms of reference of Audit Committee

13. The following are the terms of reference of the Audit Committee:

- (i) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of our Company based on the order of Comptroller & Auditor General of India;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions;
 - (g) Modified opinion(s) in the draft audit report;
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document /

prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of our Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of our Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (xviii) To review the functioning of the whistle blower mechanism;
- (xix) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Review the following information:
 - (a) Management discussion and analysis of financial condition and results of operations;

- (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (d) Internal audit reports relating to internal control weaknesses; and
- (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- (f) Statement of deviations:
 - (i) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1) of the SEBI Listing Regulations;
 - (ii) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of regulation 32(7) of the SEBI Listing Regulations;
- (xxi) To review the follow up action on the audit observations of the C&AG audit;
- (xxii) Recommend the appointment, removal and fixing of remuneration of Cost Auditors and Secretarial Auditors; and
- (xxiii) Carrying out any other function as specified by the Board from time to time.

Powers of the Audit Committee: -

14. The Committee is entrusted with the following powers:
 - a) To investigate any activity within its terms of reference.
 - b) To seek information on and from any employee.
 - c) To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
 - d) To secure attendance of outsiders with relevant expertise, if it considers necessary.
15. The recommendations of the Audit Committee on any matter relating to the financial management, including the audit report, shall be binding on the Board.
16. If the Board does not accept the recommendations of the Audit Committee, it shall record the reasons thereof and communicate such reasons to the shareholders.

Composition of Audit Committee

17. As on date the Audit Committee is constituted with Shri Radhakrishna Menon, Non Official Part Time (Independent) Director as Chairman, Shri Krishna Das E Non Official Part Time (Independent) Director, and Shri Elias George IAS (Retd.), Official Part Time (Nominee) Director as members.
18. Audit Committee meetings are also attended by Director (Finance), representatives of Secretarial Auditors, Statutory Auditors and Internal Auditors of the Company as invitees. The Internal Audit function has been outsourced to a firm of Chartered Accountants. The Company Secretary acts as the Secretary to the Committee.

Audit Committee meetings held during 2016-17 and attendance:

19. The Committee met five times during the year 2016-17 on 11th July 2016, 19th September 2016, 14th December 2016, 24 January 2017 and 23 March 2017. The necessary quorum was present at these meetings. The attendance during the meeting was as follows:

Audit Committee

Name of the Director	11 Jul 16	19 Sep 16	14 Dec 16	24 Jan 17	23 Mar 17
Shri Radhakrishna Menon	✓	✓	✓	✓	✓
Shri Krishna Das E	✓	✓	✓	✓	✓
Shri Elias George IAS (Retd.)	✓	✓	x	x	✓

Nomination & Remuneration Committee

20. The Nomination & Remuneration Committee of Cochin Shipyard Limited was constituted vide Circular Resolution adopted on 13th December 2008 and was reconstituted on 13th May 2014 and 30th March 2015 and on 07th May 2016.

Terms of reference

21. The following are terms of reference of the Nomination & Remuneration Committee:
 - (i) Decide on the annual bonus/ performance pay/ variable pay pool and policy for its distribution across the executives and non-unionized supervisors of our Company;

- (ii) Formulation and modification of schemes for providing perks and allowances for officers and non-unionized supervisors;
- (iii) Any new scheme of compensation like medical scheme, pension etc. to officers, non-unionized supervisors and the employees as the case may be; and
- (iv) Exercising such other roles assigned to it by the provisions of the SEBI Listing Regulations and any other laws and their amendments from time to time.

Composition

22. As on date, the Committee comprises of Shri Krishna Das E, Non Official Part Time (Independent) Director as Chairman, Shri Elias George IAS (Retd.), Official Part Time (Nominee) Director, Smt. Roopa Shekhar Rai, Non Official Part Time (Independent) Director, as members.

Nomination & Remuneration Committee meetings held during 2016-17 and attendance:

23. One meeting of the Nomination & Remuneration Committee was held during 2016-17 on 11th July 2016. The necessary quorum was present at the meeting. The attendance during the meeting was as follows:

Sl No	Name of the Member	11th July 2016
1	Shri Krishna Das E	✓
2	Shri Elias George IAS (Retd.)	✓
3	Smt. Roopa Shekhar Rai	✓

Remuneration Policy

24. Under Article 21(a) of the Articles of Association of the Company, the Directors shall be paid such remuneration as the President of India may from time to time determine. The pay and allowances of Board level executives are paid in accordance with the terms of appointment, Department of Public Enterprises Guidelines on the above subject and other benefits and perquisites in accordance with the rules of CSL. The remuneration of below Board level executives and non-unionized supervisors is as per DPE guidelines and as approved by Administrative Ministry (Ministry of Shipping). The remuneration of worker is as per the long term settlement between the management and recognized trade unions.
25. Details of Remuneration paid to the Chairman & Managing Director and the Whole Time Directors are placed at Enclosure I to this report.

Sitting fees

26. The Non Official Part Time (Independent) Directors were paid sitting fees at the rate of ₹ 10,000 for attending each meeting of the Board or Committee thereof held upto January 2017. The Board had approved to increase the sitting fee of Non Official Part Time (Independent) Directors to ₹ 15000/- at the Board meeting held on 24th January 2017, with effect from the Board/ Committee meetings held on or after 24th Jan 2017.

Sitting fees paid to the Non Official Part Time Directors for 2016-17 are as follows:

Sl No	Name	Fees (in ₹)
1	Shri Radha krishna Menon	1,75,000
2	Shri Krishna Das E	1,40,000
3	Smt. Roopa Shekhar Rai	1,25,000

Contracts & CAPEX Committee

27. The Contracts Committee of the Board was constituted vide circular resolution no 01/2010 adopted on 09th March 2010. The CAPEX Committee of the Board was constituted vide Circular Resolution No. CR 07/2012 and adopted at the 203rd Board Meeting held on 13th December 2012. The Company decided to merge Contracts Committee and CAPEX Committee of the Board, and further it was named as Contracts & CAPEX Committee. The Contracts & CAPEX Committee was re-constituted vide Circular Resolution No.01/2014 passed on 05th July 2014 and Circular Resolution No.02/2015 adopted on 30th March 2015. The present Committee was constituted by way of Circular Resolution No.02/2015 adopted on 30th March 2015.

Composition

28. As on date, the Committee comprises of Shri D Paul Ranjan Director (Finance), Shri Sunny Thomas, Director (Technical), as members. The Committee will be reconstituted after appointment of three more independent directors by Government of India.

Terms of reference

29. The following are the terms of reference of the Contracts & CAPEX Committee:
- a) Examine and recommend the annual capital budget.
 - b) Quarterly Review and Report to Board on Capital Projects.

- c) Quarterly Review and Report to Board on Shipbuilding Projects.
- d) To advise on various business models adopted in the course of operations such as MOUs, JVs, SPVs, work share arrangement etc.
- e) To review proposals for amendment to contracts during the pendency of shipbuilding projects which has a financial implication above 10% of the contractual value and make suitable recommendations to the Board.
- f) Any other matter that may be referred to it from time to time by CMD, CSL.

Contracts & CAPEX Committee meetings held during the year and attendance:

30. No meeting was conducted during the year 2016-17, as there was no sufficient number of Independent Directors. This committee will be reconstituted after appointment of additional Independent Directors by Government of India. Pending reconstitution, the role of the Contracts & CAPEX Committee was dealt by the Board itself.

Corporate Social Responsibility & Sustainable Development Committee

31. A Sub-Committee of the Board was constituted vide resolution no 181/09 at the 181st meeting of the Board held on 05th September 2008 to decide on the matters relating to Corporate Social Responsibility in CPSEs.
32. The Sustainable Development Committee, a Sub-Committee of the Board was constituted at the 197th Board Meeting held on 23rd November 2011. The DPE vide OM No. 3(9)/2010-DPE(MoU) dated 23rd September 2011 has issued detailed guidelines on Sustainable Development in CPSEs.
33. Company decided to merge the Corporate Social Responsibility Committee and Sustainable Development Committee to decide the matters relating to CSR activities in line with the guidelines laid down under Schedule VII of the Companies Act 2013. The present Corporate Social Responsibility Committee and Sustainable Development Committee was re-constituted at the 225th Board Meeting held on 07th May 2016.

Composition

34. As on date, the Committee comprises of Smt. Roopa Shekhar Rai, Non Official Part Time (Independent) Director as Chairperson of the Committee, Shri Radhakrishna Menon, Non Official Part Time (Independent) Director, Shri D Paul Ranjan, Director (Finance) and Shri Sunny Thomas, Director (Technical), as members.

Terms of reference

35. The following are the terms of reference of the Corporate Social Responsibility & Sustainable Development Committee:
 - (i) Recommend CSR and sustainability development policy to the board;
 - (ii) Recommend plan of action and projects to be initiated in the short, medium and long term for CSR and sustainability development;
 - (iii) To recommend the annual CSR and sustainability development plan and budget; and
 - (iv) Periodic review of CSR and sustainability development policy, plans and budgets.

CSR & SD Committee meetings held during the year and attendance

36. Four CSR & SD Committee Meetings were held during the year 2016-17 on 12th July 2016, 19th September 2016, 14th December 2016 and 24th January 2017. The attendance during the meetings was as follows:

Sl. No.	Name of Director	12 Jul 16	19 Sep 16	14 Dec 16	24 Jan 17
1	Smt. Roopa Shekhar Rai	✓	✓	✓	✓
2	Shri Radhakrishna Menon	✓	✓	✓	✓
3	Shri D Paul Ranjan	✓	✓	✓	✓
4	Shri Sunny Thomas	✓	✓	✓	✓

Stakeholders Relationship Committee

37. In connection the proposals for IPO and listing of equity shares of CSL, the Stakeholders Relationship Committee, a Sub-Committee of the Board was constituted vide resolution no 227/08 at the 227th Board Meeting held on 20th September 2016.

Composition

38. As on date, the Committee comprises of Shri Krishna Das E, Non Official Part Time (Independent) Director as Chairman of the Committee, Shri D Paul Ranjan, Director (Finance) and Shri Sunny Thomas, Director (Technical), as members.

Terms of reference

39. Following is the terms of reference of the Stakeholders Relationship Committee:

- (i) The Stakeholder Relationship Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

Stakeholders Relationship Committee meetings held during the year and attendance:

40. No meeting was conducted during the year 2016-17, since the number of security holders of CSL is less than one thousand.

Meetings of Independent Directors

41. According to Schedule IV to the Companies Act, 2013 a separate meeting of the Independent Directors of the Company was held on 14th December 2016 which was attended by Smt. Roopa Shekhar Rai, Non Official Part Time (Independent) Director, Shri Radhakrishna Menon, Non Official Part Time (Independent) Director and Shri Krishna Das E, Non Official Part Time (Independent) Director.

General Body Meetings

42. The date, time and venue of the last three Annual General Meetings are as follows:

Year	Date	Time	Venue	Special resolution passed
2015-16	20 Sep 2016	16.00 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin 682 015	4
2014-15	25 Sep 2015	10.00 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin 682 015	1
2013-14	29 Sep 2014	15.00 Hrs	39/ 6080 Administrative Building, Cochin Shipyard Premises, Perumanoor, Cochin 682 015	Nil

Disclosures

- (i) Related Party Transactions.

The Company has not entered into any transactions within the purview of Section 188 of the Companies Act 2013 and the rules made thereunder.

- (ii) Non-compliance by the Company

There were no penalties/strictures, imposed on the Company by any statutory authority on any matter related to any guidelines issued by Government, during the last three years.

- (iii) Whistle Blower Policy

Cochin Shipyard has adopted a Whistle Blower Policy approved by the Board at its 199th meeting held on 20th April 2012. Cochin Shipyard is a Government of India undertaking and follows Government guidelines on reporting of any illegal or unethical practices. Directors / employees / stakeholders / representative bodies of employees are given freedom to report to their immediate supervisor/ Chief Vigilance Officer or Chairman and Managing Director, details of any violation of rules, regulations and unethical conduct. The Directors and Senior Management are bound to maintain confidentiality of such reporting and ensure that the whistle blowers are afforded protection against any harassment and not subjected to any discriminatory practices. During the period under report no personnel has been denied access to the Audit Committee. The said policy is available in the website of the Company at <http://www.cochinshipyard.com/investors.htm>

- (iv) Details of compliance with the requirement of Corporate Governance guidelines.

In terms of Clause 8.2.1 of the DPE guidelines on Corporate Governance, Certificate regarding Compliance of Corporate governance guidelines from Practicing Company Secretary is placed at Enclosure II to this report.

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

The Company has complied with all presidential directives issued by Central Government regarding the operation of PSUs.

- (vi) Items of expenditure debited in books of accounts, which are not for the purposes of the business.

NIL

- (vii) Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.

NIL

- (viii) The administrative and office expenditure of the Company for the year 2016-17 was 1.32 % of the total expenditure as against 1.34 % in 2015-16. Financial expenditure stood at 0.61% of the total expenditure in 2016-17, against 0.71% in the previous year.

Code of Conduct

43. The Board has prescribed a code of conduct ('Code') for all the Board members and Senior Management of the Company. All Board members and Senior Management personnel have confirmed compliance with the code for the year 2016-17. A declaration signed by the Chairman and Managing Director of the Company is given below:

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management personnel, affirmation that they have complied with the Code of Conduct of Directors and Senior Management personnel in respect of the financial year 2016-17

Sd/-

Madhu S Nair

Chairman and Managing Director

DIN: 07376798

CEO/CFO Certification

44. The CEO/CFO certification of the financial statements for the year is appended at Enclosure III to this report.

Risk Management Process

45. CSL reviewed the existing risk management policy and adopted a revised policy encompassing a comprehensive system of Risk Management at its 214th Board Meeting held on 16th September 2014. The salient features of the new risk management policy is as follows:

- (i) Risk Management Vision Statement: Minimize the organizational risks to an acceptable level and adopt risk management practices which would help the Company to attain its goals and objectives while at the same time ensuring minimization of risks.
- (ii) Risk Management Policy:
 - (a) The Risk Management process is implemented to improve the Company's ability to prevent risks and ensure timely detection of risk.
 - (b) To identify risks and its mitigation.
 - (c) Risk Management process to be standardized.
 - (d) Facilitate sharing of risk information.

46. The risk management policy intends to put in place an effective risk management framework and an appropriate reporting mechanism. The management of Cochin Shipyard would periodically identify the various risks and assess analyze their impact on the Company. Risk mitigation and management measures would be put in place to effectively manage these risks. The Board may approve changes to the policy from time to time in order to align it with the changes in business environment.

Risk Management System and Structure

47. The Board at the helm will review the risk management system within the CSL. The Board shall discharge its responsibility of risk oversight by ensuring the review at periodical intervals. The Board may also delegate to any other person or committee the task of independently assessing and evaluating the effectiveness of the risk management system. The CSL management comprising of CSL Board Level and below Board level executives will be entrusted with the implementation of the risk management process. In this respect the Risk Management Committees and Risk Management Steering Committee have been constituted to implement the policy in CSL. The last report of the Risk Management Steering Committee was placed before the 43rd Audit Committee Meeting and 228th Board Meeting held on 14th December 2016.

Share holding pattern

48. The Company has issued 11,32,80,000 equity shares of ₹10 each, details of which are as follows:

Sl No	Shareholder	Number of Equity Shares
(i)	The President of India	11,32,79,700
(ii)	Shri Barun Mitra IAS	100
(iii)	Madhu S Nair, Chairman & Managing Director	100
(iv)	Shri D Paul Ranjan, Director (Finance)	70
(v)	Shri Sunny Thomas, Director (Technical)	10
(vi)	Shri Suresh Babu N V, Director (Operations)	10
(vii)	Shri P K Roy, Dy. Secretary, Ministry of Shipping	10
Total		11,32,80,000

Means of Communication

49. The half yearly financial results are posted on the website of the Company after consideration and approval by the Board and also will be published in one English national daily having all India circulation, within 48 hours of its adoption. The Annual Report of the Company is posted in the website viz. www.cochinshipyard.com. The website of the Company also displays all official news releases.

Audit Qualifications

50. The Report submitted by M/s Krishnamoorthy & Krishnamoorthy, Statutory Auditors of the Company does not contain any qualification, reservation or adverse remark or disclaimer.

Training Board Members

51. The Board members of CSL are senior executives who have a very vast, wide and varied experience in the areas of education, industry, defence, management, human resource management and administration. CSL has benefited from their vision and knowledge. Presentations are made to the Board members on the Company's performance, business model, corporate plan and future outlook, on their induction in the Board. In addition, at the Board/ Committee/ other meetings, detailed presentations are made by the senior management personnel/ professionals/ consultants on business related issues, risk assessment, risk policy etc. The directors are encouraged to identify and attend specific training programmes to improve their effectiveness. The Board has also adopted a policy regarding training of Directors.
52. Smt. Roopa Shekhar Rai, Shri. B Radhakrishna Menon and Shri. Krishna Das E were given a familiarisation programme on 21st April 2016. In addition, the independent directors were given an Orientation Programme for capacity building on 11th and 12th of November 2016, by the Department of Public Enterprises, Government of India.

For and on behalf of the Board of Directors

Madhu S Nair

Chairman & Managing Director

DIN: 07376798

Kochi

10th June, 2017

Enclosure I to Corporate Governance Report

DETAILS OF MANAGERIAL REMUNERATION

Amount in ₹

Name of the Director	Total of Basic Pay, DA, HRA & other perks & Allowances	Performance Related Payment	Performance Criteria	Details of Service Contracts, Notice period, severance fees	Stock Option details	Total
Shri Madhu S Nair Chairman & Managing Director	31,16,318	4,52,657	Based on performance criteria laid down by DPE	Appointed vide MOS letter No. SY-11011/ 1/2009-CSL dated 11 December 2015 for a period of 5 years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted. Shri Madhu S Nair took charge as CMD on 01 January 2016.	NIL	35,68,975
Shri D Paul Ranjan, Director (Finance)	28,38,715	11,12,596	Same as above	Appointed vide MOS letter No. SY-11012/1/2009 -CSL. Vol-II dated April 4, 2014 for a period of 5 years with effect from the date of assumption of charge of the post on or after 01st May 2014 or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	39,51,311
Shri Sunny Thomas, Director (Technical)	28,30,241	10,59,490	Same as above	Appointed vide MOS letter No. SY-11012/3/2010-CSL dated 12th May 2014 for a period of 5 years with effect from the date of assumption of charge of the post on or after 01 June 2014 or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	38,89,731

Amount in ₹

Name of the Director	Total of Basic Pay, DA, HRA & other perks & Allowances	Performance Related Payment	Performance Criteria	Details of Service Contracts, Notice period, severance fees	Stock Option details	Total
Shri Suresh Babu N V, Director (Operations)	26,74,087	4,93,965		Appointed vide MOS letter No. SY-11012/2/2010-CSL dated April 26, 2016 for a period of 5 years with effect from the date of assumption of charge of the post on or after April 26, 2016 or till the date of his superannuation or until further orders whichever event occurs the earliest. Notice period in case of leaving service before the contractual term is 3 months or in the absence of notice 3 months pay may be remitted.	NIL	31,68,052

For and on behalf of the Board of Directors

Kochi
10th June, 2017

Madhu S Nair
Chairman & Managing Director
DIN: 07376798

CORPORATE GOVERNANCE CERTIFICATE

To the Members of Cochin Shipyard Limited

I have examined the compliance of conditions of corporate governance by Cochin Shipyard Limited (the company) for the financial year ended 31-03-2017, 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.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of my information and according to the explanations and the Letter of representation from the management given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned guidelines.

