



SEC/48/2017-63

November 23, 2018

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

Dear Sir / Madam,

**Subject: Submission of the Letter of Offer (“Letter of Offer”) pertaining to the proposed Buyback of up to 43,95,610 fully paid up equity shares of Rs. 10/- each (“Equity Shares”) of Cochin Shipyard Limited (“Company”) at a price of Rs. 455 per Equity Share for a maximum amount of Rs. 200.00 crores (“Offer Size”) through the tender offer process pursuant to the SEBI (Buy Back of Securities) Regulations, 2018, as amended.**

This is in regard to the captioned buyback and is further to our letters dated October 19, 2018 and October 26, 2018 whereby we had submitted the public announcement and the draft letter of offer, respectively.

We are pleased to submit herewith the Letter of Offer dated November 20, 2018 for your reference and dissemination, suitably incorporating the observations received from the Securities and Exchange Board of India through their letter dated November 19, 2018. In accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, the Company will mail and/or dispatch the Letter of Offer for the Buyback to eligible shareholders appearing on the record date, i.e. October 31, 2018 on or before November 27, 2018.

You are requested to take note of the following schedule of activities in relation of Buyback:

| ACTIVITY  | DATE              | DAY       |
|---|-------------------|-----------|
| Date of opening of Buyback  | November 28, 2018 | Wednesday |
| Date of closing of Buyback  | December 11, 2018 | Tuesday   |
| Last date of receipt of completed Tender Forms and other specified documents by the Registrar | December 13, 2018 | Thursday  |
| Last date of settlement of bids on the Stock Exchange   | December 20, 2018 | Thursday  |

*Where last dates are mentioned for certain activities, such activities may happen on or before the respective last dates.*



Kindly take the above on record.

Thanking you,

Yours faithfully,

**For Cochin Shipyard Ltd**



**V Kala  
Company Secretary &  
Compliance Officer**

**Encl: As above.**

## LETTER OF OFFER

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a registered Equity Shareholder of Cochin Shipyard Limited (the “Company”) as on the Record Date in accordance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, as amended (“Buyback Regulations”). If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager to the Buyback Offer i.e. Edelweiss Financial Services Limited or the Registrar to the Buyback Offer i.e. Link Intime India Private Limited. Please refer to the section on “Definitions of Key Terms” for the definitions of the capitalized terms used herein.



#### Cochin Shipyard Limited

**Corporate Identification Number (CIN):** U63032KL1972GOI002414

**Registered Office:** Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi - 682015 Kerala, India

**Tel.:** +91 (484) 2361181 **Fax:** + 91 (484) 2370897; **Website:** www.cochinshipyard.com

**Contact Person:** Ms. V. Kala, Company Secretary and Compliance Officer;

**Tel:** +91 (484) 2501306; **Fax:** +91 (484) 2384001; **E-mail:** secretary@cochinshipyard.com

**CASH OFFER TO BUYBACK UPTO 43,95,610 (FORTY THREE LAKH NINETY FIVE THOUSAND SIX HUNDRED AND TEN ONLY) FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, REPRESENTING APPROXIMATELY 3.23% OF THE TOTAL NUMBER OF EQUITY SHARES IN THE ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY AS AT MARCH 31, 2018, FROM THE SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF THE COMPANY AS ON THE RECORD DATE I.E. OCTOBER 31, 2018, ON A PROPORTIONATE BASIS, THROUGH THE “TENDER OFFER” ROUTE AT A PRICE OF ₹ 455/- (RUPEES FOUR HUNDRED AND FIFTY FIVE ONLY) PER EQUITY SHARE FOR AN AGGREGATE AMOUNT NOT EXCEEDING ₹ 200,00,02,550/- (RUPEES TWO HUNDRED CRORE TWO THOUSAND FIVE HUNDRED AND FIFTY ONLY) EXCLUDING ANY EXPENSES INCURRED OR TO BE INCURRED FOR THE BUYBACK LIKE FILING FEES PAYABLE TO SEBI, ADVISORS FEES, TRANSACTION COSTS VIZ. BROKERAGE, APPLICABLE TAXES SUCH AS SECURITIES TRANSACTION TAX, GOODS AND SERVICE TAX, STAMP DUTY, PUBLIC ANNOUNCEMENT PUBLICATION EXPENSES, PRINTING AND DISPATCH EXPENSES AND OTHER INCIDENTAL AND RELATED EXPENSES.**

- 1) The Buyback is in accordance with Article 7B of the Articles of Association of the Company and is subject to the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, and in compliance with the Buyback Regulations, statutory modifications or re-enactments thereof, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities and/or regulatory authorities including but not limited to Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, Registrar of Companies, Reserve Bank of India, etc.
- 2) The Buyback Offer Size is ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only), which represents 6.41% of the aggregate of the fully paid-up equity share capital and free reserves as per the last audited standalone financial statements of the Company for the financial year ended March 31, 2018 and 6.40% of the aggregate of the fully paid-up equity share capital and free reserves as per the last audited consolidated financial statements of the Company for the financial year ended March 31, 2018, and is within the limit of 10% (for a Buyback under the board approval route as provided for under the first proviso to Section 68(2)(b) of the Act) of the aggregate of the Company's total paid-up equity share capital and free reserves as per the last audited standalone accounts of the Company as well as the last audited consolidated accounts of the Company for the financial year ended March 31, 2018.
- 3) The Letter of Offer will be sent to the Equity Shareholder(s) / Beneficial Owner(s) of Equity Shares of the Company as on the Record Date i.e. October 31, 2018.
- 4) The procedure for tender and settlement is set out in paragraph 20 on page no. 37 of this Letter of Offer. The form of acceptance cum acknowledgement (“Tender Form”) is enclosed together with this Letter of Offer.
- 5) The payment of consideration is in cash to the Eligible Shareholders. For mode of payment of consideration to the Eligible Shareholders, please refer to paragraph 20.26 on page no. 43 of this Letter of Offer.
- 6) A copy of the Public Announcement published on October 18, 2018, the Draft Letter of Offer and the Letter of Offer (along with the Tender Form) shall be available on the website of Securities and Exchange Board of India - <http://www.sebi.gov.in> and on the website of the Company - <http://www.cochinshipyard.com>.
- 7) Eligible Shareholders are advised to read this Letter of Offer and in particular, refer to paragraph 17 (**Details of Statutory Approvals**) and paragraph 21 (**Note on Taxation**) of this Letter of Offer before tendering their Equity Shares in the Buyback.

**BUYBACK OPENS ON: WEDNESDAY, NOVEMBER 28, 2018**

**BUYBACK CLOSSES ON: TUESDAY, DECEMBER 11, 2018**

**LAST DATE OF RECEIPT OF COMPLETED TENDER FORMS AND OTHER SPECIFIED DOCUMENTS**

**BY THE REGISTRAR TO THE BUYBACK: THURSDAY, DECEMBER 13, 2018 BY 5:00 p.m.**

**MANAGER TO THE BUYBACK**



**Edelweiss Financial Services Limited**

14th Floor, Edelweiss House, Off. C.S.T Road,  
Kalina, Mumbai - 400098, Maharashtra, India

**Tel:** +91 (22) 40094400; **Fax:** +91 (22) 40863610

**Contact Person:** Ms. Disha Doshi

**Email:** cochin.buyback@edelweissfin.com

**Website:** www.edelweissfin.com

**SEBI Registration Number:** INM0000010650

**Validity Period:** Permanent

**CIN:** L99999MH1995PLC094641

**REGISTRAR TO THE BUYBACK**



**Link Intime India Private Limited**

C 101, 1st Floor, 247 Park, L B S Marg,  
Vikhroli West, Mumbai 400 083 Maharashtra, India

**Tel:** +91 (22) 4918 6200; **Fax:** +91 (22) 4918 6195

**Contact Person:** Mr. Sumeet Deshpande

**Email:** cochinshipyard.buyback@linkintime.co.in

**Website:** www.linkintime.co.in

**SEBI Registration Number:** INR000004058

**Validity Period:** Permanent

**CIN:** U67190MH1999PTC118368

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**1. SCHEDULE OF ACTIVITIES**

| Activity  | Schedule of activities |           |
|---|------------------------|-----------|
|   | Date                   | Day       |
| Date of Board Meeting approving the proposal for the Buyback  | October 16, 2018       | Tuesday   |
| Date of Public Announcement of Buyback  | October 17, 2018       | Wednesday |
| Date of publication of the Public Announcement  | October 18, 2018*      | Thursday  |
| Record Date for determining the Buyback Entitlement and the names of Eligible Shareholders  | October 31, 2018       | Wednesday |
| <b>Date of opening of Buyback</b>   | November 28, 2018      | Wednesday |
| <b>Date of closing of Buyback</b>   | December 11, 2018      | Tuesday   |
| Last date of receipt of completed Tender Forms and other specified documents by the Registrar   | December 13, 2018      | Thursday  |
| Last date of verification of Tender Forms by Registrar  | December 13, 2018      | Thursday  |
| Last date of intimation to the Stock Exchange regarding acceptance or non-acceptance of tendered Equity Shares by the Registrar   | December 17, 2018      | Monday    |
| Last date of settlement of bids on the Stock Exchange   | December 20, 2018      | Thursday  |
| Last date of dispatch of share certificate(s) by Registrar/payment to Eligible Shareholders/ return of unaccepted demat shares by Stock Exchange to Eligible Shareholders | December 20, 2018      | Thursday  |
| Last Date of Extinguishment of Shares bought back   | December 27, 2018      | Thursday  |

*\*Publication in the Kolkata editions of Financial Express (English) and Jansatta (Hindi) took place on October 21, 2018, being the first working day for the newspapers in Kolkata after the date of the Public Announcement, i.e. October 17, 2018.*

**Note:** Where last dates are mentioned for certain activities, such activities may happen on or before the respective last dates.

## 2. DEFINITION OF KEY TERMS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or specifies otherwise, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the Buyback Regulations, the Companies Act, the Depositories Act, 1996, and the rules and regulations made thereunder.

|  |  |
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| <b>Act or Companies Act</b>                | The Companies Act, 2013, as amended and rules framed thereunder  |
| <b>Acquisition Window</b>                  | The facility for acquisition of Equity Shares through mechanism provided by the Designated Stock Exchange in the form of a separate window in accordance with SEBI circular no. CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015   |
| <b>Articles or Articles of Association</b> | Articles of Association of the Company, as amended from time to time   |
| <b>Board or Board of Directors</b>         | Board of Directors of the Company (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized "Committee" thereof)   |
| <b>Board Meeting</b>                       | Meeting of Board of Directors of the Company held on October 16, 2018 to approve the proposal of Buyback   |
| <b>BSE</b>                                 | BSE Limited  |
| <b>Buyback Regulations</b>                 | Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018, as amended from time to time  |
| <b>Buyback Committee or Committee</b>      | Buyback committee comprising of Mr. Madhu S. Nair, Chairman and Managing Director, Mr. D. Paul Ranjan, Director (Finance) and Mr. Suresh Babu N.V, Director (Operations), constituted and authorized for the purposes of the Buyback by a resolution passed by the Board at its meeting held on October 16, 2018 |
| <b>Buyback Closing Date</b>                | Tuesday, December 11, 2018   |
| <b>Buyback Opening Date</b>                | Wednesday, November 28, 2018   |
| <b>Buyback Entitlement or Entitlement</b>  | The number of Equity Shares that an Eligible Shareholder is entitled to tender, in the Buyback, based on the number of Equity Shares held by such Eligible Shareholder, on the Record Date and the ratio / percentage of Buyback applicable in the category to which such Eligible Shareholder belongs           |
| <b>Buyback or Buyback Offer or Offer</b>   | Offer to buy back up to 43,95,610 Equity Shares of ₹ 10/- each of the Company at a price of ₹ 455/- per Equity Share from the Equity Shareholders of the Company as on the Record Date, by way of Tender Offer in terms of the Buyback Regulations read with SEBI Circular, on a proportionate basis             |
| <b>Buyback Price or Offer Price</b>        | Price at which shares will be bought back from the Eligible Shareholders i.e. ₹ 455/- per Equity Share, payable in cash  |
| <b>Buyback Period</b>                      | The period between the date of the Board Meeting, i.e. October 16, 2018 and the date on which the payment of consideration to the Eligible Shareholders who have accepted the Buyback is made  |
| <b>Maximum Buyback Size or Offer Size</b>  | Number of Equity Shares proposed to be bought back (i.e. up to 43,95,610 (forty three lakh ninety five thousand six hundred and ten only) Equity Shares) multiplied by the Buyback Price i.e. ₹ 455/-  |

|  |   |
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|  | (Rupees four hundred and fifty five only) per Equity Share aggregating to ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only). The Maximum Buyback Size does not include any expenses incurred or to be incurred for the buyback like filing fees payable to SEBI, advisors' fees, transaction costs viz. brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty, public announcement publication expenses, printing and dispatch expenses and other incidental and related expenses |
| <b>Clearing Corporation</b>                                | Indian Clearing Corporation Limited   |
| <b>"Company" or "Our Company" or "we" or "us" or "our"</b> | Cochin Shipyard Limited   |
| <b>Company's Broker</b>                                    | Edelweiss Securities Limited  |
| <b>Compliance Officer</b>                                  | Ms. V. Kala, Company Secretary & Compliance Officer   |
| <b>Draft LOF or Draft Letter of Offer</b>                  | The Draft letter of offer dated October 25, 2018, filed with SEBI   |
| <b>Depositories</b>  | Collectively, National Securities Depository Limited and Central Depository Services (India) Limited  |
| <b>Designated Stock Exchange</b>                           | BSE Limited   |
| <b>Director(s)</b>   | Director(s) of the Company  |
| <b>DP</b>  | Depository Participant  |
| <b>Equity Share(s) or Share(s)</b>                         | The Company's fully paid-up equity share(s) of face value of ₹ 10/- (rupee ten only) each   |
| <b>Eligible Person(s) or Eligible Shareholder(s)</b>       | Person(s) eligible to participate in the Buyback Offer and would mean all equity shareholders/beneficial owner(s) of Equity Shares of the Company as on Record Date i.e. October 31, 2018 and excludes Person(s) who do not have the capacity under applicable law to tender shares   |
| <b>Escrow Account</b>                                      | Escrow account titled "Cochin Shipyard Limited – Buyback 2018" opened with HDFC Bank Limited in accordance with Buyback Regulations   |
| <b>Escrow Agent</b>  | HDFC Bank Limited   |
| <b>Escrow Agreement</b>                                    | The escrow agreement dated November 17, 2018 entered into between the Company, the Manager to the Offer, and HDFC Bank Limited  |
| <b>FEMA</b>  | Foreign Exchange and Management Act, 1999, as amended from time to time, including the regulations, circulars, directions and notifications issued thereunder   |
| <b>General Category</b>                                    | Eligible Shareholders other than the Small Shareholders   |
| <b>Gol</b>   | The Government of India   |
| <b>IT Act/ Income Tax Act</b>                              | Income-tax Act, 1961, as amended  |
| <b>LOF or Letter of Offer</b>                              | This Letter of Offer dated Tuesday, November 20, 2018 to be filed with SEBI   |
| <b>LODR Regulations</b>                                    | The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended from time to time   |
| <b>Manager to the Buyback or Manager to the Offer</b>      | Edelweiss Financial Services Limited  |
| <b>Memorandum of Association or MOA</b>                    | Memorandum of Association of the Company, as amended from time to time  |
| <b>N.A.</b>  | Not applicable  |
| <b>Non-Resident Shareholders</b>                           | Includes NRIs, Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPIs), Overseas Corporate Bodies (OCBs) and Foreign   |

|  |   |
|--|---|
|  | Nationals   |
| <b>NSE</b>   | National Stock Exchange of India Limited  |
| <b>Offer Period or Tendering Period</b>                                | Period of ten working days from the Buyback Opening Date i.e. Wednesday, November 28, 2018 to Buyback Closing Date i.e. Tuesday, December 11, 2018 (both days inclusive)  |
| <b>PA or Public Announcement</b>                                       | The public announcement dated October 17, 2018 made in accordance with the Buyback Regulations, published on October 18, 2018 in all editions (except Kolkata) of Financial Express (English National daily), and Jansatta (Hindi National daily) and in the Kochi edition of Deshabhimani (Malayalam daily), each with wide circulation. Publication in the Kolkata editions of Financial Express (English) and Jansatta (Hindi) took place on October 21, 2018, being the first working day for the newspapers in Kolkata after October 17, 2018. |
| <b>PAN</b>   | Permanent Account Number  |
| <b>Promoter</b>  | The President of India acting through Ministry of Shipping, Government of India   |
| <b>RBI</b>   | Reserve Bank of India   |
| <b>Record Date</b>   | The date for the purpose of determining the entitlement and the names of the Equity Shareholders, to whom the Letter of Offer will be sent and who are eligible to participate in the Buyback Offer in accordance with Buyback Regulations. The Record Date for this Buyback is October 31, 2018  |
| <b>Registrar to the Buyback or Registrar to the Offer or Registrar</b> | Link Intime India Private Limited   |
| <b>Reserved Category</b>   | The Small Shareholders eligible to tender Shares in the Buyback   |
| <b>SEBI</b>  | The Securities and Exchange Board of India  |
| <b>SEBI Circular</b>   | The SEBI circular CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015 as amended via SEBI circular CFD/DCR2/CIR/P/2016/131 dated December 09, 2016, including any amendments thereof  |
| <b>Seller Member or Seller Broker</b>                                  | A stock broker (who is a member of the BSE) of an Eligible Shareholder, through whom the Eligible Shareholder wants to participate in the Buyback   |
| <b>Small Shareholder</b>   | A Shareholder, who holds Equity Shares of market value of not more than ₹ 2,00,000/- (Rupees Two Lakh only), on the basis of closing price of the Equity Shares on the Stock Exchange registering the highest trading volume, as on Record Date i.e. October 31, 2018   |
| <b>Share Capital Rules</b>   | Companies (Share Capital and Debentures) Rules, 2014  |
| <b>Shareholders or Equity Shareholders or Members</b>                  | Holders of Equity Shares and includes beneficial owners thereof   |
| <b>Stock Exchange Mechanism</b>  | The “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI Circular  |
| <b>Stock Exchanges</b>   | National Stock Exchange of India Limited and BSE Limited  |
| <b>Tender Form</b>   | Form of Acceptance–cum–Acknowledgement to be filled in and sent to the Registrar by the Eligible Shareholders to participate in the Buyback   |
| <b>Tender Offer</b>  | Method of buyback as defined in Regulation 2(i)(q) of the Buyback Regulations   |
| <b>TRS</b>   | Transaction Registration Slip generated by the exchange bidding system  |
| <b>Working Day</b>   | Working day as defined in the Buyback Regulations   |



### 3. DISCLAIMER CLAUSE

As required, a copy of this Letter of Offer has been submitted to the SEBI.

It is to be distinctly understood that submission of the Letter of Offer to SEBI should not, in any way be deemed/construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in the Letter of Offer. The Manager to the Buyback i.e. Edelweiss Financial Services Limited, certifies that the disclosures made in this Letter of Offer are generally adequate and are in conformity with the provisions of the Companies Act and the Buyback Regulations. This requirement is to facilitate Eligible Shareholders to take an informed decision for tendering their Shares in the Buyback.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in this Letter of Offer, the Manager to the Buyback is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buyback had furnished to SEBI a Due Diligence Certificate dated October 25, 2018 in accordance with Buyback Regulations, which reads as follows:

“We have examined various documents and materials relevant to the Buyback, as part of the due-diligence carried out by us in connection with the finalisation of the Public Announcement dated October 17, 2018 and the Draft Letter of Offer. On the basis of such examination and the discussions with the Company, we hereby state that:

- The Public Announcement and the Draft Letter of Offer are in conformity with the documents, materials and papers relevant to the Buyback.
- All legal requirements connected with the said Buyback including SEBI (Buyback of Securities) Regulations, 2018, as amended, have been duly complied with.
- The disclosures in the Public Announcement and Draft Letter of Offer are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well-informed decision in respect of the Buyback.
- Funds used for Buyback shall be as per the provisions of the Companies Act, 2013, as amended”

The filing of the Letter of Offer with SEBI does not however, absolve the Company from any liabilities under the provisions of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

The Promoter/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors has been suppressed/withheld and/or incorporated in the manner that would amount to mis-statement/mis-representation and in the event of it transpiring at any point of time that any information/material has been suppressed/ withheld and/or amounts to a mis-statement/misrepresentation, the Promoter/Directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buyback Regulations.

