



SEC/48/2017-63

May 25, 2020

<b>To</b> <b>The Manager,</b> <b>Compliance Department,</b> <b>BSE Limited,</b> <b>Phiroze Jeejeebhoy Tower,</b> <b>Dalal Street,</b> <b>Mumbai – 400 001.</b>	<b>To</b> <b>The Manager,</b> <b>Compliance Department,</b> <b>The National Stock Exchange of India Ltd.,</b> <b>Exchange Plaza,</b> <b>Bandra - Kurla Complex, Bandra (East)</b> <b>Mumbai – 400 051.</b>
<b>Scrip Code/Symbol: 540678/COCHINSHIP</b>	

**Subject: Impact and CSL's response to the COVID-19 Pandemic**

Dear Sir/Madam,

1. Further to the intimation dated May 06, 2020 and in terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the presentation on the impact and CSL's response to the COVID-19 Pandemic.
2. This is for dissemination of information widely to the members.

Thanking you,

Yours faithfully,

For Cochin Shipyard Limited

**Syamkamal N**  
**Company Secretary &**  
**Compliance Officer**





# IMPACT AND CSL RESPONSE IN COVID SCENARIO



**COVID-19  
COCHIN  
SHIPYARD  
LIMITED**

**1 IMPACT ON BUSINESS AND OPERATIONS**

**2 PRESENT STATUS AND STEPS TAKEN**

**3 STEPS TAKEN TO ENSURE SMOOTH  
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# IMPACT OF COVID -19 TO BUSINESS AND OPERATIONS



1. Production loss from March 23, 2020 to May 05, 2020. No production activities during this period.
2. Assessment of cumulative impact will be possible once reasonable level of revival occurs.
3. Reduced scale of production due to:
  - Restricted working arrangements;
  - Travel constraints;
  - Reduction in outsourced manpower (which to a certain extent due reduced migrant labour availability)
  - Service engineers, OEM representatives availability especially related to foreign equipment on account of international and inter state travel restrictions.

# IMPACT OF COVID -19 TO BUSINESS AND OPERATIONS



4. Delay in running projects on account of
  - Issues mentioned in point no.3 above;
  - Material availability and logistic issues;
  - Issues related to locked down states of origin (domestic and international);
  - Issues relating to cash flows from customers.
5. Delays in Capex projects in Kochi, Mumbai, Kolkata, Port Blair as well as subsidiaries of company viz. Hooghly Cochin Shipyard Limited and Tebma Shipyard Limited which was acquired by bidding at NCLT in March 2020 and consequent Loss of production
6. Commercial implication and contractual issues that may arise on account of varied inferences of disputes;
7. Withholding of future projects/cancellation of few running enquiries and potential projects have to be put on hold citing liquidity issues.

# PRESENT STATUS AND STEPS TAKEN BY THE COMPANY



## RESTART OF OPERATIONS:

- With effect from May 06, 2020, the Company started its operations at the main unit at Kochi with entire permanent workforce. The Kochi unit alone contributes more than 90% of the turnover of the Company in a year.
- The units in Mumbai and Kolkata are still closed due to the lockdown and will be opened only after the restrictions are over.
- All permanent employees of the Company are reporting to work from May 06, 2020 onwards in two shifts i.e, Shift A from 07:00 hrs to 12:45 hrs. and Shift B from 13:15 hrs. to 19:00 hrs. The normal shift was 08:15 hrs to 17:00 hrs.
- Each shift contains not more than 50% of the total strength.
- To catch up with the lost production days, the second and fourth Saturdays which were closed holidays have now been declared as normal working days until further notice. Henceforth there would be six working days in a week.

# STEPS TAKEN TO ENSURE SMOOTH FUNCTIONING OF OPERATIONS



## Health and safety

- Detailed Standard Operating Procedure charted out and issued for compliance by all concerned, which includes –
- Social Distancing – distance marking at entrance and specific norms inside yard premises.
- Two Shift Operations
- Temperature Measurements at entrance.
- Compulsory Masks. Free mask supply at entrance.
- Facility for hand washing and sanitizers provided at entrance and work sites
- Laptops and Digital connectivity & e-mail for remote access granted to all officers on ERP system. This ensures that all officers are able to work from home effectively.
- Various internal documentation and approval processes are carried out through online File Lifecycle Management (FLM) module of ERP system through Work From Home.

# STEPS TAKEN TO ENSURE SMOOTH FUNCTIONING OF OPERATIONS



## OPERATIONAL

- Disbursed full salary to all the CSL direct employees for the lock down period to maintain employee morale
- Maintained customer connect through digital media to keep customers progressively apprised of the situation and to sustain the confidence of the customer.
- Prioritized work requirements, ensured preparatory works were carried out and re-started operations in minimum time. All CSL direct employees back on duty from 6<sup>th</sup> May 2020 split into separate shifts.
- Flagged off 4 Ro-Pax vessels for Inland Waterway Authority of India on 25<sup>th</sup> April 2020 on its maiden voyage from Kochi to Kolkatta.
- The lock-down period was effectively utilized to undertake dredging activities of the CSL Jetties to facilitate berthing of vessels.



# STEPS TAKEN TO ENSURE SMOOTH FUNCTIONING OF OPERATIONS



## SUPPLY CHAIN

- Various efforts were ensured to avoid major disruptions and maintain supply chain continuity –
  - ✓ All payments due to suppliers were released even during the lock down period through “Work From Home” mode.
  - ✓ Recoverable advance given to all the outsourced labour contractors to retain their workers
  - ✓ Contact and regular communication with major suppliers was ensured through “Work From Home” mode.
  - ✓ Some major procurement orders processed, such as
    - ✓ Steel & Aluminum plates for the prestigious Anti-Submarine Warfare Corvettes for the Indian Navy.
    - ✓ Special Aluminium plates for Kochi Water Metro Project.

# STEPS TAKEN TO ENSURE SMOOTH FUNCTIONING OF OPERATIONS



## CUSTOMERS

- As of now, the order book position of the Company is unaffected.
- No cancellation of existing shipbuilding orders

## SOCIETY

- Rs 2.50 Crs contributed to PM CARES Fund
- Distributed Food & Provisions kits worth Rs 30 lakhs to weaker sections of the society in Kochi
- All employees contributed their one day salary to PM CARES Fund
- All employees contributed their one day salary to Chief Ministers Distress Relief Fund(CMDRF)



- **Impact on Financial Performance & Profitability**

- As the operations were stopped w.e.f from 23<sup>rd</sup> Mar 2020, only six days production was lost in FY19-20, hence the impact on the financials of FY20 will be minimal.
- Delay in running projects, will have an adverse impact on financial performance and profitability of the company during FY20-21 but the assessment of the impact will be possible only after stabilisation of operations in the yard.
- However, there will not be any additional impact due to liquidated damages for delay in running projects as the company has already invoked Force Majeure(FM) clause available in all the contracts, by which the contractual delivery dates will get automatically extended to compensate the lock down period.

# IMPACT ON PROFITABILITY, LIQUIDITY, DEBT SERVICING



- **Impact on Liquidity & Debt Servicing**

- As the Company is practically zero debt Company except for the Tax free Bonds of Rs 123 Crs, debt servicing does not pose any serious impact
- While there is a delay in collection of receivables from the customers especially from Govt, the Company does not foresee any credit risks
- The company does not foresee any liquidity challenges to meet its supplier obligations
- Ongoing CAPEX will not be impacted on account of liquidity
- Has already set up a Crisis War Room which proposes a zero based budgeting and other austerity measures.
- Adequate steps have been taken to ensure effective Internal Financial Controls through issue of SOPs