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

M.C. SAJUMON, M.Com, ACMA, ACS, ACIS
Practicing Company Secretary
ACS: 9868, CPN: 2385

Place: Kochi-18
Date: 10.06.2017

Enclosure - III

CEO/CFO CERTIFICATION

To
The Board of Directors
Cochin Shipyard Limited
Cochin- 15

Dear Sirs,

Sub: CEO/CFO Certificate

1. We have reviewed Financial Statements, read with the Cash Flow Statement of Cochin Shipyard Limited for the year ended 31st March 2017 and that to the best of our knowledge and belief, we state that:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violation of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal control for financial reporting. We have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and;
4. We have indicated to the Auditors and the Audit Committee that:
 - (i) There are no significant changes, in internal control over financial reporting during the year;
 - (ii) There are no significant changes, in accounting policies made during the year and;
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

D Paul Ranjan
Director (Finance)
(DIN: 06869452)

Madhu S Nair
Chairman and Managing Director
(DIN: 07376798)

Kochi
June 10, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Government Policy on Shipbuilding and Shiprepair

The Indian government has taken the following key initiatives to develop and promote the domestic shipbuilding industry.

New Shipbuilding Policy

1. The Indian Cabinet approved the new shipbuilding policy in December 2015, granting financial assistance and infrastructure status to the industry. The government has set aside Rs 40 billion to implement the scheme over the next 10 years.
2. In November 2015, Government of India (GOI) issued notification highlighting the indirect tax incentives proposed to be provided to the industry.

National Investment Infrastructure Fund

3. The GOI announced the creation of a National Investment and Infrastructure Fund in Union Budget 2015-16 which would receive an annual flow of ₹ 20,000 crores. This will enable the trust to raise debt and in turn invest in infrastructure finance companies such as IRFC and NGB.

Sagarmala Project

4. According to the national perspective plan, the Sagarmala project aims to transform existing ports and create new ones with world class technology and infrastructure. The project is also expected to integrate ports with industrial clusters and the hinterland through rail, road, Inland and coastal waterway. The government is expected to invest US\$ 16 billion for the project's completion.

Development of Inland Waterways Transport

5. The Government of India is looking at Inland Waterways transport to be an alternative for the existing mode of transportation. This will decongest the existing modes and bring advantages in the form of fuel and cost savings. This will also be a environmentally mode of transport. The proposed 101 inland waterways will require an estimated investment of US\$ 5.5 billion over the next two years. The World Bank funded 375 Million USD project for Inland Water Way No. 1 between Haldia and Varanasi is also a major project undertaken by the Government in this sector. The Government's initiative to develop inland waterways is a big business opportunity for the Indian shipbuilding industry in the form of future orders in building various vessels such as Ro-Pax Vessels, Dredgers, Multipurpose & Mini Bulk Carriers, Inland Cruise Vessels, Petroleum Product Carriers etc.

Policy of Defence Building

6. The Indian government has taken steps to encourage domestic defence shipbuilding industry. In August 2014, the foreign direct investment limit was increased from 26% to 49% to cut imports by indigenising defence production. India is among the top ten defence spenders in the world and such a move to encourage domestic manufacturing, bodes well for Indian shipbuilders with a defence presence.

GLOBAL SHIPBUILDING

7. Global order book declined for most vessel types in 2015 and 2016. Between 2015 and 2016, the global order book declined at a CAGR of 7.7%. The order book for container ships, oil tankers, dry bulk carriers and general cargo have declined 46%, 51%, 61% and 82% respectively from their peak values in 2008 and 2009.

INDIAN SHIPBUILDING AND SHIPREPAIR INDUSTRY

Commercial Shipbuilding

8. The Shipbuilding order book in the commercial segment declined during fiscal 2014 and fiscal 2015 due to a number of factors such as persistent excess supply and weak global trade. As of fiscal 2015, Indian shipbuilders had orders for 292 ships, with an aggregate tonnage capacity of 2.68 million DWT. After fiscal 2012, Public Sector shipyards have achieved more ship deliveries both in terms of number of ships as well as DWT terms compared to private sector shipbuilders. However there was a decline of around 42% in commercial ship deliveries in FY 2015 as compared to fiscal 2014. The new shipbuilding policy has made the Indian Shipbuilders to be on level playing field internationally and hence once the global demand improves, the sector will attract new contracts from international market.

Defence Shipbuilding

9. The Defence shipbuilding segment looked promising on account of the ship acquisition plans of Indian Navy and Coast Guard. As per published reports, Ship orders for clients engaged in the defence sector are expected to increase between fiscal 2016 and fiscal 2021, with Indian Navy's and Coast Guards ambitious plans for a 200 ship fleet each. The projects worth US\$ 41 billion is to be contracted in the coming decade for the Indian Naval fleet expansion alone.

10. In line with the Indian government's vision of "Make in India", the Indian Navy has prepared a guideline document, the Indian Naval Indigenisation Plan 2015-2030 to enunciate the need for developing various advanced systems for its platforms. This plan recognised that the domestic shipbuilding industry, can play a vital role in meeting the sophisticated needs of the armed forces through cost-effective utilisation of its know-how and existing infrastructure, in pursuance of the government of India's vision of "Make in India".
11. The new defence procurement policy introduced in March 2016 has introduced some major initiatives such as prioritisation of a new procurement category of Buy IDDM i.e Buy (Indian Indigenously - Designed, Developed and Manufactured). This new category would be given higher priority which would be beneficial for the indigenous industry. The new procurement policy has also raised the offset threshold limit from ₹ 3 billion to ₹ 20 billion.

LNG Segment

12. The Company has always been forward looking and one such bold initiative was to venture into the large LNG gas carrier market to serve Indian gas logistics market under "Make in India" initiative. Having entered into technical collaboration with the world leaders Samsung Heavy Industries (SHI) Korea and acquiring the coveted gas containment system manufacturing license from GTT France, CSL is ready to take up the project which is presently under the consideration of the Government.

LPG Segment

13. As a natural extension to the gas segment, CSL is also tying up for the product development of efficient very large & medium LPG carriers. It is estimated that Indian demand for LPG is going to increase many times which has to be met with importing of LPG which in turn is going to create a good market for LPG carriers.

Global Ship repair Industry

14. According to a report published by the Ministry of Shipping at the India Maritime Summit 2016, the global ship repair market is approximately US\$ 12 billion. Shipyards in China, Singapore, Bahrain, Dubai and Middle East account for a major share of this market. These locations have achieved a dominant position despite higher cost of ship repair services compared to other Asian countries, largely due to the availability of a skilled workforce and the latest technology which allows these shipyards to attract demand from other low cost locations like India, Malaysia and Indonesia. According to the Ministry of Shipping report, Indian Ship Repair market potential is estimated to be approximately US \$ 1.5 billion.

Indian Shiprepair Industry

15. As per the statistics of India's Shipbuilding and Ship repair Industry, published by the Ministry of Shipping, the total market size of the Indian ship repair industry in fiscal 2015 is approximately ₹ 5043 million. As per published report, the ship repair industry is expected to grow at a CAGR of 8 to 10% between fiscal 2016 and fiscal 2021. Indian ship repair yards will be driven by greater focus towards diversifying their revenue streams to withstand the slowdown in ship building. Indian yards are expected to benefit from the increasing strength of the Indian Navy and Coast Guard's operational and support fleet, which will drive the repairs business. Moreover, higher indigenisation in ships for clients engaged in the defence sector are expected to augur well for this sector.

Operations

16. CSL's performance in the previous year on both the shipbuilding and shiprepair front has been commendable. The Company could maintain the shipbuilding income at ₹1515.82 crores, marginally less than the previous year's figure of ₹ 1625.96 crores. During the year the Company achieved a total shiprepair income of ₹ 543.05 crores as compared to ₹ 367.49 crores during the financial year 2015-16. During the year 2016-17, the yard exported one Deck Cargo and Launch Barge for National Petroleum Construction Company (NPCC) Abu Dhabi. CSL has also delivered four Fast Patrol Vessels to Indian Coast Guard. Major milestones on the IAC include switching-on of 6K MSB at the Main Switch Board (MSB) Room of IAC. India's first Indigenous Aircraft Carrier Vikrant, which is now in the second phase of construction, is equipped with eight Diesel Generators of 3M Weach and four Main Switch Boards rating 6300A each. Charging of MSB was the first step in commissioning of the equipment including the propulsion, hull and aviation systems. Another critical milestone on the IAC project was the 'first start' of the No.1 Diesel Alternator (DA) of the Indigenous Aircraft Carrier on December 05, 2016.
17. The period was marked by a flurry of activities in ship repair division. Major challenge that was faced by CSL during the period was consecutive repairs of two Aircraft Carriers - The final de-commissioning refit of INS Viraat and the first refit of INS Vikramaditya. CSL has undertaken the final Refit of INS Viraat with all its effort and hard work and like all the previous refits, the vessel was delivered ahead of schedule. The vessel sailed off from CSL on September 18, 2016 (seven days ahead of schedule). INS Vikramaditya, being the larger vessel with much more complements than INS Viraat, the preparatory activities involved prior to docking were arduous. The preparatory activities involved manufacturing of a new set of dock blocks designed and fabricated specifically for the vessel.

The Shiprepair and carpentry team worked together to complete the task three days ahead of schedule.

18. The challenge of dredging the channel to a depth of more than 10.5 M and the Dock mouth and CSL berth up to 13.5 M was also undertaken in co-ordination with Cochin Port Trust and Dredging Corporation of India, to the satisfaction of Indian Navy. CSL also made arrangements for accommodation of 90 Officers and 600 sailors and set up new galley and dining facility for 90 officers and 1100 sailors. The Shiprepair team has been commended by the Indian Navy for the commitment and timely completion of the preparatory works in connection with docking of INS Vikramaditya.

Financial Information

19. The financial information of the Company pertaining to the last decade is given below:

Years	Paid up capital	Nominal value of shares (₹ per share)	Capital employed	Net worth	Profit Before Tax	Tax on Profits paid	Net Profits	EPS	Dividend	Payout ratio
16-17	113.28	10	2132.32	2031.11	494.00	171.85	322.15	28.44	101.61	0.32
15-16	113.28	10	1695.35	1814.33	419.65	145.86	273.79	24.07	86.65	0.32
14-15	113.28	10	1621.24	1561.07	367.56	132.49	235.07	20.75	16.99	0.07
13-14	113.28	10	1389.98	1352.53	290.96	96.71	194.24	17.15	16.99	0.08
12-13	113.28	10	970.84	1175.7	275.55	90.28	185.27	16.35	16.99	0.09
11-12	152.42	10	918.68	1050.83	252.97	80.63	172.33	15.21	16.99	0.10
10-11	192.42	10	829.27	967.8	344.23	116.7	227.53	20.09	11.32	0.05
09-10	192.42	10	578.32	680.32	331.25	108.21	223.04	19.69	11.32	0.05
08-09	232.42	10	550.31	566.49	247.63	87.56	160.07	14.13	11.32	0.07
07-08	232.42	1000	401.33	429.43	149.40	55.55	93.85	828.51	Nil	Nil

Proposed/ Declared Dividend

20. As per Office Memorandum F.No.5/2/2016-Policy dated 27th May 2016 issued by DIPAM, every CPSE have to pay a minimum annual dividend of 30% of PAT or 5 % of the net-worth, whichever is higher. Accordingly, your Directors are pleased to recommend a dividend of ₹ 8.97 per share on the 11,32,80,000 fully paid equity shares of ₹ 10 each. The total outgo for dividend and dividend tax would be approximately ₹ 122 crores.

Segment wise/ Product wise performance

21. The Company is engaged in two major activities viz. shipbuilding and repair of ships / Offshore Rigs etc. Segment wise analysis has been made on the above basis and amounts allocated on a reasonable basis. The detail of segment wise performance is placed at Annexure-I to this report.

SWOT

22. Cochin Shipyard perceives the following to be its Strength, Weakness, Opportunities and Threats

Strengths:

- (a) Highly trained, motivated and knowledgeable manpower with an average of 15 years of experience at all levels of hierarchy resulting in extremely high

quality workmanship.

- (b) A well planned and laid out shipyard enabling smooth work flow.
- (c) A modern "State of the Art" Design Centre manned by highly trained, experienced and competent Naval Architects/ Engineers, draftsman etc.
- (d) Highly evolved shipbuilding processes and practices permitting modular construction of ships.
- (e) A very good product mix compatibility comprising of defence ships, commercial ships, offshore support ships.
- (f) Availability of quality sub contractors and good supply chain network.
- (g) 'State of art' facilities especially in terms of craneage, transporters, covered mobile shops, covered marine coating facility, high quality welding equipment, international standard hull fabrication facilities substantial material storage facilities etc.

Weakness:

- (a) Virtually non-existent indigenous ancillary industries and consequently non availability of major equipment /raw materials in India.

- (b) Infrastructure constraints due to non availability of large sized dock to build and repair ships beyond 1,10,000 DWT and 1,25,000 DWT respectively. (This will be overcome with the proposed new drydock)
- (c) Difficulty to arrange long term project finance to ship owners which is offered by other overseas shipbuilding countries.
- (d) Comparatively higher social and employee overheads and certain restrictive labour practices especially for contracting labour.

Opportunity:

- (a) Projected increase in requirement of ships for the domestic commercial segment, owing to the new GOI policy to encourage "Make in India".
- (b) Projected demand in the defence sector Indian Navy's requirement for a second Aircraft Carrier.
- (c) Indian Navy, Coast Guard and other maritime security agencies have embarked on an ambitious expansion programme which will open new opportunities.
- (d) LNG fuelled vessels, both deep sea and coastal.
- (e) Emerging opportunities in the Inland waterways and Coastal shipping sector in India.

Threat:

- (a) Distress pricing policies of competitors. Yards in financial stress have resorted to unviable pricing and delivery commitments. However, it is seen that the record of vessel deliveries of such yards are very poor. This phenomenon has undermined the efficiency of Indian Shipbuilding Industry as a whole.
- (b) Adverse reputational impact on the Indian Shipbuilding industry due to under performance by Indian yards.
- (c) Rising cost of labour.

CSL 2030 – Strategic Plan

- 23. Identifying the need for leveraging our present position and wanting to move confidently with strength to take on the future, it is considered essential for CSL to work according to a long term strategic plan. A comprehensive plan aimed at profitable and all round growth with well defined goals and targets (near term, interim and long term) is required which would identify key deliverables for measurable objectives and span till the year 2030. Preparation and implementation of such a plan would need substantial efforts on the part of CSL. Best in class strategic consultancy firm of international repute will have to be engaged, who in turn will have to work closely with CSL team to formulate this CSL-2030 plan.

- 24. CSL has constituted a ten member core group consisting of the next level leadership in CSL. This group at the GM/DGM level consists of professionals who have had about twenty years of professional experience and have significant stake in the future of the shipyard. The intend is that this next level leaders will take forward this CSL 2030 initiative under full advise and control of the CSL top management at the same time appropriately communicating and getting the mid management and younger officers on board in all their activities.

- 25. CSL is in the process of formulating terms of reference and floating tender for selection of strategic a consultant.

Product Diversification

- 26. CSL has identified construction of large LNG carriers, smaller LNG carriers and LNG fuelled vessels as a major area of product diversification and has forged technology agreements with M/s. Samsung Heavy Industries, Korea. Necessary license has been obtained from M/s. GTT, France for the membrane containment systems for LNG carriers. CSL is also working towards product development of very large & medium LPG carriers, Ro-Pax ferry for the inland transport segment, design and offer mini bulk carriers for coastal / inland transportations, and collaborate/ design highly efficient passenger/ cruise vessels for inland tourism. CSL is also working with technology partners to participate in FRP/Composite Boat Building segment. CSL has entered into an MOU with M/s EIL on 16th October 2016 to have a collaborative approach for design development of small scale LNG Vessels.

Internal Control

- 27. The Company has promulgated an internal control and internal audit manual. The internal audit function is carried out by an independent firm of Chartered Accountants who carry out an in-depth review of internal control systems in critical areas based on the audit programme approved by the board level audit committee headed by an independent director. A review of the internal control procedures was undertaken by M/s. Varma and Varma, Internal Auditors as a separate exercise.

Human Resource Development and Industrial Relations

- 28. The details regarding Human Resource Development and Industrial Relations are more specifically covered in the Directors Report.

Woman Empowerment

- 29. Cochin Shipyard Limited has constituted an Internal Complaints Committee in accordance with the guidelines and norms prescribed by the new enactment namely

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Chairperson of the Internal Complaints Committee is a senior woman executive of the Company. The Certified Standing Orders applicable to Workmen have also been amended incorporating the new definition of Sexual Harassment as per the Act. The Internal Complaints Committee has been duly empowered to inquire into such complaints in accordance with the procedure laid down in the Certified Standing Orders and Industrial Employment (Standing Orders) Act and rules.

30. Customized training programme for the women employees of CSL was conducted on 28th Feb 2017. The programme was formally inaugurated by Smt. Rameetha K, Scientist 'G', NPOL, Kochi and wife of Shri Madhu S Nair, C&MD, CSL, in a function held in CSL Marine Engineering Training Institute's (METI) Assembly hall. Sessions on team building, change management, stress management, grooming and etiquette were conducted by professional trainers, over a period of one week commencing 28th Feb 2017 for the benefit of women employees.
31. Further CSL won the "Recognition of WIPS activities award" in the national meet held at Nagpur on 11th and 12th Feb 2017. The meet was organised by the National forum of WIPS, under the aegis of Standing Conference of Public Enterprises (SCOPE).
32. Forum of Women in Public Sector (WIPS), CSL unit organised International Women's Day celebration in CSL on 08th March 2017. The theme adopted was: "Planet 50-50 by 2030: Be Bold for change". Sessions by Diet & Nutrition Expert, Ms Gayathri Ashokan and session on Cyber Security by 'Bodhini' were held. Capt Radhika Menon, first Women Captain of Indian Merchant Navy was honoured during the function.