The Promoter/Directors also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buyback.

#### **Disclaimer for U.S. Persons**

The information contained in this Letter of Offer is exclusively intended for persons who are not U.S. Persons in term of the U.S. Securities Act of 1933, as amended, and who are not physically present in the United States of America. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any such restrictions.

#### **Disclaimer for Persons in other foreign countries**

This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation would subject the Company or the Manager to the Offer to any new or

additional requirements or registrations. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any applicable legal requirement or restrictions.

#### **Forward Looking Statements:**

This Letter of Offer contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'project', 'will', 'will continue', 'will pursue' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, inter alia, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which the Company operates.

#### **Currency and Unit of Presentation**

In this Letter of Offer, references to "₹" and "Rupees" are to Indian Rupees i.e. the legal currency of India. Further, all data related to financials are given in ₹ crore, unless otherwise stated.

#### **4. TEXT OF RESOLUTION PASSED AT THE BOARD MEETING**

The Buyback through Tender Offer was considered and approved by the Board of Directors of the Company at their meeting held on October 16, 2018. The extracts of the Board resolution are as follows:

##### **RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Sections 68, 69, 70 and all other applicable provisions, if any, of the Companies Act, 2013 as amended (the "**Companies Act**"), and in accordance with Article 7B of the articles of association of the Company, the Companies (Share Capital and Debentures) Rules, 2014 (the "**Share Capital Rules**") to the extent applicable, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in compliance with the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018, as amended (the "**Buyback Regulations**"), and any statutory modification(s) or re-enactment thereof, for the time being in force and, subject to such other approvals, permissions and sanctions of Securities and Exchange Board of India ("**SEBI**"), Registrar of Companies, Ernakulam, Kerala (the "**ROC**") and/ or other authorities, institutions or bodies (the "**Appropriate Authorities**"), as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions, sanctions and exemptions which may be agreed to by the Board of Directors of the Company (the "**Board**" which expression shall include any committee constituted by the Board to exercise its powers, including the powers conferred by this resolution), the Board hereby approves the buy back by the Company of its fully paid-up equity shares of ₹ 10 each ("**Equity Share**") not exceeding 43,95,610 (Forty Three Lakh Ninety Five Thousand Six Hundred and Ten) equity shares (representing 3.23 % of the total number of equity shares in the paid-up share capital of the Company) at a price of ₹ 455/- (Rupees Four Hundred and Fifty Five only) per equity share (the "**Buyback Offer Price**") payable in cash for an aggregate consideration not exceeding ₹ 200,00,02,550 /- (Rupees Two Hundred Crore Two Thousand Five Hundred and Fifty only) (the "**Buyback Offer Size**") being 6.41% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited standalone financial statements of the Company for the financial year ended March 31, 2018 and is within the statutory limits of 10% (Ten Percent) of the aggregate of the fully paid-up equity share capital and free reserves under the Board approval route as per the provisions of the Companies Act from the equity shareholders of the Company, as on the record date ("**Record Date**") to be announced, on a proportionate basis, through the Tender Offer route as prescribed under the Buyback Regulations (hereinafter referred to as the "**Buyback**").

**RESOLVED FURTHER THAT** the Buyback Offer Size does not include any expenses incurred or to be incurred for the Buyback like filing fees payable to the SEBI, advisors fees, transaction costs viz. brokerage, applicable taxes such as securities transaction tax, Goods and Services Tax, stamp duty, public announcement publication expenses, printing and dispatch expenses and other incidental and related expenses.

**RESOLVED FURTHER THAT** the Company, to the extent legally permissible, implement the Buyback using the “Mechanism for acquisition of shares through Stock Exchange” notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and CFD/DCR2/CIR/P/2016/131 dated December 09, 2016 or such other mechanism as may be applicable.

**RESOLVED FURTHER THAT** such Buyback may be made out of the Company’s free reserves and/or such other sources as may be permitted by law through “Tender Offer” route and as required by the Buyback Regulations and the Companies Act, and on such terms and conditions as the Board may deem fit.

**RESOLVED FURTHER THAT** the Company shall earmark adequate sources of funds for the purpose of the Buyback.

**RESOLVED FURTHER THAT** the Company may buyback equity shares from all the existing shareholders holding equity shares of the Company on a proportionate basis, provided 15% (fifteen percent) of the number of equity shares which the Company proposes to buyback or number of equity shares entitled as per the shareholding of small shareholders as on the Record Date, whichever is higher, shall be reserved for the small shareholders, as prescribed under proviso to Regulation 6 of the Buyback Regulations.

**RESOLVED FURTHER THAT** Company has complied and shall continue to comply with Section 70 of the Companies Act, wherein:

- a) It shall not directly or indirectly purchase its own shares:
  - i. through any subsidiary company including its own subsidiary companies; or
  - ii. through any investment company or group of investment companies; or
- b) There are no defaults subsisting in the repayment of deposits, interest payment thereon, redemption of debentures or interest payment thereon or redemption of preference shares or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company.
- c) The Company is in compliance with the provisions of Sections 92, 123, 127 and 129 of the Companies Act.

**RESOLVED FURTHER THAT** confirmation is hereby made by the Board that:

- a) all equity shares of the Company are fully paid up;
- b) the Company has not undertaken a buyback of any of its securities during the period of one year immediately preceding the date of this Board meeting;
- c) the Company shall not issue and allot any shares or other specified securities including by way of bonus or convert any outstanding ESOPs/outstanding instruments into Equity Shares, from the date of the board resolution for the Buyback till the expiry of the Buyback period, i.e., the date on which the payment of consideration is made to the shareholders who have accepted the Buyback;
- d) the Company, as per provisions of Regulation 24 (f) of the Buyback Regulations, shall not raise further capital for a period of one year from the expiry of the Buyback period, i.e., the date on which the payment of consideration is made to the shareholders who have accepted the Buyback, except in discharge of its subsisting obligations.
- e) the Company shall not buy back its shares or other specified securities from any person through negotiated deal whether on or off the stock exchanges or through spot transactions or through private arrangement;
- f) that the aggregate consideration for Buyback not exceeding ₹ 200,00,02,550 /- (Rupees Two Hundred

Crore Two Thousand Five Hundred and Fifty only), does not exceed 10% of the aggregate of the fully paid-up equity share capital and free reserves as per the latest audited standalone financial statements of the Company for the financial year ended March 31, 2018 (the last audited financial statements available as on the date of the Board meeting);

- g) that the maximum number of equity shares proposed to be purchased under the Buyback i.e. 43,95,610 (Forty Three Lakh Ninety Five Thousand Six Hundred and Ten) equity shares, does not exceed 25% of the total number of equity shares in the paid-up equity share capital of the Company as per the audited balance sheet as on March 31, 2018;
- h) the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up capital and free reserves after the Buyback as prescribed under the Companies Act, the rules made thereunder and other applicable laws;
- i) the Company shall not make any offer of Buyback within a period of one year reckoned from the expiry of the Buyback period, i.e., the date on which the payment of consideration is made to the shareholders who have accepted the Buyback;
- j) there is no pendency of any scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Companies Act as on date.

**RESOLVED FURTHER THAT** the Board hereby confirms that it has made a full enquiry into the affairs and prospects of the Company and that based on such full inquiry conducted into the affairs and prospects of the Company, the Board has formed an opinion that:

- a) Immediately following the date of this Board meeting, there will be no grounds on which the Company could be found unable to pay its debts;
- b) As regards the Company's prospects for the year immediately following the date of this Board meeting, and having regard to the Board's intention with respect to the management of Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of this Board meeting; and
- c) In forming an opinion as aforesaid, the Board has taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 2013 (as amended), and the Insolvency and Bankruptcy Code, 2016, including prospective and contingent liabilities.

**RESOLVED FURTHER THAT** the proposed Buyback be implemented through Tender Offer route as prescribed under the Buyback Regulations from the equity shareholders of the Company as on the Record Date including the Promoter(s) of the Company (as disclosed under the shareholding pattern filings made by the Company from time to time under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations 2011, as amended ("**SEBI Takeover Regulations**")) out of its free reserves and / or such other sources as may be permitted by law, and on such terms and conditions as the Board may decide from time to time, and in the absolute discretion of the Board, as it may deem fit.

**RESOLVED FURTHER THAT** Company shall not use borrowed funds, directly or indirectly, whether secured or unsecured, of any form and nature, from banks and financial institutions for paying the consideration to the equity shareholders who have tendered their Equity Shares in the Buyback.

**RESOLVED FURTHER THAT** the Company shall not Buyback the locked-in equity shares or other specified securities, if any and non-transferable equity shares or other specified securities, if any, till the pendency of the lock-in or till the equity shares or other specified securities become transferable;

**RESOLVED FURTHER THAT** as required under the provision to Section 68(6) of the Companies Act and Regulation 8(i)(b) of the Buyback Regulations the draft of the Declaration of Solvency prepared in the prescribed form and supporting affidavit, placed before the meeting be and is hereby approved and Chairman and Managing Director and anyone Director of the Company, be and are hereby authorized to finalise and sign the same, for and on behalf of the Board, and Smt. V Kala, Company Secretary be and is hereby authorised to file the same with the ROC and the SEBI.

**RESOLVED FURTHER THAT** the Buyback from shareholders who are persons resident outside India including the Foreign Institutional Investors, Overseas Corporate Bodies, Foreign Portfolio Investors and

shareholders of foreign nationality, if any, shall be subject to such approvals, if, and to the extent necessary or required including approvals from concerned authorities including approvals from the Reserve Bank of India under Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any.

**RESOLVED FURTHER THAT** as per the provisions of Section 68(8) of the Companies Act, the Company will not issue same kind of shares including allotment of new shares under clause (a) of sub-section (1) of section 62 of the Companies Act or other specified securities within a period of 6 (six) months after the completion of the Buyback except by way of bonus issue or in the discharge of subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares.

**RESOLVED FURTHER THAT** no information/ material likely to have a bearing on the decision of the investors has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ misrepresentation and the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/or amounts to mis-statement/ misrepresentation, the Board and the Company shall be liable for penalty in terms of the provisions of the Companies Act and Buyback Regulations.

**RESOLVED FURTHER THAT** the Buyback is being proposed in keeping with the Company's desire to enhance overall shareholders value and the Buyback would lead to reduction in total number of Equity Shares.

**RESOLVED FURTHER THAT** in compliance with the Buyback Regulations, the approval of Board for appointment of Manager to the Buyback Offer i.e. Edelweiss Financial Services Ltd., 14th Floor, Edelweiss House, Off CST Road, Kalina, Mumbai - 400 098 be and is hereby accorded.

**RESOLVED FURTHER THAT** the Company must create an escrow account with HDFC Bank Ltd., Mumbai, a scheduled commercial bank for a sum in accordance with Buyback Regulations in the said escrow account by way of a deposit in a timely manner in compliance with the requirements of the Buyback Regulations.

**RESOLVED FURTHER THAT** a Committee be constituted ("**Buyback Committee**") comprising of Chairman and Managing Director, Director (Finance) and Director (Operations), and that Company Secretary shall act as the Secretary to the Buyback Committee; the quorum for the Committee shall be two members. Further, the Buyback Committee is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, as the Buyback Committee may consider to be in the best interests of the shareholders, including but not limited to the following:

- a) appointment of brokers, registrar, advertising agency, escrow bank, compliance officer and other advisors, depository participant, printers, consultants or representatives; if any, and settlement of the remuneration for all such intermediaries/ agencies/ persons, including by the payment of commission, brokerage, fee, charges etc. and enter into agreements/ letters in respect thereof;
- b) finalizing the terms of buyback like the record date, entitlement ratio, the schedule of activities for Buyback including finalizing the date of opening and closing of Buyback, the timeframe for completion of the buyback;
- c) to enter into escrow arrangements as may be required in terms of the Buyback Regulations;
- d) opening, operation and closure of all necessary accounts, including bank accounts, depository accounts (including escrow account) for the purpose of payment and authorizing persons to operate the said accounts;
- e) preparation, finalizing, signing and filing of public announcement, the draft letter of offer/ letter of offer, certificates for declaration of solvency and any other material in relation with the Buyback with the SEBI, ROC, the stock exchanges and other Appropriate Authority;
- f) making all applications to the Appropriate Authority for their requisite approvals including approvals as may be required from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules and regulations framed there under, if any;
- g) Earmarking and making arrangements for adequate sources of funds for the purpose of the Buyback;
- h) extinguishment of dematerialized shares and physical destruction of share certificates and filing of certificate of extinguishment required to be filed in connection with the Buyback on behalf of the

- Company and/ or the Board, as required under applicable law;
- i) appoint any intermediaries / agencies / persons as may be required for the purposes of the Buyback and decide and settle the remuneration for all such intermediaries/ agencies/ persons, including by the payment of commission, brokerage, fee, charges etc and enter into agreements/ letters in respect thereof;
  - j) to affix the Common Seal of the Company on relevant documents required to be executed for the buyback of shares in accordance with the provisions of the articles of association of the Company;
  - k) sign, execute and deliver such other documents, deeds and writings and to do all such acts, matters and things as it may, in its absolute discretion deem necessary, expedient or proper, to be in the best interest of the shareholders for the implementation of the Buyback, and to initiate all necessary actions for preparation and issue of various documents and such other undertakings, agreements, papers, documents and correspondence as may be necessary for the implementation of the Buyback to the SEBI, RBI, ROC, stock exchanges, depositories and/or other Appropriate Authorities;
  - l) obtaining all necessary certificates and reports from statutory auditors and other third parties as required under applicable law;
  - m) dealing with stock exchanges (including their clearing corporations), where the equity shares of the Company are listed, and to sign, execute, and deliver such documents as may be necessary or desirable in connection with implementing the Buyback using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and circular CFD/DCR2/CIR/P/2016/131 dated December 09, 2016, including any further amendments thereof;
  - n) to delegate all or any of the authorities conferred on them to any Director(s)/ Officer(s)/ Authorized Signatory(ies)/ Representative(ies) of the Company, in order to give effect to the resolutions and to revoke and substitute such delegation / sub delegation of authority from time to time;
  - o) to give such directions as may be necessary or desirable and to settle any questions or difficulties whatsoever that may arise in relation to the Buyback;
  - p) to settle and resolve any queries or difficulties raised by SEBI, stock exchanges, ROC and any other authorities whatsoever in connection to any matter incidental to and ancillary to the Buyback.

**RESOLVED FURTHER THAT** the quorum for any meeting of the Buyback Committee for implementing the Buyback shall be any two members and Buyback Committee may regulate its own proceedings and meet as often as required, to discharge its functions.

**RESOLVED FURTHER THAT** the Buyback Committee do report from time to time to the Board at the meeting of the Board, status/progress of actions taken by the Buyback Committee concerning Buyback and the minutes of meeting(s) of the Buyback Committee held in the intervening period of two successive meetings of the Board shall be put up at the subsequent meeting of the Board.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and the Buyback Committee be and is hereby authorized to accept and make any alteration(s), modification(s) to the terms and conditions as it may deem necessary, concerning any aspect of the Buyback, in accordance with the statutory requirements as well as to give such directions as may be necessary or desirable, to settle any questions, difficulties or doubts that may arise and generally, to do all acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient, usual or proper in relation to or in connection with or for matters consequential to the Buyback without seeking any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** in terms of Regulation 24(iii) of the Buyback Regulations, Smt. V Kala, Company Secretary be and is hereby appointed as the Compliance Officer for the Buyback.

**RESOLVED FURTHER THAT** the Record Date for the purpose of determining the Buyback Entitlement and the names of all the shareholders, who are eligible to participate in the Buyback offer shall be October 31, 2018.

**RESOLVED FURTHER THAT** BSE Limited shall act as the designated stock exchange for the purpose of Buyback Offer.

**RESOLVED FURTHER THAT** nothing contained herein shall confer any right on any shareholder to offer and/ or any obligation on the Company or the Board or the Buyback Committee to buyback any shares and / or impair any power of the Company or the Board or the Buyback Committee to terminate any process in relation to such Buyback if so permissible by law.

**RESOLVED FURTHER THAT** the Company do maintain a register of securities bought back wherein details of equity shares bought back, consideration paid for the equity shares bought back, date of cancellation of equity shares and date of extinguishing and physically destroying of equity shares and such other particulars as may be prescribed, shall be entered and that the Company Secretary of the Company be and is hereby authorised to authenticate the entries made in the said register.

**RESOLVED FURTHER THAT** any of the Directors of the Company and/or the Company Secretary for the time being, be and are hereby severally authorized to file necessary e-forms with the Registrar of Companies, Ernakulam, Kerala and to do all such acts, deeds and things or incidental for signing and filing of forms, payment of fees etc and to do all such other acts, things and deeds, as may be required for the aforesaid purpose or other services as that may be necessary to give effect to the above resolutions.”

**RESOLVED FURTHER THAT** any of the Directors of the Company and /or the Company Secretary for the time being, be and is hereby authorised to represent the Company before the Ministry of Corporate Affairs (‘MCA’), SEBI, the stock exchanges on which the Equity Shares of the Company are listed viz., BSE Limited and National Stock Exchange of India Limited or any other agencies connected with the Buyback offer of the Company and to sign and submit all forms, letters, documents or other papers that may be required for the implementation of the Buyback offer.

**RESOLVED FURTHER THAT** a Demat account in the name of Cochin Shipyard Limited - Buyback - Escrow Account, be opened with Edelweiss Broking Limited, a Depository Participant, for the purposes of the Buyback, and the following persons be and are hereby severally authorised on behalf of the Company to: (i) apply, make, sign, and/or execute any application(s), form(s), undertaking(s), agreement(s) or any other document(s) that may be necessary for opening and operating the above account; (ii) do all such acts, deeds, matters and things on behalf of the Company and/or appoint any other person to do all such acts, deeds, matters and things on behalf of the Company as they deem fit; AND THAT the Company shall honour and abide by all instructions given by these signatories on its behalf in respect of the operation of the above accounts.

| Sr No. | Name               | Designation                  |
|--------|--------------------|------------------------------|
| 1.     | Shri Madhu S Nair  | Chairman & Managing Director |
| 2      | Shri D Paul Ranjan | Director (Finance)           |
| 3.     | Smt. Kala V        | Company Secretary            |

## 5. DETAILS OF PUBLIC ANNOUNCEMENT

The Public Announcement dated October 17, 2018, was published in the following newspapers, in accordance with Regulation 7 of the Buyback Regulations, within 2 (two) working days from the date of passing of the board resolution approving the Buyback, on October 16, 2018:

| Publication       | Language  | Date of Publication | Editions                            |
|-------------------|-----------|---------------------|-------------------------------------|
| Financial Express | English   | October 18, 2018    | All Editions except Kolkata Edition |
|                   |           | October 21, 2018*   | Kolkata Edition                     |
| Jansatta          | Hindi     | October 18, 2018    | All Editions except Kolkata Edition |
|                   |           | October 21, 2018*   | Kolkata Edition                     |
| Deshabhimani      | Malayalam | October 18, 2018    | Kochi Edition                       |

\* Publication in the Kolkata editions of Financial Express (English) and Jansatta (Hindi) took place on October 21, 2018, being the first working day for the newspapers in Kolkata after the date of the Public Announcement, i.e.

October 17, 2018.

The Company will publish further notices or corrigenda, if any, in the abovementioned newspapers.

The Public Announcement is available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) and on the website of the Company – [www.cochinshipyard.com](http://www.cochinshipyard.com).

