“Turnaround of the Shipyard”

HINDUSTAN SHIPYARD LTD
VISAKHAPATNAM
THE BACKGROUND

• Founded by Shri Seth Walchand Hirachand in 1941
• Independent India’s first ship ‘Jalausha’ launched in 1948
• Nationalized as CPSE in 1961 and brought under MoS
• Transferred to MoD in 2010
## CONTINGENT LIABILITIES (Rs Cr)

<table>
<thead>
<tr>
<th></th>
<th>Mar 2015</th>
<th>Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>ONGC</td>
<td>86</td>
<td>Resolved</td>
</tr>
<tr>
<td>ESSAR OIL</td>
<td>224</td>
<td>Pending</td>
</tr>
<tr>
<td>Goodearth Maritime Ltd</td>
<td>891</td>
<td>Pending</td>
</tr>
</tbody>
</table>

## LEGACY LIABILITIES (Rs Cr)

<table>
<thead>
<tr>
<th></th>
<th>Mar 2015</th>
<th>Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage Arrears</td>
<td>54</td>
<td>30</td>
</tr>
<tr>
<td>Leave Arrears</td>
<td>23</td>
<td>20</td>
</tr>
</tbody>
</table>
ORDER BOOK POSITION
Mar 2015 vs Mar 2018 (Rs Cr)

-200
0
300
800
1300
1800
2300
2800
3300

Order Book Position

3250
1442

Competitive Tenders

2250

Mar-15
Mar-18
COMPARATIVE FINANCIAL INDICES
2011 to 2017 (Rs Cr)

Net Worth

Accumulated Loss
COMPARATIVE OPERATING INDICES
Mar 15 to Mar 17

- **VOP (Rs Cr)**
  - Mar 15: 294
  - Mar 17: 629
  - Increase: 114%

- **Manhours / CGT**
  - Mar 15: 390
  - Mar 17: 138
  - Decrease: 64%

- **VOP / Employee (Rs Lakhs)**
  - Mar 15: 13
  - Mar 17: 33
  - Increase: 154%

- **Employee Cost (% of VOP)**
  - Mar 15: 55
  - Mar 17: 22
  - Decrease: 60%
CURRENT STATUS – Mar 2017
VOP & NET PROFIT (Rs Cr)

-300 -200 -100 0 100 200 300 400 500 600 700


VOP
Net Loss
Net Profit

-86 -55 -46 -202 19 54

Includes Rs 37 Cr Operating Profit achieved after 35 yrs
TRANSFORMATION INITIATIVES
(3 ‘R’s for Success)

- Improve MoU Ranking
- Achieve Operating Revenue (Profit)
- Deliver High quality ships in time - Reputation
MORALE & MOTIVATION

HSL ANTHEM
Written, composed & sung by HSL staff

BUILDERS’ MONUMENT
Background: “JALAUSHA” first ship built by yard
HSL FLAG & MOTTO

- Adopted on the eve of Platinum Jubilee
- White for trust & shaped as ships bow
- Red for Commitment to customers
- Blue for Capability to build ships for deep blue oceans
REGULAR INTERACTIONS BY C&MD

- Weekly with HoDs
- Six weekly with officers
- Three monthly with employees
EXPENDITURE CONTROL & AUSTERITY MEASURES

- Observance of stiff financial probity by C&MD
- Overtime reduction: Rs 50 lakhs to Rs 50K per month
- Abolition of holiday working allowance for officers
- Right sizing of manpower & dispensing with retainers/consultants
- Reduced idle manhours by introduction of Biometrics
- Conversion of scrap material by training department for Civil works
EXPENDITURE CONTROL & AUSTERITY MEASURES

• Clearance of scrap & utilization of dormant stock
• Reverse auction & rationalization of outsourcing
• Instituted short term business
• Reduced expenditure on communication, entertainment, transportation & sponsorship
• Rationalized employee benefits

Rs 35 Cr saved in FY 2016-17
RENOVATED OPEN AIR THEATRE
NEW RO PLANT IN COLONY
RENOVATED WORKMEN CANTEEN
NEW FAMILY PARK
WELFARE ACTIVITIES
IMPROVING HUMAN CAPITAL

- Improved promotion & job rotation policy for officers
- Improved performance appraisal system
- Skill upgradation of workmen & capsules for officers by COE
- Abolition of Legacy Labour Union’s infructuous privileges
- Introduction of user maintainner practice amongst workmen
PERFORMANCE MANAGEMENT

• KRAs to incentivise and achieve targets
• Reduce complexity and cost of execution through innovation
• Respond to limitations in financial, material and institutional resources by organizational restructuring
• Evangelize the “Minimize Cost and Maximise Output” mantra
BUSINESS DEVELOPMENT INITIATIVES

- Instituted business development department
- Thrust towards marketing strategy and planning
- Implemented competitive costing methodology
- Engaging & drawing up MOUs with potential partners in India & Abroad
RM’s AWARD FOR INNOVATION

• Multi degree freedom shaft insertion approach
• Alternative methodology to replace rudder carrier bearings without extensive regutting of Electro-Hydraulic systems
• New weld procedure for joining two dissimilar metals
PLM & AVEVA AUGMENTATION

PLM

Planning
Production
Purchase
Support Dept.

Access Control System

Finance / Accounting
Customer Relationship Management
SAP
Project & HR Management
Supply Chain Management

Design Dept.
Aveva Marine

21
CAPACITY & COMPETENCE BUILDING

- Acquired capability to build complex vessels with high CGT
- Acquired competence for major refits of EKM Submarines
- Accident free performance since last three years
“Continuing our Quest to be the Best”