Technology conservation

33. CSL continuously strives for conservation and upgradation of technology to remain competitive in the global shipbuilding market. Towards this the Company has taken the following initiatives:
 - (i) Functional design & Class approval for Piping systems for the Technology Demonstration Vessel (Ship 020) for DRDO.
 - (ii) Development of specification for the procurement of specialized A-Frame for the Technology Demonstration Vessel (Ship 020) for DRDO.
 - (iii) In-house 3D modeling of the assembly area and the article launcher arrangement for the Technology Demonstration Vessel (Ship 020) for DRDO.

- (iv) In-house 3D modeling of the entire Hull and Outfit for the Technology Demonstration Vessel (Ship 020) for DRDO in Tribon Software under progress.
- (v) In-house development of complete production engineering design for the Technology Demonstration Vessel (Ship 020) for DRDO in Tribon under progress.
- (vi) In-house 3D modeling of Oxygen & Nitrogen system for IAC and integration of the same in the ship based on the details received for this system from OEMs
- (vii) Development of in house contract design for Hydrographic survey vessel for the purpose of full scale coastal and deep-water Hydrographic Survey.
- (viii) Development of in house contract design for a 1000 men accommodation barge for operation alongside jetty/ships, harbour and anchorage.
- (ix) In-house 3D modeling of Advanced Composite Communication System (ACCS) including CAW antenna for IAC and integration of the same in the ship, based on the details received for this system from OEMs.
- (x) In-house 3D modeling of Weapon systems including weapon interlock system for IAC and integration of the same in the ship, based on the details received for this system from Indian Navy and OEMs.
- (xi) In-house 3D modeling of Layout of Operational and Control centers of IAC like Bridge, OPS room, ADR etc and integration of the same in the ship, as per requirement of Indian Navy.

Corporate Social Responsibility (CSR) and Sustainability

34. For more details, please refer the annual report on CSR activities placed at Annexure-2 to Directors' Report.

Micro, Small and Medium Enterprises (MSME) as per the Public Procurement Policy 2012

35. With a view to promote procurement through Micro, Small and Medium Enterprises (MSME) as per the Public Procurement Policy 2012 promulgated by the GOI, the Company has not only attended various vendor development meets organized by the Dept of MSE, GOI within the state of Kerala, but has also organized in-house vendor development/ Awareness programmes on November 15, 2016 and on December 07, 2016 in which 97 and 67 MSME firms of subcontractors were attended. In addition to above, CSL conducted a major exhibition for the MSMEs named 'LAGHU UDYOG EXPO-2017' on 15 & 16 May 2017 at Marine Drive Ground, Ernakulum. The exhibition was organised with the support of Department of Industries & Commerce, Govt. of Kerala and MSME Development Institute, Thrissur, and was inaugurated by the Hon'ble Minister for Industries, Youth and Sports Affairs, Government of Kerala.

36. The programme for 'LAGHU UDYOG EXPO-2017' consisted of Industrial Exhibition & B2B Meet for MSMEs at Marine Drive Ground. The event offered meaningful platform for MSMEs predominantly from Kerala for showcasing their products/ services and for interacting/ marketing with prospective clients. Major Central and State PSU's in Kerala and banks were also actively participated in the program. 80 stalls and 10 B2B meet counters/rooms were arranged at Marine Drive, Kochi in a fully air-conditioned exhibition venue. Further, the two days were enriched with different seminars and presentations by various MSMEs, industries & experts. No fees were taken from the participants as well as from visitors of common public and CSL funded the entire expenditure.

37. Though the scope of procurement of material/ equipment / spares from MSMEs for shipbuilding and shiprepair projects undertaken by the Company are extremely limited, the Company is making all out efforts to increase the procurement from MSMEs.

The target of 20% procurement of goods and services from MSMEs out of total indigenous procurement has

been achieved by the Company.

Cautionary Statement

38. 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 S Nair

Chairman & Managing Director

DIN: 07376798

Kochi

10th June, 2017

Annexure-1

(₹ In lakh)

	SHIP BUILDING	SHIP REPAIR	UNALLOCATED	TOTAL
EXTERNAL SALES	151582.17	54304.93	3272.10	209159.20
INTEREST	0.00	0.00	13085.53	13085.53
TOTAL REVENUE	151582.17	54304.93	16357.63	222244.73
ACCRETION(-)/ (DECRETION) TO WORK IN PROGRESS	(3918.05)	5313.57	0.00	1395.52
SEGMENT RESULT	23064.29	14577.80	11758.08	49400.17
TAX (NET)				17185.35
NET PROFIT				32214.82
OTHER INFORMATION				
SEGMENT ASSETS	169699.79	125884.57	36068.78	331653.14
SEGMENT LIABILITIES	121407.36	32256.08	177989.70	331653.14

For and on behalf of the Board of Directors

Kochi

10th June, 2017

Madhu S Nair

Chairman & Managing Director

DIN: 07376798

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Cochin Shipyard Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Cochin Shipyard Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity 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.

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 judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note No.30 to the financial statements regarding the basis on which the Company has recognized revenue from ship building/ ship repair activities based on the Company's own assessment of physical completion and further, reliance is placed on the technical assessment and activity based cost estimates defined by the Management for the purpose of recognition of income;

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. Based on the verification of Records of the Company and based on information and explanations given to us, we give in "Annexure B" reports on the Directions and Sub-directions respectively, issued by the Comptroller and Auditor General of India in terms of Sec 143(5) of the Companies Act, 2013.
3. As required by Section 143 (3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
 - e. Being a Government Company, the provisions of section 164(2) of the Act is not applicable;
 - 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"; and
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company has disclosed the impact of pending litigations on its Ind AS financial statements – Refer Notes 41, 42, 43 and 44 to the Ind AS financial statements;
- ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. Further the Company did not have any long-term derivative contracts for which there were any material foreseeable losses. – Refer Note 53 to the Ind AS financial statements;
- iii. there were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and the representations provided to us by the management, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management- Refer to Note 16 to the Ind AS financial statements.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
Firm's registration number: 0014885

C.R Rema
Partner
Membership number: 029182

Cochin - 16
15 June 2017

Annexure A referred to under paragraph 1 of the report on Other Legal and Regulatory Requirements of the Auditor's Report

We report that:

- i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the Management during the year and there is a regular programme of physical verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) As explained to us, the inventories were physically verified during the year in accordance with the inventory verification procedure adopted by the Management. In our opinion, the frequency of such physical verification needs to be increased. Discrepancies noticed on such physical verification between physical stock and book records have been properly dealt with in the books of accounts.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- iv) In our opinion and according to the information and explanation given to us, the Company has not given any loans, investments, guarantees, or security as per the provisions of section 185 and 186 of the Act. Accordingly clause 3(iv) of the Order is not applicable.
- v) According to the information and explanation given to us, the company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- vi) We have broadly reviewed the cost records maintained by the Company 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 maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including 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 undisputed amounts payable in respect of 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 in arrears as at 31 March, 2017 for a period of more than six months from the date they became payable.
 - (b) There are no dues of Duty of Excise which have not been deposited with the appropriate authorities on account of any dispute. The dues of Income tax, Sales tax, Value added tax, Service Tax and Duty of Customs that have not been deposited by the Company on account of disputes, are as per "Annexure D".
- viii) According to the information and explanations given to us, the Company does not have any loans or borrowings from any financial institution, banks or government during the year. In respect of debentures, the Company has not defaulted in payment of any dues.
- ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- xii) In our opinion and according to the information given to us, the Company is not a Nidhi company. Accordingly paragraph 3(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 sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash

transactions with directors or persons connected with them. Accordingly paragraph 3(xv) of the Order is not applicable.

- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
Firm's registration number: 001488S

C.R Rema
Partner
Membership number: 029182

Cochin - 16
15 June 2017

Annexure B referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors' Report of even date on the Ind AS financial statements of Cochin Shipyard Limited for the year ended 31 March 2017

Directions/Sub-Directions issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013 indicating the areas to be examined by the Statutory Auditors.

We give below our report on the matters referred therein:

A. Directions

1. Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available.

Based on our examination of the records of the Company and according to the information and explanations given to us and the confirmation from Bond Trustees in respect of title deeds deposited with them and based on the details of land and buildings furnished to us by the Company, the title / lease deeds for freehold and lease hold land respectively are held in the name of the Company.

2. Whether there are any cases of waiver/write off debts/loans/interest etc., if yes, the reasons therefore and the amount involved.

During the year, the Company has written off advance paid to a Supplier amounting to ₹478.61 lakhs against which provision for doubtful debts was held since 2014-15. As per the policy followed by the company, liquidated damages, where the levies depend on decisions regarding force majeure condition of contract, are accounted for on completion of contract and/or when final decision is taken. Based on our examination of the records of the Company and according to the information and explanations

given to us, Liquidated damages accounted for has not been waived /written off during the year. Based on the explanation given to us, the Company does not have the practice of claiming interest on delayed payment from customers though certain contracts provide for the same.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.

Based on our examination of the records as we considered appropriate and further based on the information and explanations given to us, the Company is maintaining proper records of inventory sent out during the year and lying with third parties. The Company has not received any assets as gift or grant(s) from Government or other authorities.

B. Sub Directions

1. Whether accuracy of project-wise cost maintained under the new SAP-ERP system has been verified.

Project wise cost details are maintained by the Company in the Integrated SAP-ERP system and based on our examination of these records, no material discrepancies were observed in project-wise cost maintained. However there is scope for further strengthening and improvement in timely booking of costs to a particular job order.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
Firm's registration number: 0014885

C.R Rema
Partner
Membership number: 029182

Cochin - 16
15 June 2017

Annexure C referred to under paragraph 3 of the report on Other Legal and Regulatory Requirements of the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Cochin Shipyard Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Krishnamoorthy & Krishnamoorthy**
Chartered Accountants
Firm's registration number: 001488S

C.R Rema
Partner
Membership number: 029182

Cochin - 16
15 June 2017

Annexure D referred to under clause vii (b) to Annexure A

Details of dues outstanding with respect to Income tax, Sales tax, Value Added Tax, Service Tax and Duty of Customs on account of disputes:

(₹ in lakhs)

S I . No.	Name of the statute	Nature of Liability	Amount Unpaid (Rs. in lakhs)*	Period to which the amount relates	Forum where the dispute is pending
1	Income Tax Act, 1961	Income Tax	2191.60	AY 1997-98	Hon'ble High Court of Kerala
2	Income Tax Act, 1961	Income Tax	967.27	AY 1998-99	Hon'ble High Court of Kerala
3	Income Tax Act, 1961	Income Tax	353.72	AY 1999-00	Hon'ble High Court of Kerala
4	Income Tax Act, 1961	Income Tax	170.31	AY 2000-01	Hon'ble High Court of Kerala
5	Income Tax Act, 1961	Income Tax	96.44	AY 2001-02	Hon'ble High Court of Kerala
6	Income Tax Act, 1961	Income Tax	0.57 (net of Rs.2297.94 lakhs adjusted against refunds/paid under protest)	AY 2002-03 AY 2009-10 AY 2010-11 AY 2011-12 AY 2012-13 AY 2013-14 AY 2014-15	Commissioner of Income Tax (Appeals)
7	Kerala General Sales Tax Act, 1963	Sales Tax	49.03	1996-1997	Deputy Commissioner (Appeals)
8	Kerala General Sales Tax Act, 1963	Sales Tax	58.03	1999-2000	Assessing Authority, Commercial Taxes (Remanded back to Assessing Officer by Kerala Sales Tax Appellate Tribunal)
9	Kerala General Sales Tax Act, 1963	Sales Tax	111.93	2000-01	Deputy Commissioner (Appeals)
10	Kerala General Sales Tax Act, 1963	Sales Tax	73.44	2001-02	Deputy Commissioner (Appeals)
11	Kerala General Sales Tax Act, 1963	Sales Tax	202.22	2004-05	Deputy Commissioner (Appeals)
12	Kerala Value Added Tax Act, 2003	Value Added Tax	652.24	2005-06	KVAT Appellate Tribunal
13	Kerala Value Added Tax Act, 2003	Value Added Tax	356.47	2007-08	KVAT Appellate Tribunal
14	Finance Act, 1994	Service Tax	615.36	Apr 2003- Mar 2007	Custom Excise & Service Tax Appellate Tribunal, Bangalore

(₹ in lakhs)

S I . No.	Name of the statute	Nature of Liability	Amount Unpaid (Rs. in lakhs)*	Period to which the amount relates	Forum where the dispute is pending
15	Finance Act, 1994	Service Tax	42.80	Apr 2007- Dec 2008	Commissioner of Central Excise (Appeals)
16	Finance Act, 1994	Service Tax	26.35	Jan 2009 - Sep 2009	Commissioner of Central Excise (Appeals)
17	Finance Act, 1994	Service Tax	33.18	Oct 2009 - Sep 2010	Commissioner of Central Excise (Appeals)
18	Finance Act, 1994	Service Tax	43.30	Oct 2010 - Sep 2011	Commissioner of Central Excise (Appeals)
19	Finance Act, 1994	Service Tax	28.95	Oct 2011 - Jun 2012	Commissioner of Central Excise (Appeals)
20	Finance Act, 1994	Service Tax	9.28	Jul 2012 - Mar 2015	Commissioner of Central Excise (Appeals)
21	Finance Act, 1994	Service Tax	42.49	Jul 2012 - Mar 2013	Commissioner of Central Excise (Appeals)
22	Finance Act, 1994	Service Tax	46.66	Apr 2013 - Mar 2014	Custom Excise & Service Tax Appellate Tribunal, Bangalore
23	Finance Act, 1994	Service Tax	48.51	Apr 2014 - Mar 2015	Custom Excise & Service Tax Appellate Tribunal, Bangalore
24	Finance Act, 1994	Service Tax	-(net of amount paid under protest Rs.376.68 lakhs)	2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	Custom Excise & Service Tax Appellate Tribunal, Bangalore
25	Customs Act, 1962	Duty of Customs	23.31 (Interest on additional duty)	2004-05	Commissioner of Customs, Kochi
26	Customs Act, 1962	Duty of Customs	14891.38	2010-2015	Hon'ble High Court of Kerala
27	Customs Act, 1962	Duty of Customs	27.46 (Interest on additional duty)	1984-1990	Chief Commissioner of Customs, Bangalore

(₹ in lakhs)

S I . No.	Name of the statute	Nature of Liability	Amount Unpaid (Rs. in lakhs)*	Period to which the amount relates	Forum where the dispute is pending
28	Customs Act, 1962	Duty of Customs	22.12	2013-14	Custom Excise & Service Tax Appellate Tribunal, Bangalore
29	Customs Act, 1962	Duty of Customs	26.61	2014-15	Commissioner of Customs, Kochi
30	Customs Act, 1962	Duty of Customs	- (Net of amount paid under protest Rs.261.22 lakhs)	2003-04	Custom Excise & Service Tax Appellate Tribunal, Bangalore

Balance Sheet

as at March 31, 2017

(₹ in lakhs)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	4	30,285.30	29,643.54	29,678.03
(b) Capital work-in-progress	5	5,392.33	2,417.16	1,277.83
(c) Intangible assets	6	6,775.89	7,378.00	8,065.99
(d) Financial Assets				
(i) Investments	7	9.18	9.18	19.18
(ii) Trade receivables	8	-	2,711.20	3,075.05
(iii) Loans	9	145.39	139.96	128.12
(iv) Other Financial assets	10	-	16,553.00	-
(e) Income tax assets (net)	11	3,601.27	2,666.40	2,501.30
(f) Deferred tax assets (net)	12	2,433.43	3,270.43	1,773.03
(g) Other non-current assets	13	2,467.23	1,005.21	979.59
		51,110.02	65,794.08	47,498.12
Current assets				
(a) Inventories	14	18,647.09	23,163.80	30,309.60
(b) Financial Assets				
(i) Trade receivables	15	30,699.22	45,471.42	57,970.68
(ii) Cash and cash equivalents	16	67,598.15	51,147.18	45,659.68
(iii) Bank balances other than (ii) above	17	131,530.99	130,894.18	96,285.00
(iv) Loans	18	46.70	40.34	43.48
(v) Other Financial assets	19	23,269.18	11,923.78	3,243.57
(c) Current Tax Assets (Net)	11	1,694.74	-	-
(d) Other current assets	20	7,057.05	6,063.07	8,071.90
		280,543.12	268,703.77	241,583.91
Total Assets		331,653.14	334,497.85	289,082.03
EQUITY AND LIABILITIES				
Equity :				
(a) Equity Share capital	21	11,328.00	11,328.00	11,328.00
(b) Other Equity	22	191,783.15	170,105.14	144,983.48
		203,111.15	181,433.14	156,311.48
Liabilities :				
Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	12,300.00	12,300.00	12,300.00
(ii) Other financial liabilities	24	261.22	261.22	261.22
(b) Provisions	25	2,141.60	1,896.50	1,932.17
		14,702.82	14,457.72	14,493.39
Current liabilities				
(a) Financial Liabilities				
(i) Trade payables	26	16,131.60	20,987.70	17,192.93
(ii) Other financial liabilities	27	10,196.83	16,445.70	10,412.55
(b) Other current liabilities	28	66,461.93	77,230.04	65,536.21
(c) Provisions	29	21,048.81	22,441.62	22,520.71
(d) Current Tax Liabilities (Net)	11	-	1,501.93	2,614.76
		113,839.17	138,606.99	118,277.16
Total Equity and Liabilities		331,653.14	334,497.85	289,082.03
Corporate overview and Significant Accounting Policies	1-2			
Explanation of transition to Ind AS	3			
Notes to the Financial Statements	4-55			

The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN - 06882228

D PAUL RANJAN
Director (Finance) & Chief Financial Officer
DIN - 06869452

MADHU S NAIR
Chairman and Managing Director
DIN - 07376798

Kochi, dated June 10, 2017

As per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy**,
Chartered Accountants
(Firm Registration No.001488S)

C R Rema
Partner
(Membership Number 029182)
Kochi, dated June 15, 2017

Statement of Profit and loss

for the year ended March 31, 2017

(₹ in lakhs)