## 6. DETAILS OF THE BUYBACK

- 6.1 The Board of Directors hereinafter referred to as the “**Board**”, (which expression includes any committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) of the Company, at its meeting held on October 16, 2018 (“**Board Meeting**”) approved the proposal for the buyback of up to 43,95,610 (forty three lakh ninety five thousand six hundred and ten only) Equity Shares at a price of ₹ 455/- (Rupees four hundred and fifty five only) per Equity Share (the “**Buyback Price**”) payable in cash for an amount aggregating up to ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only) (“**Maximum Buyback Size**”) (being less than 10% of the total paid-up equity capital and free reserves of the Company as per the audited standalone financial statements of the Company for the financial year ended March 31, 2018), from the shareholders (“**Shareholders**”) of the Company on a proportionate basis through a tender offer in accordance with the provisions of the Companies Act, 2013 (“**Companies Act or the Act**”) and, the Companies (Share Capital and Debentures) Rules, 2014 (the “**Share Capital Rules**”), and in compliance with the Buyback Regulations (“**Buyback**” or “**Buyback Offer**”). The Maximum Buyback Size does not include any expenses incurred or to be incurred for the Buyback like filing fees payable to SEBI, advisors fees, transaction costs viz. brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty, public announcement publication expenses, printing and dispatch expenses and other incidental and related expenses. The Buyback is subject to receipt of any approvals of statutory, regulatory or governmental authorities as may be required under applicable laws, including the Reserve Bank of India, the Securities and Exchange Board of India (“**SEBI**”), and the stock exchanges on which the Equity Shares are listed, namely, the National Stock Exchange of India Limited (“**NSE**”) and the BSE Limited (“**BSE**”) (hereinafter together referred to as the “**Stock Exchanges**”).
- 6.2 The Buyback shall be undertaken on a proportionate basis from the Eligible Shareholders through the tender offer process prescribed under Regulation 4(iv)(a) of the Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by Eligible Shareholders and settlement of the same, through the Stock Exchange Mechanism as specified in the SEBI Circular.
- 6.3 This Buyback from non-resident members, Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs), and members of foreign nationality, if any, etc. is subject to such approvals as may be required including approvals from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the rules, regulations framed thereunder, if any, and such approvals shall be required to be taken by such non-resident members.
- 6.4 In terms of the Buyback Regulations, under tender offer route, the Promoter of the Company, has the option to participate in the Buyback. Accordingly, the Promoter of the Company i.e., the President of India acting through the Ministry of Shipping, Government of India (“**Promoter**”), has informed vide a letter, dated October 16, 2018, to participate in the Buyback. The extent of their participation in the Buyback has been detailed in Paragraph 19.2 of this Letter of Offer.
- 6.5 The aggregate paid-up equity share capital and free reserves of the Company based on the audited standalone financial statements of the Company for the financial year ended March 31, 2018 (the last audited standalone financial statements available as on the date of the Board Meeting recommending the proposal of the Buyback) is ₹ 3121.74 crore. The aggregate paid-up equity share capital and free reserves of the Company based on the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 (the last audited consolidated financial statements available as on the date of the Board Meeting recommending the proposal of the Buyback) is ₹ 3,126.96 crore (including non-controlling interest of ₹ 5.62 crore). Under the provisions of the Companies Act and the Buyback Regulations, the funds deployed for the Buyback approved by the Board cannot exceed 10% of the total paid-up equity share capital and free reserves of the Company i.e. ₹ 312.17 crores on a standalone basis and ₹ 312.70 crores on a consolidated basis. The maximum amount proposed to be utilized for the Buyback, i.e. ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only), which represents 6.41% of the aggregate of the fully paid-up equity share capital and free reserves as per



the last audited standalone financial statements of the Company and 6.40% of the aggregate of the fully paid-up equity share capital and free reserves as per the last audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and is therefore within the limit of 10% (for a Buyback under the board approval route as provided for under the first proviso to Section 68(2)(b) of the Act) of the Company's total paid-up equity share capital and free reserves as per the last audited standalone accounts as well as the last audited consolidated accounts for the financial year ended March 31, 2018.

- 6.6 Further, under the Companies Act, the number of equity shares that can be bought back in any financial year cannot exceed 25% of the total paid-up equity capital of the Company in that financial year. Accordingly, the maximum number of equity shares that can be bought back in the current financial year is 3,39,84,000 Equity Shares. Since the Company proposes to buy back up to 43,95,610 (forty three lakh ninety five thousand six hundred and ten only) Equity Shares constituting 3.23% of the total paid-up Equity Shares of the Company, the same is within the aforesaid 25% limit.
- 6.7 Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoter in the Company may increase or decrease from the existing shareholding of the total equity capital and voting rights of the Company. The Promoter is already in control over the Company and therefore any further increase in the voting rights of the Promoter will not result in any change in control of the Company. The Promoter has undertaken that in case there is an increase in voting rights of the Promoter beyond 75%, necessary steps will be taken to reduce the shareholding of the Promoter in accordance with the provisions contained under Rule 19 (2) (b) and Rule 19A of the Securities Contract (Regulation) Rules, 1957 read with SEBI circular dated February 22, 2018, so that the Company is in due compliance of the Minimum Public Shareholding ("MPS") requirement. The Company and the Promoter have undertaken to comply with the MPS requirements even after the Buyback. Please refer to Paragraph 19.3 of this Letter of Offer for further details regarding shareholding (pre and post buyback) of the Promoter in the Company.
- 6.8 The Company is not undertaking this Buyback so as to delist its Equity Shares or other specified securities from the stock exchanges.

## **7. AUTHORITY FOR THE BUYBACK**

The Buyback is being undertaken by the Company in accordance with Article 7B of the Articles, the provisions of Sections 68, 69, 70 and all other applicable provisions of the Companies Act, the Rules thereunder and the Buyback Regulations. The Board at its meeting held on October 16, 2018, passed a resolution approving the Buyback of Equity Shares of the Company. The Buyback is subject to such other approvals and permissions, as may be required from statutory, regulatory or governmental authorities under applicable laws.

## **8. NECESSITY FOR THE BUYBACK**

The Board of the Company, at its meeting held on October 16, 2018, considered all relevant factors, and considered it appropriate to allocate a sum not exceeding ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only) for Buyback Offer.

Thus, after considering several factors as well as benefits to the shareholders holding equity shares of the Company, the Board decided to recommend Buyback at a price of ₹ 455/- (Rupees four hundred and fifty five only) per Equity Share for an aggregate consideration of up to ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only).

The Company's management strives to increase Shareholders' value and the Buyback would result in, amongst other things:

- i. The Buyback involves allocation of higher of number of equity shares as per their entitlement or 15% of the number of equity shares which the Company proposes to Buyback reserved for small shareholders. The Company believes that this reservation for small shareholders would benefit a large number of public Shareholders, who would get classified as "Small Shareholders";
- ii. The Buyback may help in improving return on equity, by reduction in the equity base, and other financial ratios, thereby leading to long term increase in Shareholders' value; and
- iii. The Buyback gives an option to the Eligible Shareholders to either participate in the Buyback and receive cash in lieu of equity shares accepted under the Buyback or not participate in the Buyback and enjoy a resultant increase in their percentage shareholding in the Company post the Buyback

without any additional investment.

## 9. MANAGEMENT DISCUSSION AND ANALYSIS OF THE LIKELY IMPACT OF THE BUYBACK ON THE COMPANY

- 9.1 We believe that the Buyback is not likely to cause any impact on the profitability or earnings of the Company, except to the extent of reduction in the amount available for investment, which the Company could have otherwise deployed towards generating investment income. In the event that there is full acceptance of the Equity Shares tendered in the Buyback from Eligible Shareholders on a proportionate basis, the funds deployed by the Company towards the Buyback would be ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only). This shall impact the investment income earned by the Company, on account of reduced amount of funds available for investments.
- 9.2 We believe the Buyback will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operation.
- 9.3 The Buyback will not result in a change in control or otherwise affect the existing management structure of the Company.
- 9.4 The aggregate shareholding of the Promoter as on October 16, 2018, i.e. the date of convening the Board Meeting, is as follows:

| Sr. No.      | Name  | No. of Shares held | Percentage (%) |
|--------------|---|--------------------|----------------|
| 1.           | President of India acting through Ministry of Shipping, Government of India | 10,19,52,000       | 75.00%         |
| <b>Total</b> |   | 10,19,52,000       | 75.00%         |

- 9.5 In terms of the Buyback Regulations, under the Tender Offer route, the Promoter of the Company, has the option to participate in the Buyback. In this regard, the Promoter of the Company has expressed its intention vide a letter dated October 16, 2018, to participate in the Buyback and offer up to an aggregate maximum of 43,95,610 Equity Shares as detailed below or any such lower number of Equity Shares in accordance with the Buyback Regulations in the following manner:

| Sr. No. | Name  | Maximum number of shares intended to tender |
|---------|---|---|
| 1.      | President of India acting through Ministry of Shipping, Government of India | 43,95,610                                   |

Since the entire shareholding of the Promoter is in demat mode, the details of the date and price of acquisition/ sale of entire Equity Shares that the Promoter has acquired/sold till date as per the information provided by the Promoter vide its letter dated October 16, 2018, are set-out below:

| Date of allotment/date when fully paid up | Number of Equity Shares | Nominal Value (₹) | Issue/ Transfer price per Equity Share (₹) | Total Consideration | Nature of allotment                        |
|---|-------------------------|-------------------|--|---------------------|--|
| March 27, 1973                            | 90,010                  | 1,000             | 1,000                                      | 9,00,10,000         | Allotment to the Promoter                  |
| December 12, 1973                         | 1                       | 1,000             | 1,000                                      | 1,000               | Transfer from the nominees of the Promoter |
| March 19, 1974                            | 54,943                  | 1,000             | Other than cash                            |                     | Allotment to the Promoter                  |
| March 19, 1974                            | 70,000                  | 1,000             | 1,000                                      | 7,00,00,000         | Allotment to the Promoter                  |
| June 25, 1974                             | 10,000                  | 1,000             | 1,000                                      | 1,00,00,000         | Allotment to the Promoter                  |

| Date of allotment/date when fully paid up | Number of Equity Shares | Nominal Value (₹) | Issue/ Transfer price per Equity Share (₹) | Total Consideration | Nature of allotment       |
|---|-------------------------|-------------------|--|---------------------|---------------------------|
| June 25, 1974                             | 52                      | 1,000             | Other than cash                            |                     | Allotment to the Promoter |
| December 7, 1977                          | 301,041                 | 1,000             | 1,000                                      | 30,10,41,000        | Allotment to the Promoter |
| February 11, 1980                         | 15,000                  | 1,000             | 1,000                                      | 1,50,00,000         | Allotment to the Promoter |
| August 28, 1981                           | 5,000                   | 1,000             | 1,000                                      | 50,00,000           | Allotment to the Promoter |
| March 15, 1982                            | 74,200                  | 1,000             | 1,000                                      | 7,42,00,000         | Allotment to the Promoter |
| August 25, 1984                           | 7,000                   | 1,000             | 1,000                                      | 70,00,000           | Allotment to the Promoter |
| March 30, 1985                            | 2,350                   | 1,000             | 1,000                                      | 23,50,000           | Allotment to the Promoter |
| March 21, 1986                            | 2,500                   | 1,000             | 1,000                                      | 25,00,000           | Allotment to the Promoter |
| February 21, 1987                         | 2,500                   | 1,000             | 1,000                                      | 25,00,000           | Allotment to the Promoter |
| June 18, 1987                             | 5,000                   | 1,000             | 1,000                                      | 50,00,000           | Allotment to the Promoter |
| November 02, 1987                         | 5,000                   | 1,000             | 1,000                                      | 50,00,000           | Allotment to the Promoter |
| March 2, 1988                             | 20,000                  | 1,000             | 1,000                                      | 2,00,00,000         | Allotment to the Promoter |
| June 17, 1988                             | 18,700                  | 1,000             | 1,000                                      | 1,87,00,000         | Allotment to the Promoter |
| February 23, 1989                         | 20,000                  | 1,000             | 1,000                                      | 2,00,00,000         | Allotment to the Promoter |
| June 27, 1989                             | 8,800                   | 1,000             | 1,000                                      | 88,00,000           | Allotment to the Promoter |
| December 19, 1989                         | 20,000                  | 1,000             | 1,000                                      | 2,00,00,000         | Allotment to the Promoter |
| March 23, 1990                            | 11,500                  | 1,000             | 1,000                                      | 1,15,00,000         | Allotment to the Promoter |
| June 25, 1992                             | 29,300                  | 1,000             | 1,000                                      | 2,93,00,000         | Allotment to the Promoter |
| April 29, 1993                            | 25,000                  | 1,000             | 1,000                                      | 2,50,00,000         | Allotment to the Promoter |
| March 18, 1994                            | 22,500                  | 1,000             | 1,000                                      | 2,25,00,000         | Allotment to the Promoter |
| April 4, 1996                             | 15,000                  | 1,000             | 1,000                                      | 1,50,00,000         | Allotment to the Promoter |
| April 27, 1996                            | 32,500                  | 1,000             | 1,000                                      | 3,25,00,000         | Allotment to the Promoter |
| July 25, 1996                             | 25,000                  | 1,000             | 1,000                                      | 2,50,00,000         | Allotment to the Promoter |
| December 16, 1996                         | 28,150                  | 1,000             | 1,000                                      | 2,81,50,000         | Allotment to the Promoter |
| June 27, 1997                             | 16,850                  | 1,000             | 1,000                                      | 1,68,50,000         | Allotment to the Promoter |
| November 28, 1997                         | 24,750                  | 1,000             | 1,000                                      | 2,47,50,000         | Allotment to the Promoter |

| Date of allotment/date when fully paid up | Number of Equity Shares   | Nominal Value (₹) | Issue/ Transfer price per Equity Share (₹) | Total Consideration | Nature of allotment  |
|---|---|-------------------|--|---------------------|--|
| May 29, 1998                              | 22,650  | 1,000             | 1,000                                      | 2,26,50,000         | Allotment to the Promoter  |
| June 29, 1999                             | 52,500  | 1,000             | 1,000                                      | 5,25,00,000         | Allotment to the Promoter  |
| December 23, 1999                         | 13,100  | 1,000             | 1,000                                      | 1,31,00,000         | Allotment to the Promoter  |
| March 27, 2000                            | 5,900   | 1,000             | 1,000                                      | 59,00,000           | Allotment to the Promoter  |
| March 27, 2000                            | 6,000   | 1,000             | 1,000                                      | 60,00,000           | Allotment to the Promoter  |
| September 22, 2000                        | 5,650   | 1,000             | 1,000                                      | 56,50,000           | Allotment to the Promoter  |
| March 28, 2001                            | 11,500  | 1,000             | 1,000                                      | 1,15,00,000         | Allotment to the Promoter  |
| June 25, 2001                             | 32,850  | 1,000             | 1,000                                      | 3,28,50,000         | Allotment to the Promoter  |
| August 16, 2002                           | 20,000  | 1,000             | 1,000                                      | 2,00,00,000         | Allotment to the Promoter  |
| March 17, 2009                            | The equity shares of the Company each having a face value of ₹ 1,000 were split into equity shares each having a face value of ₹ 10, resulting in the total number of equity shares increasing from 1,132,797 to 113,279,700. |                   |  |                     |  |
| August 9, 2017                            | (11,328,000)  | 10                | 424.59 <sup>(#)</sup>                      | 4,80,97,67,988      | Disinvestment by the Promoter through offer for sale during Initial Public Offer   |
| January 08, 2018                          | 300   | 10                | -  | -                   | Earlier held by the Nominees of the Promoter now being transferred to the Promoter |
| <b>Total</b>                              | <b>10,19,52,000</b>   | <b>10</b>         | <b>-</b>                                   | <b>-</b>            | <b>-</b>   |

<sup>(#)</sup> While the issue price of the Company's initial public offer was ₹ 432, a discount of ₹ 21 per Equity Share to the Issue Price was offered to the Retail Individual Bidders and to the eligible employees bidding in the employee reservation portion. ₹ 424.59 per Equity Share is the average price received by the Promoter during the IPO after factoring in the aforesaid discount.

- 9.6 Consequent to the Buyback and based on the number of shares bought back within each category of shareholders, the shareholding pattern of the Company would undergo a change.
- 9.7 As on October 16, 2018, i.e. the date of convening the Board Meeting, no directors of the Company hold any Equity Shares, except for the following:

| Sr. No. | Name              | Designation                                   | No. of Shares held | Percentage (%) |
|---------|-------------------|---|--------------------|----------------|
| 1.      | Mr. Madhu S. Nair | Chairman and Managing Director                | 600                | Negligible     |
| 2.      | Mr. Bejoy Bhasker | Director (Technical)                          | 510                | Negligible     |
| 3.      | Mr. Krishna Das E | Non-Official Part Time (Independent) Director | 125                | Negligible     |

| Sr. No. | Name                   | Designation                                   | No. of Shares held | Percentage (%) |
|---------|------------------------|---|--------------------|----------------|
| 4.      | Mr. Radhakrishna Menon | Non-Official Part Time (Independent) Director | 30                 | Negligible     |

9.8 No Equity Shares or other specified securities of the Company have been purchased or sold by the Directors of the Company in the stock exchange or off market during the twelve-month period preceding the date of the Public Announcement, except for the following transactions:

| Name            | Period of Transfer | No. of Shares Purchased/ Sold | Details of Transfer                      | Maximum Price (₹)* | Date of Maximum Price | Minimum Price (₹)* | Date of Minimum Price | Average Price (₹)* |
|-----------------|--------------------|-------------------------------|--|--------------------|-----------------------|--------------------|-----------------------|--------------------|
| Madhu S. Nair   | January 08, 2018   | (100)                         | Transferred to the Promoter <sup>#</sup> | N.A.               | N.A.                  | N.A.               | N.A.                  | N.A.-              |
|                 | June, 2018         | 600                           | Stock Market Purchase                    | 480.96             | June 08, 2018         | 459.84             | June 20, 2018         | 473.08             |
| Krishna Das E   | September 05, 2018 | 25                            | Stock Market Purchase                    | 422.60             | September 05, 2018    | 422.60             | September 05, 2018    | 422.60             |
| D. Paul Ranjan  | January 08, 2018   | (70)                          | Transferred to the Promoter <sup>#</sup> | N.A.               | N.A.                  | N.A.               | N.A.                  | N.A.-              |
| Suresh Babu N.V | January 08, 2018   | (10)                          | Transferred to the Promoter <sup>#</sup> | N.A.               | N.A.                  | N.A.               | N.A.                  | N.A.-              |

\* Excluding Brokerage and other transaction costs

<sup>#</sup> Equity Shares held by these directors as nominees of the Promoter were transferred to the Promoter without payment of any consideration.

9.9 As on October 16, 2018, i.e. the date of convening the Board Meeting, no Key Managerial Personnel of the Company (as per the definition contained in section 2(51) of the Companies Act), hold any Equity Shares, apart from those included in paragraph 9.7 above.

9.10 No Equity Shares or other specified securities of the Company have been purchased or sold by the Key Managerial Personnel of the Company (as per the definition contained in section 2(51) of the Companies Act), in the stock exchange or off market during the twelve-month period preceding the date of the Public Announcement, apart from those specified in paragraph 9.8 above.

9.11 Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoter in the Company may increase or decrease from the existing shareholding of the total equity capital and voting rights of the Company. The Promoter is already in control over the Company and therefore any further increase in the voting rights of the Promoter will not result in any change in control of the Company. The Promoter has undertaken that in case there is an increase in voting rights of the Promoter beyond 75%, necessary steps will be taken to reduce the shareholding of the Promoter in accordance with the provisions contained under Rule 19 (2) (b) and Rule 19A of the Securities Contract (Regulation) Rules, 1957 read with SEBI circular dated February 22, 2018, so that the Company is in due compliance of the Minimum Public Shareholding ("MPS") requirement. The Company and the Promoter have undertaken to comply with the MPS requirements even after the Buyback.

9.12 Assuming the response to the Buyback is to the extent of 100% (full acceptance) from all the Eligible Shareholders upto their entitlement and to the extent the Promoter has agreed to tender, the aggregate shareholding and the voting rights of the Promoter of the Company, may increase to 75.22% post Buyback from the current pre Buyback shareholding of 75.00%, and the aggregate shareholding of the public shareholders in the Company shall decrease to 24.78% post Buyback

from the current pre Buyback shareholding of 25.00%.