Particulars	Note No.	For the year ended 31.03.2017	For the year ended 31.03.2016
I Income			
Revenue from operations	30	205,887.10	199,345.24
Other income	31	16,357.63	11,391.79
Total Income		222,244.73	210,737.03
II Expenses:			
Cost of materials consumed	32	100,872.67	105,432.15
Changes in inventories of work-in-progress	33	(1,395.52)	(1,644.12)
Sub contract and other direct expenses	34	31,936.73	19,404.49
Employee benefits expense	35	21,666.52	22,673.42
Finance costs	36	1,053.58	1,201.21
Depreciation and amortisation expense	37	3,850.99	3,719.25
Other expenses	38	13,451.87	14,278.95
Provision for anticipated losses and expenditure	39	1,407.72	3,706.33
Total expenses		172,844.56	168,771.68
III Profit before tax		49,400.17	41,965.35
IV Tax expense:			
(1) Current tax	11	16,348.35	16,193.37
(2) Deferred tax	11	837.00	(1,497.40)
V Profit for the year		32,214.82	27,269.38
VI Other comprehensive income			
A) Items that will be reclassified to profit or loss			
i) Effective portion of gains/losses on cash flow hedging instruments		-	35.53
ii) Income tax relating to items that will be reclassified to profit or loss			(12.30)
B) Items that will not be reclassified to profit or loss			
i) Remeasurements of post employment benefit obligations		(163.00)	(176.74)
ii) Changes in fair value of FVTOCI equity instruments		-	(10.00)
iii) Income tax relating to items that will not be reclassified to profit or loss		56.41	61.17
Other comprehensive income for the year		(106.59)	(102.34)
VII Total Comprehensive Income for the year		32,108.23	27,167.04
VIII Earnings per equity share of Rs 10 each:	40		
(1) Basic (Rs)		28.44	24.07
(2) Diluted (Rs)		28.44	24.07
Corporate overview and Significant Accounting Policies	1-2		
Explanation of transition to Ind AS	3		
Notes to the Financial Statements	4-55		

The accompanying notes are an integral part of these financial statements

For and on behalf of Board of Directors

V KALA

Company Secretary

SUNNY THOMAS

Director (Technical)
DIN - 06882228

D PAUL RANJAN

Director (Finance) & Chief Financial Officer
DIN - 06869452

MADHU S NAIR

Chairman and Managing Director
DIN - 07376798

Kochi, dated June 10, 2017

As per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy,**

Chartered Accountants

(Firm Registration No.0014885)

C R Rema

Partner

(Membership Number 029182)

Kochi, dated June 15, 2017

Statement of Cash Flows

for the year ended March 31, 2017

(₹ in lakhs)

Particulars	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
A. Cash flow from operating activities		
Profit before tax	49,400.17	41,965.35
Adjustments for :		
Depreciation and amortisation	3,584.23	3,449.79
Write back of Depreciation	-	(74.52)
Value of surrendered land written off	-	5.61
Interest expense	1,053.58	1,104.18
Interest income	(13,085.52)	(9,936.14)
Rental income	(55.39)	(100.13)
Dividend income	(199.02)	(0.54)
Loss on sale/write off of Property Plant and Equipment	414.85	6.27
Profit on sale of Property Plant and Equipment	(6.56)	(1.71)
Profit on sale of investments	(460.96)	-
Loss/(gain) on derivative contracts (Net)	(222.84)	69.73
Unrealised loss/(gain) on derivative contracts (Net)	38.68	1.25
Net gain /(loss) on foreign currency transactions	(227.22)	(22.83)
Expenses on Initial Public Offer	182.11	-
Effective loss/gain of cash flow hedges	35.53	
Operating cash flow before working capital changes	40,451.64	36,466.31
Movements in working capital :		
(Increase) / decrease in inventories	4,516.71	7,145.80
(Increase) / decrease in trade and other receivables	15,781.35	(44,382.12)
Increase / (decrease) in trade and other payables	(24,518.66)	17,307.54
	36,231.04	16,537.53
Income tax paid net of refunds	(15,003.00)	(13,341.80)
Net cash flows from operating activities (A)	21,228.04	3,195.73
B. Cash flow from investing activities		
Purchase of property, plant and equipment	(4,042.71)	(3,477.73)
(Increase) / decrease in capital work In progress	(2,975.17)	(1,139.33)
Investment in Mutual Funds	(113,785.00)	
Redemption of Mutual Funds	113,785.00	
Sale or withdrawal of property, plant and equipment	10.55	814.72
Interest received	12,766.91	9,183.25
Rent received	55.39	100.13
Dividend received	199.02	-
Profit on sale of investments	460.96	
Net cash flows from investing activities (B)	6,474.95	5,481.04

(₹ in lakhs)

Particulars	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
C. Cash flow from financing activities		
Loss/(gain) on derivative contracts (Net)	222.84	(69.73)
Net gain/(loss) on foreign currency transactions	227.22	22.83
Dividend paid	(8,665.92)	(1,699.20)
Dividend distribution tax paid	(1,764.18)	(345.92)
Interest paid	(1,053.70)	(1,097.26)
Expenses on Initial Public Offer	(218.28)	-
Net cash flows from financing activities (C)	(11,252.02)	(3,189.28)
D. Net Increase in Cash & Cash Equivalents (A)+(B)+(C)	16,450.97	5,487.50
Cash and cash equivalent at the beginning of the Year		
Cash on hand	1.24	1.80
Balance with Banks in current account and deposit account	51,145.94	45,657.88
Cash and cash equivalents (as per Note 16)	51,147.18	45,659.68
Cash and cash equivalent at the end of the Year		
Cash on hand	-	1.24
Balance with Banks in current account and deposit account	67,598.15	51,145.94
Cash and cash equivalents (as per Note 16)	67,598.15	51,147.18
Notes:		
1) Figures in brackets indicate outflow.		
2) Previous year figures have been regrouped/rearranged/recasted wherever necessary to make them comparable with those of current year.		
Corporate overview and Significant Accounting Policies	1-2	
Explanation of transition to Ind AS	3	
Notes to the Financial Statements	4-55	

For and on behalf of Board of Directors

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN - 06882228

D PAUL RANJAN
Director (Finance) & Chief Financial Officer
DIN - 06869452

MADHU S NAIR
Chairman and Managing Director
DIN - 07376798

Kochi, dated June 10, 2017

As per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy,**
Chartered Accountants
(Firm Registration No.001488S)

C R Rema
Partner
(Membership Number 029182)
Kochi, dated June 15, 2017

Statement of Changes in Equity

for the year ended March 31, 2017

A. Equity Share Capital			(₹ in lakhs)
As at 01.04.2015	Changes in equity share capital during the year	As at 31.03.2016	
11,328.00	0.00	11,328.00	
As at 01.04.2016	Changes in equity share capital during the year	As at 31.03.2017	
11,328.00	0.00	11,328.00	

B. Other Equity								(₹ in lakhs)
	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Capital Redemption reserve	Debenture redemption reserve	FVTOCI - Equity instruments	Total
Balance as at 01 Apr 2015	263.56	1.23	6,322.75	127,951.11	11,914.20	370.95	-	146,823.80
Changes in accounting policy or prior period errors				(1,840.32)				(1,840.32)
Restated balance at the beginning of the reporting period	263.56	1.23	6,322.75	126,110.79	11,914.20	370.95	-	144,983.48
Profit for the year				27,269.38				27,269.38
Other comprehensive income for the year				(92.34)			(10.00)	(102.34)
Total comprehensive income for the year				27,177.04			(10.00)	27,167.04
Dividends (including taxes)				(2,045.12)				(2,045.12)
Transfer from retained earnings				(288.33)		288.33		-
Amortisation of premium		(0.26)						(0.26)
Balance at the end of the reporting period	263.56	0.97	6,322.75	150,954.38	11,914.20	659.28	(10.00)	170,105.14
Balance as at 01 Apr 2016	263.56	0.97	6,322.75	150,954.38	11,914.20	659.28	(10.00)	170,105.14
Changes in accounting policy or prior period errors								-
Restated balance at the beginning of the reporting period	263.56	0.97	6,322.75	150,954.38	11,914.20	659.28	(10.00)	170,105.14
Profit for the year				32,214.82				32,214.82
Other comprehensive income for the year				(106.59)				(106.59)
Total comprehensive income for the year				32,108.23			-	32,108.23
Dividends (including taxes)				(10,430.10)				(10,430.10)
Transfer from retained earnings				(288.33)		288.33		-
Amortisation of premium		(0.12)						(0.12)
Balance at the end of the reporting period	263.56	0.85	6,322.75	172,344.18	11,914.20	947.61	(10.00)	191,783.15

For and on behalf of Board of Directors

V KALA
Company Secretary

SUNNY THOMAS
Director (Technical)
DIN - 06882228

D PAUL RANJAN
Director (Finance) & Chief Financial Officer
DIN - 06869452

MADHU S NAIR
Chairman and Managing Director
DIN - 07376798

Kochi, dated June 10, 2017

As per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy**,
Chartered Accountants
(Firm Registration No.0014885)

C R Rema

Partner
(Membership Number 029182)
Kochi, dated June 15, 2017

Notes

To Financial Statements for the year ended 31st March 2017

1. CORPORATE OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES

1.1. Corporate information

Cochin Shipyard Limited is incorporated under the provisions of the Companies Act applicable in India on March 29, 1972 as a Private Limited Company. The Company is domiciled in India and having registered office at Perumanoor, Kochi, Kerala. Pursuant to a resolution passed at the AGM of the Company held on September 20, 2016, the Company has changed the status to Public Limited Company on November 8, 2016. The Company is mainly engaged in the construction of vessels and repairs & refits of ships and rigs. Government of India owns 100% of the Company's equity share capital of the Company. The financial statements for the year ended March 31, 2017 were approved by the Board of Directors on June 10, 2017.

2. Significant Accounting Policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS, of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

2.2 Basis of preparation of Financial Statements

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

2.3 Use of estimates and judgements

The preparation of the financial statements in conformity with the Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures as at date of the financial statements and the reported amounts of the revenues and expenses for the years presented. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different assumptions and conditions.

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

2.4 Critical Accounting estimates and judgements:

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

Notes

To Financial Statements for the year ended 31st March 2017

Useful lives of property, plant and equipment

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

Valuation of deferred tax assets

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

Impairment of unquoted investments

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

Recognition and measurement of provisions

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

Provision towards Guarantee repairs

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

Contingencies and commitments

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

to quantify reliably, we treat them as contingent liabilities. 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, we do not expect them to have a materially adverse impact on our financial position or profitability.

Provision for doubtful debts

The Company makes provisions for doubtful debts based on an assessment of the recoverability of trade and other receivables. The identification of doubtful debts requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Provision for inventories

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

Revenue Recognition

The Company uses the percentage of completion method in accounting for its fixed price contracts. The use of the percentage of completion method requires the Company to estimate the costs expended to date as a proportion to the total cost to be expended on a project considering the physical progress or financial progress whichever is lower. 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

Notes

To Financial Statements for the year ended 31st March 2017

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.

2.5 Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 'First time adoption of Indian Accounting Standards'. PPE are initially recognised at cost. The initial cost of PPE comprises its purchase price, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including non refundable duties and taxes net of any trade discounts and rebates. The cost of PPE also includes interest on borrowings (borrowing cost directly attributable to acquisition, construction or production of qualifying assets) upto initial recognition. PPE are stated at cost less accumulated depreciation (other than free hold land which are stated at cost) and impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the items are material and can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Statement of profit and loss during the reporting period in which they are incurred.

2.6 Capital work in progress and intangible assets under development:

Capital work in progress and intangible assets under

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

2.7 Depreciation

Depreciation on property, plant and equipment is provided on straight-line method based on useful life of the asset as prescribed in Schedule II to the Companies Act, 2013. For the assets acquired from Cochin Port Trust for International Ship Repair Facility (ISRF), depreciation is provided on the basis of remaining useful life as assessed by technical experts. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain/loss arising on derecognition of the asset is included in the Statement of profit and loss when the asset is derecognised. Fully depreciated assets still in use are retained in financial Statements at residual value. Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

2.8 Intangible Assets

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

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

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

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.

Notes

To Financial Statements for the year ended 31st March 2017

2.9 Impairment of Assets

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

2.10 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date of such investments are classified as current investments. All other investments are classified as Non current. Current investments are carried at lower of cost and fair value. Non-current investments are valued at cost unless there is a permanent diminution in the value thereof.

2.11 Inventories

(a) Raw materials, components, stores and spares are valued at weighted average cost method or net realisable value whichever is lower. Provision for obsolescence / non-usability / deterioration is determined on the basis of technical assessment made by the management. Goods in transit is valued at lower of cost or net realisable value. Stock of materials in respect of construction of defence vessels wherein the cost incurred is reimbursed by the owner are shown as reduction from the advances paid by the owner for construction of the vessel.

(b) Work in progress:

Work in progress Ship Building:- Work in progress is recognised only when the percentage of physical completion is less than the financial completion, in which case the cost proportionate to excess of percentage of financial completion over physical completion is treated as Work in progress. In the case of Indigenous Aircraft Carrier since all the

materials belongs to Indian Navy, work in progress is not recognized.

Work in progress of ships/offshore structures under repair, which have not reached 75% stage of physical completion and general engineering jobs are valued at cost. Work-in-progress of ships where physical construction has not started is also valued at cost.

- (c) Loose tools stock are valued at cost and tools in use are revalued after providing for loss on revaluation estimated at 30% of book value.
- (d) Stock of scrap is valued at net realizable value after adjusting customs duty, if any, payable on the scrap.

2.12 Financial instruments

Trade Receivables

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 recognises lifetime expected credit losses for all trade receivables that do not constitute a financing transaction. Impairment loss allowance is based on a simplified approach as permitted by Ind AS 109. As a practical expedient, the company uses a provision matrix to determine the impairment loss on the portfolio of its trade receivables. Full provision is made for all trade receivables considered doubtful of recovery when the debt is more than three years or if it is certain that the debt is not recoverable. Where debts are disputed in legal proceedings, provision is made if any decision is given against the company even if the same is taken up on appeal to higher authorities/courts. Impairment loss allowance (or reversal) that is required to be recognised at the reporting date is recognised as an impairment loss or gain in the Statement of Profit & Loss Account.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the

Notes

To Financial Statements for the year ended 31st March 2017

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

Cash and cash equivalents

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

Financial assets at amortised cost

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

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets. The Company has made an irrevocable election to present subsequent changes in the fair value of equity investments not held for trading in Other Comprehensive Income.

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

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive

income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Financial liabilities

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

Off setting of financial instruments

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

2.13 Foreign Currency Transactions

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

a. Foreign Currency Transactions:

Foreign exchange transactions are recorded in functional currency adopting the exchange rate prevailing on the dates of respective transactions. Monetary items denominated in foreign currencies at the year end are re-measured at the exchange rate prevailing on the balance sheet date. Non monetary foreign currency items are carried at cost. Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the statement of Profit and Loss.

b. Derivative instruments and hedge accounting:

The Company designates certain foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Notes

To Financial Statements for the year ended 31st March 2017

The use of foreign currency and derivative contracts is governed by the Company's foreign exchange risk management policy approved by the Board of Directors which provide written directives on the use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

The hedge instruments are designated and documented as hedges at the inception of the contract. The effectiveness of hedge instruments to reduce the risk associated with the foreign currency exposure that is being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the Statement of Profit and Loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the Other Comprehensive Income and accumulated under the heading cash flow hedge reserve.

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. Any gain or loss recognised in Other Comprehensive Income and accumulated in equity till that time remains and is recognised in Statement of Profit and Loss when the forecasted transaction ultimately affects the profit or loss. 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.

2.14 Advance/progress payments received

Advance/progress payments received from customers in respect of repair work of ships/offshore structures are shown as deduction from the amount

of work in progress in respect of income recognized under proportionate completion method. In the case of ship building, the advance payment received is adjusted only when the ship is invoiced.

2.15 Provision, Contingent Liabilities and Contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions (excluding retirement benefits and compensated leave) are not discounted to its present value and are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. These are reviewed at each reporting date adjusted to reflect the current best estimates.

Provision towards guarantee claims in respect of ships/ small crafts delivered wherever provided / maintained is based on technical estimation. For ships delivered, guarantee claims are covered by way of insurance policies covering the guarantee period on case to case basis, where ever required. Contingent liability is disclosed when the company has a possible obligation or a present obligation and it is probable that a cash flow will not be required to settle the obligation.

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

2.16 Revenue Recognition

a) Contracts for the construction of ships and small crafts (Other than Indigenous Aircraft Carrier)

The income from ship building is recognized on percentage of completion method, in the proportion the cost incurred for the work performed up to the reporting date bear to the estimated total contract cost, considering the physical progress or financial progress, whichever is lower. Where current estimates of total contract costs and revenue indicate

Notes

To Financial Statements for the year ended 31st March 2017

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

b) Construction of Indigenous Aircraft Carrier

In the case of construction of IAC which is partly fixed price basis and partly cost plus basis, the income from fixed price is recognised on the percentage of completion method.

Mark up from cost plus part of contract activities for materials and design outsourcing are recognised when payments towards the same are made. Cost of materials, value of design outsourcing and other expenses incurred for the vessel which are recoverable separately from Navy is charged off to statement of Profit and Loss when materials are consumed/ activities are performed/expenses are incurred and are grossed up with the value of work done and recognised as income.

c) Contracts for repair of ships/ Offshore structures:

Income from repair of ships /Offshore structures is recognized based on proportionate completion method when proportionate performance of each ship repair activity exceeds 75% after taking into consideration possible contingencies with reference to the realizable value of work done. The proportionate progress is measured by the Company's technical evaluation of the percentage of physical completion of each job. In the case of ship repair contracts completed and invoices settled during the year, income recognized is net of reductions due to price variation admitted. In the case of unsettled invoices, the income is recognised net of estimated amount of reductions. Differences, if any, on settlement are adjusted against income in the year of settlement.

d) Liquidated damages and interest on advances

No income has been recognized on account of (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.

e) Accounting for insurance claims

(i) Warranty/Builder Risk claims

In the case of guarantee defects covered under warranty insurance policies or claims under builders risk Insurance Policies, the insurance claims lodged will be recognized in the accounts in the year in which the survey is completed and the probable amount of settlement intimated by the insurance Company.

(ii) 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 accounts on settlement of the claims by way of receipt of the amount from the Insurance Company.

f) Others

Dividend income is recognized when the Company's right to receive payment has been established.

2.17 Employee benefits

Employee benefits consist of salaries and wages contribution to provident fund, superannuation fund, gratuity fund, compensated absences and towards medical assistance.

Post-employment benefit plans

Defined Contribution plans

Defined contribution to Employees Pension scheme for eligible employees are made to CSL Superannuation Pension Trust for Executives and Supervisors/CSL Workmen Pension Trust Pension Trusts and are charged as expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Notes

To Financial Statements for the year ended 31st March 2017

The Company also makes contribution towards provident fund, in substance a defined contribution retirement benefit plan. The provident fund is administered by the Trustees of the Cochin Shipyard Limited Employees Contributory Provident Fund Trust. The rules of the Company's provident fund administered by the Trust, require that if the Board of Trustees are unable to pay interest at the rate declared by the Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any deficiency as at the year end.

The Company also makes contribution towards Employees Medical Assistance Trusts which are charged as expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

Defined benefit plans

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The liability or asset recognised in the balance sheet in respect of its defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually 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 tenure approximating the tenures 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.

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.

2.18 Borrowing cost

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

2.19 Leases

As a lessee:

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

Notes

To Financial Statements for the year ended 31st March 2017

(i) Operating Lease:

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

(ii) Finance Lease:

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

2.20 Prior period adjustment

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

2.21 Taxes on Income

Income tax

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

Current tax

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

Deferred tax

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

Deferred tax assets are recognised only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Notes

To Financial Statements for the year ended 31st March 2017

2.22 Earnings Per Share

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

2.23 Segment Reporting

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

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

2.24 Cash flow statement

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

For the purpose of cash flow statement, Cash and cash equivalent comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, net of

outstanding bank overdrafts, if any. Bank overdrafts are disclosed within borrowings in current liabilities in the Balance Sheet

2.25 Dividend to equity shareholders

Dividend to equity shareholders is recognised as a liability and deducted from shareholders' equity, in the period in which the dividends are approved by the equity shareholders in the general meeting.

2.26 Recent accounting pronouncements - Standards issued but not yet effective

Standards issued but not yet effective in March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from 1 April, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions

Notes

To Financial Statements for the year ended 31st March 2017

and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The requirements of the amendment have no impact on the financial statements as the standard is not applicable to the Company.

3. Explanation of transition to Ind AS

As stated in Note No.2.1, the Company's financial statements for the year ended Mar 31, 2017 are the first annual financial statements prepared by the Company in order to comply with Ind AS. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. The transition was carried out from previous GAAP (based on the AS framework) to Ind AS. The exemptions and exceptions applied by the Company in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

Transition to Ind AS- Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from the previous GAAP to Ind AS as required under Ind AS 101.

Notes

To Financial Statements for the year ended 31st March 2017

i) Reconciliation of Balance sheet as at April 1, 2015

(₹ in Lakhs)

Particulars	Notes	Regrouped previous GAAP	Ind AS Adjustments	Ind AS
ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment		29,678.03		29,678.03
(b) Capital work-in-progress		1,277.83		1,277.83
(c) Other Intangible assets		8,065.99	-	8,065.99
(d) Financial Assets				
(i) Investments		19.18		19.18
(ii) Trade receivables		3,075.05		3,075.05
(iii) Loans		128.12		128.12
(e) Income tax assets (net)		2,501.30		2,501.30
(f) Deferred tax assets (net)		1,773.03		1,773.03
(f) Other non-current assets		979.59		979.59
(2) Current assets				
(a) Inventories		30,309.60		30,309.60
(b) Financial Assets				
(i) Trade receivables	(h)	58,505.95	(535.27)	57,970.68
(ii) Cash and cash equivalents		45,659.68		45,659.68
(iii) Other Bank balances		96,285.00		96,285.00
(iv) Loans		43.48		43.48
(v) Other Financial assets		3,243.57		3,243.57
(c) Other current assets		8,071.90		8,071.90
Total Assets		289,617.30	(535.27)	289,082.03
EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share capital		11,328.00		11,328.00
(b) Other Equity	(b) & (h)	144,778.68	204.80	144,983.48

Notes

To Financial Statements for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Notes	Regrouped previous GAAP	Ind AS Adjustments	Ind AS
LIABILITIES				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings		12,300.00	-	12,300.00
(ii) Other financial liabilities		261.22		261.22
(b) Provisions		1,932.17		1,932.17
(2) Current liabilities				
(a) Financial Liabilities				
(i) Trade payables		17,192.93		17,192.93
(ii) Other financial liabilities		10,412.55		10,412.55
(b) Other current liabilities		65,536.21		65,536.21
(c) Provisions	(b) & (h)	23,260.78	(740.07)	22,520.71
Current Tax Liabilities (Net)		2,614.76		2,614.76
Total Equity and Liabilities		289,617.30	(535.27)	289,082.03

ii) Reconciliation of Equity

(₹ in Lakhs)

Particulars	Year Ended March 31, 2016	Year Ended April 1, 2015
Other Equity (Reserves and Surplus) as reported under previous GAAP	161,886.97	144,778.68
Reversal of proposed Dividend and Dividend Distribution Tax	10,430.10	2,045.12
Impact of retrospective adjustment of prior period items	(1,840.32)	(1,840.32)
Reclassification of hedge reserve transfer to other Comprehensive Income	(35.53)	-
Impact on Profit & Loss Account during the year 2015-16	(336.08)	-
Other Equity as reported under Ind AS	170,105.14	144,983.48

Notes

To Financial Statements for the year ended 31st March 2017

iii) Reconciliation of Total Comprehensive Income (TCI)

(₹ in Lakhs)

Particulars	Year Ended March 31, 2016
Profit After Tax as reported under previous GAAP	27,503.12
Impact of Fair valuation of Security Deposit through Profit or Loss (FVTPL)	(11.04)
Impact of retrospective adjustment of prior period items	(432.21)
Provision for Expected credit loss of Trade Receivables	(186.19)
Reclassification of diminution in carrying value of investments , to Other Comprehensive Income (OCI)	10.00
Reclassification of actuarial gains / losses, arising in respect of employee benefit schemes, to Other Comprehensive Income (OCI)	176.74
Tax Adjustments	208.96
Profit After Tax as reported under Ind AS	27,269.38
Other Comprehensive Income (net of tax)	(102.34)
Total Comprehensive Income as reported under Ind AS	27,167.04

iv) Reconciliation of Statement of Cash flow

There are no material adjustments to the statement of cash flows as reported under Previous GAAP

Notes to Reconciliation between previous GAAP and Ind AS

a) Deemed Cost

The Company has elected to consider the carrying value of Property, Plant and Equipment (PPE) and Intangible asset as deemed cost as at the date of transition.

b) Dividend (Including dividend tax)

Under the previous GAAP, dividends proposed by the Board of directors after the Balance sheet date but before the approval of the financial statements were considered as adjusting events, Accordingly the provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend including dividend distribution tax of ₹ 10430.10 lakhs as at March 31, 2016 (₹ 2045.12 lakhs as at April 1, 2015) included under provisions have been reversed with corresponding adjustment to retained earnings. Consequently the total equity has increased by an equivalent amount.

Notes

To Financial Statements for the year ended 31st March 2017

c) Other Comprehensive Income (OCI)

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income includes remeasurements of defined benefit plans, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVTOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

d) Employee benefits

Under previous GAAP, actuarial gains and losses were recognized in statement of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability/asset which is recognized in other comprehensive income in the respective periods.

This has resulted in increase in net profit by ₹ 176.74 Lakhs for year ended March 31, 2016. However the same does not result in difference in equity or total comprehensive income.

e) Investments

Under previous GAAP, current investments were measured at lower of cost or fair value and long term investments were measured at cost less diminution in value which is other than temporary, under Ind AS Financial assets other than amortized cost are subsequently measured at fair value.

Fair value changes with respect to investments in equity instruments designated as at fair value through other comprehensive income have been recognised in the other comprehensive income for the year ended March 31, 2016.

Consequent to the above, profit for the year ended March 31, 2016 increased by ₹ 10.00 lakhs. However, there is no change in other equity.

f) Security Deposit

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 400.06 lakhs as at 31 March 2016 (₹ 403.42 lakhs as on 1 April 2015). The prepaid rent increased by ₹ 389.01 lakhs as at 31 March 2016 (₹ 403.42 lakhs as on 1 April 2015). The profit for the year and total equity as at 31 March 2016 decreased by ₹ 11.04 lakhs due to amortisation of the prepaid rent of ₹ 14.41 lakhs which is partially off-set by the notional interest income of ₹ 3.36 lakhs recognised on security deposits.

g) Tax adjustments

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS. These adjustments has resulted in an increase in equity and Net Profit under Ind AS by ₹ 257.83 Lakhs as at March 31, 2016.

h) Prior Period Adjustments

Under Ind AS, material prior period errors are to be corrected retrospectively in the first set of financial statements approved for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. This has resulted in decrease of retained Earnings as on 01.04.2015 by ₹ 1840.32 lakhs and decrease in net profit during 2015-16 by ₹ 432.21 lakhs.

Notes

To Financial Statements for the year ended 31st March 2017

Note 4 : Property, Plant and Equipment

(₹ in lakhs)

Particulars	Gross carrying amount			Depreciation				Net Carrying amount		
	As at 1st April 2016	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2017	As at 1st April 2016	For the year	Adjust-ment/ (with-drawal)	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Owned Assets										
Land (Freehold)	587.54	-	-	587.54	-	-	-	-	587.54	587.54
Buildings	12,285.32	1,137.25	2.00	13,420.57	4,421.13	425.17	1.21	4,845.09	8,575.48	7,864.19
Plant and equipment	26,666.61	1,683.66	237.04	28,113.23	12,835.35	1,386.76	200.37	14,021.74	14,091.49	13,831.26
Furniture and fixtures	902.94	214.45	8.84	1,108.55	379.32	89.99	8.65	460.66	647.89	523.62
Vehicles	796.42	123.48	15.67	904.23	622.37	43.85	13.74	652.48	251.75	174.05
Office equipment	253.76	28.48	7.88	274.36	134.78	37.32	7.44	164.66	109.70	118.98
Others										
Data Processing Equipments	1,134.21	162.78	6.69	1,290.30	722.64	171.28	6.54	887.38	402.92	411.57
Docks and quays	10,226.77	-	-	10,226.77	6,105.23	299.41	-	6,404.64	3,822.13	4,121.54
Railway sidings	22.09	-	-	22.09	20.99	-	-	20.99	1.10	1.10
Electrical installation	2,064.05	200.54	-	2,264.59	1,298.77	228.38	-	1,527.15	737.44	765.28
Drainage and water supply	133.45	-	-	133.45	126.78	-	-	126.78	6.67	6.67
Vessels	177.45	-	136.09	41.36	140.90	2.11	119.75	23.26	18.10	36.55
Books	13.20	-	-	13.20	13.20	-	-	13.20	0.00	0.00
Sub Total	55,263.81	3,550.64	414.21	58,400.24	26,821.46	2,684.27	357.70	29,148.03	29,252.21	28,442.35
Leased Assets										
Buildings	1,325.24	72.79	421.19	976.84	262.76	100.26	58.87	304.15	672.69	1,062.48
Plant and equipment	241.85	8.71	-	250.56	177.99	12.52	-	190.51	60.05	63.86
Docks and quays	25.01	-	-	25.01	23.11	0.63	-	23.74	1.27	1.90
Electrical installation	97.18	246.91	-	344.09	24.23	20.78	-	45.01	299.08	72.95
Sub Total	1,689.28	328.41	421.19	1,596.50	488.09	134.19	58.87	563.41	1,033.09	1,201.19
Total	56,953.09	3,879.05	835.40	59,996.74	27,309.55	2,818.46	416.57	29,711.44	30,285.30	29,643.54

Notes

To Financial Statements for the year ended 31st March 2017

(₹ in lakhs)

Particulars	Gross carrying amount				Depreciation			Net Carrying amount		
	Deemed cost as at 1st April 2015 (See Note 3)	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2016	As at 1st April 2015	For the year	Adjustment/ (with-drawal)	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015
Land (Freehold)	593.15	-	5.61	587.54	-	-	-	-	587.54	593.15
Buildings	11,765.84	606.14	86.66	12,285.32	4,047.49	377.31	3.67	4,421.13	7,864.19	7,718.35
Plant and equipment	24,773.47	2,064.51	171.37	26,666.61	11,537.22	1,332.75	34.62	12,835.35	13,831.26	13,236.25
Furniture and fixtures	750.04	164.18	11.28	902.94	312.84	75.90	9.42	379.32	523.62	437.20
Vehicles	767.12	30.29	0.99	796.42	570.13	53.18	0.94	622.37	174.05	196.99
Office equipment	195.90	69.63	11.77	253.76	107.38	37.81	10.41	134.78	118.98	88.52
Others										
Data Processing Equipments	1,110.07	37.24	13.10	1,134.21	579.23	154.54	11.13	722.64	411.57	530.84
Docks and quays	10,366.79	-	140.02	10,226.77	5,807.79	347.85	50.41	6,105.23	4,121.54	4,559.00
Railway sidings	22.09	-	-	22.09	20.99	-	-	20.99	1.10	1.10
Electrical installation	2,382.29	184.66	502.90	2,064.05	1,155.19	216.26	72.68	1,298.77	765.28	1,227.10
Drainage and water supply	133.45	-	-	133.45	126.78	-	-	126.78	6.67	6.67
Vessels	158.85	18.60	-	177.45	139.88	1.02	-	140.90	36.55	18.97
Books	13.20	-	-	13.20	13.20	-	-	13.20	0.00	0.00
Sub Total	53,032.26	3,175.25	943.70	55,263.81	24,418.12	2,596.62	193.28	26,821.46	28,442.35	28,614.14
Leased Assets										
Buildings	1,064.15	261.09	-	1,325.24	169.48	93.28	-	262.76	1,062.48	894.67
Plant and equipment	241.64	0.21	-	241.85	164.67	13.32	-	177.99	63.86	76.97
Docks and quays	25.01	-	-	25.01	15.39	7.72	-	23.11	1.90	9.62
Electrical installation	97.18	-	-	97.18	14.55	9.68	-	24.23	72.95	82.63
Sub Total	1,427.98	261.30	-	1,689.28	364.09	124.00	-	488.09	1,201.19	1,063.89
Total	54,460.24	3,436.55	943.70	56,953.09	24,782.21	2,720.62	193.28	27,309.55	29,643.54	29,678.03

Notes

To Financial Statements for the year ended 31st March 2017

Land includes the value of (a) land allotted on lease basis to (i) Bharatiya Vidya Bhavan (0.69045 hectare) (ii) M/s Indian Oil Corporation (0.620 hectare) for laying pipeline (iii) land leased to M/s Cochin Air Products (0.30 hectare) and (b) land leased to Kerala State Electricity Board (0.47 hectare).

Value of land includes value of buildings acquired along with the land for which depreciation has not been provided as the value is not separately available and most of these buildings are likely to be demolished for putting up facilities for the factory.

32 cents of land returned to Greater Cochin Development Authority (GCDA) vide a settlement reached at the level of Secretary, Local Self Government, Government of Kerala for formation of road from the total area of 1305 cents(apprx) allotted by GCDA to Cochin Shipyard Limited (CSL) in 1976 and the proportionate cost of ₹ 5.61 Lakhs has been reduced.

Assets taken over from Cochin Port Trust (CoPT) (₹ 1291.52 lakhs) have been valued and life assessed by technical experts. This life has been taken as a base for arriving at the remaining useful life for providing depreciation for these assets. These assets together with assets constructed/installed on land taken on lease from CoPT, have been disclosed separately as leased assets in the note no 3 to Property, Plant & Equipments.

The Company has created mortgage for ₹ 12300 Lakhs on the landed properties of the Company as security for the tax free bonds issued by the Company during the year 2013-14.

Note 5 : Capital work-in-progress

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Plant and machinery, Buildings and Civil works	5,299.88	2,295.70	945.09
Construction materials	92.45	121.46	322.86
Capital goods in transit	-	-	9.88
Total	5,392.33	2,417.16	1,277.83

Note 6 : Other Intangible assets

(₹ in lakhs)

	Gross carrying amount			Amortisation				Net Carrying amount		
	As at 1st April 2016	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2017	As at 1st April 2016	For the year	Adjust- ment/ (with- drawal)	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Internally generated weld procedure	27.67	-	-	27.67	1.52	9.23	-	10.75	16.92	26.15
Computer software	1,737.15	163.66	-	1,900.81	1,135.30	506.54	-	1,641.84	258.97	601.85
Right to use - land and ship repair facility	7,500.00	-	-	7,500.00	750.00	250.00	-	1,000.00	6,500.00	6,750.00
	9,264.82	163.66	-	9,428.48	1,886.82	765.77	-	2,652.59	6,775.89	7,378.00

Notes

To Financial Statements for the year ended 31st March 2017

(₹ in lakhs)

	Gross carrying amount			Amortisation				Net Carrying amount		
	Deemed cost as at 1st April 2015 (See Note 3)	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2016	As at 1st April 2015	For the year	Adjustment/ (with-drawal)	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015
Internally generated weld procedure	-	27.67	-	27.67	-	1.52	-	1.52	26.15	-
Computer software	1,723.64	13.51	-	1,737.15	657.65	477.65	-	1,135.30	601.85	1,065.99
Right to use - land and ship repair facility	7,500.00	-	-	7,500.00	500.00	250.00	-	750.00	6,750.00	7,000.00
	9,223.64	41.18	-	9,264.82	1,157.65	729.17	-	1,886.82	7,378.00	8,065.99

The Right to use of land and ship repair facility shown under Intangible Assets represents the upfront fee paid to Cochin Port Trust towards setting up of International Ship Repair Facility (ISRF) project, to be amortised over the contract period of 30 years commencing from 2013-14.

Note 7 : Investments-Non Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unquoted equity instruments			
Investments carried at Fair value through Other Comprehensive Income (FVTOCI)			
Cochin Shipyard Employees Consumer Co-operative Society Limited 2175 'B Class' shares of ₹ 100 each	2.18	2.18	2.18
Kerala Enviro Infrastructure Limited 70000 equity shares of ₹ 10 each fully paid up	7.00	7.00	7.00
Cochin Waste to Energy Private Limited -100000 equity shares of ₹ 10 each fully paid up	10.00	10.00	10.00
Less diminution in value of Investment			
Cochin Waste to Energy Private Limited	(10.00)	(10.00)	-
Total	9.18	9.18	19.18
Aggregate value of unquoted investment	19.18	19.18	19.18
Aggregate value of impairment in value of investment	10.00	10.00	-

Considering the indicators of the value of an investment such as investee's assets, results etc. a decline, other than temporary, in the value of investment in Cochin Waste to Energy (P) Ltd is noticed and accordingly fair value is considered as Nil.