- 9.13 Consequent to the Buyback and based on the number of Equity Shares bought back from the Non-Resident Shareholders, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, the shareholding of the Promoter of the Company would undergo a change. Please refer to paragraph 13.6 for further details.
- 9.14 The debt-equity ratio post Buyback on standalone as well as consolidated basis will be compliant with the permissible limit of 2:1 prescribed under Section 68(2)(d) of Companies Act and Regulation 4(ii) of the Buyback Regulations, even if the response to the Buyback is to the extent of 100% (full acceptance) from all the Eligible Shareholders upto their Buyback Entitlement.
- 9.15 The Company shall not issue any Equity Shares or other specified securities (including by way of bonus) till the expiry of the Buyback period, i.e., date on which the payment of consideration to shareholders who have accepted the Buyback is made.
- 9.16 The Company shall not raise further capital for a period of 1 (one) year from the date of the expiry of the Buyback period, i.e., date on which the payment of consideration to shareholders who have accepted the Buyback is made, except in discharge of its subsisting obligations.
- 9.17 The Promoter of the Company shall not deal in the Equity Shares of the Company in the stock exchange or off-market during the period between the date of passing of the Board Resolution of the Buyback i.e. Tuesday, October 16, 2018 and the date of the closure of the Buyback in accordance with the Buyback Regulations.
- 9.18 Salient financial parameters consequent to the Buyback based on the last audited standalone financial statements of the Company for the financial year ended March 31, 2018 are as under:

| Parameter   | Pre Buyback | Post Buyback            |
|---|-------------|-------------------------|
| Networth (₹ in crores ) <sup>(1)</sup>                            | 3,255.87    | 3,055.87 <sup>(8)</sup> |
| Return on Avg. Networth (%) <sup>(2)</sup>                        | 15.02       | 15.61                   |
| Basic Earnings per Share <sup>(3)</sup>                           | 31.03       | 32.13 <sup>(9)</sup>    |
| Diluted Earnings per Share <sup>(4)</sup>                         | 31.03       | 32.13 <sup>(9)</sup>    |
| Book Value per Share <sup>(5)</sup>                               | 239.51      | 232.31 <sup>(9)</sup>   |
| P/E as per the latest audited financial statements <sup>(6)</sup> | 12.38       | 11.95                   |
| Debt/Equity Ratio <sup>(7)</sup>                                  | 0.04        | 0.04                    |

Notes:

<sup>(1)</sup> Net Worth excludes revaluation reserves and miscellaneous expenditure to the extent not written off

<sup>(2)</sup> Return on average Networth = Net Profit After Tax / Average Net Worth

<sup>(3)</sup> Basic Earnings per share = Net profit attributable to equity shareholders/ Weighted average number of shares outstanding during the year

<sup>(4)</sup> Diluted Earnings per share = Net profit attributable to equity shareholders/ Weighted average number of shares outstanding during the year (assuming issuance of all the shares kept in abeyance)

<sup>(5)</sup> Book value per share = Paid up equity share capital + Reserves and Surplus excluding revaluation reserves/ number of Equity Shares subscribed outstanding at year end

<sup>(6)</sup> Market Price per equity share on NSE as on November 19, 2018/ EPS for the year ended March 31, 2018

<sup>(7)</sup> Debt-Equity Ratio = Total Debt / Net Worth

<sup>(8)</sup> Net worth post buy back = Net worth pre buy back minus funds to be utilised for the buy back.

<sup>(9)</sup> Basic Earnings per Share and Book Value per Share post buy back has been computed after reducing proposed equity shares to be bought back from weighted average outstanding shares for the year ended March 31, 2018.

## 10. BASIS OF CALCULATING THE BUYBACK PRICE

The Equity Shares are proposed to be bought back at a price of ₹ 455/- (Rupees four hundred and fifty five only) per Equity Share. The Buyback Price has been arrived at after considering many factors,

including, but not limited to, the trends in the volume weighted average market prices of the Equity Shares of the Company on the Stock Exchanges where the Equity Shares of the Company are listed, the net worth of the Company, price earnings ratio, impact on other financial parameters and the possible impact of Buyback on the earnings per Equity Share.

Further, the Buyback Price of ₹ 455/- (Rupees four hundred and fifty five only) per Equity Share represents (i) a premium of 6.39% and 6.43% over the volume weighted average market price of the Equity Shares on the BSE and on the NSE respectively for three months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback, i.e. October 10, 2018; (ii) a premium of 17.34% and 17.49% over the volume weighted average market price of the Equity Shares on the BSE and on the NSE respectively for two weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback. i.e. October 10, 2018; and (iii) a premium of 23.31% and 23.32% over the closing price of the Equity Shares on the BSE and on the NSE, respectively, as on October 10, 2018, being the date on which the Company intimated the Stock Exchanges of the date of the meeting of the Board wherein proposal of the Buyback was to be considered.

. The closing market price of the Equity Shares as on the date of the Board Meeting i.e. October 16, 2018, was ₹ 400.05 and ₹ 399.75 on BSE and NSE which represents a premium of 13.74% and 13.82% on BSE and NSE respectively.

For financial ratios and trends in the market price of the Equity Shares please refer to paragraph 15 & 16 of this Letter of Offer respectively.

## **11. SOURCES OF FUNDS FOR THE BUYBACK**

- 11.1 Assuming full acceptance, the funds that would be deployed by the Company for the purposes of the Buyback, would be 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only), excluding any expenses incurred or to be incurred for the Buyback like filing fees payable to SEBI, advisors fees, transaction costs viz. brokerage, applicable taxes such as securities transaction tax, goods and service tax, stamp duty, public announcement publication expenses, printing and dispatch expenses and other incidental and related expenses.
- 11.2 The Buyback would be financed out of free reserves and/or such other sources as may be permitted by law through "Tender Offer" route and as required by the Buyback regulations and the Companies Act, and on such terms and conditions as the Board may deem fit. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited financial statements.
- 11.3 The Company has confirmed that the funds for the Buyback will be made available out of its internal accruals and not out of funds borrowed, if any, from banks and financial institutions.

## **12. DETAILS OF ESCROW ACCOUNT AND AMOUNT DEPOSITED THEREIN**

- 12.1 In accordance with Regulation 9(xi) of the Buyback Regulations, on November 17, 2018, an Escrow Agreement has been entered into amongst the Company, Manager to the Buyback and the Escrow Agent viz. HDFC Bank Limited having its registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.
- 12.2 In terms of the Escrow Agreement, the Company (a) has opened an escrow account in the name and style "Cochin Shipyard Limited – Buyback 2018 – Escrow Account" bearing the account number 57500000299922; and (b) has deposited in the Escrow Account, an unconditional, irrevocable and on-demand bank guarantee issued by a scheduled commercial bank in favour of the Manager to the Buyback for an amount equivalent to Rs. 35,00,00,255/- (Rupees thirty five crore two hundred and fifty five only), i.e., the aggregate of 25% of Rs. 100 crores and 10% of the Maximum Buyback Size less Rs. 100 crores, and undertakes to deposit an amount of Rs. 2,00,00,025.5/- (Rupees two crore twenty five and point five only) in cash, being an amount equivalent to 1% of the Maximum Buyback Size, by way of security for the fulfillment of its obligations under the Buyback, in compliance with the provisions of Regulation 9(xi) of the Buyback Regulations. The Manager to the Buyback is empowered to operate the Escrow Account in accordance with the Buyback Regulations.
- 12.3 The amount of cash to be deposited in the Escrow Account is in accordance with the Buyback

Regulations.

- 12.4 The Company has adequate and firm financial resources to fulfill the obligations under the Buyback and the same has been certified by Chirag J Shah (Membership No. 214798), Partner of Elias George & Co, Chartered Accountants (Firm Registration No. 000801S), having its office at, 38/1968 A, EGC House, HIG Avenue West End Gandhi Nagar, Kochi-682 020, Kerala, India (Tel: 0484 2206648, Fax: 0484 2204008), vide their certificate dated October 22, 2018.
- 12.5 Based on the aforementioned certificate, the Manager to the Buyback confirms that it is satisfied that firm arrangements for fulfilling the obligations under the Buyback are in place and that the Company has the ability to implement the Buyback in accordance with the Buyback Regulations.

### 13. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- 13.1 The present capital structure of the Company as on date of the issue of the this Letter of Offer is as follows:

| Parameters  | Pre-Buyback<br>(in ₹ crores) |
|---|------------------------------|
| <b>Authorised Share Capital</b>                           |                              |
| 250,000,000 Equity Shares of ₹ 10/- each                  | 250.00                       |
| <b>Issued, Subscribed and Fully Paid-Up Share Capital</b> |                              |
| 135,936,000 fully paid-up Equity Shares of ₹ 10/- each    | 135.94                       |

- 13.2 Assuming full acceptance in the Buyback of 43,95,610 Equity Shares, the capital structure post Buyback would be as follows:

| Parameters  | Post-Buyback<br>(in ₹ crores) |
|---|-------------------------------|
| <b>Authorised Share Capital</b>                           |                               |
| 250,000,000 Equity Shares of ₹ 10/- each                  | 250.00                        |
| <b>Issued, Subscribed and Fully Paid-Up Share Capital</b> |                               |
| 131,540,390 fully paid-up Equity Shares of ₹ 10/- each    | 131.54                        |

- 13.3 As on the date of the Letter of Offer, there are no partly paid up equity shares and calls in arrears.
- 13.4 As on the date of the Letter of Offer, there are no convertible debentures or preference shares or any other convertible instruments of the Company.
- 13.5 There have been no other buyback programmes of the Company over the last 3 years from the date of the Letter of Offer.
- 13.6 The shareholding pattern of the Company before the Buyback, i.e., as on the record date i.e. October 31, 2018 and after the Buyback (assuming full subscription of 43,95,610 shares in the Buyback), is as follows:

| Particulars                            | Pre-Buyback      |                             | Post-Buyback                |                         |
|--|------------------|-----------------------------|-----------------------------|-------------------------|
|  | Number of Shares | % to existing share capital | No. of Shares post Buyback* | % holding post Buyback* |
| Promoter and persons acting in concert | 10,19,52,000     | 75.00%                      | 9,89,50,191                 | 75.22%                  |



| Particulars  | Pre-Buyback         |                             | Post-Buyback                |                         |
|--|---------------------|-----------------------------|-----------------------------|-------------------------|
|  | Number of Shares    | % to existing share capital | No. of Shares post Buyback* | % holding post Buyback* |
| Foreign Investors (OCBs/ FIIs/ NRIs/ Non-residents/ Non-domestic companies and foreign mutual funds) | 47,87,956           | 3.52%                       | 3,25,90,199                 | 24.78%                  |
| Indian Financial Institutions/ Banks/ Mutual Funds/ Govt. Companies                                  | 1,38,16,451         | 10.17%                      |                             |                         |
| Public including other Bodies Corporate  | 1,53,79,593         | 11.31%                      |                             |                         |
| <b>Total</b>   | <b>13,59,36,000</b> | <b>100.00%</b>              | <b>13,15,40,390</b>         | <b>100.00%</b>          |

\* Assuming full acceptance of 43,95,610 Equity Shares in the Buyback in the ratio of their entitlement.

- 13.7 The Promoter has not dealt in the shares or other specified securities of the Company in the stock exchange or off market, including purchase or sale of such shares or other specified securities during the twelve-month period preceding the date of the Public Announcement, i.e. October 17, 2018, except for the following transactions:

| Name of Promoter/ Director  | Date of Transfer | No. of Equity Shares Purchased /(Sold)/Transferred | Nature of Transaction  | Maximum Price (₹)* | Date of Maximum Price | Minimum Price (₹)* | Date of Minimum Price |
|---|------------------|--|--|--------------------|-----------------------|--------------------|-----------------------|
| President of India acting through Ministry of Shipping, Government of India | January 08, 2018 | 300  | Earlier held by the Nominees of the Promoter now being transferred to the Promoter | -                  | N.A.                  | -                  | N.A.                  |

\*Excluding brokerage and other transaction costs

- 13.8 Assuming full acceptance of the Buyback, the issued, subscribed and paid up equity share capital of the Company would be ₹ 131.54 Crores comprising 131,540,390 Equity Shares of ₹ 10/- each as more fully set out in paragraph 13.2 of this Letter of Offer.
- 13.9 Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Eligible Shareholders upto their entitlement, the aggregate shareholding of the Promoter of the Company, post Buyback may increase to 75.22% from 75.00%.
- 13.10 There is no ongoing scheme of amalgamation or compromise or arrangement pursuant to the provisions of the Act.

#### 14. BRIEF INFORMATION OF THE COMPANY

- 14.1 Our Company was incorporated as 'Cochin Shipyard Limited' on March 29, 1972 as a private limited company under the Companies Act, 1956, with the Registrar of Companies, Kerala at Ernakulam. Our Company became a deemed public limited company under section 43A of Companies Act, 1956 on July 1, 1982. Our Company again became a private limited company with effect from July 16, 1985. Our Company became a public limited company with effect from

November 8, 2016 and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the Registrar of Companies, Kerala at Ernakulam. Our Company is a government company as per sub-section (45) of section 2 of the Companies Act, 2013.

14.2 The Ministry of Shipping, Road Transport and Highways, Gol vide letter bearing file number SY-12022/1/02-CSL dated July 21, 2008, conveyed the approval of the Department of Public Enterprises granting our Company the status of 'Category I Miniratna Company'. As a Miniratna Company, our Company is eligible to some enhanced delegation of powers to the Board, including having greater autonomy to incur capital expenditure for our projects without the Gol approval.

14.3 The Registered Office of our Company was originally located at Building No XXIII/1042, Perumanoor, Kochi – 682015, Kerala and was changed to Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi – 682015 with effect from November 19, 1977 to ensure greater operational efficiency.

14.4 History and Growth of Business

a. Our Company caters to clients engaged in the defence sector in India and clients engaged in the commercial sector worldwide. In addition to shipbuilding and ship repair, we also offer marine engineering training. As of May 31, 2017, we have two docks – dock number one, primarily used for ship repair (“**Ship Repair Dock**”) and dock number two, primarily used for shipbuilding (“**Shipbuilding Dock**”). We are in the process of constructing a new dock, a ‘stepped’ dry dock (“**Dry Dock**”). This stepped dock will enable longer vessels to fill the length of the dock and wider, shorter vessels and rigs to be built or repaired at the wider part. We are also in the process of setting up an International Ship Repair Facility (“**ISRF**”), which includes setting up a shiplift and transfer system. In the last two decades, we have built and delivered vessels across broad classifications including bulk carriers, tankers, Platform Supply Vessels (“**PSVs**”), Anchor Handling Tug Supply vessels (“**AHTSs**”), launch barges, tugs, passenger vessels and Fast Patrol Vessels (“**FPVs**”). We are currently building India’s first Indigenous Aircraft Carrier (“**IAC**”) for the Indian Navy. We have also grown our ship repair operations and are the only commercial shipyard to have undertaken repair work of Indian Navy’s aircraft carriers, the INS Viraat and INS Vikramaditya.

b. Financial Growth:

As per audited standalone financial statements for the financial year ended March 31, 2018, the Company achieved growth of 14.74% YoY in its total income during FY 2017-18 at ₹ 2,544.28 crore compared to ₹ 2,217.50 crore for FY 2016-17. Revenue from shipbuilding registered growth of 14.25% YoY during FY 2017-18 at ₹ 1,731.86 crore compared to ₹ 1,515.82 crore. Revenue from ship repair registered growth of 14.77% YoY during FY 2017-18 at ₹ 623.27 crore compared to ₹ 543.05 crore. For the FY 2017-18; EBITDA stood at ₹ 653.78 crore and PAT stood at ₹ 396.75 crore, compared to ₹ 542.45 crore and ₹ 321.55 crore, respectively, for FY 2016-17.

c. The equity shares of the Company were listed at BSE Limited (Security Code: 540678) on August 11, 2017 and National Stock Exchange of India Limited (Symbol: COCHINSHIP) on August 11, 2017.

d. Following is the equity share capital history of the Company since inception:

| Date of Allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment                                    | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|-------------------------|----------------|----------------------------------|--|--|------------------------------------|-------------------------------------|
| March 27, 1973                            | 90,010                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter as initial subscriber of MOA | 90,010                             | 90,010,000                          |
|   | 1                       | 1,000          | 1,000                            | Cash   | Allotment to Mr. P.N. Jain,                            | 90,011                             | 90,011,000                          |

| Date of Allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment  | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|-------------------------|----------------|----------------------------------|--|--|------------------------------------|-------------------------------------|
|   |                         |                |                                  |  | Joint Secretary to GoI, Ministry of Finance as initial subscriber to MOA   |                                    |                                     |
|   | 1                       | 1,000          | 1,000                            | Cash   | Allotment to Mr. B.P. Srivastava, Director (Projects), Ministry of Shipping & Transport as initial subscriber to MOA | 90,012                             | 90,012,000                          |
|   | 1                       | 1,000          | 1,000                            | Cash   | Allotment to Mr. S. Kasthuri, Chief Projects Officer as initial subscriber to MOA                                    | 90,013                             | 90,013,000                          |
|   | 1                       | 1,000          | 1,000                            | Cash   | Allotment to Mr. R.C. Gupta, Under-Secretary to GoI, Ministry of Shipping & Transport as initial subscriber to MOA   | 90,014                             | 90,014,000                          |
| March 19, 1974                            | 54,943                  | 1,000          | -                                | Consideration other than cash                              | Allotment to our Promoter  | 144,957                            | 144,957,000                         |
| March 19, 1974                            | 70,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter  | 214,957                            | 214,957,000                         |
| June 25, 1974                             | 10,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter  | 224,957                            | 224,957,000                         |
| June 25, 1974                             | 52                      | 1,000          | -                                | Consideration other than cash                              | Allotment to our Promoter  | 225,009                            | 225,009,000                         |
| December 7, 1977                          | 301,041                 | 1,000          | 1,000                            | Cash   | Allotment to our Promoter  | 526,050                            | 526,050,000                         |
| February 11, 1980                         | 15,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter  | 541,050                            | 541,050,000                         |
| August 28, 1981                           | 5,000                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter  | 546,050                            | 546,050,000                         |

| Date of Allotment/date when fully paid up | Number of Equity Shares | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment       | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|-------------------------|----------------|----------------------------------|--|---------------------------|------------------------------------|-------------------------------------|
| March 15, 1982                            | 74,200                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 620,250                            | 620,250,000                         |
| August 25, 1984                           | 7,000                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 627,250                            | 627,250,000                         |
| March 30, 1985                            | 2,350                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 629,600                            | 629,600,000                         |
| March 21, 1986                            | 2,500                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 632,100                            | 632,100,000                         |
| February 21, 1987                         | 2500                    | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 634,600                            | 634,600,000                         |
| June 18, 1987                             | 5,000                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 639,600                            | 639,600,000                         |
| November 2, 1987                          | 5,000                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 644,600                            | 644,600,000                         |
| March 2, 1988                             | 20,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 664,600                            | 664,600,000                         |
| June 17, 1988                             | 18,700                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 683,300                            | 683,300,000                         |
| February 23, 1989                         | 20,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 703,300                            | 703,300,000                         |
| June 27, 1989                             | 8,800                   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 712,100                            | 712,100,000                         |
| December 19, 1989                         | 20,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 732,100                            | 732,100,000                         |
| March 23, 1990                            | 11,500                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 743,600                            | 743,600,000                         |
| June 25, 1992                             | 29,300                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 772,900                            | 772,900,000                         |
| April 29, 1993                            | 25,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 797,900                            | 797,900,000                         |
| March 18, 1994                            | 22,500                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 820,400                            | 820,400,000                         |
| April 27, 1996                            | 32,500                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 852,900                            | 852,900,000                         |
| April 4, 1996                             | 15,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 867,900                            | 867,900,000                         |
| July 25, 1996                             | 25,000                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 892,900                            | 892,900,000                         |
| December 16, 1996                         | 28,150                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 921,050                            | 921,050,000                         |
| June 27, 1997                             | 16,850                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 937,900                            | 937,900,000                         |
| November 28, 1997                         | 24,750                  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 962,650                            | 962,650,000                         |

| Date of Allotment/date when fully paid up | Number of Equity Shares   | Face Value (₹) | Issue price per Equity Share (₹) | Consideration (cash, bonus, consideration other than cash) | Nature of Allotment       | Cumulative number of Equity Shares | Cumulative Equity Share Capital (₹) |
|---|---|----------------|----------------------------------|--|---------------------------|------------------------------------|-------------------------------------|
| May 29, 1998                              | 22,650  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 985,300                            | 985,300,000                         |
| June 29, 1999                             | 52,500  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,037,800                          | 1,037,800,000                       |
| December 23, 1999                         | 13,100  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,050,900                          | 1,050,900,000                       |
| March 27, 2000                            | 5,900   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,056,800                          | 1,056,800,000                       |
| March 27, 2000                            | 6,000   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,062,800                          | 1,062,800,000                       |
| September 22, 2000                        | 5,650   | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,068,450                          | 1,068,450,000                       |
| March 28, 2001                            | 11,500  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,079,950                          | 1,079,950,000                       |
| June 25, 2001                             | 32,850  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,112,800                          | 1,112,800,000                       |
| August 16, 2002                           | 20,000  | 1,000          | 1,000                            | Cash   | Allotment to our Promoter | 1,132,800                          | 1,132,800,000                       |
| March 17, 2009                            | The equity shares of the Company each having a face value of ₹ 1,000 were split into equity shares each having a face value of ₹ 10, resulting in the total number of equity shares increasing from 1,132,800 to 113,280,000. |                |                                  |  |                           |                                    |                                     |
| August 09, 2017                           | 22,656,000  | 10             | 424.59(*)                        | Cash   | Initial Public Offer      | 135,936,000                        | 1,359,360,000                       |

(\*) While the issue price of the Company's initial public offer was ₹ 432, a discount of ₹ 21 per Equity Share to the Issue Price was offered to the Retail Individual Bidders and to the eligible employees bidding in the employee reservation portion. ₹ 424.59 per Equity Share is the average price at which the shares were allotted during the IPO after factoring in the aforesaid discount.