Notes

To Financial Statements for the year ended 31st March 2017

Note 8 : Trade receivables - Non Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade receivables-Unsecured			
Considered good	-	2,711.20	3,075.05
Considered doubtful	-	5,300.14	4,405.11
Less: Allowance for doubtful debts (Expected credit loss allowance)	-	(5,300.14)	(4,405.11)
Total	-	2,711.20	3,075.05

As required under Ind AS 109, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Note 9: Loans - Non Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unsecured, considered good:			
Security deposits	55.94	39.33	35.97
Employee advances			
Loans to related parties	2.30	1.66	0.00
Other employees	87.15	98.97	92.15
Total	145.39	139.96	128.12

Note 10: Other Financial Assets - Non Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Bank deposits with maturity period more than 12 months	-	16,553.00	-
Total	-	16,553.00	-

Notes

To Financial Statements for the year ended 31st March 2017

Note 11: Income tax assets / liability (net)

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Non current tax assets			
Advance income tax net of provisions	3,601.27	2,666.40	2,501.30
Current tax assets			
Advance income tax net of provisions	1,694.74	-	-
Current tax liability			
Provision for current tax (net of advance tax)	-	1,501.93	2,614.76

Income tax recognised in profit or loss

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Current tax:		
Current income tax charge	16,394.91	16,259.41
Adjustment in respect of prior years	(46.56)	(66.04)
Total (A)	16,348.35	16,193.37
Deferred tax:		
In respect of current year	837.00	(1,497.40)
Total (B)	837.00	(1,497.40)
Income tax expense recognised in the Statement of Profit and Loss (A+B)	17,185.35	14,695.97

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

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Profit before tax	49,400.17	41,965.35
Income tax expense calculated @34.608%	17,096.41	14,523.36
Effect of expenses that are not deductible in determining taxable profit	3,470.33	3,757.35
Effect of expenses that are allowable in determining taxable profit	(5,297.65)	(2,230.96)
Effect of Expenses incurred on Corporate Social Responsibility not deductible in determining taxable profit	250.41	179.71
Effect of income that is exempt from taxation	(35.87)	(0.19)
Others	911.28	30.14
	16,394.90	16,259.41
Adjustments recognised in the current year in relation to the current tax of prior years	(46.56)	(66.04)
Adjustments for changes in estimates of deferred tax assets	837.00	(1,497.40)
Income tax expense recognised in the Statement of Profit and Loss	17,185.34	14,695.97

Notes

To Financial Statements for the year ended 31st March 2017

Note 12: Deferred tax assets (net)

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Deferred tax liabilities	4,072.90	4,205.82	3,923.17
Deferred tax assets	(6,506.33)	(7,476.25)	(5,696.20)
Total	(2,433.43)	(3,270.43)	(1,773.03)

Deferred tax liabilities/(assets) in relation to 2016-17

(₹ in lakhs)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Closing Balance
Provisions	(6,676.87)	1,450.20	(5,226.67)
Property, plant and equipment	4,070.73	(25.69)	4,045.04
Intangible assets	135.09	(107.23)	27.86
Others	(799.38)	(480.28)	(1,279.66)
Total	(3,270.43)	837.00	(2,433.43)

Deferred tax liabilities/(assets) in relation to 2015-16

(₹ in lakhs)

Particulars	Opening balance	Recognised in Statement of Profit and Loss	Closing Balance
Provisions	(5,482.60)	(1,194.27)	(6,676.87)
Property, plant and equipment	3,752.16	318.57	4,070.73
Intangible assets	171.00	(35.91)	135.09
Others	(213.59)	(585.79)	(799.38)
Total	(1,773.03)	(1,497.40)	(3,270.43)

Note 13: Other non-current assets

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unsecured, considered good			
Capital advances	1,674.48	191.32	157.09
Advances other than capital advances:			
Security deposits	167.85	151.97	146.17
Advance rentals to Cochin Port Trust	363.68	389.01	403.42
Deposits with Customs department	261.22	272.91	272.91
Total	2,467.23	1,005.21	979.59

Notes

To Financial Statements for the year ended 31st March 2017

Note 14 : Inventories

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Raw Materials and components (At lower of weighted average cost or net realisable value)	5,707.70	5,903.33	21,949.12
Less : Provision for obsolescence, non-usability, deterioration and reduction in value of inventory	(467.37)	(463.28)	(403.31)
Goods-in transit (At lower of cost or net realisable value)	327.40	1,109.80	318.03
	5,567.73	6,549.85	21,863.84
Work-in-progress (Valued at cost)	8,794.85	7,399.34	5,755.21
Work-in-progress (Valued at net realisable value)	2,649.78	7,724.56	1,139.09
	11,444.63	15,123.90	6,894.30
Stores & Spares (At lower of weighted average cost or net realisable value)	637.76	517.03	486.08
Less : Provision for obsolescence, non-usability, deterioration and reduction in value of inventory	(13.81)	(18.61)	(47.34)
Goods-in transit (At lower of weighted average cost or net realisable value)	14.80	64.35	0.16
	638.75	562.77	438.90
Loose Tools (At cost)	893.32	819.65	908.57
Scrap (Valued at net realisable value)	102.66	107.63	203.99
Total	18,647.09	23,163.80	30,309.60

Inventory does not include stock of raw materials and bought out components procured under "cost plus" part of the IAC contract amounting to ₹ 57107.65 lakhs (previous year ₹ 39793.43 lakhs) held on behalf of Indian Navy lying with the Company and is shown under Advances from Indian Navy for Indigenous Aircraft Carrier.

Maintenance spares included in the inventory represent spares of general nature and are not related to a particular asset.

Note 15 : Trade Receivables-Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unsecured			
Considered good	30,699.22	45,471.42	57,970.68
Considered doubtful	5,987.03	-	-
Less: Allowance for doubtful debts (Expected credit loss allowance)	(5,987.03)	-	-
Unsecured, considered doubtful (Net)	-	-	-
Total	30,699.22	45,471.42	57,970.68

Notes

To Financial Statements for the year ended 31st March 2017

Trade receivables include debts amounting to ₹ 4870.64 lakhs (previous year ₹ 34141.10 lakhs) on account of income recognized under proportionate completion method pertaining to incomplete vessels, against which stage payments received amounting to ₹ 33928 lakhs (previous year ₹ 21297.22 lakhs) for completed stages is shown as advance under current liabilities.

Trade receivables are non-interest bearing and receivable in normal operating cycle.

Movement in the expected credit loss allowance

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Opening balance	5,300.14	4,405.11
Add: Provision made/transfer during the year	1,193.09	958.27
Less: Amount collected/reversal of provision	506.20	63.24
Closing Balance*	5,987.03*	5,300.14**

* Current

** Non current

Note 16 : Cash and Cash equivalents

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Cash on hand	-	1.24	1.80
Balance with Banks			
In current account	1,641.83	98.60	100.52
In current account on behalf of Indian Navy	29,656.32	41,697.34	42,582.36
Term deposits with original maturity of less than three months	36,300.00	9,350.00	2,975.00
Total	67,598.15	51,147.18	45,659.68

Funds received from Indian Navy for the construction of Indigenous Aircraft Carrier are held in separate account.

Specified Bank Notes (SBN) disclosure

During the year, the company had Specified Bank Notes (SBN) or Other Denomination Notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017 on the details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(₹)

Particulars	SBNs	ODNs	Total
Closing Cash on hand/ Imprest Cash as on November 8, 2016*	133,000.00	67,705.00	200,705.00
(+) Permitted Receipts*		17,463,200.00	17,463,200.00
(-) Permitted Payments*		13,452,700.00	13,452,700.00
(-) Amount Deposited in Banks	133,000.00	3,879,000.00	4,012,000.00
Closing Cash on hand/ Imprest Cash as on December 30, 2016	-	199,205.00	199,205.00

Notes

To Financial Statements for the year ended 31st March 2017

Explanation: For the purpose of this clause, the term Specified Bank Notes shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic affairs number S.O.3407 (E), dated the 8 November, 2016.

* Permitted Receipts and Permitted payments includes Salary Advance of ₹12995000/- released as per GOI Order No: 25(30)/E.coord/2016, in the form of cash.

Note 17 : Bank balances other than cash and cash equivalents

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Term Deposits with banks with original maturity more than 3 months and less than 12 months	131,530.99	130,894.18	96,285.00
Total	131,530.99	130,894.18	96,285.00

Out of deposits with banks with maturity upto 12 months, ₹ 71.99 lakhs is lien marked in favour of The Registrar of High Court of Kerala.

Note 18 : Loans - Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unsecured, considered good			
Employee advances			
Loans to related parties	0.52	0.50	-
Other employees	46.18	39.84	43.48
Total	46.70	40.34	43.48

Note 19 : Other Financial Assets - Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Cash flow hedges: Foreign exchange forward contracts (At Fair value through Other Comprehensive Income)	-	74.21	39.93
Interest accrued on bank deposits	4,235.91	3,904.39	3,155.10
Interest accrued on employee advances			
Related parties	0.50	0.72	-
Other employees	32.77	45.46	48.54
Fixed Deposit with HDFC Ltd	19,000.00	7,899.00	-
Total	23,269.18	11,923.78	3,243.57

Notes

To Financial Statements for the year ended 31st March 2017

Note 20 : Other Current Assets

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unsecured advances			
Advances other than capital advances			
Advances to related party	0.80	0.46	-
Other advances	4,210.08	2,601.24	2,722.77
Advances considered doubtful	0.07	478.68	478.68
	4,210.95	3,080.38	3,201.45
Less: Provision for doubtful advances	0.07	478.68	478.68
	4,210.88	2,601.71	2,722.77
Others			
Balance with Cochin Port Trust, Sales Tax department and CBEC	826.01	905.11	924.26
Miscellaneous deposits	7.36	5.76	6.70
Prepaid expenditure	533.49	813.95	749.45
Miscellaneous current assets (Including claims receivable)	1,479.31	1,736.55	3,668.72
Total	7,057.05	6,063.07	8,071.90

Notes

To Financial Statements for the year ended 31st March 2017

Note 21 : Equity Share Capital

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Authorised						
7% Non-cumulative redeemable preference shares of ₹ 1000/- each	0	0.00	1200000	12,000.00	1200000	12,000.00
Equity shares of ₹ 10/- each	250000000	25,000.00	130000000	13,000.00	130000000	13,000.00
Issued, Subscribed and Fully paid up						
Equity shares of ₹ 10 each fully paid up	113280000	11,328.00	113280000	11,328.00	113280000	11,328.00
Total	113280000	11,328.00	113280000	11,328.00	113280000	11,328.00

21.1 Reconciliation of number of shares and amounts outstanding

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number	₹ in lakhs	Number	₹ in lakhs	Number	₹ in lakhs
Equity Shares outstanding at the beginning of the year	113280000	11,328.00	113280000	11,328.00	113280000	11,328.00
Add : shares issued during the year	-	-	-	-	-	-
Equity Shares outstanding at the end of the year	113280000	11,328.00	113280000	11,328.00	113280000	11,328.00

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

Name of Shareholder	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares held	% of holding	Number of Shares held	% of holding	Number of Shares held	% of holding
The President of India	113280000	100	113280000	100	113280000	100

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. Final dividend proposed/declared by the Board of Directors is subject to approval/regularisation by the share holders in the Annual General meeting. All dividends are paid in Indian Rupees. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

Based on approval of shareholders pursuant to a resolution passed at the AGM of the Company held on September 20, 2016, the authorised share capital of the Company was amended to reflect the reclassification of 130,000,000 equity shares of face value of ₹10 each and 1,200,000 7% non-cumulative redeemable preference shares of face value of ₹1,000 each to 250,000,000 equity shares with face value of ₹10 each.

Notes

To Financial Statements for the year ended 31st March 2017

Note 22 : Other Equity

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Reserves	263.56	263.56	263.56
Capital Redemption Reserve	11,914.20	11,914.20	11,914.20
Securities Premium Reserve	0.85	0.97	1.23
Debenture Redemption Reserve	947.61	659.28	370.95
General Reserve	6,322.75	6,322.75	6,322.75
Retained Earnings	172,334.18	150,944.38	126,110.79
	191,783.15	170,105.14	144,983.48
Capital Reserves			
Balance as at the beginning and end of the year	263.56	263.56	263.56
Capital Redemption Reserve			
Balance as at the beginning and end of the year	11,914.20	11,914.20	11,914.20
Securities Premium Reserve			
Balance as at the beginning of the year	0.97	1.23	1.23
Less: Amortisation of premium	0.12	0.26	-
Balance as at the end of the year	0.85	0.97	1.23
Debenture Redemption Reserve			
Balance as at the beginning of the year	659.28	370.95	370.95
Add: Current year transfer	288.33	288.33	-
Balance as at the end of the year	947.61	659.28	370.95
Other Reserves			
General Reserve			
Balance as at the beginning and end of the year	6,322.75	6,322.75	6,322.75
Retained Earnings			
Balance as at the beginning of the year	150,944.38	126,110.79	125,905.99
Add: Provision for proposed dividend and tax on dividend	-	-	2,045.12
Less: Prior period adjustments			1,840.32

Notes

To Financial Statements for the year ended 31st March 2017

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	150,944.38	126,110.79	126,110.79
Add: Profit for the period	32,214.82	27,269.38	
Add: Other Comprehensive income	(106.59)	(102.34)	
Total comprehensive income for the current year	32,108.23	27,167.04	
	183,052.61	153,277.83	
Less :			
Transfer to Debenture Redemption Reserve	288.33	288.33	
Dividend on equity shares	8,665.92	1,699.20	
Tax on dividend	1,764.18	345.92	
Balance as at the end of the year	172,334.18	150,944.38	126,110.79
Total:	191,783.15	170,105.14	144,983.48

Capital Reserve: Capital reserve represents restoration charges received from Ms Indian Oil Corporation for laying pipe line through the Company's land.

Capital Redemption Reserve: Capital Redemption Reserve of ₹ 11914.20 lakhs represents the reserves created on redemption of preference shares which will be utilised for the purpose defined under the Companies Act 2013.

Securities Premium Reserve: Premium on tax free bonds is amortised on straight line basis over the period of bonds.

Debenture Redemption Reserve: In accordance with provisions of Section 71(4) of the Companies Act, 2013 read with Rule 18(7) of Companies (Share capital and Debentures) Rules, 2014 and as per SEBI (Issue and Listing of Debt Securities) Regulations, 2008 the Company has created Debenture Redemption Reserve (DRR) amounting to ₹ 947.61 lakhs (cumulative) at 25% of the value of debenture issued by the Company, over the maturity period of such debentures, proportionately for the period upto 31.03.2017.

Proposed dividend: The Board of Directors of the Company have recommended a dividend of ₹ 8.97/- per equity share of face value of ₹ 10/- for the financial year ended March 31, 2017 at the board meeting held on June 10, 2017.

Note 23 : Borrowings

(₹ in lakhs)

(a) Bonds - from other parties (Secured)			
Tax Free Redeemable Non Convertible Bonds -Series 2013-14	12,300.00	12,300.00	12,300.00
Total	12,300.00	12,300.00	12,300.00

Notes

To Financial Statements for the year ended 31st March 2017

Tax Free Infrastructure Bond Series 2013-14

- a) Tranche 1: 1000 bonds of face value of ₹ 10 lakhs totalling ₹ 10000 lakhs with interest rate of 8.51% payable annually, redeemable at par due for redemption on 02nd December 2023.
- b) Tranche 2: 230 bonds of face value of ₹10 lakhs totalling ₹ 2300 lakhs with interest rate of 8.72% payable annually, redeemable at par due for redemption on 28th March 2029.

These bonds are secured against the landed properties of the Company admeasuring 197.12 ares (487.00 cents) made up of 34.30 ares in Sy No. 713/11, 23.57 ares in Sy No. 713/12, 59.12 ares in Sy No. 713/13, 50.18 ares in Sy No. 714/06, 10.12 ares in Sy No. 714/2, 8.90 ares in Sy No. 714/4 and 10.93 ares in Sy No. 714/5 of land all are lying contiguously in Elamkulam village, Kanayannur taluk, Ernakulam Dist, Kerala.

Utilisation : Out of the issue proceeds of ₹ 12300 lakhs received, the Company has fully utilised/adjusted funds towards various expenditure incurred on International Ship Repair Facility (ISRF) project.

Difference between carrying amounts and fair values of financial liabilities of borrowings is not significant in each of the year presented.

Note 24: Other Financial liabilities - Non Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Payable to Chennai Port Trust	261.22	261.22	261.22
Total	261.22	261.22	261.22

Liability of ₹ 261.22 lakhs to Chennai Port Trust in respect of customs duty is covered by a refund appeal lying before Commissioner (Appeals) which is also shown as deposits with Customs department under Note No. 13

Note 25: Provisions - Non Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for employee benefits - Compensated absences (Refer Note No 35)	2,141.60	1,896.50	1,932.17
Total	2,141.60	1,896.50	1,932.17

Notes

To Financial Statements for the year ended 31st March 2017

Note 26 : Trade Payables

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade payables (Unsecured)			
Outstanding dues of Micro enterprises and Small enterprises	584.95	1,333.82	1,030.97
Outstanding dues of creditors other than Micro enterprises and Small enterprises	15,546.65	19,653.88	16,161.96
Total	16,131.60	20,987.70	17,192.93

The average credit period on goods and services are within 30 to 60 days. The trade payables are non-interest bearing.

To the extent, the Company has received intimation from the vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details of trade payables are provided as under:

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Amount Due and Payable at the year end			
Principal	584.95	1,333.82	1,030.97
Interest on above Principal	-	-	-
Payment made during the year after the due date			
Principal	-	-	-
Interest	-	-	-
Interest due and payable for Principal already paid	-	-	-
Total Interest accrued and remained unpaid at year end	-	-	-
The interest payable to such vendors, if any, is not likely to be material.	-	-	-

Note 27 : Other Financial Liabilities - Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Interest accrued but not due	281.98	281.98	281.98
Others			
Security and other deposits	1,087.87	875.84	784.65
Statutory dues	702.04	811.52	863.75
Others Payables	8,124.94	14,476.36	8,482.17
Total	10,196.83	16,445.70	10,412.55

Notes

To Financial Statements for the year ended 31st March 2017

Note 28 : Other Current Liabilities

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advance for Indigenous Aircraft Carrier (Cost plus)	555,275.22	429,540.86	357,006.14
Less: Indigenous Aircraft carrier inventory in stock	57,107.65	39,793.43	30,867.81
Less: Material issued	352,045.46	268,901.01	206,257.50
Less: Design and other direct expenses	30,474.65	30,011.43	28,578.93
Less: Advance for purchase of materials and services	34,719.45	15,346.63	18,818.22
Less: Other expenses against cost plus activities	57,606.48	44,159.07	34,784.73
	23,321.53	31,329.29	37,698.95
Advance for Indigenous Aircraft Carrier fixed price contract	267,883.84	226,587.84	181,504.00
Less : income recognised so far	268,724.46	234,674.49	192,114.00
	(840.62)	(8,086.65)	(10,610.00)
Advance for Indigenous Aircraft Carrier infrastructure	26,347.16	22,965.92	19,177.06
Less: Assets on infrastructure	24,879.24	22,187.83	19,232.36
Less: Prepayment	6.44		
	1,461.48	778.09	(55.30)
Advance outstanding for Indigenous Aircraft Carrier works (Net)	23,942.39	24,020.73	27,033.65
Advances for other ship building contracts	41,967.69	52,909.92	38,351.63
Advances for ship repair and others	529.63	278.21	130.76
Income received in advance	22.22	21.18	20.17
Total	66,461.93	77,230.04	65,536.21

- (i) The contract for construction of Indigenous Aircraft Carrier for Indian Navy has two parts (a) Fixed Price part for construction activities and (b) Cost Plus part for material procurement. The construction activities envisaged under Fixed Price part are being done in various Phases. The company had signed fixed price part of Phase I contract for an amount of ₹116000 lakhs on 12 May 2007. The activities envisaged under Phase I contract have been completed and the company has received the entire contract price of ₹ 116000 lakhs. The contract for Phase II construction activities was concluded on 16 Dec 2014 for an amount of ₹ 284800 lakhs. Out of the total price of ₹ 284800 lakhs under Phase II, the Company has received stage payments amounting to ₹ 151883.84 lakhs (Previous year ₹ 110588 lakhs).
- (ii) An amount of ₹ 555275.22 lakhs (Previous year ₹ 429540.86 lakhs) has been received as advance towards the cost plus part of the contract. Details are as follows:

Notes

To Financial Statements for the year ended 31st March 2017

(₹ in lakhs)

Details	2016-17	2015-16
I. Advance from Indian Navy	555,275.22	429,540.86
(a). Amount adjusted by Indian Navy for materials	274,981.39	245,371.50
(b). Other expenditure adjusted by Indian Navy	67,729.24	64,289.41
II. Total expenditure adjusted by Navy (a+b)	342,710.63	309,660.91
III. Expenditure yet to be adjusted by Navy	189,243.06	88,550.66
IV. Total Expenditure (II+III)	531,953.69	398,211.57
V. Balance of funds (Cost Plus)(I-IV)	23,321.53	31,329.29
VI. Phase II income accrued but not due	(840.62)	(8,086.65)
VII. Infrastructure Fund(balance)	1,461.48	778.09
VIII. Balance of funds (V+VI+VII)	23,942.39	24,020.73

(iii) The details of materials procured, issued and balance remaining as on 31.03.2017 under Cost plus contract is as below:

(₹ in lakhs)

Details	2016-17	2015-16
Purchases (till date)		
Steel	50139.49	49,988.25
Other Direct material	359013.61	258,706.19
Total	409153.10	308,694.44
Issued (till date)		
Steel	46011.35	45,575.67
Other Direct material	306034.10	223,325.34
Total	352045.45	268,901.01
Closing stock		
Steel	4128.14	4,412.58
Other Direct material	52979.51	35,380.85
Total	57107.65	39,793.43

(iv) Allocation for augmentation of infrastructure facilities for the construction of Indigenous Air craft carrier (IAC) project has been revised by GOI from ₹ 19177.06 lakhs to ₹ 31000.00 lakhs excluding taxes and duties. Out of the same, ₹ 23837.85 lakhs (previous year ₹ 20487.59 lakhs) has been received from Indian Navy excluding taxes and duties and the Company has spent ₹ 22376.37 lakhs excluding taxes and duties (previous year ₹ 19709.50 lakhs) till date. Of this amount, ₹ 19370.51 lakhs excluding taxes and duties (previous year ₹ 15837.73 lakhs) has been adjusted by Indian Navy and the balance amount of ₹ 3005.86 lakhs (previous year ₹ 3871.77 lakhs) is pending for adjustment by Indian Navy. Further, ₹ 2509.31 lakhs has been adjusted as taxes and duties (Previous year) ₹ 2478.33 lakhs)

Notes

To Financial Statements for the year ended 31st March 2017

(v) Details of infrastructure expenditure incurred so far under different heads of Customer Financed Assets owned by Navy are as follows:

a) Cost of infrastructure facilities which has been met out of funds from Navy and adjusted by Indian Navy, till date.

(₹ in lakhs)

Details	2016-17	2015-16
Buildings and civil structures	3,741.93	1,488.69
Data processing equipment	1186.57	1,186.57
Furniture and Office equipments	207.70	207.70
Plant and machinery	16743.62	15,433.10
Total	21879.82	18,316.06
Less: Taxes and Duties adjusted	2509.31	2,478.33
Net amount adjusted from Infrastructure Account	19370.51	15,837.73

b) Cost of infrastructure facilities met out of funds from Navy pending adjustment by Indian Navy.

(₹ in lakhs)

Details	2016-17	2015-16
Buildings and civil structures	2,906.10	2,461.81
Data processing equipment	99.76	99.44
Plant and machinery	-	1,310.52
Total	3,005.86	3,871.77

Since the ownership vests with Navy, the above assets are not included under Fixed Assets of the Company.

Note 29 : Provisions - Current

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for Employee benefits			
Gratuity	261.96	279.07	310.18
Compensated absences	332.80	661.16	671.23
Others	21.31	16.00	4,794.33
	616.07	956.23	5,775.74
Other Provisions			
Taxes and duties	99.50	252.39	251.65
Sales tax/VAT	133.53	128.06	189.06
Provision for shipbuilding loss	35.00	810.00	-
Guarantee repairs	672.48	1,077.55	933.18
Liquidated damages	-	452.62	555.74
Expenditure / contingencies	5,314.68	5,473.71	6,273.35
Subcontract	14,177.55	13,289.89	8,540.82
Conveyance loan Reserve	-	1.17	1.17
	20,432.74	21,485.39	16,744.97
Total	21,048.81	22,441.62	22,520.71

Notes

To Financial Statements for the year ended 31st March 2017

29.1 Details of movement of provisions

(₹ in lakhs)

SI No	Particulars	As at 01.04.2015	Provision made during the period	Amounts used during the period	Unused amounts reversed during the period	As at 31.03.2016
a)	Provision for taxes and duties	251.65	9.49	(2.90)	(5.85)	252.39
b)	Provision for KGST/KVAT	189.06	21.00	-	(82.00)	128.06
c)	Provision for shipbuilding loss	-	810.00		-	810.00
d)	Provision for guarantee repairs	933.18	375.20	(18.83)	(212.00)	1,077.55
e)	Provision for liquidated damages	555.74			(103.12)	452.62
f)	Provision for expenditure / contingencies	6,273.35	343.78	(1,040.42)	(102.99)	5,473.71
g)	Provision for subcontract	8,540.82	12,434.13	(7,562.43)	(122.63)	13,289.89
h)	Conveyance loan Reserve	1.17	-			1.17
i)	Provision for employee benefits -Others	53.50	16.00	(53.50)		16.00

(₹ in lakhs)

SI No	Particulars	As at 01.04.2016	Provision made during the period	Amounts used during the period	Unused amounts reversed during the period	As at 31.03.2017
a)	Provision for taxes and duties	252.39	28.82	(2.21)	(179.50)	99.50
b)	Provision for KGST/KVAT	128.06	26.47	(20.64)	(0.36)	133.53
c)	Provision for shipbuilding loss	810.00	35.00		(810.00)	35.00
d)	Provision for guarantee repairs	1,077.55	587.00	(142.55)	(849.52)	672.48
e)	Provision for liquidated damages	452.62			(452.62)	0.00
f)	Provision for expenditure / contingencies	5,473.71	351.27	(228.75)	(281.53)	5,314.70
g)	Provision for subcontract	13,289.89	16,703.53	(15,639.84)	(176.03)	14,177.55
h)	Conveyance loan Reserve	1.17	-	-	(1.17)	-
i)	Provision for employee benefits -Others	16.00	21.31	(16.00)		21.31

Notes

To Financial Statements for the year ended 31st March 2017

Note 30 : Revenue from operations

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Sale of products		
Ship building:		
Indigenous Aircraft Carrier (IAC)	131,504.38	115,906.86
Vessels other than IAC	19,862.93	46,174.17
Engineering works	-	30.59
	151,367.31	162,111.62
Sale of services		
Ship repairs	54,304.93	36,749.03
	54,304.93	36,749.03
Other operating revenue	214.86	484.59
Total	205,887.10	199,345.24

Disclosure as required by Ind AS 11 - Construction Contracts

- Shipbuilding income of ₹151367.31 lakhs (previous year ₹ 162081.03 lakhs) includes revenue recognized under percentage of completion method amounting to ₹ 136171.34 lakhs (previous year ₹ 147316.51 lakhs) against incomplete vessels.
- Method of revenue recognition - Percentage of completion method
- Method used to determine the stage of completion - Stage of completion is measured in the proportion to expenses incurred till the end of the year to the estimated total cost of completion of the project or percentage of physical completion whichever is less.
- For contracts in progress as at the end of the year.

(₹ in lakhs)

	2016-17	2015-16
(i) Contract revenue recognized in the period	136,171.34	147,316.51
(ii) Contract cost incurred and recognized profits (less recognized losses) up to the reporting period	713,392.21	611,158.29
(iii) Advance received from customers	741,608.95	619,707.76
(iv) Gross amount due to customers	29,057.36	29,561.32
(v) Gross amount due from customers	840.62	21,011.85

Ship repair income includes income recognised under proportionate completion method amounting to ₹ 4153.00 lakhs (previous year ₹ 15180.00 lakhs)

Income from ship repair is net of actual / anticipated reductions amounting to ₹ 3779.82 lakhs (previous year ₹ 440.80 lakhs).

Notes

To Financial Statements for the year ended 31st March 2017

Note 31 : Other Income

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Training facilities	315.18	340.88
Income from sale of scrap and stores	173.45	134.69
Profit on sale of fixed assets	6.56	1.71
Income from laboratory services	37.90	35.78
Rent received	130.83	128.56
Hire charges received	29.08	3.31
Interest on bank deposits	12,439.68	9,912.63
Interest from others	645.85	23.51
Dividend income from equity investments	0.54	0.54
Dividend income from Mutual Funds	198.47	-
Profit on sale of investments	460.96	-
Net gain /(loss) on foreign currency transactions	227.22	22.83
Excess provision written back	1,444.00	637.14
Write back of Depreciation	-	74.52
Miscellaneous income	247.91	75.69
Total	16,357.63	11,391.79

Income from sale of scrap and stores is net of import duty amounting to ₹ 234.49 lakhs (previous year ₹ 101.67 lakhs) on sale of bonded scrap and stores.

Note 32 : Cost of Materials Consumed

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Raw Materials		
Steel	2,286.54	8,196.76
Pipe	724.25	1,186.31
Paint	1,439.45	1,705.90
Bought out components	96,422.43	94,343.18
Total	100,872.67	105,432.15

Notes

To Financial Statements for the year ended 31st March 2017

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 31.03.2017	For the year ended 31.03.2016
Work -in-progress :		
At the beginning of the year	7,399.33	5,755.21
Less: at the end of the year	8,794.85	7,399.33
Decretion/(Accretion) to work-in-progress	(1,395.52)	(1,644.12)

Note 34 : Sub Contract and Other Direct Expenses

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Sub contract and off loaded jobs	16,592.52	13,837.23
Hull insurance	76.12	209.76
Other direct expenses	15,268.09	5,357.50
Total	31,936.73	19,404.49

Note 35 : Employee Benefits Expense

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Salaries, wages, bonus/exgratia and allowances	19,169.30	20,162.59
Contribution to Provident Fund and Family Pension Fund	1,164.13	1,166.52
Gratuity	110.20	116.05
Staff welfare expenses	1,222.89	1,228.26
Total	21,666.52	22,673.42

Contribution to Provident Fund and Family Pension Fund includes provident fund inspection and administration charges ₹ 14.67 lakhs (previous year ₹ 14.79 lakhs).

Salaries, Wages, bonus/exgratia and allowances Includes provision for encashment of half pay compensated absences for workmen amounting to ₹ 19.18 lakhs (previous year ₹ 34.98 lakhs).

The employee benefits accruing to the employees on deputation from Cochin Port Trust were being accounted based on demands received from Cochin Port Trust as per tripartite agreement between the Company, Cochin Port Trust and the recognised Trade unions of the Port and not based on actuarial valuation except for their gratuity which is actuarially valued for 2016-17.

Pay revision of Officers / Supervisors is due from 01.01.2017. Based on recommendation of 3rd Pay Revision Committee report, liability has been created in the accounts for the period 01.01.2017 to 31.03.2017.

Notes

To Financial Statements for the year ended 31st March 2017

Other Benefit Plan - Compensated absences

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

(₹ in lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Discount Rate (p.a)	7.40%	8.00%	7.80%
Rate of increase in compensation levels	3.00%	3.00%	3.00%

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 31.03.2017	For the year ended 31.03.2016
Service Cost:		
Current Service Cost	173.48	185.96
Net Interest expense	176.63	175.36
Actuarial (Gain)/Loss recognised during the period	266.30	303.13
Expenses recognised in the statement of profit and loss	616.41	664.45

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 March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Present Value of Defined Benefit Obligation at end of the year	2,474.40	2,557.66	2,603.40
Fair Value of Plan Assets at the end of the year	-	-	-
Net Liabilities /(Assets) recognized in the Balance Sheet	2,474.40	2,557.66	2,603.40

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

(₹ in lakhs)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Defined Benefit Obligation at beginning of the year	2,557.66	2,603.40
Current & Past Service Cost	173.48	185.96
Current Interest Cost	176.63	175.36
Actuarial (Gain)/ Loss	266.30	303.13
Benefits paid	(699.67)	(710.19)
Defined Benefit Obligation at end of the year	2,474.40	2,557.66

Notes

To Financial Statements for the year ended 31st March 2017

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Actuarial (Gain)/ Loss	-	-
Contributions from the employer	699.67	710.19
Benefits paid	(699.67)	(710.19)
Fair Value of the Assets at the end of the year	-	-

Defined Benefit Plan-Gratuity

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount Rate (p.a)	7.40%	8.00%	7.80%
Rate of increase in compensation levels	3.00%	3.00%	3.00%
Expected Rate of Return on Plan Asset	7.40%	8.00%	9.00%

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 March 31, 2017	For the year ended March 31, 2016
Service Cost:		
Current Service Cost	87.79	90.23
Net Interest expense	11.16	12.10
Components of defined benefit costs recognised in statement of profit and loss	98.95	102.33
Remeasurement of the net defined benefit liability:		
Actuarial (Gain)/Loss on Plan Obligations	181.36	233.15
Difference between Actual Return and Interest income on Plan assets (gain)/loss	(18.35)	(56.41)
Components of defined benefit costs recognised in Other Comprehensive Income	163.01	176.74

Notes

To Financial Statements for the year ended 31st March 2017

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 March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Present Value of Defined Benefit Obligation at end of the year	3,713.66	4,484.55	5,152.37
Fair Value of Plan Assets at the end of the year	3,451.70	4,205.49	4,842.19
Net Liabilities /(Assets) recognized in the Balance Sheet	261.96	279.06	310.18

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined Benefit Obligation at beginning of the year	4,484.55	5,152.38
Current Service Cost	87.79	90.23
Current Interest Cost	304.96	349.59
Actuarial (Gain)/ Loss	181.36	233.14
Benefits paid	(1,345.00)	(1,340.79)
Defined Benefit Obligation at end of the year	3,713.66	4,484.55

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Fair Value of Plan Assets at the beginning of the year	4,205.49	4,842.19
Expected Return on Plan Assets	293.80	389.42
Actuarial (Gain)/ Loss	18.35	4.49
Contributions from the employer	279.06	310.18
Benefits paid	(1,345.00)	(1,340.79)
Fair Value of the Assets at the end of the year	3,451.70	4,205.49

The plan assets are managed by the Gratuity Trust formed by the Company.

Notes

To Financial Statements for the year ended 31st March 2017

Note 36 : Finance Costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Bank interest	2.10	45.71
Interest others	0.04	7.18
Interest under Income Tax Act	-	97.02
Interest on tax free bonds	1,051.44	1,051.30
Total	1,053.58	1,201.21

Note 37 : Depreciation and Amortisation Expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation on property, plant and equipments	2,818.46	2,720.62
Amortisation of other intangible asset	765.77	729.17
Total	3,584.23	3,449.79
Add : Loss on revaluation of tools	266.76	269.46
Total	3,850.99	3,719.25

Note 38 : Other Expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consumption of stores	1,659.13	1,896.42
Consumption of spares	154.89	171.05
Rates and taxes	212.90	47.67
Power	1,856.23	1,738.79
Fuel	774.07	785.40
Water	218.95	257.30
Repairs and maintenance:		
Building and roads	517.27	496.97
Plant and machinery	105.63	349.56
Others	1,037.85	1,304.42
Maintenance dredging	733.78	855.76

Notes

To Financial Statements for the year ended 31st March 2017

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Transport and stores handling	223.19	189.09
Travelling and conveyance expenses	456.12	514.17
Printing and stationery	73.98	75.54
Postage, telephone and telex	60.10	73.75
Advertisement and publicity	316.03	365.05
Lease rent	632.11	620.81
Hire charges	574.58	263.99
Insurance charges	333.86	323.46
Security expenses	1,310.93	1,067.92
Auditors remuneration	8.66	8.66
Auditors remuneration for other services	4.02	2.87
Training expenses	458.79	571.97
Legal expenses	12.42	62.11
Liquidated damages	-	62.85
Consultancy	33.08	137.06
Bank charges	162.27	52.18
Net loss /(gain) on derivative contracts	(148.63)	70.99
Corporate social responsibility (Refer Note no.45)	723.56	627.16
Loss on sale/write off of property, plant and equipments	414.85	6.27
Miscellaneous expenses	531.25	1,279.71
Total	13,451.87	14,278.95

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
For Audit Fees	8.66	8.66
For Limited Review/other services	4.02	2.87
For certification for Initial Public Offer	9.20	-
Total	21.88	11.53

Notes

To Financial Statements for the year ended 31st March 2017

Out of audit fee towards certification of IPO, ₹ 7.67 lakhs is included under miscellaneous expense and ₹ 1.53 lakhs included under Note. 20 pending completion of Initial Public Offer.