**Notes:**

1. RoC filings pertaining to allotment dated June 17, 1988 is not traceable.
2. Other than as mentioned in the table above, the Company has not made any issuance of equity shares during the preceding years.
3. Further, other than as mentioned in the table above, none of the Equity Shares have been issued for consideration other than cash.

e. The details of Board of Directors of the Company as on the date of public announcement i.e. October 17, 2018 is as follows:

| Sl No | Name, Occupation, Age and DIN  | Designation                                    | Qualifications  | Date of Appointment/ Re-appointment | Other Directorships               |
|-------|--|--|---|-------------------------------------|-----------------------------------|
| 1.    | <b>Mr. Madhu S. Nair</b><br>Occupation: Service<br>Age: 52<br>DIN: 07376798  | Chairman and Managing Director                 | B. Tech in Naval Architecture and Ship Building and M. Tech with specialisation in Naval Architecture and Ocean Engineering | January 1, 2016                     | • Hooghly Cochin Shipyard Limited |
| 2.    | <b>Mr. D. Paul Ranjan</b><br>Occupation: Service<br>Age: 59<br>DIN: 06869452 | Director (Finance) and Chief Financial Officer | B. Com and Chartered Accountant   | May 1, 2014                         | • Hooghly Cochin Shipyard Limited |

|     |  |   |   |                  |  |
|-----|--|---|---|------------------|--|
| 3.  | <b>Mr. Suresh Babu N.V</b><br><b>Occupation:</b> Service<br><b>Age:</b> 57<br><b>DIN:</b> 07482491         | Director (Operations)                         | B. Tech in Mechanical and Diploma in Management   | April 26, 2016   | <ul style="list-style-type: none"> <li>• Hooghly Cochin Shipyards Limited</li> </ul>   |
| 4.  | <b>Mr. Bejoy Bhasker</b><br><b>Occupation:</b> Service<br><b>Age:</b> 53<br><b>DIN:</b> 08103825           | Director (Technical)                          | B. Tech and M. Tech in Mechanical and Advanced Diploma in Management  | April 05, 2018   | <ul style="list-style-type: none"> <li>• Hooghly Cochin Shipyards Limited</li> </ul>   |
| 5.  | <b>Mr. Satinder Pal Singh</b><br><b>Occupation:</b> Service<br><b>Age:</b> 50<br><b>DIN:</b> 07490296      | Part Time Official (Nominee) Director         | Bachelor Degree in Civil Engineering, Post Graduate Degree in Law and Master Degree in Police Management.   | October 04, 2017 | <ul style="list-style-type: none"> <li>• Shipping Corporation of India Limited</li> <li>• Dredging Corporation of India Limited</li> <li>• Sagarmala Development Company Limited</li> </ul>  |
| 6.  | <b>Mr. Jyothilal K R</b><br><b>Occupation:</b> Service<br><b>Age:</b> 49<br><b>DIN:</b> 01650017           | Part Time Official (Nominee) Director         | B. Tech in Chemical Engineering   | April 20, 2018   | <ul style="list-style-type: none"> <li>• Azhikkal Port Limited</li> <li>• Konkan Railway Corporation Limited</li> <li>• Kerala Transport Development Finance Corpn Ltd</li> <li>• KITCO Limited</li> <li>• Kerala Rapid Transit Corporation Limited</li> <li>• Pratheeksha Bus Shelters Kerala Limited</li> <li>• Kerala Rail Development Corporation Limited</li> </ul> |
| 7.  | <b>Mr. Krishna Das E</b><br><b>Occupation:</b> Advocate<br><b>Age:</b> 48<br><b>DIN:</b> 02731340          | Non Official Part Time (Independent) Director | Bachelor in Commerce and a Bachelor of Law  | March 21, 2016   | -  |
| 8.  | <b>Mr. Radhakrishna Menon</b><br><b>Occupation:</b> Entrepreneur<br><b>Age:</b> 54<br><b>DIN:</b> 07518727 | Non Official Part Time (Independent) Director | Bachelor in Legal, Social Science   | March 21, 2016   | -  |
| 9.  | <b>Ms. Roopa Shekhar Rai</b><br><b>Occupation:</b> Social Worker<br><b>Age:</b> 64<br><b>DIN:</b> 07565156 | Non Official Part Time (Independent) Director | Bachelor in Science, Master of Arts and Diploma in Homoeopathic Medical Science                             | March 21, 2016   | -  |
| 10. | <b>Mr. Jiji Thomson</b><br><b>Occupation:</b> Service<br><b>Age:</b> 62<br><b>DIN:</b> 01178227            | Non-Official Part Time (Independent) Director | Bachelor of Arts and Master of Arts in Economics and Master of Social Science in Public Economic Management | July 15, 2017    | -  |
| 11. | <b>Mr. Pradipta Banerji</b><br><b>Occupation:</b> Professor<br><b>Age:</b> 58<br><b>DIN:</b> 00630615      | Non-Official Part Time (Independent) Director | B. Tech, Master Degree in Science and a Doctorate in Philosophy (Ph.D)                                      | July 15, 2017    | -  |
| 12. | <b>Mr. Nanda Kumaran Putezhath</b><br><b>Occupation:</b> Retired banker<br><b>Age:</b> 65                  | Non-Official Part Time (Independent) Director | Bachelor of Arts and Master of Arts   | July 15, 2017    | <ul style="list-style-type: none"> <li>• Atlas Jewellery India Limited</li> <li>• INKEL Limited</li> <li>• INKEL-KSIDC Projects Limited</li> </ul>   |

- f. The details of change in Board of Directors during the last 3 years from the date of the Public Announcement are as under:

| S. No. | Name                         | Date of Appointment | Date of Cessation | Reason   |
|--------|------------------------------|---------------------|-------------------|--|
| 1.     | Mr. Kartik Subramaniam       | -                   | December 31, 2015 | Retirement   |
| 2.     | Dr. S. Mohan                 | -                   | November 26, 2015 | End of tenure  |
| 3.     | Dr. G. C. Gopala Pillai      | -                   | November 26, 2015 | End of tenure  |
| 4.     | Mr. N. Raghuram              | -                   | November 26, 2015 | End of tenure  |
| 5.     | Mr. Madhu S. Nair            | January 1, 2016     | -                 | Appointment  |
| 6.     | Mr. Krishna Das E            | March 21, 2016      | -                 | Appointment  |
| 7.     | Mr. Radhakrishna Menon       | March 21, 2016      | -                 | Appointment  |
| 8.     | Ms. Roopa Shekhar Rai        | March 21, 2016      | -                 | Appointment  |
| 9.     | Mr. Suresh Babu N.V          | April 26, 2016      | -                 | Appointment  |
| 10.    | Mr. Barun Mitra              | -                   | April 17, 2017    | Nomination withdrawn by appointing authority (Government of India) |
| 11.    | Mr. Pravir Krishna           | April 17, 2017      | October 04, 2017  | Nomination withdrawn by appointing authority (Government of India) |
| 12.    | Mr. Jiji Thomson             | July 15, 2017       | -                 | Appointment  |
| 13.    | Mr. Pradipta Banerji         | July 15, 2017       | -                 | Appointment  |
| 14.    | Mr. Nanda Kumaran Puthethath | July 15, 2017       | -                 | Appointment  |
| 15.    | Mr. Satinder Pal Singh       | October 04, 2017    | -                 | Appointment  |
| 16.    | Mr. Sunny Thomas             | -                   | November 30, 2017 | End of tenure  |
| 17.    | Mr. Bejoy Bhasker            | April 05, 2018      | -                 | Appointment  |
| 18.    | Mr. Elias George             | -                   | April 20, 2018    | Nomination withdrawn by appointing authority (Government of India) |
| 19.    | Mr. Jyothilal K R            | April 20, 2018      | -                 | Appointment  |

- g. The Buyback will not result in any benefit to any Directors of the Company / Promoter / persons in control of the Company / group companies, except to the extent of their intention to participate in the Buyback and the change in their shareholding as per the response received in the Buyback, as a result of the extinguishment of Equity Shares which will lead to a reduction in the equity share capital post Buyback.

## 15. FINANCIAL INFORMATION ABOUT THE COMPANY

The brief audited financial information of the Company as extracted from the audited standalone results for the last three financial years and limited reviewed standalone results for the three month period ended June 30, 2018 are provided below:

### Standalone Financials

(Amount in ₹ Crores)

| Particulars  | Limited Reviewed                                | Audited                                |  |  |
|--|---|--|--|--|
|  | For the three - months ended on June 30, 2018 * | For the year ended on March 31, 2018 * | For the year ended on March 31, 2017 * | For the year ended on March 31, 2016 * |
| Revenue  | 658.73  | 2,355.12                               | 2,058.87                               | 1,993.45                               |
| Other Income   | 57.58   | 189.16                                 | 158.63                                 | 113.92                                 |
| Total Income   | 716.31  | 2,544.28                               | 2,217.50                               | 2,107.37                               |
| Total Expense (excluding Interest, Depreciation & Amortisation, Tax and Exceptional Items) | 543.50  | 1,890.50                               | 1,675.05                               | 1,638.51                               |

|  |          |          |          |          |
|--|----------|----------|----------|----------|
| Interest Expense / (Income)                      | 3.20     | 11.41    | 10.54    | 12.01    |
| Depreciation & Amortisation                      | 8.41     | 37.51    | 38.51    | 37.19    |
| Exceptional Items                                | 0.00     | 0.00     | 0.00     | 0.00     |
| Profit Before Tax                                | 161.20   | 604.86   | 493.40   | 419.65   |
| Profit After Tax                                 | 106.31   | 396.75   | 321.55   | 272.69   |
| Paid-up Equity Share Capital                     | 135.94   | 135.94   | 113.28   | 113.28   |
| Reserve & Surplus excluding revaluation reserves | 3,218.99 | 3,119.93 | 1,915.30 | 1,701.05 |
| Net worth excluding revaluation reserves         | 3,354.92 | 3,255.87 | 2,028.58 | 1,814.33 |
| Total debt                                       |          |          |          |          |
| - Secured Loans                                  | 123.00   | 123.00   | 123.00   | 123.00   |
| - Unsecured Loans                                | 0.00     | 0.00     | 0.00     | 0.00     |

\*All figures are as per Ind AS

(Amount in ₹, except certain ratios)

| Key Ratios                      | For the three - months ended on June 30, 2018 (Limited Reviewed) | For the year ended on March 31, 2018 (Audited) | For the year ended on March 31, 2017 (Audited) | For the year ended on March 31, 2016 (Audited) |
|---------------------------------|--|--|--|--|
| Basic Earnings per Share        | 7.82<br>(Not Annualised)   | 31.03  | 28.39  | 24.07  |
| Diluted Earnings per Share      | 7.82<br>(Not Annualised)   | 31.03  | 28.39  | 24.07  |
| Book value per Share            | 246.80   | 239.51   | 179.08   | 160.16   |
| Debt / Equity Ratio             | 0.04   | 0.04   | 0.06   | 0.07   |
| Return on Average Net Worth (%) | 3.22%<br>(Not Annualised)  | 15.02%   | 16.73%   | 16.15%   |

The key ratios have been computed as below:

| Key Ratios                      | Basis   |
|---------------------------------|---|
| Basic Earnings per Share (Rs)   | Net Profit attributable to equity shareholders / Weighted average number of Shares outstanding during the year  |
| Diluted Earnings per Share (Rs) | Net Profit attributable to equity shareholders / Weighted average number of Shares outstanding during the year (assuming issuance of all the shares kept in abeyance) |
| Book value per Share (Rs)       | (Paid up Equity Share Capital + Reserves and Surplus excluding revaluation reserves) / Number of Equity Shares subscribed outstanding at year end                     |
| Debt-Equity Ratio               | Total Debt / Net Worth  |
| Return on Net Worth             | Net Profit After Tax / Average Net Worth  |

The Company shall comply with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company hereby declares that it has complied with Section 68, 69 and 70 and other applicable provisions of the Companies Act, 2013.

## 16. STOCK MARKET DATA

16.1 The Shares of the Company are listed on BSE and NSE. NSE is the stock exchange where the Equity Shares are most frequently traded.

16.2 The high, low and average market prices for the last three financial years (April to March periods) and the monthly high, low and average market prices for the six months preceding the date of Public Announcement, i.e. October 17, 2018, and the corresponding volumes on BSE are as follows:



| Period                      | High (₹) | Date of High | Number of Shares traded on that date | Low (₹) | Date of Low | Number of Shares traded on that date | Average Price* (₹) | Number of shares traded in this period | Total volume traded in period (₹ In crores) |
|-----------------------------|----------|--------------|--------------------------------------|---------|-------------|--------------------------------------|--------------------|--|---|
| <b>3 Years</b>              |          |              |                                      |         |             |                                      |                    |  |   |
| FY 18 (Apr 17 – Mar 18)^    | N. A.    |              |                                      |         |             |                                      |                    |  |   |
| FY 17 (Apr 16 - Mar 17)^    | N. A.    |              |                                      |         |             |                                      |                    |  |   |
| FY 16 (Apr 15 - Mar 16)^    | 598.90   | 24-Nov-17    | 1,52,837                             | 435.00  | 11-Aug-18   | 32,45,290                            | 540.95             | 1,72,81,568                            | 931.27                                      |
| <b>6 months</b>             |          |              |                                      |         |             |                                      |                    |  |   |
| 1st Sep - 30th Sep 2018     | 434.80   | 24-Sep-18    | 34,999                               | 388.60  | 28-Sep-18   | 16,276                               | 414.08             | 2,49,034                               | 10.32                                       |
| 1st Aug – 31st Aug 2018     | 462.00   | 13-Aug-18    | 30,639                               | 421.25  | 31-Aug-18   | 12,755                               | 441.73             | 2,66,231                               | 11.79                                       |
| 1st Jul – 31st Jul 2018     | 459.00   | 31-Jul-18    | 54,315                               | 425.00  | 20-Jul-18   | 21,154                               | 436.22             | 2,69,390                               | 11.87                                       |
| 1st Jun- 30th Jun 2018      | 512.30   | 1-Jun-18     | 8,103                                | 430.10  | 28-Jun-18   | 7,105                                | 464.34             | 2,93,237                               | 13.84                                       |
| 1st May – 31st May 2018     | 534.00   | 2-May-18     | 6,756                                | 476.80  | 23-May-18   | 7,940                                | 502.32             | 1,93,346                               | 9.70  |
| 1st April – 30st April 2018 | 543.95   | 2-Apr-18     | 7,455                                | 502.55  | 2-Apr-18    | 10,685                               | 524.24             | 1,78,378                               | 9.36  |

Source: [www.bseindia.com](http://www.bseindia.com)

\*Arithmetical average of closing prices

#High and low are based on high and low of daily prices

^The Equity Shares of the Company were listed on BSE on August 11, 2017.

16.3 The high, low and average market prices for the last financial three years (April to March periods) and the monthly high, low and average market prices for the six months preceding the Public Announcement i.e. October 17, 2018 and the corresponding volumes on NSE are as follows:

| Period                   | High (₹)# | Date of High | Number of Shares traded on that date | Low (₹) | Date of Low | Number of Shares traded on that date | Average Price* (₹) | Number of shares traded in that period | Total volume traded in period |
|--------------------------|-----------|--------------|--------------------------------------|---------|-------------|--------------------------------------|--------------------|--|-------------------------------|
| <b>3 Years</b>           |           |              |                                      |         |             |                                      |                    |  |                               |
| FY 18 (Apr 17 – Mar 18)^ | N. A.     |              |                                      |         |             |                                      |                    |  |                               |
| FY 17 (Apr 16 - Mar 17)^ | N. A.     |              |                                      |         |             |                                      |                    |  |                               |
| FY 16 (Apr 15 -          | 599.00    | 24-Nov-      | 12,64,634                            | 435.00  | 11-Aug-     | 2,76,17,037                          | 541.13             | 11,59,16,775                           | 6,243.11                      |

| Period                      | High (₹)# | Date of High | Number of Shares traded on that date | Low (₹) | Date of Low | Number of Shares traded on that date | Average Price* (₹) | Number of shares traded in that period | Total volume traded in period |
|-----------------------------|-----------|--------------|--------------------------------------|---------|-------------|--------------------------------------|--------------------|--|-------------------------------|
| Mar 16)^                    |           | 17           |                                      |         | 17          |                                      |                    |  |                               |
| <b>6 months</b>             |           |              |                                      |         |             |                                      |                    |  |                               |
| 1st Sep - 30th Sep 2018     | 435.00    | 24-Sep-18    | 2,32,635                             | 388.00  | 28-Sep-18   | 1,26,526                             | 414.05             | 23,95,219                              | 99.49                         |
| 1st Aug – 31st Aug 2018     | 462.95    | 13-Aug-18    | 71,966                               | 421.00  | 31-Aug-18   | 1,83,289                             | 441.65             | 20,15,364                              | 88.89                         |
| 1st Jul – 31st Jul 2018     | 457.95    | 10-Jul-18    | 9,70,680                             | 424.05  | 20-Jul-18   | 44,189                               | 436.19             | 23,99,278                              | 104.85                        |
| 1st Jun- 30th Jun 2018      | 514.15    | 1-Jun-18     | 63,476                               | 430.10  | 28-Jun-18   | 65,504                               | 465.01             | 30,30,223                              | 141.45                        |
| 1st May – 31st May 2018     | 533.90    | 2-May-18     | 35,009                               | 475.00  | 23-May-18   | 96,771                               | 502.28             | 21,38,746                              | 106.99                        |
| 1st April – 30st April 2018 | 544.20    | 26-Apr-18    | 85,851                               | 502.00  | 3-Apr-18    | 40,115                               | 524.70             | 15,43,202                              | 81.17                         |

Source: [www.nseindia.com](http://www.nseindia.com)

\*Arithmetical average of closing prices

#High and low are based on high and low of daily prices

^The Equity Shares of the Company were listed on NSE on August 11, 2017.

- 16.4 Notice of the Board Meeting convened to consider the proposal of the Buyback was given to the BSE and NSE on October 10, 2018. The Board, at its meeting held on October 16, 2018, approved the proposal for the Buyback at ₹ 455/- per share and the intimation was sent to BSE and NSE on the same day. The closing market price of the Company as on October 15, 2018 (being one working day prior to the date on which the Board Meeting was held to approve the Buyback), on BSE was ₹ 402.20, and on NSE was ₹ 401.90, respectively. The closing market price on October 16, 2018 (being the date of Board Meeting) was ₹ 400.05 on BSE and ₹ 399.75 on NSE. The closing market price on October 17, 2018 (being the date after the date of the Board Meeting) was ₹ 387.10 on BSE and ₹ 387.75 on NSE.

## 17. DETAILS OF STATUTORY APPROVALS

- 17.1 The Buyback offer is subject to approvals, if any required, under the provisions of the Act, the Buyback Regulations, FEMA and/or such other acts in force for the time being.
- 17.2 The Buyback of Shares from Non-Resident Shareholders Overseas Corporate Bodies (OCBs) and Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs), and members of foreign nationality, if any, etc., will be subject to approvals, if any, of the appropriate authorities, including RBI under FEMA, as applicable. It is the obligation of such Non-Resident Shareholders, to obtain such approvals and submit such approvals along with the tender form, so as to enable them to tender equity shares in the buyback and for the Company to purchase such Equity Shares, tendered. The Company will have the right to make payment to the Eligible Shareholders in respect of whom no prior RBI approval is required and not accept Equity Shares from the Eligible Shareholders in respect of whom prior RBI approval is required in the event copies of such approvals are not submitted.
- 17.3 By agreeing to participate in the Buyback the Non-Resident Shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide

assistance to the Company for such regulatory reporting, if required by the Company.

- 17.4 As of date, there is no other statutory or regulatory approval required to implement the Buyback, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buyback Offer will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback Offer, if any, shall be intimated to the Stock Exchanges.

## 18. DETAILS OF THE REGISTRAR TO THE BUYBACK AND INVESTOR SERVICE CENTRE

The Company has appointed the following as the Registrar to the Buyback:



**Name** : **Link Intime India Private Limited**  
**Address** : C 101, 1<sup>st</sup> Floor, 247 Park, L B S Marg,  
Vikhroli West, Mumbai 400 083  
Maharashtra, India  
**Contact Person** : Mr. Sumeet Deshpande  
**Phone** : +91 (22) 4918 6200  
**Fax** : +91 (22) 4918 6195  
**Email** : cochinshipyard.buyback@linkintime.co.in  
**Website** : www.linkintime.co.in  
**CIN** : U67190MH1999PTC118368  
**SEBI Registration Number:** INR000004058

In case of any query, the Shareholders may contact the Registrar to the Buyback, from Monday to Friday between 10:00 a.m. to 5:00 p.m. on all working days except public holidays at the above-mentioned address.

Eligible Shareholders are required to submit their form(s) with their broker for bidding. After entering a valid bid, the Seller Broker/Eligible Shareholder, shall send the Tender Form, along with the requisite documents, either by registered post / courier, to the Registrar to the Buyback, superscribing the envelope as "Cochin Shipyard Limited Buyback Offer 2018", or hand deliver the same to the Registrar at the address mentioned above in paragraph 18. Eligible Shareholders holding Equity Shares in the dematerialized form are requested to refer to paragraph 20.22.

**PLEASE NOTE THAT IT IS NOT MANDATORY FOR ELIGIBLE SHAREHOLDERS HOLDING AND TENDERING EQUITY SHARES IN DEMAT FORM TO SUBMIT THE TENDER FORM AND THE TRS.**

**ELIGIBLE SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE TENDER FORM, TRS AND OTHER RELEVANT DOCUMENTS SHOULD NOT BE SENT TO THE COMPANY OR TO THE MANAGERS TO THE BUYBACK.**

## 19. PROCESS AND METHODOLOGY FOR THE BUYBACK

- 19.1 The Company proposes to Buyback upto 43,95,610 Equity Shares from the existing Eligible Shareholders of Equity Shares of the Company, on a proportionate basis, through the Tender Offer route at a price of ₹ 455/- (Rupees four hundred and fifty five only) per Equity Share, payable in cash for an aggregate amount not exceeding ₹ 200,00,02,550/- (Rupees two hundred crore two thousand five hundred and fifty only), which represents 6.41% of the aggregate of the fully paid-up equity share capital and free reserves as per the last audited standalone financial statements of the Company and 6.40% of the aggregate of the fully paid-up equity share capital and free reserves as per the last audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and is therefore within the limit of 10% (for a Buyback under the board approval route as provided for under the first proviso to Section 68(2)(b) of the Act) of the Company's total paid-up equity share capital and free reserves as per the last audited accounts for the financial year ended March 31, 2018. The maximum number of Equity Shares proposed to be bought back represents approximately 3.23% of the total paid-up equity share capital of the

Company as on March 31, 2018. The Buyback is in accordance with Article 7B of the Articles of Association of the Company and subject to the provisions of Section 68, 69 and 70 and all other applicable provisions, if any, of the Companies Act and in compliance with Buyback Regulations and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to SEBI, Stock Exchanges, RBI etc.

- 19.2 The aggregate shareholding of the Promoter as on the date of the public announcement i.e. October 17, 2018 is 10,19,52,000 Equity Shares, which represents 75.00% of the existing equity share capital of the Company. In terms of the Buyback Regulations, under the Tender Offer route, the Promoter of the Company, has the option to participate in the Buyback. In this regard, the Promoter of the Company has expressed its intention vide a letter dated October 16, 2018, to participate in the Buyback and offer up to an aggregate maximum of 43,95,610 Equity Shares as detailed below or any such lower number of Equity Shares in accordance with the Buyback Regulations in the following manner:

| Sr. No. | Name  | Maximum number of shares intended to tender |
|---------|---|---|
| 1.      | President of India acting through Ministry of Shipping, Government of India | 43,95,610                                   |

- 19.3 Assuming response to the Buyback Offer is to the extent of 100% from all the Eligible Shareholders upto their entitlement (full acceptance), post Buyback the aggregate shareholding of the Promoter will be 9,89,50,191 Equity Shares, representing 75.22% of the post Buyback equity share capital of the Company i.e. an increase of 0.22% (rounded-off) from their present holding of 75.00% of the pre Buyback equity share capital of the Company.

19.4 **Record Date, Ratio of Buyback as per the Buyback Entitlement of each category**

- a. The Board of Directors on October 16, 2018 has fixed Wednesday, the October 31, 2018 as the Record Date for the purpose of determining the entitlement and the names of the Equity Shareholders, who are eligible to participate in the Buyback Offer.
- b. The Equity Shares proposed to be bought back by the Company shall be divided in two categories:
  1. Reserved category for Small Shareholders ( "**Reserved Category**" ); and
  2. General category for all Eligible Shareholders other than Small Shareholders ("**General Category**")
- c. As defined under Regulation 2(i)(n) of the Buyback Regulations, a "Small Shareholder" is a Shareholder who holds Equity Shares whose market value, on the basis of closing price on NSE as on Record Date, is not more than ₹ 2,00,000/- (Rupees Two Lakh only). As on the Record Date, the closing price on NSE, having the highest trading volume was ₹ 387.00 per Equity Share, accordingly all Shareholders holding not more than 516 Equity Shares as on the Record Date are classified as 'Small Shareholders' for the purpose of the Buyback Offer.
- d. Based on the above definition, there are 1,73,393 Small Shareholders with aggregate shareholding of 90,39,214 Equity Shares, as on the Record Date, which constitutes 6.65% of the outstanding number of Equity Shares of the Company and 205.64% of the maximum number of Equity Shares which are proposed to be bought back as part of this Buyback Offer.
- e. In compliance with Regulation 6 of the Buyback Regulations, the reservation for the Small Shareholders, will be 6,59,342 Equity Shares which is higher of:
  - i. Fifteen percent of the number of Equity Shares which the Company proposes to Buyback i.e. 15% of 43,95,610 Equity Shares which works out to 6,59,342 Equity Shares; or
  - ii. The number of Equity Shares to which the Small Shareholders are entitled, as per their shareholding as on Record Date i.e.  $[(90,39,214/13,59,36,000) \times 43,95,610]$

which works out to 2,92,291 Equity Shares.

All the outstanding fully paid up Equity Shares have been used for computing the entitlement of Small Shareholders since the Promoter also intend to offer Equity Shares held by them in the Buyback.

- f. Based on the above analysis and in accordance with Regulation 6 of the Buyback Regulations, 6,59,342 Equity Shares have been reserved for the Small Shareholders ("**Reserved Category**") and accordingly, the General Category for all other Eligible Shareholders shall consist of 37,36,268 Equity Shares ("**General Category**").
- g. Based on the above, the entitlement ratio of Buyback for both categories is decided as below:

**Category Entitlement Ratio of Buyback**

| Category          | Entitlement Ratio of Buyback*   |
|-------------------|---|
| Reserved Category | 7 Equity Shares out of every 96 fully paid-up Equity Shares held on the Record Date |
| General Category  | 1 Equity Shares out of every 34 fully paid-up Equity Shares held on the Record Date |

*\*The above Ratio of Buyback is approximate and providing indicative Buyback Entitlement. Any computation of entitled Equity Shares using the above Ratio of Buyback may provide a slightly different number due to rounding-off. The actual Buyback Entitlement for Reserved category for Small Shareholders is 7.2942404% and General category for all other Eligible Shareholders is 2.9443362%.*

**19.5 Fractional entitlements**

If the entitlement under Buyback, after applying the above mentioned ratios to the Equity Shares held on Record Date, is not a round number (i.e. not in the multiple of 1 Equity Share) then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buyback Offer, for both categories of Eligible Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold 13 or less Equity Shares as on Record Date, will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender additional Equity Shares as part of the Buyback Offer and will be given preference in the acceptance of one Equity Share, if such Small Shareholders have tendered additional Equity Shares.

**19.6 Basis of acceptance of Equity Shares validly tendered in the Reserved Category**

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buyback Offer by the Small Shareholders in the Reserved Category in the following order of priority:

- a. Full acceptance (100%) of Shares from Small Shareholders in the Reserved Category who have validly tendered their Shares, to the extent of their Buyback Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 19.6.(a) above, in case, there are any Shares left to be bought back from the Small Shareholders in the Reserved Category, the Small Shareholders who were entitled to tender zero Shares (on account of fractional entitlement), and have tendered additional Shares, shall be given preference and one Equity Share each from the additional Shares tendered by these Small Shareholders shall be bought back in the Reserved Category.
- c. Post the acceptance as described in paragraph 19.6(a) and (b), in case, there are any validly tendered unaccepted Shares in the Reserved Category ("**Reserved Category Additional Shares**") and Shares left to be bought back in Reserved Category, the Reserved Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buyback Regulations, i.e. valid acceptances per Eligible Shareholder shall be equal to the Reserved Category Additional Shares tendered by the Eligible Shareholder divided by the total Reserved Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in Reserved Category. For the purpose of this calculation, the Reserved Category

Additional Shares taken into account for such Small Shareholders, from whom one Equity Share has been accepted in accordance with paragraph 19.6(b), shall be reduced by one.

- d. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 19.6(c), will be made as follows:
- For any Small Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 (one) and the fractional acceptance is greater than or equal to 0.50 (point five zero), then the fraction would be rounded off to the next higher integer.
  - For any Small Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

#### 19.7 **Basis of acceptance of Equity Shares validly tendered in the General Category**

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buyback Offer by Eligible Shareholders (other than Small Shareholders) in the General Category in the following order of priority:

- a. Full acceptance (100%) of Shares from Eligible Shareholders in the General Category who have validly tendered their Shares, to the extent of their Buyback Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 19.7 (a), in case, there are any validly tendered unaccepted Shares in the General Category ("**General Category Additional Shares**") and Shares left to be bought back in General Category, the General Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buyback Regulations, i.e. valid acceptances per Shareholder shall be equal to the General Category Additional Shares by the Shareholder divided by the total General Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in General Category.
- c. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 19.7 (b), will be made as follows:
- For any Eligible Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
  - For any Eligible Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

#### 19.8 **Basis of acceptance of Equity Shares between the two categories**

- a. After acceptances of tenders, as mentioned in paragraph 19.6 and 19.7, in case, there are any Shares left to be bought back in one category ("**Partially Filled Category**") and there are additional unaccepted validly tendered Shares ("**Further Additional Shares**") in the second category ("**Over Tendered Category**"), then the Further Additional Shares in the Over Tendered Category shall be accepted in a proportionate manner i.e. valid acceptances per Shareholder shall be equal to Further Additional Shares validly tendered by the Shareholder in the Over Tendered Category divided by the total Further Additional Shares in the Over Tendered Category and multiplied by the total Shares left to be bought back in the Partially Filled Category.
- b. If the Partially Filled Category is the General Category and the Over Tendered Category is the Reserved Category, then any Small Shareholder who has received a Tender Form with zero Buyback Entitlement and who has tendered Additional Shares shall be eligible for priority acceptance of one Equity Share before acceptance in paragraph 19.8(a) out of the Shares left to be bought back in the Partially Filled Category provided no acceptance could take place from such Shareholder in accordance with paragraph 19.6.
- c. Adjustment for fraction results in case of proportionate acceptance, as defined in paragraph

19.8(a) and (b):

- For any Eligible Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
- For any Eligible Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

In case of any practical issues, resulting out of rounding-off of Shares or otherwise, the Buyback Committee or any person(s) authorized by the Buyback Committee will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares after allocation of Equity Shares as set out in the process described in paragraph 19.

**19.9 For avoidance of doubt, it is clarified that, in accordance with the clauses above:**

- Shares accepted under the Buyback from each Eligible Shareholder, shall be lower of the following:
  - the number of Shares tendered by the respective Eligible Shareholder and
  - the number of Shares held by the respective Eligible Shareholder, as on the Record Date.
- Shares tendered by any Eligible Shareholder over and above the number of Shares held by such Eligible Shareholder as on the Record Date shall not be considered for the purpose of acceptance.

**19.10 Clubbing of Entitlement**

In order to ensure that the same shareholders with multiple demat accounts/ folios do not receive a higher entitlement under the Small Shareholder category, the Company will club together the Equity Shares held by such shareholders with a common PAN for determining the category (Small Shareholder or General) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the Equity Shares held in cases where the sequence of the PANs of the joint shareholders is identical. In case of Eligible Shareholders holding Equity Shares in physical form (provided tendering of Equity Shares held in physical form is permissible under the LODR Regulations or other applicable laws, as discussed in clauses (a), (b) and (c) of paragraph 20.23 of this Letter of Offer), where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the Equity Shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies, etc. with a common PAN will not be clubbed together for determining the category and will be considered separately where these Equity Shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the Depositories. Further, the Equity Shares held under the category of "clearing members" or "corporate body margin account" or "corporate body – broker" as per the beneficial position data as on Record Date with common PAN are not proposed to be clubbed together for determining their entitlement and will be considered separately, where these Equity Shares are assumed to be held on behalf of clients.

**20. PROCEDURE FOR TENDERING SHARES AND SETTLEMENT**

- 20.1 The Buyback is open to all Eligible Shareholders of the Company holding Equity Shares in dematerialized form on the Record Date. Please refer to paragraph 20.23 of this Letter of Offer for details regarding the procedure to be followed for tendering Equity Shares held in physical form in the Buyback.
- 20.2 The Company proposes to effect the Buyback through the Tender Offer route, on a proportionate basis. The Letter of Offer and Tender Form, outlining the terms of the Buyback as well as the detailed disclosures as specified in the Buyback Regulations, will be mailed/dispatched to Eligible

Shareholders.

- 20.3 The Eligible Shareholders who have registered their email IDs with the depositories / the Company, shall be dispatched the Letter of Offer through electronic means. The Eligible Shareholders who have not registered their email ids with the depositories / the Company, shall be dispatched the Letter of Offer through physical mode by registered post / speed post / courier. In case of non-receipt of Letter of Offer and the Tender Form, please follow the procedure as mentioned in paragraph 20.25 below.
- 20.4 An unregistered shareholder may also tender his shares for buy-back by submitting the duly executed transfer deed for transfer of shares, purchased prior to Record Date, in his name, along with the offer form, copy of his PAN card and of the person from whom he has purchased shares and other relevant documents as required for transfer, if any. For further details please refer to paragraph 20.23 of this Letter of Offer.
- 20.5 The Company will not accept any Equity Shares offered for Buyback which are under any restraint order of a court for transfer/ sale of such shares or where loss of share certificates has been notified to the Company and the duplicate share certificates have not been issued either due to such request being under process as per the provisions of law or otherwise. The Company shall comply with Regulation 24(v) of the Buyback Regulations which states that the Company shall not buyback locked-in Equity Shares and non-transferable Equity Shares till the pendency of the lock-in or till such Equity Shares become transferable. The Company shall also not accept the Equity Shares offered for Buyback where the title to such Equity Shares is under dispute or otherwise not clear.
- 20.6 Eligible Shareholders will have to transfer the Equity Shares from the same demat account in which they were holding the Equity Shares as on the Record Date and in case of multiple demat accounts, Eligible Shareholders are required to tender the applications separately from each demat account. In case of any changes in the demat account in which the Equity Shares were held as on Record Date, such Eligible Shareholders should provide sufficient proof of the same to the Registrar to the Buyback and such tendered Equity Shares may be accepted subject to appropriate verification and validation by the Registrar to the Buyback. The Board or Buyback Committee authorized by the Board will have the authority to decide such final allocation in case of non-receipt of sufficient proof by such Eligible Shareholder.
- 20.7 Eligible Shareholders' participation in Buyback is voluntary. Eligible Shareholders holding Equity Shares of the Company may choose to participate and get cash in lieu of shares to be accepted under the Buyback or they may choose not to participate. Eligible Shareholders holding Equity Shares of the Company may also accept a part of their entitlement. Eligible Shareholders holding Equity Shares of the Company also have the option of tendering Additional Shares (over and above their entitlement) and participate in the shortfall created due to non-participation of some other Eligible Shareholders, if any. The acceptance of any Equity Shares tendered in excess of the Buyback Entitlement by the Eligible Shareholder shall be in terms of the procedure outlined herein.
- 20.8 The maximum tender under the Buyback by any Eligible Shareholder cannot exceed the number of Equity Shares held by the Eligible Shareholder as on the Record Date.
- 20.9 The Company shall accept all the Equity Shares validly tendered for the Buyback by Eligible Shareholders, on the basis of their Buyback Entitlement as on the Record Date.
- 20.10 As elaborated under paragraph 19.4(g) above, the Equity Shares proposed to be bought as a part of the Buyback are divided into two categories: (a) Reserved Category for Small Shareholders and (b) the General Category for all other Eligible Shareholders. The Buyback Entitlement of Eligible Shareholders in each category shall be calculated accordingly.
- 20.11 Post acceptance of the Equity Shares tendered on the basis of Buyback Entitlement, Equity Shares left to be bought as a part of the Buyback, if any, in one category shall first be Accepted, in proportion to the Equity Shares tendered, over and above their Buyback Entitlement, by Eligible Shareholders in that category, and thereafter, from Eligible Shareholders who have tendered over and above their Buyback Entitlement, in other category.
- 20.12 The Buyback shall be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI Circular and following the procedure prescribed in the Companies Act, the Share Capital Rules and the Buyback Regulations and as may be determined by the Board



(including the Buyback committee authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.