Note 39 : Provision for Anticipated Losses and Expenditure

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Provision for:		
Doubtful debts / advances	740.47	1,008.27
Non moving / perpetual inventory verification	56.86	59.98
Expenses and contingencies	575.39	1,828.08
Provision for loss on Ship Building	35.00	810.00
Total	1,407.72	3,706.33

Note 40 : Earnings per Equity Share

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit after tax (₹ in lakhs)	32,214.82	27,269.38
Number of Equity Shares	113280000	113280000
Basic and Diluted Earnings Per Share (EPS) (in ₹)	28.44	24.07
Face value per equity (in ₹)	10.00	10.00

Notes

To Financial Statements for the year ended 31st March 2017

Note 41 : CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

Particulars	For the period ended 31 Mar 2017 (₹ in Lakhs)	For the period ended 31 Mar 2016 (₹ in Lakhs)	Brief Description of the nature and obligation
A CONTINGENT LIABILITY (To the extent not provided for)			
a Guarantees			
i Letters of Credit	39,328.74	14,003.08	Represents LC opened by the Company in various banks for procurement of materials/assets
ii Corporate Performance Guarantee	3,925.00	3,925.00	Performance guarantee given by Company to CoPT for performance of obligations under the contract agreement entered with CoPT during the contract period.
b Other money for which the company is contingently liable			
ii Greater Cochin Development Authority (GCDA)	69.06	69.06	Claim raised by GCDA for the land acquired for the Company is settled. However 8 land acquisition revision petition cases (Valued at ₹69.06 lakhs) filed by evictees is pending with the Hon'ble Supreme Court and High Court.
iii Customs duties	17,941.22	22,011.22	Customs duty for materials under Bond and Indigenous vessels delivered. Includes an amount of Rs 69.83 lakhs, being Customs duty refund granted by CESTAT, Bangalore, against which an appeal is pending before the Hon'ble High Court of Kerala.
iv Sales Tax/Kerala Value Added Tax	1,396.30	1,396.30	2000-01 - ₹ 111.93 Lakhs 2001-02 - ₹ 73.44 Lakhs 2004-05 - ₹ 202.22 Lakhs 2005-06 - ₹ 652.24 Lakhs 2007-08 - ₹ 356.47 Lakhs (Under appeal.) *Under Appeal. Stay of collection of tax obtained in all cases. Demand reduced to the extent of appeal allowed by DC(A). Detailed notes in Note no. 41.1 (II & III)

Notes

To Financial Statements for the year ended 31st March 2017

Particulars	For the period ended 31 Mar 2017 (₹ in Lakhs)	For the period ended 31 Mar 2016 (₹ in Lakhs)	Brief Description of the nature and obligation
v Income Tax	6,077.84	1,540.52	Demand relating to Assessment Years: (a) AY 2009-10 - ₹ 77.67 Lakhs AY 2010-11 - ₹ 126.25 Lakhs AY 2011-12 - ₹ 420.19 Lakhs AY 2012-13 - ₹ 546.14 Lakhs AY 2013-14 - ₹ 221.37 Lakhs AY 2014-15 - ₹ 876.90 Lakhs (b) AY 1997-98 - ₹ 2191.60 Lakhs AY 1998-99 - ₹ 967.27 Lakhs AY 1999-00 - ₹ 353.72 Lakhs AY 2000-01 - ₹ 170.31 Lakhs AY 2001-02 - ₹ 96.43 Lakhs (c) AY 2002-03 - ₹ 29.99 Lakhs Detailed notes in Note no. 41.1 (I)
vi Service Tax	1,647.47	1,647.47	Demand of Service Tax on IAC P-71 (Design Consultancy) as per Show Cause Notice issued. Adjudication pending
	376.67	376.67	Refund claim of Service Tax on IAC P-71 granted by Commissioner (Appeal). However Department filed Appeal before CESTAT against the order of Commissioner(Appeals). Also issued Show Cause Notice on CSL & adjudication pending.
	323.04	323.04	Demand of Service Tax on IAC P-71 (Management Fee/Handling Charges) as per Show Cause Notice issued. Adjudication pending
	2,339.64	2,339.64	Show Cause Notice issued for levy of service tax on ship repair without allowing deduction of materials for which VAT paid and disallowance of Cenvat Credit. Adjudication pending.

Notes

To Financial Statements for the year ended 31st March 2017

Particulars	For the period ended 31 Mar 2017 (₹ in Lakhs)	For the period ended 31 Mar 2016 (₹ in Lakhs)	Brief Description of the nature and obligation
	1,885.60	1,885.60	Show Cause Notice issued for levy of Service Tax on the repair of vessels owned by UTLA by denying the benefit of Notification No.25/212-ST dt. 20-6-2012 available for the repair of vessels owned by Govt. Departments. Adjudication pending.
c COMMITMENTS (To the extent not provided for)			
a Estimated amount of contracts remaining to be executed on capital account and not provided for:	4,584.66	681.52	
b Bank Guarantees	69,366.52	37,992.37	
B CONTINGENT ASSETS			
a Insurance claims	915.21		- CSL has lodged an insurance claim for ₹ 915.21 lakhs towards the expenses incurred by the yard in connection with the salvage recovery of the Deck Cargo & Launch Barge BY 095, due to the drifting incident occurred, during the onward delivery voyage to Abu Dhabi. Survey has not completed and no intimation has been received from the Insurance company regarding the settlement.

Notes

To Financial Statements for the year ended 31st March 2017

41.1. CONTINGENCIES AND COMMITMENTS

(I) Income Tax Assessments

- (a) The Income Tax Assessment of the company have been completed up to AY 2014-15 Demands raised as per the assessment orders totaling to ₹2268.52 lakhs for the Assessment Years 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 are shown under Contingent Liability pending disposal of the appeals filed before the Commissioner of Income Tax (Appeals). The demands are mainly due to disallowance of certain genuine claims. However the above demands have been adjusted against the refund due for the subsequent years.
- (b) The Income Tax department has gone for appeal against the order of the ITAT allowed in favour of CSL before the Hon'ble High Court of Kerala which is still pending for disposal.
- (c) The Company has filed appeal before the ITAT against the order of Assessing Officer/ Commissioner of Income Tax (Appeals) and the appeal was partly allowed in favour of CSL, the effect to the order has not yet been given by the reassessing officer.

(II) Sales Tax Assessment under KGST Act

The Sales Tax assessments under Kerala General Sales Tax Act up to the Assessment Year 2004-05 have been completed and orders were issued for all the years except for the year 2002-03 & 2003-04. Due to apparent mistake in the orders issued for the year 2000-01 and 2001-02, applications have been filed for rectification of the orders. Pending rectification to the assessment orders the demands thereto have been shown under Contingent Liabilities. For the Assessment year 2004-05, against the demand for ₹ 202.22 lakhs, Company has filed appeal before the Deputy Commissioner (Appeals). Pending disposal of the appeal, the tax due as per assessment order has been shown under Contingent Liabilities.

(III) Sales Tax Assessments under KVAT Act

The KVAT assessments from Assessment Year 2005-06 to Assessment Year 2007-08 have been completed and assessment orders were issued for Assessment Year 2005-06 and Assessment Year 2007-08 with a demand of ₹ 2836.63 lakhs and ₹ 5474.71 lakhs respectively. Assessment order for the year 2006-07 is pending. The appeals filed by the Company against the above order, before the Deputy Commissioner (Appeals) have been decided in favour of the Company and remanded for fresh assessments. Accordingly the demands as per the original assessment orders have become null. As such no demand exists as on reporting date. Fresh assessment for the above years is pending.

- 42. The dispute between M/s Apeejay Shipping Ltd (formerly Surendra Overseas Ltd) and the Company, in the matter of ship 005 was referred for arbitration by the Hon'ble Supreme Court of India. The arbitration award (July 2009) was in favour of the Company under which the Company is to receive ₹ 2803.64 lakhs from M/s Apeejay Shipping Ltd. The company has filed a petition before Sub Court, Ernakulam for passing a decree. M/s Apeejay Shipping Ltd has moved the Sub Court to quash the Award of the Umpire and the Company has filed Counter Affidavit against this move. The matter is pending before the court. No credit has been taken in the books of account, pending final decree of the Court.
- 43. Permanent Machinery for Arbitration, Department of Public Enterprises, Govt. of India, has notified award in favour of the Company in the dispute between the Company and M/s Oil and Natural Gas Corporation Ltd on the Works Contract Tax issue and ONGC has paid to the Company the disputed sum along with interest amounting to ₹ 2642.22 Lakhs as per the award. ONGC has gone on appeal before the Law Secretary, Ministry of Law & Justice against the award. Pending disposal of ONGC appeal, no adjustment has been made in the accounts.
- 44. Litigation : The Company is subject to legal proceedings and claims, in the ordinary course of business. The Company's Management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's results of operation.

Notes

To Financial Statements for the year ended 31st March 2017

- 45. Corporate Social Responsibility (CSR) :** As per section 135 of the Companies Act 2013, CSR committee has been formed by the Company. The areas of CSR activity includes Health Care, Education, Social Empowerment, etc., and those specified in Schedule VII of the Companies Act 2013. The utilisation of CSR funds are done through direct spending as per the recommendations of CSR committee. Details of amount required to be spent and the amount utilised are given below:

(a) Gross amount required to be spent by the Company during the period ended 31 Mar 2017	₹ 721.73 lakhs
(b) Amount spent during the year	₹ in Lakhs

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	620.52	-	620.52
(ii) On purposes other than (i) above	103.04	-	103.04

46. Related Party disclosure as per Ind AS 24

Related Party	Nature of Relationship	
	2016-17	2015-16
Shri Madhu S Nair Chairman & Managing Director	Key Managerial Personnel	Key Managerial Personnel
Shri D Paul Ranjan Director (Finance) & Chief Financial Officer	Key Managerial Personnel	Key Managerial Personnel
Shri Sunny Thomas Director (Technical)	Key Managerial Personnel	Key Managerial Personnel
Shri Suresh Babu N V Director (Operations)	Key Managerial Personnel	-
Cmde. Subramaniam K Chairman & Managing Director (Upto 31 Dec 2015)	-	Key Managerial Personnel
Capt. Sunder R S Director (Operations) (21 Nov 2011 to 31 Aug 2015)	-	Key Managerial Personnel
Smt. V Kala Company Secretary	Key Managerial Personnel	Key Managerial Personnel

Nature of transaction-Remuneration

₹ in Lakhs

Particulars	As at 31.03.2017	As at 01.04.2015
Short term benefit	148.34	144.43
Post employment Benefit	23.12	12.32
Total	171.46	156.75

Notes

To Financial Statements for the year ended 31st March 2017

Nature of transaction-Loans*

₹ in Lakhs

Name of Related Party	Opening Balance as on 1/4/2016	Loans Taken during 2016-17	Repayment	Balance as on 31/03/17	Interest accrued as on 31/03/17
MADHU S NAIR	2.27	0.40	2.51	0.16	0.00
D PAUL RANJAN	0.13	0.40	0.37	0.16	0.00
SUNNY THOMAS	0.11	0.40	0.35	0.16	0.00
KALA V	0.11	0.40	0.35	0.16	0.00
SURESH BABU N V	3.45	0.40	0.87	2.98	0.50

₹ in Lakhs

Name of Related Party	Opening Balance as on 1/4/2015	Loans Taken during 2015-16	Repayment	Balance as on 31/03/16	Interest accrued as on 31/03/16
MADHU S NAIR	2.80	0.11	0.64	2.27	0.72
D PAUL RANJAN	0.11	0.13	0.11	0.13	0.00
SUNNY THOMAS	0.11	0.11	0.11	0.11	0.00
KALA V	0.09	0.11	0.09	0.11	0.00

*Loan balances have been considered from the year of attaining KMP status.

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 Financial Statements for the year ended 31st March 2017

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
	31-Mar-17	31-Mar-16	1-Apr-15	
Financial Assets				
Non Current				
(i) Investments	9.18	9.18	19.18	Level III
(ii) Trade Receivables	-	2,711.20	3,075.05	Level II
(iii) Loans	145.39	139.96	128.12	Level II
(iv) Others	-	16,553.00	-	Level II
Current				
(i) Trade Receivables	30,699.22	45,471.42	57,970.68	Level II
(ii) Cash & Cash equivalents	67,598.15	51,147.18	45,659.68	Level II
(iii) Bank Balances other than (iii)	131,530.99	130,894.18	96,285.00	Level II
(iv) Loans	46.70	40.34	43.48	Level II
(v) Others	23,269.18	11,923.78	3,243.57	Level II
Total Financial Assets	253,298.81	258,890.24	206,424.76	
Financial Liabilities				
Non Current				
(i) Borrowings	12,300.00	12,300.00	12,300.00	Level I
(ii) Other financial liabilities	261.22	261.22	261.22	Level II
(i) Trade Payables	16,131.60	20,987.70	17,192.93	Level II
(ii) Other financial liabilities	10,196.83	16,445.70	10,412.55	Level II
Total Financial Liabilities	38,889.65	49,994.62	40,166.70	

Note:

- The investments in equity instruments are not held for trading. Instead, they are held for medium or long term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments in equity instruments as at FVTOCI as the directors believe that this provides a more meaningful presentation of medium or long term strategic investments, than reflecting changes in fair value immediately in profit or loss.

Investments included in level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value. The cost of unquoted investments approximate the fair value because there is a wide range of possible fair value measurements and the cost represents estimate of fair value within that range.

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

Notes

To Financial Statements for the year ended 31st March 2017

2. Loans, Borrowings are at the market rates and therefore the carrying value is the fair value
3. The carrying amount of trade receivables, trade and other payables, 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

	31st March 2017			31st March 2016			1st April 2015		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Investments									
-Equity instruments		9.18			9.18			19.18	
Trade receivables			30,699.22			48,182.62			61,045.73
Cash & Cash equivalents			199,129.14			182,041.36			141,944.68
Other Financial Assets			23,461.27			28,657.08			3,415.17
TOTAL Financial Assets	9.18	253,289.63	0.00	9.18	258,881.06	0.00	19.18	206,405.58	
Financial liabilities									
Borrowings			12,300.00			12,300.00			12,300.00
Trade payables			16,131.60			20,987.70			17,192.93
Capital creditors									
Other financial liabilities			10,458.05			16,706.92			10,673.77
Total Financial Liabilities		38,889.65	0.00	0.00	49,994.62	0.00	0.00	40,166.70	

48. Financial Risk Management Policy

Financial Risk Management Objective and Policies:

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and advances from Customers. The main purpose of these financial liabilities is to finance the Company's operations, projects under implementation and to provide guarantees to support its operations. The Company's principal financial assets include Investment, loans and 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. All derivative activities for risk management purposes are carried out by under the supervision of the Forex Risk Management Committee by assigning necessary resources. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Notes

To Financial Statements for the year ended 31st March 2017

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.

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 with floating interest rates.

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). The Company manages its foreign currency risk by hedging transactions that are expected to realise in future and are governed by the policies of the Company as approved by the Board.

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. Therefore, the Company plans its purchases closely to optimise the price.

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.

49. Lease arrangements

(₹ In Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
a) Premises taken on operating lease:			
The Company has operating leases for facility at International Ship Repair Facility (ISRF). These lease arrangements with Cochin Port Trust (CoPT) is for 30 years, which is non-cancellable leases.			
With respect to non-cancellable operating lease, the future minimum lease payment as at Balance Sheet date is as under:			
For a period not later than one year	558.67	547.72	522.60
For a period later than one year and not later than five years	2349.89	2303.81	2258.64
For a period later than five years	16847.21	17452.25	18045.42

Notes

To Financial Statements for the year ended 31st March 2017

50. Segment Reporting

The Company has identified two major operating segments viz, Shipbuilding and Repair of ships/ offshore structures. Segment wise analysis has been made on the above basis and amounts allocated on a reasonable basis.

(₹ In Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Segment Assets		
Ship building	169699.79	131052.83
Ship Repair	125884.57	83682.98
Others	36068.78	119762.04
Total	331653.14	334497.85
Segment Liability		
Ship building	121407.36	170237.64
Ship Repair	32256.08	17210.65
Others	177989.70	147049.56
Total	331653.14	334497.85
External Sales		
Ship building	151582.17	162596.21
Ship Repair	54304.93	36749.03
Unallocated	3272.10	1455.65
Total	209159.20	200800.89
Interest Income		
Unallocated	13085.53	9936.14
Total Revenue		
Ship building	151582.17	162596.21
Ship Repair	54304.93	36749.03
Unallocated	16357.63	11391.79
Total	222244.73	210737.03
Accretion(-)/Decretion to Work in progress		
Ship building	(3918.05)	2575.60
Ship Repair	5313.57	(931.48)
Total	1395.52	1644.12

Notes

To Financial Statements for the year ended 31st March 2017

(₹ In Lakhs)

Particulars	As at 31.03.2017	As at 31.03.2016
Segment Result		
Ship building	23064.29	37535.56
Ship Repair	14577.80	3845.55
Unallocated	11758.08	584.24
Total	49400.17	41965.35

The Company has two major business segments – “Ship Building” and “Ship Repair”. Revenue under Ship building includes ₹ 131504.38 lakhs (Previous year: ₹ 115906.86 lakhs) from one Customer (Previous year: two Customers) having more than 10% revenue of the total revenue. And for Ship repair, revenue includes ₹ 38073.82 lakhs (Previous year: ₹ 28402.76 lakhs) from one customer (Previous year: one Customer) having more than 10% revenue of the total revenue.

51. 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 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	31.03.2017	31.03.2016	01.04.2015
Long term borrowings	12300.00	12300.00	12300.00
Net Debt	12300.00	12300.00	12300.00
Equity Share Capital	11328.00	11328.00	11328.00
Other equity	191783.15	170105.14	144983.48
Total Equity	203111.15	181433.14	156311.48
Gearing Ratio	6.06%	6.78%	7.87%

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016.

52. 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 for based on the work done.
53. The Company has made adequate provision towards material foreseeable losses wherever required, in respect of long term contracts. The Company do not have any long term derivative contracts for which there were any material foreseeable losses.

Notes

To Financial Statements for the year ended 31st March 2017

- 54. Figures in brackets denotes minus figures.
- 55. Previous year figures have been regrouped and classified wherever necessary to conform to the current year presentation.

For and on behalf of Board of Directors

V KALA Company Secretary	SUNNY THOMAS Director (Technical) DIN - 06882228	D PAUL RANJAN Director (Finance) & Chief Financial Officer DIN - 06869452	MADHU S NAIR Chairman and Managing Director DIN - 07376798
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Kochi, dated June 10, 2017

As per our report attached

For **M/s Krishnamoorthy & Krishnamoorthy,**
Chartered Accountants
(Firm Registration No.0014885)

C R Rema
Partner
(Membership Number 029182)
Kochi, dated June 15, 2017

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