- 20.13 For implementation of the Buyback, the Company has appointed Edelweiss Securities Limited as the registered broker to the Company (the “**Company's Broker**”) to facilitate the process of tendering of Equity Shares through Stock Exchange Mechanism for the Buyback as described in this paragraph 20.12. In the tendering process, the Company’s Broker may also process the orders received from the Eligible Shareholders. The contact details of the Company’s Broker are as follows

**Name:** Edelweiss Securities Limited

**Address:** Edelweiss House, 5th Floor, Off C.S.T. Road, Kalina, Mumbai 400 098

**Contact Person:** Atul Benke

**Tel:** + 91 22 6623 3325, Fax: + 91 22 4086 3610

**Email:** instops@edelweissfin.com

**Website:** <https://edelweissfin.com/>

**SEBI Registration No.:** INZ000166136

**CIN:** U67110AP1993PLC052266

- 20.14 The Company will request BSE to provide the separate acquisition window to facilitate placing of sell orders by shareholders who wish to tender Equity Shares in the Buyback. The BSE would be the designated stock exchange for the Buyback (“**Designated Stock Exchange**”). The details of the platform will be specified by BSE from time to time. In case Eligible Shareholders’ Stock Broker is not registered with BSE, Eligible Shareholders may choose to approach Company’s Broker to place its bid.
- 20.15 All Eligible Shareholders may place orders in the Acquisition Window, through their respective stock brokers (“**Seller Member(s)**”).
- 20.16 In the event Seller Member(s) are not registered with the Designated Stock Exchange or if the Eligible Shareholders do not have any stock broker then that Eligible Shareholders can approach any stock broker registered with the Designated Stock Exchange and can make a bid by using quick unique client code (“**UCC**”) facility through that stock broker registered with the Designated Stock Exchange after submitting the details as may be required by the stock broker to be in compliance with the Buyback Regulations. In case Eligible Shareholders is not able to bid using quick UCC facility through any other stock broker registered with the Designated Stock Exchange, then the Eligible Shareholders may approach Company’s Broker viz. Edelweiss Securities Limited, to bid by using quick UCC facility after submitting requisite documents.
- Eligible Shareholders approaching a stock broker registered with BSE (with whom they do not have an account) may have to submit the requisite documents as may be required. The requirement of documents and procedures may vary from broker to broker.
- 20.17 All Eligible Shareholders, through their respective Seller Member will be eligible and responsible to place orders in the acquisition window. All Eligible Shareholders can enter orders for Equity Shares in demat form.
- 20.18 During the Tendering Period, the order for selling the Equity Shares will be placed in the acquisition window by Eligible Shareholders through their respective Seller Members during normal trading hours of the secondary market.
- 20.19 Modification/ cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buyback offer. Multiple bids made by single Shareholder for selling the Equity Shares shall be clubbed and considered as ‘one’ bid for the purposes of acceptance.
- 20.20 The cumulative quantity tendered shall be made available on website of BSE at [www.bseindia.com](http://www.bseindia.com) throughout the trading session and will be updated at specific intervals during the Tendering Period.
- 20.21 All documents sent by the Eligible Shareholders will be at their own risk. Eligible Shareholders are advised to safeguard adequately their interests in this regard.
- 20.22 **Procedure to be followed by Eligible Shareholders holding Equity Shares in the dematerialised**

**form**

- a) Eligible Shareholders who desire to tender their Equity Shares in the electronic form under Buyback would have to do so through their respective Seller Member by indicating to their Seller Member the details of Equity Shares they intend to tender under the Buyback.
- b) The Seller Member would be required to place an order/ bid on behalf of the Eligible Shareholders who wish to tender Equity Shares in the Buyback using the acquisition window of the Designated Stock Exchange. Before placing the bid, the Eligible Shareholder would be required to transfer the tendered Equity Shares to the special account of the Clearing Corporation, by using the early pay in mechanism of the depository prior to placing the order/ bid on the platform of the Stock Exchanges by the Seller Member. For further details, Eligible Shareholders may refer to the circulars issued by BSE/ Clearing Corporation.
- c) The details of the settlement number of the special account of the Clearing Corporation under which the Equity Shares are to be transferred in the account of Clearing Corporation for the Buyback will be provided in a separate circular to be issued by the Clearing Corporation.
- d) For custodian participant orders for demat Equity Shares early pay-in is mandatory prior to confirmation of order/bid by custodian. The custodian shall either confirm or reject the orders not later than the closing of trading hours (i.e., 3:30 p.m.) on the last day of the Tendering Period (i.e., the Buyback Closing Date). Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed custodian participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- e) Upon placing the bid, the Seller Member shall provide a TRS generated by the exchange bidding system to the Eligible Shareholder. TRS will contain the details of order submitted like bid ID number, application number, DP ID, client ID, number of Equity Shares tendered, etc.
- f) Eligible Shareholders shall also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
  - i. Duly attested power of attorney, if any person other than the Eligible Shareholder has signed the Tender Form;
  - ii. Duly attested death certificate and succession certificate/ legal heirship certificate/court approved scheme of merger/amalgamation for a company, in case any Eligible Shareholder has expired; and
  - iii. In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
- g) in case of demat equity shares, submission of Tender Form and TRS is not mandatory. After the receipt of the demat Equity Shares by the Clearing Corporation and a valid bid in the exchange bidding system, the Eligible Shareholders holding Equity Shares in demat form have successfully tendered the Equity Shares in the Buyback.
- h) The Eligible Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated Buyback decided by the Company. Further, Eligible Shareholders will have to ensure that they keep the savings bank account attached with the DP account active and updated to receive credit remittance due to acceptance of Buyback of shares by the Company.
- i) The details of the account opened with DP as given below in to which the Equity Shares tendered are to be transferred:

|                       |  |
|-----------------------|--|
| DP ID                 | 12032300   |
| DP Name               | Edelweiss Broking Limited                        |
| Beneficiary Client ID | 02792840   |
| Client Account Name   | Cochin Shipyard Limited - Buyback Escrow Account |

## 20.23 Procedure to be followed by Eligible Shareholders holding Equity Shares in physical form

- a) As per the proviso to regulation 40(1) of the LODR Regulations (notified by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018), effective from December 5, 2018, transfers of securities shall not be processed unless the securities are held in the dematerialized form with a depository ("**LODR Amendment**").
- b) In the Buyback, considering the timelines of activities prescribed under the Buyback Regulations, the Buyback Closing Date and the acceptance of tendered shares (among other activities related to the Buyback) will be undertaken on or after December 5, 2018. Hence, in light of the LODR Amendment, it is advised that any of the Eligible Shareholders who are desirous of tendering their Equity Shares in physical form should do so only after the shares are dematerialized. Such Eligible Shareholders are advised to approach the concerned depository participant to have their Equity Shares dematerialized.
- c) However, should the LODR Regulations or any other applicable laws permit the processing of acceptance of Equity Shares held in physical form tendered during the Buyback as on the date of such acceptance, the procedure for tendering to be followed by Eligible Shareholders holding Equity Shares in the physical form is as detailed below, subject to any modifications to the procedure as may be provided under the LODR Regulations or any other applicable laws.
- d) Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Seller Members along with the complete set of documents for verification procedures to be carried out including the (i) original share certificate(s), (ii) valid share transfer form(s) (i.e., form SH-4) duly filled and signed by the transferors (i.e. by all registered Eligible Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Company, (iii) self-attested copy of the Eligible Shareholder's PAN Card, (iv) the Tender Form duly signed (in case the Equity Shares are in joint names, the Tender Form must be signed by all Eligible Shareholders in the same order in which they hold the Equity Shares), and (v) any other relevant documents such as power of attorney, corporate authorization (including board resolution/ specimen signature), notarized copy of death certificate and succession certificate or probated will, if the original shareholder has deceased, etc., as applicable. In addition, if the address of an Eligible Shareholder has undergone a change from the address registered in the Register of Members of the Company, such Eligible Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.
- e) Based on the documents mentioned in paragraph 20.23(d) above, the concerned Seller Member shall place the bid on behalf of the Eligible Shareholder holding Equity Shares in physical form who wishes to tender Equity Shares in the Buyback using the acquisition window of the Stock Exchanges. Upon placing the bid, the Seller Member shall provide a TRS generated by the Stock Exchanges' bidding system to the Eligible Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- f) After placing the Bid, the Seller Member of the Eligible Shareholder has to deliver the original share certificate(s) and documents (as mentioned in paragraph 20.23(d) above along with TRS either by registered post or courier or hand delivery to the Registrar (at the address mentioned at paragraph 18 above not later than 2 (two) days from the Buyback Closing Date, by Thursday, December 13, 2018 by 5:00 p.m. The envelope should be super scribed as "Cochin Shipyard Limited Buyback Offer 2018". One copy of the TRS will be retained by Registrar and it will provide acknowledgement of the same to the Seller Member/ Eligible Shareholder.
- g) Eligible Shareholder holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents are submitted. Acceptance of the physical Equity Shares for the Buyback shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard. The Registrar will verify such bids based on the documents submitted on a daily basis and till such time the Stock Exchanges shall display such bids as 'unconfirmed physical bids'. Once the Registrar confirms the bids, it will be treated as 'confirmed bids'.

- h) All documents as mentioned above, shall be enclosed with the valid Tender Form, otherwise the Equity Shares tendered will be liable for rejection. The Equity Shares shall be liable for rejection on the following grounds amongst others: (i) If there is any other company's equity share certificate(s) enclosed with the Tender Form instead of the Equity Share certificate(s) of the Company; (ii) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders; (iii) If the Eligible Shareholders tender Equity Shares but the Registrar to the Buyback does not receive the Equity Share certificate(s); (iv) In case the signature on the Tender Form and Form SH-4 does not match as per the specimen signature recorded with Company/Registrar and Transfer Agent of the Company.
- i) In case any Eligible Shareholder has submitted Equity Shares in physical form for dematerialization, such Eligible Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Buyback before Buyback Closing Date.

**20.24 For Equity Shares held by Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (Read with paragraph 17 "Details of the Statutory Approvals"):**

- a) Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
- b) In case the Equity Shares are held on repatriation basis, the Non-Resident Eligible Shareholder shall obtain and enclose a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the non-resident Eligible Shareholder from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non-Resident Seller is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non-repatriation basis and in that case the Non-Resident Seller shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Equity shares accepted under the Buyback.
- c) If any of the above stated documents (as applicable) are not enclosed along with the Tender Form, the Equity Shares tendered under the Buyback are liable to be rejected.

**THE NON RECEIPT OF THE LETTER OF OFFER BY, OR ACCIDENTAL OMISSION TO DISPATCH THE LETTER OF OFFER TO ANY PERSON WHO IS ELIGIBLE TO RECEIVE THE SAME TO PARTICIPATE IN THE BUYBACK, SHALL NOT INVALIDATE THE BUYBACK OFFER IN ANY WAY.**

**20.25 In case of non-receipt of the Letter of Offer:**

- a) **In case the Equity Shares are in dematerialised form:** If any Eligible Shareholder who has been sent the Letter of Offer through electronic means wishes to obtain a physical copy of the Letter of Offer, they may send a request in writing to the Company or Registrar at the address or email id mentioned at the cover page of the Letter of Offer stating name, address, number of Equity Shares held on Record Date, client ID number, DP name / ID, beneficiary account number. Upon receipt of such request, a physical copy of the Letter of Offer shall be provided to such Eligible Shareholder. An Eligible Shareholder may participate in the Buyback by downloading the Tender Form from the website of the Company i.e. [www.cochinshipyard.com](http://www.cochinshipyard.com) or the website of the Registrar, [www.linkintime.co.in](http://www.linkintime.co.in) or by providing their application in writing on plain paper, signed by all Equity Shareholders, stating name and address of Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP Name/ ID, beneficiary account number and number of Equity Shares tendered for the Buyback
- b) **In case the Equity Shares are in physical form** (provided tendering of Equity Shares held in physical form is permissible, as discussed in clauses (a), (b) and (c) of paragraph 20.23 of this Letter of Offer): An Eligible Shareholder may participate in the Buyback by providing their application in writing on plain paper signed by all Eligible Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buyback and the distinctive numbers thereof, enclosing the original share certificate(s), copy of Eligible Shareholders' PAN card(s) and executed share transfer form in favour of the Company. The transfer form SH-4 can be downloaded from the Company's website i.e. [www.cochinshipyard.com](http://www.cochinshipyard.com). After placing the Bid through Seller Member, the Seller Member of the Eligible Shareholders must ensure that the Tender Form,

along with the TRS and requisite documents (as mentioned in paragraph 20.23(d) above), reach the Registrar not later than 2 (two) days from the Buyback Closing Date, Thursday, December 13, 2018 by 5:00 p.m. If the signature(s) of the Eligible Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar and Transfer Agent of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buyback.

**Please note that Eligible Shareholder(s) who intend to participate in the Buyback will be required to approach their respective Seller Member (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Member or broker in the electronic platform to be made available by the Designated Stock Exchange before the Buyback Closing Date.**

**The Company shall accept Equity Shares validly tendered by the Eligible Shareholder(s) in the Buyback on the basis of their shareholding as on the Record Date and the Buyback Entitlement. Eligible Shareholder(s) who intend to participate in the Buyback using the 'plain paper' option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buyback Offer, before participating in the Buyback.**

- c) The participation of the Eligible Shareholders in the Buyback is entirely at the discretion of the Eligible Shareholders. The Company does not accept any responsibility for the decision of any Eligible Shareholder to either participate or to not participate in the Buyback. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Eligible Shareholders are advised to adequately safeguard their interest in this regard.

#### 20.26 Method of Settlement

Upon finalization of the basis of acceptance as per Buyback Regulations:

- 1 The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market and as intimated by the Clearing Corporation from time to time and in compliance with the SEBI Circular.
- 2 The Company will pay the consideration to the Company's Broker who will transfer the funds pertaining to the Buyback to the Clearing Corporation's bank accounts as per the prescribed schedule. For demat Equity Shares accepted under the Buyback, the Clearing Corporation will make direct funds payout to respective Eligible Shareholders. If Eligible Shareholders' bank account details are not available or if the funds transfer instruction is rejected by RBI/Bank, due to any reason, such funds will be transferred to the concerned Seller Members' settlement bank account for onward transfer to such Eligible Shareholders holding Equity Shares in dematerialized form.
- 3 In case of certain client types viz. Non-Resident Shareholders. (where there may be specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Seller Member's settlement accounts for releasing the same to the respective Eligible Shareholder's account. For this purpose, the client type details would be collected from the Depositories, whereas amount payable to the Eligible Shareholder pertaining to the bids settled through custodians will be transferred to the settlement bank account of the custodian, each in accordance with the applicable mechanism prescribed by the BSE and the Clearing Corporation from time to time.
- 4 For the Eligible Shareholders holding Equity Shares in physical form (provided tendering of Equity Shares held in physical form is permissible under the LODR Regulations or other applicable laws, as discussed in clauses (a), (b) and (c) of paragraph 20.23 of this Letter of Offer), the funds payout would be given to their respective Seller Member's settlement accounts for releasing the same to the respective Eligible Shareholder's account.
- 5 The Equity Shares bought back in demat form would be transferred directly to the demat account of the Company opened for the Buyback ("**Company Demat Account**") provided it is indicated by the Company's Broker or it will be transferred by the Company's Broker to the Company Demat Account on receipt of the Equity Shares from the clearing and settlement mechanism of BSE.

- 6 The Eligible Shareholders will have to ensure that they keep the DP account active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance of shares under the Buyback.
- 7 Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Eligible Shareholders would be returned to them by the Clearing Corporation directly to the respective Eligible Shareholder's DP account, as part of the exchange payout process. If the securities transfer instruction is rejected in the depository system, due to any issue then such securities will be transferred to the Seller Member's depository pool account for onward transfer to the Eligible Shareholder. In case of custodian participant orders, excess demat Shares or unaccepted demat Shares, if any, will be returned to the respective custodian participant. The Seller Members would return these unaccepted Equity Shares to their respective clients on whose behalf the bids have been placed.
- 8 Provided tendering of Equity Shares held in physical form is permissible under the LODR Regulations or other applicable laws, as discussed in clauses (a), (b) and (c) of paragraph 20.23 of this Letter of Offer, any excess physical Equity Shares pursuant to proportionate acceptance/rejection will be returned back to the Eligible Shareholders directly by the Registrar. The Company is authorized to split the share certificate and issue new consolidated share certificate for the unaccepted Equity Shares, in case the Equity Shares accepted by the Company are less than the Equity Shares tendered in the Buyback by Eligible Shareholders holding Equity Shares in the physical form.
- 9 The Company's Broker would also issue a contract note to the Company for the Equity Shares Accepted under the Buyback. If Eligible Shareholders bank account details are not available or if the fund transfer instruction is rejected by RBI or bank, due to any reasons, then the amount payable to Eligible Shareholders will be transferred to the Seller Member for onward transfer to the Eligible Shareholder.
- 10 Eligible Shareholders who intend to participate in the Buyback should consult their respective Seller Members for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the Eligible Shareholders for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the Eligible Shareholders from their respective Seller Members, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Manager and the Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the Eligible Shareholders.
- 11 The Equity Shares lying to the credit of the Company Demat Account and the Equity Shares bought back and accepted in physical form (provided tendering of Equity Shares held in physical form is permissible under the LODR Regulations or other applicable laws, as discussed in clauses (a), (b) and (c) of paragraph 20.23 of this Letter of Offer) will be extinguished in the manner and following the procedure prescribed in the Regulations.

#### **20.27 Rejection Criteria**

The Equity Shares tendered by Eligible Shareholders would be liable to be rejected on the following grounds:

For Eligible Shareholders holding shares in the dematerialized form if:

- a) the Shareholder is not a Eligible Shareholder of the Company as on the Record Date; or
- b) If there is a name mismatch in the dematerialised account of the Shareholder and PAN.

For Eligible Shareholders holding Equity Shares in the physical form if (provided tendering of Equity Shares held in physical form is permissible under the LODR Regulations or other applicable laws, as discussed in clauses (a), (b) and (c) of paragraph 20.23 of this Letter of Offer):

- a) The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before Thursday, December 13, 2018 by 5:00p.m.;
- b) If there is any other company's share certificate enclosed with the Tender Form instead of the share certificate of the Company;

- c) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
- d) If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
- e) In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar and Transfer Agent.
- f) The documents mentioned in instruction number 3 and 4 of the Tender Form for physical Equity Shareholders are not received by the Registrar before the close of business hours to the Registrar on or before Thursday, December 13, 2018 by 5 p.m.
- g) Where there exists any restraint order of a Court/ any other competent authority for transfer / disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.

## 21. NOTE ON TAXATION

**IN VIEW OF THE PARTICULARIZED NATURE OF TAX CONSEQUENCES, ELIGIBLE SHAREHOLDERS ARE REQUIRED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE TAX OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE**

THE SUMMARY OF THE TAX CONSIDERATIONS IN THESE PARAGRAPHS ARE BASED ON OUR UNDERSTANDING OF THE CURRENT PROVISIONS OF THE TAX LAWS OF INDIA AND THE REGULATIONS THEREUNDER, THE JUDICIAL AND THE ADMINISTRATIVE INTERPRETATIONS THEREOF, WHICH ARE SUBJECT TO CHANGE OR MODIFICATION BY SUBSEQUENT LEGISLATIVE, REGULATORY, ADMINISTRATIVE OR JUDICIAL DECISIONS, ANY SUCH CHANGES COULD HAVE DIFFERENT TAX IMPLICATIONS.

THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE. THEREFORE, ELIGIBLE SHAREHOLDERS CANNOT RELY ON THIS ADVICE AND THE SUMMARY TAX IMPLICATIONS RELATING TO THE TREATMENT OF INCOME TAX IN THE CASE OF BUY BACK OF LISTED EQUITY SHARES ON THE STOCK EXCHANGE SET OUT BELOW SHOULD BE TREATED AS INDICATIVE AND FOR GUIDANCE PURPOSES ONLY.

### 1. GENERAL.

The basis of charge of Indian Income –Tax depends upon the residential status of the taxpayer during a tax year. The Indian tax year runs from 1st April until 31st March. A person who is an Indian tax resident is liable to taxation in India on his worldwide income, subject to certain tax exemptions, which are provided under the Income Tax Act.

A person who is treated as non – resident for Indian Income-Tax purposes is generally subject to tax in India only on such person's India accrued income or income received by such person in India. Any gains arising to a non – resident on transfer of Equity Shares should be taxable in India under the Income Tax Act. Further, the non – resident can avail the beneficial provisions of the DTAA between India and the respective jurisdiction of the shareholder subject to meeting relevant conditions and providing necessary documents as prescribed under the Income Tax Act.

The Income Tax Act also provides for different tax regimes/ rates applicable to the gains arising on buyback of shares, based on the period of holding, residential status and category of the shareholder, nature of the income earned, etc. The summary of tax implications on buyback of listed equity shares on the stock exchange is set out below. All references to equity shares in this note refer to listed equity shares unless stated otherwise.

### 2. CLASSIFICATION OF SHAREHOLDERS.

Shareholders can be classified under the following categories:

#### a. Resident Shareholders being:

- Individuals, Hindu Undivided Family (HUF), Association of Persons (AOP) and Body of individuals (BOI)
- Companies

- Co-Operative Societies

**b. Non Resident Shareholders being:**

- Non Resident Individuals
- Foreign institutional Investors (FIIs) and Foreign Portfolio Investors (FPIs)
- Others:
  - Company
  - Other than Company

**3. CLASSIFICATION OF INCOME.**

Shares can be classified under the following 2 (two) categories:

- Shares held as investment (income from transfer taxable under the head “Capital Gains”)**
- Shares held as stock-in-trade (income from transfer taxable under the head “Profit and Gains from Business or Profession)**

Gains arising from the transfer of shares may be treated either as “capital gains” or as “business income” for tax purposes, depending upon whether such shares were held as a capital asset or trading asset (i.e. stock-in-trade). Traditionally, the issue of characterization of income arising from sale of shares has been a subject matter of litigation with the tax authorities. The apex body of Income- tax has issued Circular no. 6 of 2016, as per which, if the taxpayer opts to consider the shares as stock-in-trade, the income arising from the transfer of such shares would be treated as its business income. Also, if such shares are held for a period of more than 12 months, and the taxpayer desires to treat the income arising from the transfer thereof as “capital gains”, the same shall not be put to dispute by the Tax Officer.

Further, investments by FII in any securities in accordance with the regulations made under the Securities Exchange Board of India Act, 1992 would be treated as capital asset under the provisions of the Income Tax Act.

**4. SHARES HELD AS INVESTMENT.**

As per the provisions of the Income Tax Act, where the shares are held as investments, income arising from the transfer of such shares is taxable under the head “Capital Gains”. Capital gains on buyback of shares are governed by the provisions of Section 46A of the Income Tax Act and would attract capital gains in the hands of shareholders as per provisions of Section 48 of the Income Tax Act. Exemption under section 10(34A) of the Income Tax Act is not applicable to buy back of shares of listed companies. The provisions of buy back under Section 115QA in Chapter XII-DA of the Income Tax Act do not apply for shares listed on the stock exchange.

**For non – residents, capital gains would be subject to taxability under the Income Tax Act or beneficial provisions of applicable Double Taxation Avoidance Agreement (“DTAA”), whichever is more beneficial. However, in order to avail the benefits of DTAA, the non-resident shareholder shall obtain the certificate referred to in sub-section (4) of section 90 of the Income Tax Act and shall also furnish the prescribed particulars referred to in sub-section (5) of section 90 of the Income Tax Act.**

**4.1 Period of holding.**

Depending on the period for which the shares are held, the gains would be taxable as “short term capital gain” or “long term capital gain”:

- In respect of equity shares held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a short term capital asset, and the gains arising there from shall be taxable as “short term capital gains” (“**STCG**”).
- Similarly, where equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a long- term capital asset, and the gains arising there from shall be taxable as “long – term capital gains” (“**LTCG**”).

**4.2 Buy back of shares through a recognized stock exchange.**

Since the buyback is undertaken on the stock exchange, such transaction is chargeable to Securities Transaction Tax (“**STT**”). STT is a tax payable in India on the value of securities on every purchase or sale of securities that are listed on the Indian Stock Exchange. Currently, the STT rate applicable on the



purchase or sale of shares on the stock exchange is 0.1% of the value of security.

Where transfer of such equity shares (i.e. buyback) is through a recognized stock exchange & subject to STT, then the taxability will be as under (for all categories of shareholders):

- Long Term Capital Gains tax from such transactions will be charged @ 10% under section 112A of the Income Tax Act. However, long term capital gains from such shares up to a maximum of Rs 1,00,000/- during the financial year is exempt from tax.
- STCG arising from such transaction would be subject to tax @ 15% under Section 111A of the Income Tax Act.

In addition, surcharge (at the applicable rates if income exceeds certain limits) and health and education cess @ 4% are applicable.

Non- resident shareholders can avail beneficial provisions of the applicable DTAA entered into by India with relevant country in which the shareholder is resident but subject to fulfilling relevant conditions and submitting the certificate referred to in sub-section (4) of section 90 of the Income Tax Act and the particulars referred to in sub-section (5) of the said section.

## **5. SHARES HELD AS STOCK-IN-TRADE.**

If the shares are held as stock-in-trade by any of the shareholders of the Company, then the gains would be characterized as business income and taxable under the head "Profits and Gains from Business or Profession". In such a case, the provisions of Section 46A of the Income Tax Act will not apply.

### **5.1 Resident Shareholders.**

- a. For individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
- b. For persons other than stated in (a) above, profits would be taxable @ 30%. However, in the case of Domestic Companies where the turnover or gross receipts during the financial year 2016-17 does not exceed two hundred and fifty Crores, the rate of tax is 25%.

In addition, surcharge (at the applicable rates if the income exceeds certain limits) and health and education cess @ 4% will be applicable.

No benefit of indexation by virtue of period of holding would be available in any case.

### **5.2 Non Resident Shareholders.**

- a. Where DTAA provisions are applicable:

Non – resident shareholders can avail beneficial provisions of the applicable DTAA entered into by India with relevant country in which the shareholder is resident, but subject to fulfilling relevant conditions and submitting necessary documents prescribed under Section 90(4) and 90(5) of the Income Tax Act.

- b. Where DTAA provisions are not applicable:
  - For non-resident individuals, HUF, AOP, BOI, profits would be taxable at slab rates
  - For foreign companies, profits would be taxed in India @ 40%
  - For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%.

In addition to the above, Surcharge, Health and Education Cess @ 4% are leviable.

## **6. TAX DEDUCTION AT SOURCE**

### **6.1 In case of Resident Shareholders.**

In the absence of any specific provision under the Income Tax Act, the Company is not required to deduct tax on the consideration payable to resident shareholders pursuant to the said Buyback.

### **6.2 In case of Non – resident Shareholders.**

Since the buy-back is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is primarily on the non-resident shareholder. It is therefore important for the non-resident shareholders to suitably compute such gains (if any) on this transaction and immediately pay taxes in India (either through deduction at source or otherwise) in consultation with their custodians/authorized

dealers/ tax advisor/ stock broker appropriately. In the event, the Company is held liable for the tax liability of the Shareholder, the same shall be to the account of the Shareholder and to that extent the Company is entitled to be indemnified.

## **7. RATE OF SURCHARGE AND CESS.**

In addition to the basic tax rate, Surcharge, Health and Education Cess are leviable as under:

### **7.1 Surcharge**

- a. In case of foreign companies and FII: Surcharge is levied @2% on the amount of income tax if Total income exceeds Rs. 1 Crore but does not exceed Rs. 10 Crores and 5% on the amount of income-tax if total income exceeds Rs. 10 Crores.
- b. In the case of resident and non – resident individuals, association of persons and body of individuals, surcharge will be levied @ 10% if the income exceeds Rs 50 Lakhs but does not exceed Rs 1 Crore. If the income exceeds Rs 1 Crore, surcharge will be levied @ 15%.
- c. In case of domestic companies: Surcharge @ 7% is levied where the total income exceeds Rs. 1 Crore but does not exceed Rs. 10 Crores and @ 12% is levied where the total income exceeds Rs. 10 Crores.
- d. In case of Co-op. Societies, Firms & Local Authority: Surcharge @ 12% is leviable where the total income exceeds INR 1 Crore.

### **7.2 Cess.**

Health and Education Cess @4% is leviable in all cases on the amount of tax and surcharge, if any.

## **8. Notes.**

- a. The above note on taxation sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the disposal of equity shares.
- b. This note is neither binding on any regulators nor can provide any assurance that they will not take a position contrary to the comments mentioned herein. Hence, you should consult with your own tax advisors for the tax provisions applicable to your particular circumstances.
- c. All the above benefits are as the per the current tax laws (including amendments made by the Finance Act, 2018), legislation, its judicial; interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the benefits listed above. Accordingly, any changes or amendments in the law or relevant regulations would necessitate a review of the above.
- d. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the provisions of the relevant section under the relevant tax laws.

The tax rate and other provisions may undergo changes.

## **22. DECLARATION FROM THE BOARD OF DIRECTORS**

Declaration as required under clause (ix) and clause (x) of Schedule I to the Buyback Regulations read with Regulation 5 (iv) (b) of the Buyback Regulations:

The Board of Directors confirms that:

1. there are no defaults subsisting in the repayment of deposits or interest payment thereon, redemption of debentures or interest payment thereon, or redemption of preference shares, or payment of dividend due to any shareholder, or repayment of any term loans or interest payable thereon to any financial institution or banking company;
2. the Board of Directors of the Company has confirmed that it has made a full enquiry into the affairs and prospects of the Company and has formed an opinion that:
  - a. immediately following the date of the Board Meeting, there will be no grounds on which the Company could be found unable to pay its debts;
  - b. as regards the Company's prospects for the year immediately following the date of the Board Meeting, and having regard to the Board's intention with respect to the management of

- Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting; and
- c. in forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act, 1956, or the Companies Act or the Insolvency and Bankruptcy Code, 2016, including prospective and contingent liabilities."

Sd/-

Madhu S Nair  
Chairman & Managing Director  
DIN: 07376798

Sd/-

Paul Ranjan D  
Director (Finance)  
DIN: 06869452

### **23. AUDITOR'S CERTIFICATE**

The text of the report dated October 16, 2018 of Elias George & Co., Chartered Accountants, the Statutory Auditors of the Company, addressed to the Board is reproduced below:

**"The Board of Directors,  
Cochin Shipyard Limited  
Cochin.**

Subject: Statutory Auditor's Report in respect of proposed buy back of Equity shares by Cochin Shipyard Limited ("the company") in terms of Schedule II read with clause (xi) of Schedule I of Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018 ("Buyback Regulations").

1. This report is issued in accordance with the terms of our engagement letter dated 12/10/2018.
2. The Board of Directors of the Company have approved a proposal for buy back of Equity Shares by the company at its meeting held on 16/10/2018 in pursuance of the provisions of Sections 68, 69 and 70 of the Companies Act, 2013 ("the Act) and the Buyback Regulations.
3. We have been requested by the Management of the Company to provide a report on the accompanying statement of permissible capital payment (including premium) ("Annexure A") as at 31<sup>st</sup> March 2018 (hereinafter referred to as the "statement"). This statement has been prepared by the management of the Company which we have initialed for identification purposes only.

#### **Management's Responsibility for the Statement**

4. The preparation of the statement in accordance with Section 68(2)(c) of the Companies Act, 2013 and the compliance with the Buyback Regulations is the responsibility of the Management of the Company, including the computation of the amount of the permissible capital payment and the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation, and making estimates that are reasonable in the circumstances.

#### **Auditors Responsibility**

5. Pursuant to the requirement of the Buy Back Regulations, it is our responsibility to provide a reasonable assurance as to:

- (i) Whether we have enquired into the state of affairs of the Company in relation to its audited standalone financial statements as at and for the year ended 31<sup>st</sup> March 2018;
  - (ii) Whether the amount of the permissible capital payment as stated in “Annexure-A” for the proposed buyback of equity shares has been properly determined considering the audited standalone financial statements as at 31<sup>st</sup> March 2018 in accordance with Section 68(2) of the Act; and
  - (iii) Whether the Board of Directors in their meeting held on 16/10/2018, have formed the opinion as specified in Schedule II read with clause (x) of schedule I to the Buyback Regulations on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.
6. The standalone financial statements referred to in paragraph 5 above were audited by the previous Statutory Auditors of the Company on which they had issued an unmodified audit opinion vide their report dated 24/05/2018, on which we have placed reliance.
  7. We conducted our examination of the Statement in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the ICAI (“Guidance note”). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
  8. We have complied with the relevant applicable requirements of the standard on Quality Controls (SQC 1), Quality Control for Firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Service Engagements.

## **Opinion**

9. Based on enquiries conducted and our examination as above, we report that:
  - (i) We have enquired into the state of affairs of the company in relation to its audited standalone financial statements as at and for the year ended 31<sup>st</sup> March 2018 which have been approved by the Board of Directors of the Company on 24/05/2018;
  - (ii) The amount of permissible capital payment (including premium) towards the proposed buy-back of equity shares as computed in Annexure A attached herewith, has been properly determined, in our view, in accordance with Section 68(2)(c) of the Act. The amounts of Equity share capital and free reserves have been extracted from the audited standalone financial statements of the company as at and for the year ended 31<sup>st</sup> March 2018;
  - (iii) The Board of directors of the Company, in their meeting held on 16/10/2018, have formed an opinion as specified in Schedule II read with clause (x) of Schedule I to the Buyback Regulations on reasonable grounds and that the company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

## **Restriction on use**

10. This report has been issued at the request of the Company solely for use of the Company:
  - (i) in connection with the proposed buy back of equity shares of the Company in pursuance of the provisions of Section 68 and other applicable provisions of the Act and Buy-back Regulations;
  - (ii) to enable the Board of Directors of the Company to include public announcement, draft letter of offer, letter of offer and other documents pertaining to buy-back to be sent to the shareholders of the Company or filed with the Registrar of Companies, Securities and Exchange Board of India, Stock Exchanges, Public Share Holders and any other regulatory authority as per applicable law; and the Central Depository Services (India) Limited and National Securities Depository Limited; and
  - (iii) for providing to the Manager, each for the purpose of extinguishment of equity shares; and may not be suitable for any other purpose.

Chirag J. Shah  
Partner  
Membership No. 214798

Place: New Delhi  
Date: October 16, 2018

#### Annexure A - Statement of Permissible Capital Payment

Computation of amount of permissible capital payment towards buy back of equity shares in accordance with Section 68(2)(c) of the Companies Act, 2013 ("the Act") based on audited standalone financial statements as at 31<sup>st</sup> March 2018.

| Particulars   | Amount<br>(₹ in Crores unless<br>otherwise stated) |
|---|--|
| <b>Paid up Equity Share Capital as at 31<sup>st</sup> March 2018 (A)</b>  | <b>135.94</b>                                      |
| <b>Free Reserves as at 31<sup>st</sup> March 2018</b>   |  |
| - Retained earnings   | 1991.04  |
| - General Reserve   | 63.23  |
| - Share Premium Account   | 931.53   |
| <b>Total Free Reserves (B)</b>  | <b>2985.80</b>                                     |
| <b>Total (A + B)</b>  | <b>3121.74</b>                                     |
| <b>Maximum amount permissible for buy back under section 68 of the Companies Act, 2013 i.e. 25% of total paid-up equity capital and free reserves</b>                                   | <b>780.43(25%)</b>                                 |
| <b>Maximum amount permissible for buy back under section 68 of the Companies Act, 2013 within the powers of the Board of Directors - 10% of total paid-up equity and free reserves.</b> | <b>312.17(10%)</b>                                 |
| <b>Buy back size proposed by Board of Directors (Amount in Rupees)</b>  | <b>₹ 200,00,02,550/-</b>                           |
| <b>Buy back size as a percentage of total paid-up equity capital and free reserves</b>  | <b>6.41%</b>                                       |

#### 24. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Administrative Building, Cochin Shipyard Premises, Perumanoor, Kochi - 682015 Kerala, India on any working day (i.e. Monday to Saturday except Second and Fourth Saturday) between 11:00 a.m. to 2:00 p.m. during the Offer Period.

- Copy of the Certificate of Incorporation and the Memorandum and Articles of Association of Cochin Shipyard Limited
- Copy of the annual reports of Cochin Shipyard Limited for the years ended March 31, 2018, March 31, 2017 and March 31, 2016, and the limited review standalone results for the three month period ended June 30, 2018;
- Copy of the resolution passed by the Board of Directors at the meeting held on October 16, 2018 approving proposal for Buyback;
- Copy of Certificate dated October 16, 2018 received from Elias George & Co., Chartered Accountants, the Statutory Auditors of the Company, in terms of clause (xi) of Schedule I of the

#### Buyback Regulations;

- e) Copy of Declaration of solvency and an affidavit in form SH-9 as prescribed under section 68(6) of the Companies Act;
- f) Copy of Escrow Agreement dated November 17, 2018 between Cochin Shipyard Limited, the Escrow Agent and HDFC Bank Limited;
- g) Certificate dated October 22, 2018 received from Mr. Chirag J Shah, Partner of Elias George & Co, Chartered Accountants, certifying that the Company has made firm financing arrangements for fulfilling the obligations under the Buyback, in accordance with the Regulations
- h) Copy of Public Announcement dated October 17, 2018 regarding Buyback of Equity Shares; and
- i) Copy of SEBI observation letter no. SEBI/HO/CFD/DCR-1/OW/P/2018/31837/1 dated November 19, 2018.

#### 25. DETAILS OF THE COMPLIANCE OFFICER

The Company has designated the following as the Compliance Officer for the Buyback:

**Name** : Ms. V Kala  
**Designation** : Company Secretary and Compliance Officer  
**Address** : Administrative Building,  
Cochin Shipyard Premises,  
Perumanoor, Kochi - 682015,  
Kerala, India  
**Phone** : +91 (484) 2501306  
**Fax** : +91 (484) 2384001  
**Email** : [secretary@cochinshipyard.com](mailto:secretary@cochinshipyard.com)  
**Website** : <https://cochinshipyard.com/>

In case of any clarifications or to address investor grievance, the Shareholders may contact the Compliance Officer, from Monday to Friday between 10 a.m. to 5 p.m. on all working days except public holidays, at the above-mentioned address.

#### 26. REMEDIES AVAILABLE TO SHAREHOLDERS/ BENEFICIAL OWNERS

In case of any grievance relating to the Buyback (e.g. non-receipt of the Buyback consideration, share certificate, demat credit etc.) the investor can approach the Compliance Officer and/or Manager to the Buyback and/or the Registrar to the Buyback for redressal.

If the Company makes any default in complying with the provisions of Section 68 of the Companies Act or any rules made there-under, or any regulation or under clause (f) of subsection (2) of Section 68 of the Companies Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act.

The address of the concerned office of the Registrar of Companies is as follows:

#### **Registrar of Companies, Kerala**

Company Law Bhawan,  
BMC Road,  
Thrikkakara,  
Kochi – 682021  
Kerala, India  
Tel: +91 (484) 2423749  
Fax: + 91 (484) 2422327

#### 27. DETAILS OF THE MANAGER TO THE BUYBACK

The Company has appointed the following as Manager to the Buyback:



Edelweiss Financial Services Limited  
14th Floor, Edelweiss House, Off. C.S.T Road, Kalina  
Mumbai - 400098, Maharashtra, India  
Tel: +91 (22) 40094400  
Fax: +91 (22) 40863610  
Contact Person: Ms. Disha Doshi  
Email: cochin.buyback@edelweissfin.com  
Website: www.edelweissfin.com  
SEBI Registration Number: INM0000010650  
CIN: L99999MH1995PLC094641

**28. DECLARATION BY THE DIRECTORS**

As per Regulation 24(i)(a) of the Buyback Regulations, the Board of Directors of the Company accepts full responsibility for all the information contained in this Letter of Offer. This Letter of Offer is issued under the authority of the Board and in terms of the resolution passed by the Board on October 16, 2018.

For and on behalf of the Board of Directors of  
**Cochin Shipyard Limited**

Madhu S Nair  
Chairman & Managing Director

DIN: 07376798

Paul Ranjan D  
Director (Finance)

DIN: 06869452

V Kala  
Company Secretary

Membership No. 9593

Date: November 20, 2018

Place: Kochi